

NCC Group plc

Investor Forum
13 June 2006

Agenda



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 - German market
 - US market development
 - Verification Testing
- Penetration Testing
 - Service summary
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- Summary

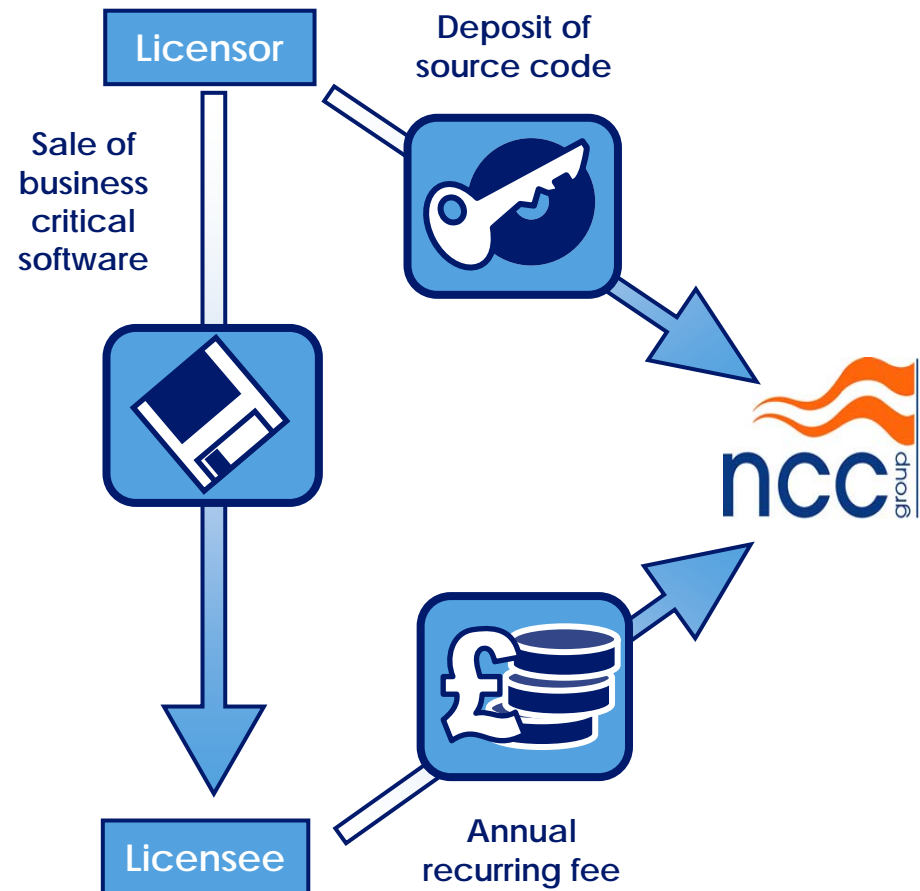
Background



- **What we do:** provide IT assurance, security and consultancy services to over 11,000 clients worldwide - including 91 of the FTSE 100
- **USP:** no ties or relationships to hardware or software suppliers enabling focus on developing intelligent solutions and building partnerships
- **Size:** based in Manchester with offices in London, Germany and California, currently employ around 240 staff worldwide
- **History:** formed in 1999, floated on AIM in July 2004 following management buy-out in April 2003.

Escrow Solutions: Product Summary

- Legal contract between three parties:
 - licensor (owner)
 - licensee
 - independent third party
- Holds software source code / business critical material
- Provides protection from key supplier or maintenance failure
- Demonstrates supplier's commitment to client care
- Key part of disaster recovery and business continuity planning



“High value low cost concept”

Escrow Solutions: UK market



- Market leaders – competition consists of smaller providers winning business on price - rare
- Existing customers are significant growth opportunity:
 - Most businesses have insufficient protection
 - Customers average just c.2.0 agreements, may need 19+ depending on type of business
- Sales force focused on developing existing accounts, increase penetration of agreements
- Significant market remains untapped :
 - Best adopters financial services, telecommunications and retail sectors and public sector organisations
 - Other less regulated or later-adopting of technology increasing demand

Escrow Solutions: UK market



- New investment into direct marketing and educational campaign
- Continued investment in CRM database to improve client handling techniques
- Working on increasing effectiveness of account management
- Recruitment and retention a challenge - very competitive nature of regional sales recruitment
- Currently c.70 escrow sales staff, would like c.100

Escrow Solutions: German market



- Market research into German market suggests worth £88m - £102m
- IT infrastructure and new office in place
- Operational procedures now implemented
- Regional marketing plans now actioned
- Local PR/marketing agency appointed
- No plans to move into rest of Europe in the near future

Escrow Solutions: German market



- Low level of competition - small, legal-focused providers
- Field sales the cultural norm but account management approach works
- UK account management model applied in Germany
- Eight person account management team selling
- Sales-focused operation supported by UK corporate functions (including testing)
- Other German operations too small to acquire
- Expected to be profitable within financial year 06/07

Escrow Solutions: US market development



- Acquisition in January 2006 has provided a renewals base of over \$1.1m
- Market more mature but much larger than UK
 - Owner led
 - Less complex law
 - No basic testing
 - No verification testing
- Acquired operational team of 4
- Reviewed selling techniques into US market
- UK selling and testing model being integrated with current US offering

Escrow Solutions: US market development



- Market more mature and better compliance
- Account management accepted for B2B
- UK style account management model being set up
- Opportunities in UK verification testing
- Relocated and invested in infrastructure
- West Coast marketing plan being developed
- Further value-enhancing acquisitions actively being sought

Escrow Solutions: Verification Testing



- Full verification involves auditing, documenting and full build with the software owner and licensee
- 8% of escrow deposits fail basic integrity testing
- Verification testing **always** results in an enhanced standard of deposit – provides genuine value to customers
- 1 full verification carried out for every 10 new escrow agreements set up
- 10% testing now 'escrow complete' version at extra premium

Penetration Testing: Service summary



- A leading UK provider of Penetration Testing services
- Ethically hack networks and Web sites
- Expert CHECK accredited team leaders - only c.80 in the UK
- Social engineering and forensic testing are an increasing share of revenues as customers more aware of the 'soft' risks
- Outsourcing providing extra opportunities as security requirements feature more heavily in contract arrangements
- Business in Argentina established to explore opportunities to outsource

Penetration Testing: PCI data security standard



Summary of industry-wide standard (implemented June 2006):

Merchant Level	Criteria	Assessment	Network Security Scan	How NCC Group services fit in
1	All merchants, including electronic commerce merchants, with more than 6 million total transactions annually All merchants that experienced an account compromise	An annual independent onsite assessment is required by a VISA-certified service provider	Quarterly	✓ Consultancy support preparing for assessment
2	All merchants with annual e-commerce transactions between 150,000 and 6 million.	Annually – self assessed	Quarterly	✓ Certified Scanning
3	All merchants with annual e-commerce transactions between 20,000 and 150,000	Annually – self assessed	Quarterly	✓ Penetration testing
4	All other merchants	Recommended Annually – self-assessed	Recommended Annually	

Penetration Testing: The hacking landscape

Types of hacker

- **The Script Kiddie** – motivated by kudos, notoriety and antisocial behaviour
- **The Black Hat** – motivated by the technical challenge, financial gain, hacker for hire
- **The Hacktivist** – politically motivated, publicity seekers
- **The Organised Criminal** – motivated by financial reward

And....

- **The employee**
- **The contractor**
- **The temp**

Recent media coverage

“Security alert
over Internet calls”
The Times – 12 June 2006

“On the hackers’ trail – have
they got your number?”
The Times – 15 May 2005

“Firms warned they are failing to
block social engineering attacks”
Computer Weekly – 4 April 2006

Penetration Testing: Market drivers



- Huge growth in VPNs and mobile/teleworker testing including Laptops/Blackberrys and PDAs
- New/updated Web applications are still a major driver
- PCI Data Security Standard emerging as major driver for both new customers having for first time test and existing customers needing to be compliant
- Growing demand for home worker security surveys and are introducing a product to address this
- Many more customer are seeking a 'total' service including social engineering in their test requirements

Penetration Testing: Hacking Demo



Rules of engagement:

- All demonstrations are recreated from real attacks
- The demonstrations are in compliance with the Computer Misuse Act 1990 and all target systems belong to NCC Group
- All equipment is fully patched with the latest security updates
- All systems being attacked directly are shielded behind an industrial-strength firewall
- Although all demonstrations use authentic hacking techniques, they don't include the 'thinking time' and research and so are move significantly more quickly than actual hacks
- Any similarity to Web sites (live or historical) is entirely coincidental

Penetration Testing: Hacking Demo

Demo #1: 'Safe' network attack

Organisation conducts regular tools-based scanning to ensure its network and systems (including Web sites) are secure and protected from hackers and has intruder alert alarms



The hacker utilises scripting skills to access the network or system, in frighteningly quick time, gaining control of the network and access to any information – such as credit card details, NI numbers - he wants, any time he wants

Tools-based approach – key facts:

- A purely tools-based approach engenders a false sense of security
- Tools are not sophisticated enough to detect many vulnerabilities
- We break into many networks that have received a clean bill of health from such tools

Penetration Testing: Hacking Demo

Demo #2: Online retailing site attack

The hacker uses the standard Web site search facility to query the database which holds product details and customer and purchase data (including full credit card details)



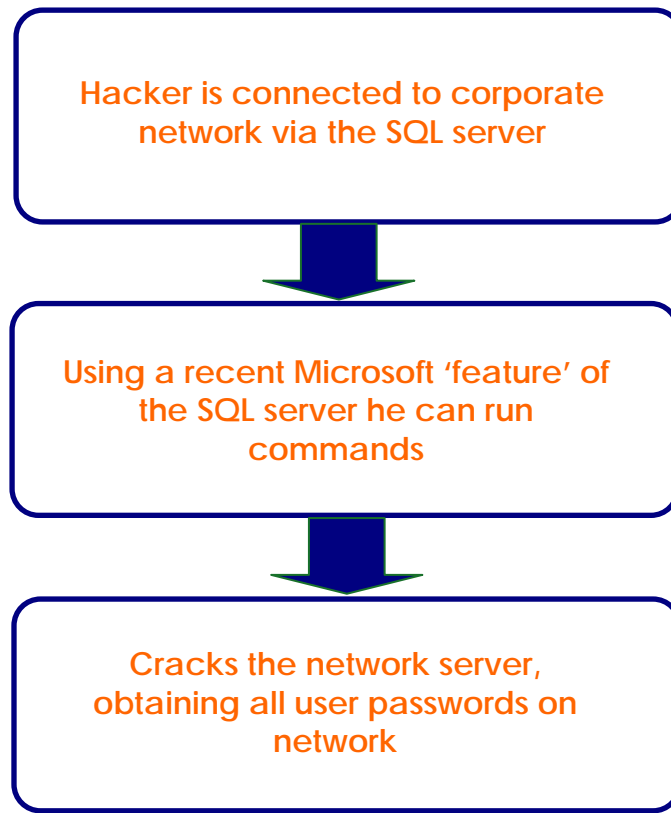
Using a technique called 'SQL injection' the hacker 'fools' the application into running his query instead of the one programmed and extracts customer data from the database

Web application security – key facts:

- Web applications currently provide hackers with one of the richest sources of vulnerabilities
- Literally hundreds of applications suffer from bad/lazy programming and are consequently wide open to abuse by hackers
- We have compromised literally dozens of major name Web sites using these techniques

Penetration Testing

Demo #3: Password cracking



Cracking a password – key facts

- Modern sophisticated hackers rarely have to resort to 'brute force' attacks on passwords
- They have pre-computed tables where the work has already been done.
- Cracking a password is then reduced to looking up a database.
- Windows passwords can only be up to fourteen characters long
- Worse still these are stored as two seven character chunks
- Even worse they are stored as case insensitive
- This dramatically reduces the number of possible permutations
- Businesses could enforce stronger policies but they choose not to

Personal information: the black market

What happens to hacked data?

- Criminal gangs buy and sell personal details freely on the Internet, starting from only a few hundred dollars
- You can buy a whole identity or sets of data – such as NI or credit card numbers in batches of thousands
- Many sites we test do not follow best practice and hold the CVV number along with name, address and card number, making fraud almost a certainty
- Businesses face real risks to their reputation and customer base if they do not protect personal information

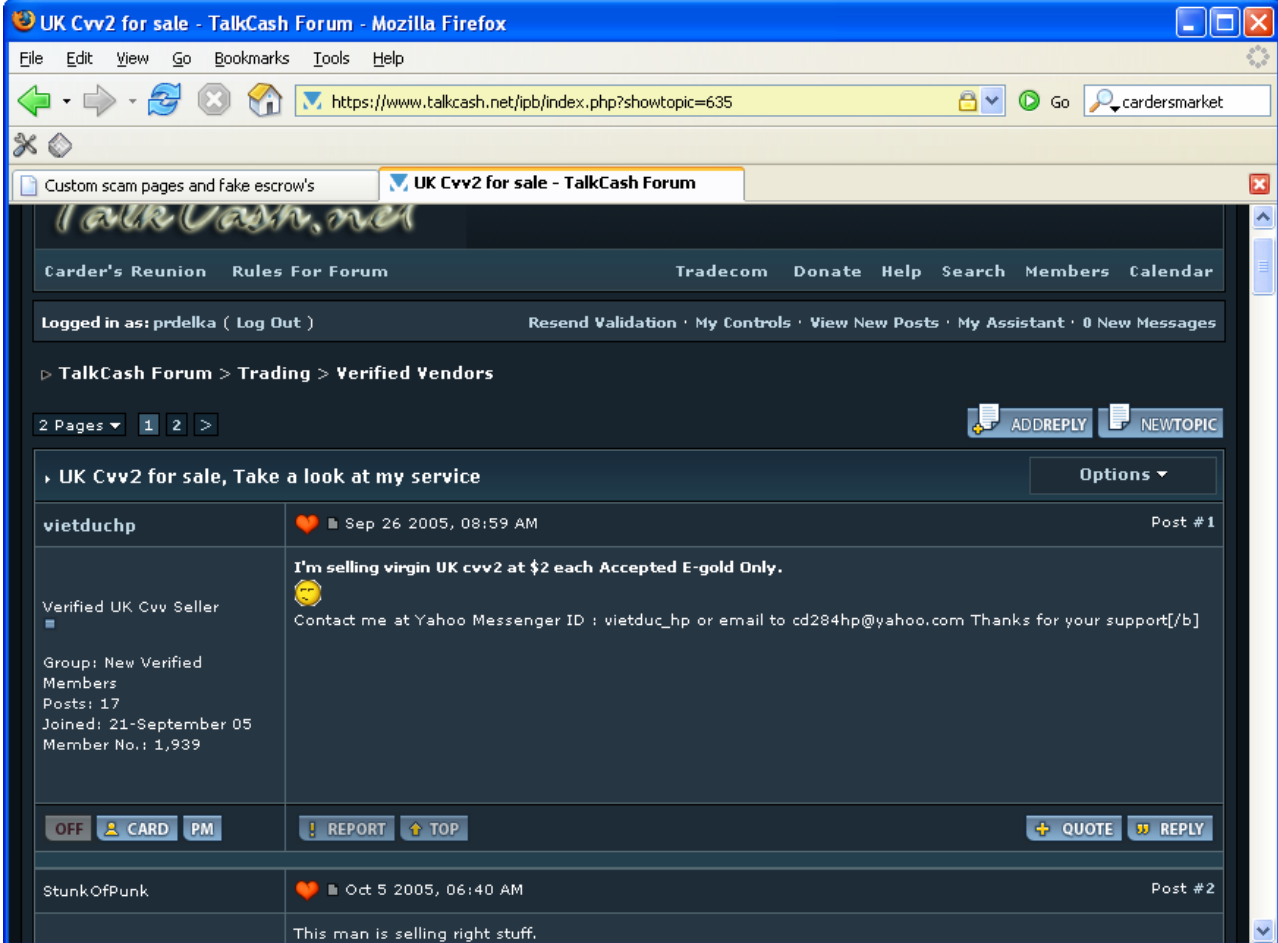
Popular trading sites:

- talkcash.net
- cardersmarket.com
- darkmarket.ws/

Personal information: the black market

Trading credit card details:

The screen
shot shows
the trading of
“virgin” UK
cvv2 at \$2
each



The screenshot shows a Mozilla Firefox browser window displaying a forum post on TalkCash.net. The browser's address bar shows the URL: <https://www.talkcash.net/jpb/index.php?showtopic=635>. The forum post is titled "UK Cvv2 for sale, Take a look at my service" and is posted by user "vietduchp" on September 26, 2005, at 08:59 AM. The post content reads: "I'm selling virgin UK cvv2 at \$2 each Accepted E-gold Only. Contact me at Yahoo Messenger ID : vietduc_hp or email to cd284hp@yahoo.com Thanks for your support[/b]". The user profile for "vietduchp" is visible on the left, showing they are a "Verified UK Cvv Seller" with 17 posts and joined on September 21, 2005. Below the post, there are buttons for "OFF", "CARD", "PM", "REPORT", "TOP", "QUOTE", and "REPLY". A second post by "StunkOfPunk" is partially visible at the bottom, dated October 5, 2005, with the text "This man is selling right stuff."

Personal information: the black market

Productised identity theft:

The professional package available for \$5000 per unit, with some bulk orders available at \$100,000.



Skimming
face plate
suitable for
use with the
ATM below:

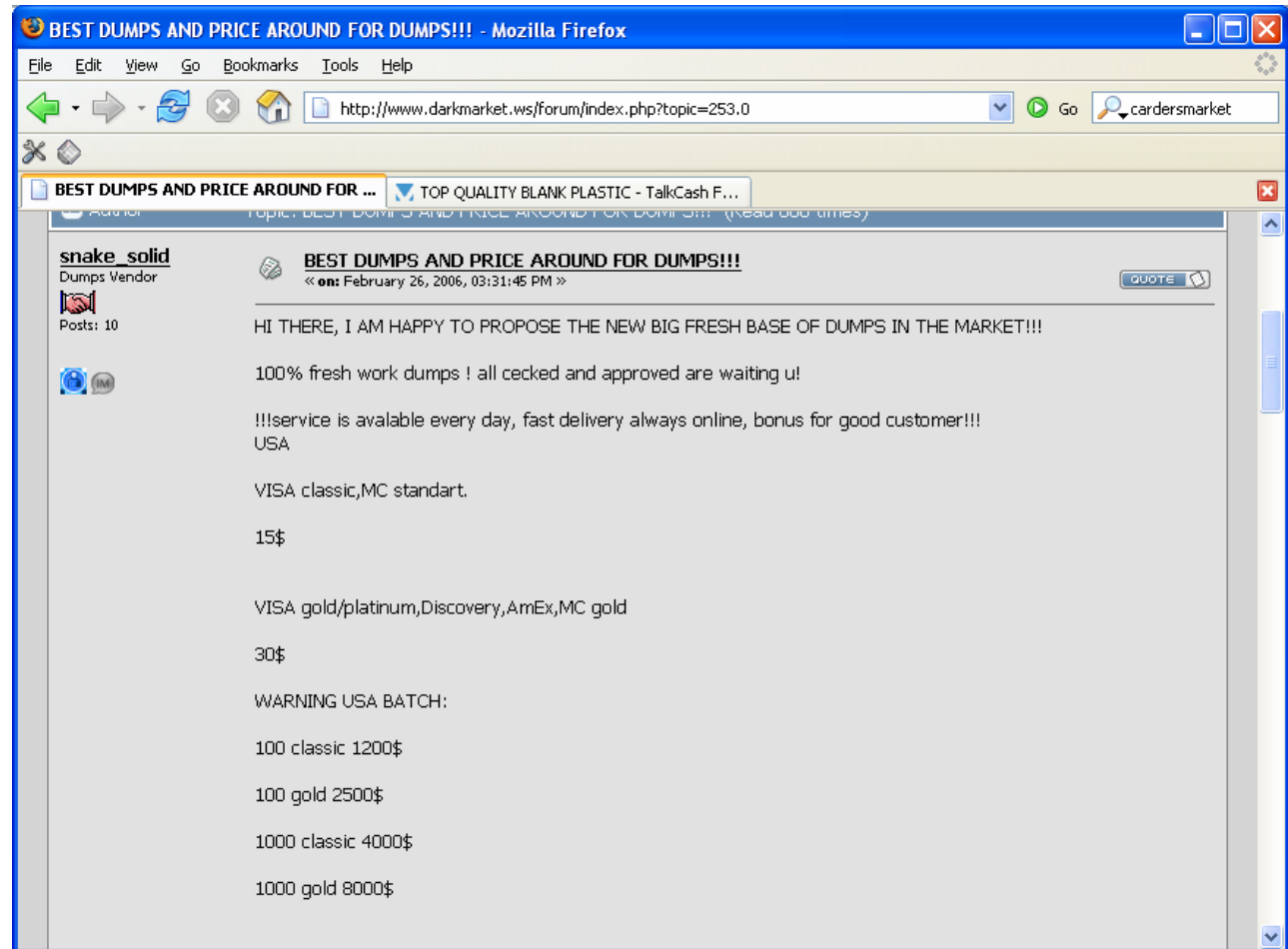


Personal information: the black market

Volume discounts are available:

Stolen card dump
information used
to make cloned
cards available at
\$15 each.

With the right
equipment a
criminal can have
cloned stolen
credit cards
available to them
for a little under
\$60.

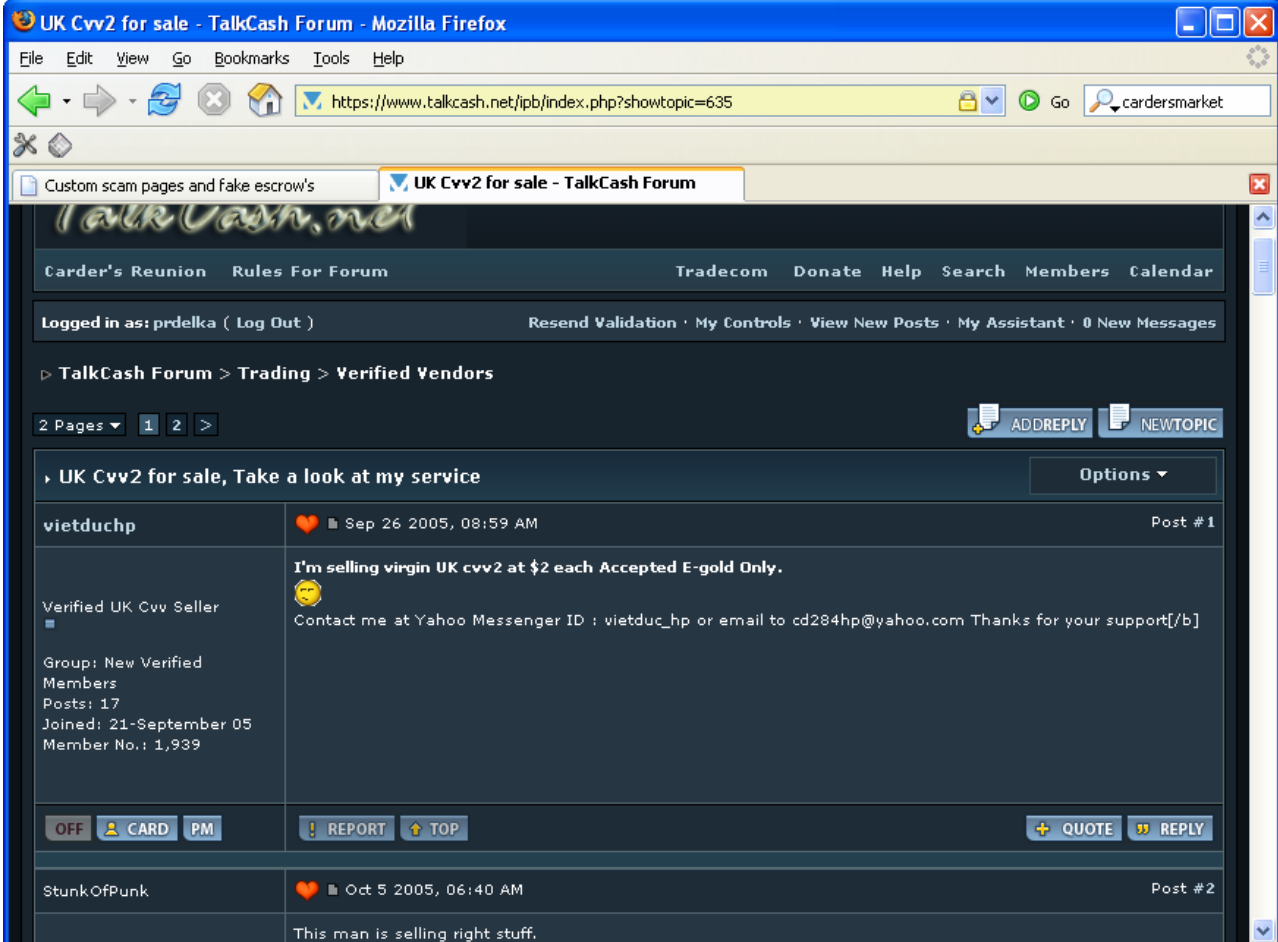


Personal information: the black market

Take out the
competition:

'Denial of
Service'
attacks
distributed to
order.

Services
charged at
between 30\$
to 50\$



The screenshot shows a Mozilla Firefox browser window displaying a forum post on TalkCash.net. The browser's address bar shows the URL: <https://www.talkcash.net/jpb/index.php?showtopic=635>. The forum page has a dark theme and includes navigation links like 'Carder's Reunion', 'Rules For Forum', 'Tradecom', 'Donate', 'Help', 'Search', 'Members', and 'Calendar'. The user is logged in as 'prdelka'. The forum breadcrumb is 'TalkCash Forum > Trading > Verified Vendors'. The post title is 'UK Cvv2 for sale, Take a look at my service'. The post is by user 'vietduchp', a 'Verified UK Cvv Seller', dated 'Sep 26 2005, 08:59 AM'. The post content reads: 'I'm selling virgin UK cvv2 at \$2 each Accepted E-gold Only. Contact me at Yahoo Messenger ID : vietduc_hp or email to cd284hp@yahoo.com Thanks for your support[/b]'. Below the post are buttons for 'OFF', 'CARD', 'PM', 'REPORT', 'TOP', 'QUOTE', and 'REPLY'. A second post by 'StunkOfPunk' is partially visible below, dated 'Oct 5 2005, 06:40 AM' with the text 'This man is selling right stuff.'

Summary



- Growth prospects are good for the markets in which the Group operates
- Increasingly stringent corporate governance regulations continue to present enhanced opportunities
- Focus on acquisitions and expansion into overseas territories will allow the Group to benefit from worldwide trends and demand for services
- Independent status continues to provide a genuine USP
- Separate business units - Escrow Solutions, Consultancy and Testing Solutions work well but each benefits from the technical expertise, reputation and client base of the others