

Kyberpass banks on e-commerce

Using an international network for secure online transactions, this e-security firm has created an encrypted message system that applies digital signatures to all financial deals, writes Christopher Guly.

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The name "Identrus" probably doesn't mean a lot to many people -- but that could soon change as it already has for Kyberpass Corp., where it is representing a world of opportunity in e-security.

Seven-year-old Kyberpass, which designs security software for Internet transactions, is one of several technology companies around the world (VeriSign Inc. and Unisys Corp. are others) that are developing applications for Identrus's e-commerce infrastructure.

Founded in April 1999 by a global consortium of financial institutions -- now numbering more than 50 and including the Bank of Montreal, the Royal Bank of Canada and Scotiabank -- New York-based Identrus LLC has established a secure online international network for major companies to exchange large amounts of money and conduct other business.

"Identrus has prepared standards and specifications so that companies like ours could deliver products that allow banks to communicate with each other in a secure way," says Ron Walker, co-founder and chairman of Kyberpass.

Based on public key infrastructure (PKI) technology, the Identrus network transforms its participating banks into trusted third parties that issue digital certificates to their corporate customers that want to conduct secure e-transactions and digitally sign them. In turn, that would enable a Web merchant like Chapters.indigo.ca to authenticate the identity of its customers online in real-time.

Kyberpass is contributing products from its e-Transaction TrustPlatform toward the Identrus initiative, including its Trust Services Gateway, an encrypted message system that applies digital signatures to all transactions to ensure their authenticity and integrity during transmission. Also included is Kyberpass's K2 E-Mail Agent Plug-in, which enables Identrus users to exchange digitally signed and encrypted e-mail using the Microsoft Outlook program.

In the future, the K2 e-mail client could be available under the brand name or corporate logo of such companies as Mountain View, California-based VeriSign.

"You can use the K2 to send to and receive encrypted e-mail and attachments from anyone on the Internet as well as having a sender's identity confirmed," says Thomas Nolan, Kyberpass's new president and chief executive.



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Kyberpass CEO Tom Nolan wants everyone to make sure they know the identity of the person they're dealing with over the Internet. One of his company's ad campaigns featured Buffy, a high school cheerleader you think you were chatting with over the Web.**

"It means that lawyers, for instance, would be able to send and receive e-mails and attachments like legal documents with clients and have a lot more confidence that the data inside is secure and private."

However, the encryption features in the K2 could be turned off when sending simple hello e-mail to friends and turned back on whenever more sensitive or important information needs to be transmitted.

Eventually, Kyberpass's technology could further penetrate the consumer marketplace, potentially through affiliations with either VeriSign or Microsoft Corp. Perhaps Web browsers, like Microsoft's Internet Explorer, will feature digital certification authorities that issue keys and digital signatures to Net surfers, suggests Mr. Nolan.

The company recently signed an agreement with London-based global IT services company, Logica, to jointly market and deliver Kyberpass's TrustPlatform for Identrus users and Logica's B2B customers. Kyberpass has also joined forces with Microsoft and Unisys to deliver Identrus digital certificates to banks around the world.

Closer to home, Kyberpass and fellow Ottawa-based security specialist, Chrysalis-ITS Inc., have combined their technological expertise to deliver PKI-based transaction applications for financial institutions, government departments and agencies, and enterprise customers. Kyberpass's TrustPlatform is being integrated into Chrysalis's cryptographic hardware, including its popular Luna CA3, to provide private-key protection and support digital signatures.

All the activity, explains Mr. Nolan, is being driven by the long-awaited and true emergence of e-business.

"The recent priority for IT departments in large organizations had been resolving the Y2K-bug issue, which you might recall took about five years of preparation. Now in the post-Y2K era, a lot of the attention has shifted toward rolling out large-scale networking projects."

Though the events of Sept. 11 forced many companies to temporarily suspend the allocation of money and the approval of online initiatives while the economy took a downward dive, the security issues that have emerged have arguably propelled large organizations and governments to implement stronger security measures around B2B e-commerce.

"The fact that a security infrastructure wasn't in place slowed down the rollout of extranets and business-to-business exchanges," explains Mr. Nolan.

"So what you had were private networks built upon leased lines from telephone companies where only one company could undertake a major online transaction with one corporation at a time."

PKI, with its encryption and digital signature features, has changed all that and has dramatically reduced the cost of doing business online by eliminating the need to establish private networks.

Kyberpass is also helping to lock down the Internet for government services and applications, such as the federal government's PKI initiative called the Secure Channel project, and the Ontario government's GOPKI program.

As well, Kyberpass's software technology is being used by the U.S. Department of Agriculture's National Water Climate Center to help secure telemetry information that measures the depth of ice and snow packs, which assists farmers in their irrigation forecasts.

Over the past year, Kyberpass's corporate emphasis has shifted from its historical focus in developing security software for mainframe legacy systems to designing software for specific applications, primarily for Web-enabled B2B transactions.

The private company also closed its third round of financing in October when it received \$4 million U.S

from Montreal-based NB Capital Venture Partners Inc. as well as McLean Watson and Covington Capital Corp., both of Toronto. All three venture capital firms also contributed toward the \$13 million Cdn Kyberpass received in 2000 -- the largest amount of venture capital any Canadian software company received that year. Kyberpass's first round of financing was in 1997 when the company raised \$2.3 million.

Lots of cash; interesting technology; promising leads -- Kyberpass seems to have secured a strong niche in the PKI market.

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