Filipino firms find cybersecurity measures daunting

THOMAS-PIXABAY

PHILIPPINE businesses are reluctant to adopt advanced cybersecurity because they find it "complex and daunting," according to Yondu, Inc.

This reluctance is why 99% of Filipino companies could not defend themselves from cyberattacks, the Globe Telecom, Inc. unit said in a statement.

Businesses should overcome this hesitation and be more proactive, said Dennis S. Sanchez, Yondu's chief information security officer.

"Stay informed about the latest threats," he said. "Understand what hackers are doing and apply those methods to your own defenses. Instead of just waiting for attacks, you should test your own systems and use up-to-date techniques."

Cisco's Cybersecurity Readiness Index for 2024 found that only 1% of organizations in the Philippines could ward off modern cybersecurity risks, compared with 3% globally.

Intelligence sharing between the private and public sectors can help improve everyone's cybersecurity acumen, Information and Communications Technology Assistant Secretary Renato A. Paraiso told a BusinessWorld Insights event on June 25.

"That should be the focus of collaboration — voluntary information sharing [by] providing a safe space for everyone to improve their cybersecurity capacity through the experience of everyone else," he said. "If we mandate it, it becomes regulatory. It's counterproductive."

Organizations can contribute to a safe cyberspace by following the law, said Aubin Arn R. Nieva, director of data security and compliance office at the National Privacy Commission (NPC).

"In case of a breach, you have 72 hours to report it to the NPC, and then you have the obligation to notify data subjects that their data have been breached," he said. "If corporations do not comply with that, are they not ruining the policies that are there to govern for good measure?"

Know the importance of how to respond to a breach, Alexis Bernardino, field chief information security officer and head of enterprise consulting practices at PLDT Enterprise, said.

"In the event of a successful cyberbreach, it is not only the operational disruption that is catastrophic but also the reputational damage," he told the June 25 event. "You cannot put a monetary value on that." — **Patricia B. Mirasol**

China AI startups head to business-friendly Singapore in bid for global growth

WHEN Wu Cunsong and Chen Binghui founded their artificial intelligence (AI) startup two years ago in Hangzhou, China, they quickly ran into obstacles, including dearth of venture capital. This March, they did what scores of other Chinese AI firms have done and moved their company, Tabcut, 2,500 miles southwest to Singapore.

The business-friendly country offers Wu and Chen better access to global investors and customers at a time when elevated geopolitical tensions keep many US and international firms away from China. Equally crucial for an AI startup, they can buy Nvidia Corp.'s latest chips and other cutting-edge technologies in the politically neutral island nation, something that would have been impossible in China because of US export controls.

"We wanted to go to a place abundant with capital for financing, rather than a place where the availability of funds is rapidly diminishing," Wu said in an interview.

Singapore is emerging as a favorite destination for Chinese AI startups seeking to go global. While the city-state — with an ethnic Chinese majority — has long attracted companies from China, AI entrepreneurs in particular are accelerating the shift because trade sanctions imposed by the US on their homeland block their access to the newest technologies.

A base in Singapore is also a way for companies to distance themselves from their Chinese origins, a move often called "Singapore-washing." That's an attempt to reduce scrutiny from customers and regulators in countries that are China's political opponents, such as the US.

The strategy doesn't always work: Beijing-based ByteDance Ltd. moved the headquarters for its TikTok business to Singapore, but the popular video service was still hit by a new US law requiring the sale or ban of its American operations over security concerns. Chinese fashion giant Shein, which also moved its base to Singapore, has faced intense criticism in the US and is now aiming to go public in London instead of New York.

But for AI startups, more is at stake than just perception. AI companies amass large amounts of data and rely on cutting-edge chips to train their systems, and if access is restricted the quality of their product will suffer. The US has blocked sales of the most sophisticated chips and other technologies to China, to prevent them from being used for military and other purposes. OpenAI, the American generative-AI leader, is curbing China's access to its software tools.

China has also taken a strict approach to AI-generated content, trying to ensure it complies with the ruling Communist Party's policies and propaganda. The country made one of the world's first major moves to regulate the nascent technology last July, asking companies to register their algorithms with the government before they roll out consumer-facing services.

That means that AI developers "won't be able to engage in free explorations if they are in China," said a founder of consulting firm Linkloud, who asked to be identified only by his first name Adam because of the sensitivity of the subject. He estimated that 70% to 80% of Chinese software and AI startups target customers globally, with many now choosing to skip China altogether. Linkloud is building a community for Chinese AI entrepreneurs exploring global markets.

Singapore's AI regulations are less stringent and it's known for the ease of setting up a company. The country, with its unique location in Southeast Asia and a vibrant network of multinational companies, can be a bridge for entrepreneurs and companies to the region and to the world, said Chan Ih-Ming, executive vice-president of the Singapore Economic Development Board.

"Many businesses and startups, including Chinese ones, choose Singapore as their hub for Southeast Asia and see Singapore as a springboard to global markets," he said. The city-state was home to more than 1,100 AI startups at the end of 2023, he said. While Singapore doesn't disclose data by country, evidence of China-based AI companies setting up shop is mounting.

Jianfeng Lu is a pioneer of the trend, having moved to Singapore from the eastern Chinese city of Nanjing to establish his AI startup Wiz Holdings Pte. in 2019. With backing from Tiger Global, GGV Capital and Hillhouse Capital, he built its speech recognition AI engine from the ground up, and sold customer-service bots to clients in Latin America, Southeast Asia and northern Africa. He didn't sell in China, a move his fellow founders term prescient.

He is now a sought-after mentor for his Chinese peers who want his advice on how to set up a business and settle in Singapore. An online chat group Mr. Lu runs for Chinese entrepreneurs wishing to relocate to the city-state has 425 members. (Not all are AI founders.)

"If you want to be a global startup, better begin as a global startup," the 52-year-old entrepreneur said. "There's complete predictability about how systems work here."

Meanwhile, fundraising in China has become more difficult because of its slowing economy and rising tensions with the US, which is prompting global VC firms to reduce their exposure to the country.

Wu and Chen's Tabcut had a frustrating and arduous experience finding backers in China, with local VC firms demanding financial and operating details for months before making a call, Wu said. Tabcut ended up going with Singapore-based Kamet Capital instead, raising $5.6 million from the firm late last year. The startup moved its global headquarters to the country in March, while launching a beta version of its AI video generating tool for global users.

Climind, a startup that builds large language models and productivity AI tools for professionals in the environmental, social and governance field, is preparing to move in the coming weeks from Hong Kong to Singapore, where its co-founder and chief technology officer Qian Yiming is already based. The company founded last year has a small team of 10.

Besides the cultural and linguistic affinity, Singapore is attractive because its government offers help, including financial backing and technical support, Mr. Qian said over a video call. His company is among those that's received funding from the state, and startup incubators also abound in the country, he said.

"Access to global markets is easy, the environment is good and politics is stable," Mr. Qian said.

Last week, Singapore was named the second-best AI hub globally by researcher Linkee.ai. The country had the second-highest number of available AI jobs among the listed cities and an average salary of $158,000 for AI specialists, surpassed only by Zurich, where they earn $182,000.

To be sure, some Chinese AI companies have scored early successes in their domestic market and remained there. China itself is pushing for AI, robotics and other deep tech startups to stay domiciled within the country and, eventually, list in the local stock markets. Beijing supports the most promising of them by backing them with capital, and providing low-interest loans and tax breaks.

But such companies will struggle to expand globally because their services are typically tailored for the Chinese audience and regulatory environment, said Yiu-Ting Tsoi, founding partner of the Hong Kong-headquartered HB Ventures, which invests in Chinese as well as regional tech and AI startups. The more successful an AI startup is in China, the more challenging it is for it to go global, said Tsoi, a former JPMorgan banker.

It's a reversal from a decade ago when China's technology giants like Alibaba Group Holding Ltd. and Didi Global Inc. aggressively expanded outside the country, amassing customers for their consumer-friendly apps. Now the escalating geopolitical tension means that young Chinese AI companies are increasingly having to choose whether to try to grow in China, under Chinese rules, or abroad — a combination of both is impossible.

"More regulations are coming out and navigating all of that becomes complicated," said Karen Wang, 28, Climind's chief executive officer. "From branding, PR, regulations and compliance angles, Singapore makes sense." *— **Bloomberg News***

Fraudsters evade PHL telcos' filters

THE Philippine Chamber of Telecommunications Operators (PCTO) said the country's telecommunications companies should urgently implement stringent security measures against scam and spam messages, citing a surge in off-network scam messages that are evading telco networks.

"This new wave of scam messages is worrisome as fraudsters have resorted to methods that do not pass through telco networks, thus they are able to evade our already robust filters," PCTO President and Globe General Counsel Froilan M. Castelo said in a statement on Tuesday.

For the first quarter, Globe reported blocking a total of 362.77 million scam/spam messages, a decrease from 1.1 billion in the same period last year.

Additionally, Globe noted a decline in bank-related spam and scam messages to a range of 1.04 million to 4.07 million during January to March.

Despite the reduction in scam and spam messages, the PCTO said there is an increasing threat of off-network scam/spam messages, which are malicious messages sent to mobile users outside of their telco provider.

Mr. Castelo said there is a pressing need for enhanced collaboration among telco players to address this problem.

Fraudsters exploit internet-based messaging platforms and other rich communication services for these activities, he noted.

"Industry players and key stakeholders must work closely together to combat this trend. Let's focus on finding ways to defeat our common enemy: scammers," Mr. Castelo said.

Separately, PLDT Inc. and its wireless unit Smart Communications, Inc. said that they are intensifying their measures against scammers.

From January to May, Smart said it has blacklisted over 615,788 mobile numbers associated with illicit and fraudulent activities such as spamming and SMS phishing scams.

"We actively collaborate with the Cybercrime Investigation and Coordinating Center and the NTC (National Telecommunications Commission), our peers in the telecom industry, and other allies from the private and public sectors, to have a comprehensive response to the menace of SMShing and phishing scammers," PLDT and Smart Chief Information Security Officer Jojo G. Gendrano said in a statement.

CYBERSECURITY AS BOARDROOM PRIORITY

Meanwhile, Chris Painter, president of the Global Forum on Cyber Expertise Foundation, said Philippine businesses must prioritize cybersecurity to enhance resilience against the rising incidence of attacks like data breaches.

"The number one thing businesses have to do is make it a priority at the boardroom level. That is something that is not just the job of the chief invasion security officer and that means they need to invest a resource in it," he said in an interview.

Mr. Painter said entities should develop protocols in collaboration with authorities to ensure they respond effectively to attacks.

"Hardening the targets is one thing, but that resilience and also doing the analysis afterward and cooperating with others to see what's going on and with the government, I think, is critically important."

He added that countries like the Philippines need to collaborate with partners and establish connections with other countries to address these issues.

He cited geopolitical issues and investments as reasons for the Philippines being targeted.

Recently, GCash reportedly experienced an alleged breach of data from its know-your-customer process, which is mandatory for identifying clients opening an account. However, the e-wallet service clarified that its initial findings showed no indications of a data breach in their system and assured that customer funds and accounts were not impacted.

Digital Pinoys national campaigner Ronald B. Gustilo said the organization welcomes GCash's assurance that no accounts were compromised and encourages cooperation with the Cybercrime Investigation and Coordinating Center's investigation.

"We also encourage Gcash to continuously take measures to protect their database and their whole system so that their customers will have an assurance that their funds and the personal information entrusted to the e-wallet provider is safe," he said.

Other similar cases confirmed by the National Privacy Commission involved Toyota Motors Philippines, Robinsons Malls, Maxicare Healthcare, and Jollibee Foods Corp.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose** *and* **Aubrey Rose A. Inosante**

Consumer group files petitions vs Meralco's supply contracts

CONSUMER GROUP Power for People Coalition (P4P) has filed petitions with the Energy Regulatory Commission (ERC) seeking to reject Manila Electric Co.'s (Meralco) power supply contracts with generation companies that procure from fuel plants.

"We are asking the ERC to reject these contracts as part of their responsibility of protecting the public. Otherwise, they will condemn a new generation of consumers to 15 years or more of expensive power," P4P Convenor Gerry C. Arances said in a statement on Monday.

The consumer group filed petitions with the ERC against the power supply contracts secured by Meralco through competitive selection processes (CSPs) with generation companies including Excellent Energy Resources, Inc. (EERI), GNPower Dinginin Ltd. Co. (GNPD), South Premiere Power Corp. (SPPC), and Mariveles Power Generation Corp. (MPGC).

In January, Meralco announced that it had secured the lowest bids for the 1,800-megawatt (MW) supply from GNPD, MPGC, and EERI, with offers of P6.8580 per kilowatt-hour (kWh) for 300 MW, P6.9971 per kWh for 300 MW, and P7.1094 per kWh for 1,200 MW, respectively.

Meanwhile, SPPC was awarded the 1,200-MW baseload contract after submitting the lowest bid of P7.0718 per kWh.

EERI, SPPC, and MPGC are subsidiaries of San Miguel Global Power Holdings Corp., while GNPD operates under the private limited partnership of Aboitiz Power Corp.'s Therma Power, Inc., AC Energy & Infrastructure Corp., and Power Partners Ltd. Co.

"The terms of these power contracts are unfavorable to consumers and small businesses. Everyone loses except big power players: Meralco, San Miguel, and Aboitiz, who are leaving consumers no choice but to pay for more expensive electricity while their profits are soaring," Mr. Arances said.

P4P said that the contracts allow the power plants to "automatically" pass on fuel costs to consumers.

Sought for comment, Meralco Vice-President and Head of Corporate Communications Joe R. Zaldarriaga said the company has committed to sourcing the least-cost available supply through, among others, the conduct of a transparent bidding process.

"We strictly observe and follow the requirements and standards set by the government, which includes securing prior approval from the Department of Energy of our Power Supply Procurement Plan and the corresponding Terms of Reference (TOR) of the CSPs," he said.

Mr. Zaldarriaga said that the TORs considered suggestions from the ERC chairperson before they were published.

"The CSPs involve an open and competitive process with the ultimate goal to secure the lowest bid from qualified generation companies, with no preferential treatment. Thus, the allegations that contracts emanating from CSPs are anti-competitive have no basis," he said.

"We would like to assure our customers that all power supply contracts resulting from our CSPs undergo a strict review and approval from the ERC before being implemented to ensure that rates are fair and reasonable," Mr. Zaldarriaga said.

ERC Chairperson and Chief Executive Officer Monalisa C, Dimalanta said the commission is still evaluating the power contracts and "the points raised by consumer groups will all be taken into consideration."

"We encourage consumers to also participate in the formal process — as intervenors or oppositors in the proceedings — so we can ventilate all issues," she said in a Viber message.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT Inc. — **Sheldeen Joy Talavera**