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Securing the Internet of Things (IoT) – protecting the connected world

August 29, 2024

The rapid proliferation of Internet of Things (IoT) devices has revolutionized industries, homes, and everyday life. From smart thermostats and wearables to industrial sensors and automated systems, IoT devices are increasingly interconnected, creating vast networks that offer convenience, efficiency, and enhanced decision-making capabilities.

However, this growing interconnectivity also presents significant security challenges.

For family offices, hedge funds, private equity firms, and their portfolio companies, understanding these challenges and implementing robust security measures is crucial to safeguarding assets, data, and privacy.

Understanding the security challenges of IoT

IoT devices are inherently different from traditional IT systems, and this difference introduces unique security vulnerabilities. One of the primary challenges is the sheer scale of connected devices. With billions of IoT devices globally, each potentially serving as a point of entry for cyber criminals, the attack surface is enormous. Moreover, many IoT devices lack robust security features by design. Cost constraints and the need for quick deployment often result in devices with weak encryption, hard-coded passwords, and insufficient software update mechanisms.

Additionally, IoT devices often operate in complex environments where traditional security measures may not be feasible. For example, industrial IoT systems might be integrated into legacy infrastructure that was never designed with cyber security in mind, making it difficult to implement modern security protocols without significant operational disruptions.

Securing smart homes and wearables

For family offices, and the families associated with them, smart homes are often equipped with an array of connected devices, from security cameras to voice-activated assistants. While these devices offer convenience, they can also be prime targets for cyber attacks. A breach in a smart home device could lead to unauthorized access to personal data or even physical security threats.

To mitigate these risks, it's crucial to:

1. Use strong, unique passwords – ensure that all IoT devices are protected by strong, unique passwords. Avoid default settings and consider using a password manager to maintain security.
2. Enable Two-Factor Authentication (2FA) – where possible, enable 2FA on all IoT devices to add an additional layer of security.
3. Regularly update firmware – keep the firmware of all connected devices up to date. Manufacturers often release security patches to address vulnerabilities, and failing to apply these updates can leave devices exposed.
4. Network segmentation – consider setting up a separate network for IoT devices. This segmentation helps contain any potential breaches, preventing attackers from moving laterally across the network.
5. Monitor device behavior – use security software or services that monitor IoT device behavior for any unusual activity, such as unauthorized access attempts or unexpected data transmissions.

Protecting industrial IoT systems

For portfolio companies in sectors such as manufacturing, energy, or logistics, industrial IoT (IIoT) systems are integral to operations. These systems connect machinery, sensors, and control systems, enabling real-time data collection and process automation. However, the integration of IIoT introduces new vulnerabilities, particularly as these systems become targets for state-sponsored actors or industrial espionage.

Some basic steps to secure IIoT systems:

1. Implement strong access controls – restrict access to IIoT systems to authorized personnel only. Employ role-based access controls (RBAC) to ensure that employees have access only to the data and systems necessary for their roles.
2. Patch regularly – IIoT systems and Industrial Control Devices have an enormous number of patches that launch on a daily basis. Systems must therefore be updated frequently.
3. Conduct regular security audits – regularly audit IIoT systems to identify vulnerabilities. Penetration testing can help uncover potential entry points that could be exploited by attackers.
4. Encrypt data in transit and at rest – ensure that all data transmitted between IIoT devices and central systems is encrypted. Additionally, sensitive data stored within IIoT systems should also be encrypted to prevent unauthorized access in case of a breach.
5. Develop incident response plans – ensure there is a robust incident response plan in place specifically for IIoT systems. This plan should include steps for isolating affected systems, containing the breach, and restoring normal operations.

As IoT devices continue to permeate every aspect of business and personal life, securing these connected systems becomes increasingly critical. In our industry, understanding the unique security challenges of IoT and implementing tailored protective measures is not just a technical necessity—it's a business imperative. The best practices outlined above can begin to mitigate the risks associated with IoT and ensure that their assets, data, and privacy remain secure in an increasingly connected world.

If you would like to find out more about this topic, or discover how Waystone can help you to assess your current cyber security measures, please reach out to your usual Waystone representative, or contact us below.

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