ALFTEL SYSTEMS LTD

FORWARD THINKING SECURITY SERVICES AND TECHNOLOGIES

IT Security Services, Consulting and Software Development for the Canadian Federal Government

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CEOCFO Magazine

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CEOCFO: *Mr. Zakharov, would you tell us about ALFTEL Systems?*
Mr. Zakharov: ALFTEL Systems, Ltd is an IT security services and software development company established in 1995. Until 2011 we focused mainly in the software, hardware, research and development domain. We moved to the security field in 2011 and right now we have two streams of revenue; one from IT security professional services and the second from project development. The company size at different times will range anywhere from four to ten people. Right now we are four. We are looking to expand next year as we move forward to diversifying our offerings.

CEOCFO: *What do you understand about security that perhaps people that do not have longevity in the industry do not?*
Mr. Zakharov: When people are asked about security they almost always focus on their own immediate hardware and the protections they have implemented locally. Real security covers processes, people, information and the infrastructure that supports these things. Therefore, when we are talking about security we are looking at an aggregated solution. When you go online on your home laptop you may think about the antivirus on your laptop and how it protects you, but that is as far as your own security goes. In actuality, your anti-virus is just one small part of a larger chain of events and processes that is protecting you and your information as it moves from your computer to your service provider and then over the Internet to its destination. As a result, all the processes, people, infrastructure and information must be collectively managed to give you the needed security. Security is not just one thing or another. Your total security includes multiple aspects such as information security, network security, physical security, project management and operational security. Managing those diverse security components is what encompasses ones security posture.

CEOCFO: *Would you tell us about the products you have available?*
Mr. Zakharov: Right now we are working on two products, still in the early stage of development. As a product development company we are very young. We started to develop these products about six months ago based on general observations and feedback from our clients. We are security consultants, serving federal government agencies and private businesses. When working in the field at client premises, we noted that there could be better ways to manage some challenges.

Our first product, which we expect to launch in the next month or so, is called AirBud. This is a flexible and versatile wireless security platform that allows you to perform different wireless testing and security functions. It is designed to use multiple radios simultaneously. Let me put it this way; if you want to scan your FM radio frequencies, you would normally move the tuner from station to station to connect to the proper frequencies and listen to what is being broadcast – one channel at a time. If you wanted to gather information about all the channels, you cannot really tune them all in

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simultaneously with a single radio set. What AirBud does is allow security professionals to gather intelligence on multiple levels and channels simultaneously by using multiple radio cards. This is a leap forward in the areas of wireless security assessment and wireless security. It can also be used to test and evaluate wireless products and infrastructures. It is a platform, first of all, designed for security and wireless network professionals to make their lives easier. We are working closely with the open source community, specifically with the authors and developers of applications that are used worldwide. We are trying to bring onto the market hardware that is friendly and fully compatible with open source security tools.

Our second product is WireCuda. Unlike AirBud, which works wirelessly, WireCuda is designed to be used as an inline security application platform, connected physically to the network. We are making this appliance about the size of an oversized candy bar. It can be plugged anywhere in the network, wherever the cable runs. It will work on both copper and optical fiber infrastructures. Plugged inline into the cable, it will look at all of the data flying back and forth without interrupting the data flow and without being exposed to the infrastructure. It can be compared to the proverbial "fly on the wall", seeing everything but not being noticed. It is an inline data logger that can also run multiple other security and data gathering applications. We can run inline intrusion protection. We can run inline penetration tests. We can run performance testing. We can run inventory discovery. The device can be remotely controllable over the cellular network. It can serve as a data logger or as a metadata exporter. As development progresses on WireCuda we are reaching out to the open source community to make our appliances friendly and easy to use by security professionals.

CEOCFO: *What has been the reception from people that have looked so far or that you have shared some of your information with about what you are developing?*
Mr. Zakharov: We have had great feedback and interactions from private industry and the government agencies we work with. They like what we are doing and are excited about the possible uses of both AirBud and WireCuda. We are going to present our appliances at the upcoming RSA Conference in San Francisco in mid-February of 2017. We will be part of the Canada Ontario Trades Commission delegation and will have our own booth on the exhibition floor and look forward to meeting your readers there.

CEOCFO: *Are there many new products coming out that you might consider competition or are you in an area that perhaps there is not too much going on right now?*
Mr. Zakharov: Everybody who does product development always thinks that he is unique. Of course there is always competition. What makes some businesses more successful than others is their flexibility and turnaround time. In our case, we can move from product idea to an actual prototype device in the range of two to four weeks, depending on complexity or component availability. Our team has a huge knowledge base in diverse areas and accumulated relevant experience of over a century. This places us ideally in the areas of software development, hardware development, security consulting, security monitoring, security assessment and threat/risk assessment. Every team member has an extremely wide range of expertise and we complement each other well.

CEOCFO: *Who turns to you for services and consulting?*
Mr. Zakharov: When we are talking about security consulting, it is mostly various departments and agencies of the Canadian Federal Government. Our products, however, are expected to benefit clients around the globe.

CEOCFO: *What are some of the challenges in working with government agencies?*
Mr. Zakharov: Working with government is always a challenge. First of all, being a security consultant, you have to serve as an educator as well. The main thing that we are looking at when we perform in a government environment is the availability of the government to be able to provide the processes, which means the policies, procedures, regulations, standards and guidelines. As long the department properly adopts managerial control it is much easier to perform and deliver based on your expertise and expected results. There is a growing awareness of security problems, security landscapes and security threats that we face on a daily basis. Today, I can tell you that the government is much more sensitive to security issues than private industry.

CEOCFO: *There are many companies in the security industry. Why should people pay attention to ALFTEL Systems? Why does the company standout?*
Mr. Zakharov: I think that we are one of the few security companies that actually are investing time, money and effort into security focused hardware research and development. The big problem, as far as I can tell, is that we have relied too much on outsourcing over the past 10 to 15 years. When we pick up any security focused equipment we clearly see that the design and manufacture comes from somewhere else. This has resulted in many compromises and, I think, that outsourcing has resulted in us losing much local expertise. We are trying to reverse this trend with local expertise and no compromise, purpose built hardware.