



The Power of Proof

INDUSTRIAL ESPIONAGE REVEAL PROBLEMS AT KIA

Five former and present employees of Kia Motors have been indicted for selling car manufacturing technologies to China. Since November last year, the five allegedly delivered 57 corporate secrets, including the technology to assemble the Kia SUV Sorento and plans for new models, to a local consulting firm established by some of Kia's former workers. The National Intelligence Service said among the leaked corporate secrets, files on welding, assembly and quality control were handed over to a Chinese automaker.

Kia says if all of the leaked technology had been handed over to China, the technological gap between Korean and Chinese carmakers, currently five to seven years, would narrow to 1.5 years by 2010. If that happens, Korean companies stand to lose sales of up to 300,000 vehicles in the Chinese market.

The number of corporate secret leaks detected by the National Intelligence Service has risen each year, from six in 2003 to 31 in 2006. The involved areas are also growing more diverse, from the information technology industry such as cellular phones and semiconductor chips to automobiles and shipbuilding. It just shows how Chinese companies are hungry for new technology.

The reason Korean companies are being targeted by industrial spies is because, although they do not possess the core technology, their ability to commercialize such technology is among the best in the world. But Korean companies are extremely lax when it comes to treating corporate secrets. They have yet to get serious about compensating inventions by their workers, how to manage such employees after retirement and other ways to handle its R&D staff, as well as investing in security systems.

Looking at the Kia Motors incident, workers who were sacked for taking bribes were able to freely enter the company's offices with the help of their former colleagues. The company had a very lax system of access to secret corporate information. Corporate discipline failed and the company was unable to manage its employees and their work. Last year, Kia posted a W125.3 billion (US\$1=W925) operating loss, but its labor union threatened to strike demanding a bonus. And in a workplace where such threats are effective, employees cannot have a proper sense of corporate ownership. From that perspective, the leak of Kia's corporate secrets should be viewed as problems with the company's human resources, labor relations and management practices.

Source: *The Chosun Ilbo*, 05/11/07

SURETY'S TAKE...

Kia Needs to Rev Up Data Security

The ease with which employees shared corporate secrets with outsiders is alarming. In a highly competitive industry like the automotive industry, companies need to ensure that their corporate secrets are kept in confidence. To allow seemingly unrestricted access to crucial corporate intellectual property shows a clear lack of understanding of the importance of a comprehensive data security and management policy.

Deterrence

Surety's AbsoluteProof® makes it easy for companies to detect data manipulation.

Governance

The sloppy data security practices of Kia expose the company and its senior managers to great risk by allowing unauthorized users access to valuable company secrets. In this case, Kia executives were not aware of misconduct until it was too late and had already cost the company millions. Using AbsoluteProof, Kia would have been aware of unlawful tampering and would be able to easily prove the time of creation and true ownership of corporate data.

Litigation Readiness

Had Kia been using AbsoluteProof, the company would have discovered the data tampering before damage was sustained. AbsoluteProof also could have helped Kia prove, beyond challenge, that the employees stole Kia's secrets by showing the timing of the data's creation. Using AbsoluteProof, Kia's executives would have had unimpeachable proof of data integrity and ownership, helping to reduce the cost and time of legal action.



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ABOUT SURETY

Founded in 1994 by two prominent Bellcore Scientists, Surety is recognized as a premiere trusted third-party timestamp authority. The Company's flagship product AbsoluteProof® enables organizations to meet the legal, fiduciary and regulatory responsibilities associated with creating, managing and archiving electronic data by providing verifiable evidence of data authenticity. Their client base is made up of legal and financial services firms, research and development laboratories and copyright protection agencies that are ensuring record integrity with AbsoluteProof. For more information, visit www.surety.com.

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