

# VFI Executive Briefing

## A weekly roundup of technology news

### November 7-11, 2016

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## HILL UPDATE

### The Hill: [House committee to discuss recent cyberattack](#)

The House Committee on Energy and Commerce announced on Wednesday that it will hold a meeting regarding last month's cyberattack against Dyn, a domain name system (DNS) provider. The hearing will be jointly held by the Subcommittee on Communications and Technology chaired by Rep. Greg Walden (R-Ore.) and the Subcommittee on Commerce, Manufacturing and Trade chaired by Rep. Michael C. Burgess (R-Texas). "Americans should not have to worry that the convenience and connectivity of the Internet of Things comes at the expense of the resiliency and reliability of the larger Internet," said Burgess and Walden in a joint statement.

## SPECIAL COVERAGE – Election

Below is a round up of articles/commentary from technology leaders concerning the election results on Tuesday. Commentary highlights follow on pages 2 and 3.

- [Moving forward together: Our thoughts on the US Election](#) (Microsoft on the Issues Blog)
- [Microsoft lays out its hopes for a Trump presidency](#) (Digital Trends)
- [Silicon Valley Reels After Trump's Election](#) (New York Times)
- [How Silicon Valley's Love of Disruption Fostered Donald Trump's Presidency](#) (Fortune)
- [Quinn: Tech leaders should call for ideas, not secession from Trump's America](#)(San Jose Mercury News)
- [Disbelief, hope and a plan for California's secession: How the tech industry is reacting to Trump's win](#) (Los Angeles Times)
- [Tech industry tries to cope with the reality of a Trump presidency](#) (GeekWire)
- [Peter Thiel on Trump's win: 'He has an awesomely difficult task'](#) (Business Insider)
- [Silicon Valley venture capitalists react to Trump victory: 'It's like a funeral'](#) (CNBC)
- [What does a President-elect Trump mean for Silicon Valley? Nothing very good.](#) (TechCrunch)
- [Here's What the Tech Industry Faces Under President Trump](#) (BuzzFeed News)
- [Does Trump's victory mean I need stronger encryption?](#) (Recode)
- [Pence, Conservative Views on Patents Likely to Influence Trump](#) (IPWatchdog)
- [Donald Trump's anti-immigration stance threatens the heart of American innovation](#) (The Verge)
- [Trump administration promises more aggressive, less political cyber stance](#) (Federal Times)

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## SPECIAL COVERAGE – Election Commentary

### Satya Nadella

"Yesterday we witnessed the democratic process in action here in the US. The results are of importance around the world, and I know that interest is shared among Microsoft employees. We congratulate the president-elect, and look forward to working with all those elected yesterday. Our commitment to our mission and values are steadfast, and in particular fostering a diverse and inclusive culture." ([The Verge](#))

### Brad Smith

"Between now and Jan. 20, we'll all participate in what is perhaps the most defining aspect of our democracy, the peaceful transition of power from one political party to another. Today is a day that finds some Americans celebrating and others commiserating about the electoral result. But it's also a day that reminds us of what makes the country special. It's a day that provides an opportunity to look beyond disagreements and divides, identify bold solutions to common problems, and find new ways to work together. It's a good time for all of us to listen and to learn from each other." ([Microsoft on the Issues Blog](#))

### Peter Thiel

"Congratulations to President-elect Donald Trump. He has an awesomely difficult task, since it is long past time for us to face up to our country's problems. We're going to need all hands on deck." ([Business Insider](#))

### Tim Cook

While there is discussion today about uncertainties ahead, you can be confident that Apple's North Star hasn't changed. Our products connect people everywhere, and they provide the tools for our customers to do great things to improve their lives and the world at large. Our company is open to all, and we celebrate the diversity of our team here in the United States and around the world—regardless of what they look like, where they come from, how they worship or who they love. I've always looked at Apple as one big family and I encourage you to reach out to your co-workers if they are feeling anxious. Let's move forward—together! ([Wall Street Journal](#))

### Steve Case

Tweeted, "I am surprised & disappointed. But now that the people have spoken, we should accept the result & work together to move the country forward." ([Twitter](#))

### Jeff Weiner, CEO, LinkedIn

Tweeted, "U.S. in election process so long, easy to lose sight of what matters: Our collective ingenuity, resilience & resolve. Next play, America." ([Twitter](#))

### Marc Benioff, CEO, Salesforce

Tweeted, "Congratulations President Trump. This is what makes America great---our democracy. Now is the time for us to come together as one country." ([Twitter](#))

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Devin Wenig, CEO, eBay

Wenig, in a letter to employees, “acknowledged the ‘sense of fear and disruption caused by the impact that changing economic trends, including technology innovation, are having on people’s lives.’ He then made the case for eBay as a tech platform that erases boundaries rather than builds them.” ([Recode](#))

Dara Khosrowshahi, CEO, Expedia

Tweeted, “As tech leaders we have to admit that we are hugely disconnected with our nation. I don't like it but have to recognize this issue.” ([Twitter](#))

Steven Sinofsky, Former Microsoft executive and Andreessen Horowitz partner

Tweeted, “Greatness of America lies not in being more enlightened than any other nation, but rather in her ability to repair her faults—de Tocqueville.” ([Twitter](#))

Jeff Schumacher, CEO, BCG Digital Ventures

“I think if you look at what Trump should be is pro-business, so based on his speech this morning, you hope that he understands the magnitude of the office he just got. Against that is a liberal Republican, which should be advantageous to business and investment, should be, I would underline that word,’ Jeff Schumacher, chief executive of BCG Digital Ventures, told CNBC in an interview.” ([CNBC](#))

John Lilly, Partner, Greylock Partners

“We need to figure out how to connect more Americans to the economic engine of technology.” ([New York Times](#))

Tusk Holdings

“Tusk Holdings, which advises tech startups on regulatory strategies, said in a note to clients that Mr. Trump’s election could spur new discussion on technology’s role in displacing workers—such as concerns that autonomous vehicles could take jobs from truck drivers.” ([Wall Street Journal](#))

## ARTICLE SUMMARY

**New York Times** [China’s Internet Controls Will Get Stricter, to Dismay of Foreign Business](#)

HONG KONG — In August, business groups around the world petitioned China to rethink a proposed cybersecurity law that they said would hurt foreign companies and further separate the country from the internet. On Monday, China passed that law — a sign that when it comes to the internet, China will go its own way. The new rules, which were approved by the country’s rubber-stamp Parliament and will go into effect next summer, are part of a broader effort to better define how the internet is managed inside China’s borders.

**Wired** [The 2016 Election Exposes the Very, Very Dark Side of Tech](#)

YOU KNOW THAT at WIRED, technology and innovation are kind of our thing. Pretty much every day since 1993, my WIRED colleagues past and present have come to work to tell you stories about how technology can make the world a better place, how it can enhance human ability in ways we still can’t quite imagine, and why all of these technological shifts aren’t necessarily as scary as they sometimes

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seem at first. Today is not one of those days. Because tomorrow, we'll elect the leader of the free world, and well, we can't say that technology has exactly made it easy over these last truly grueling 19 months.

#### **Wired** [Forget Big Data—Little Data Is Making Learning Personal](#)

THE INNOVATION ACADEMY workspace at Dysart Unified School District outside Phoenix looked more like a tech startup's headquarters than a classroom. On one side of the room, students wearing special tinted glasses studied electric circuits at virtual reality stations. On the opposite end of the bright, airy space, another small group of students experimented with piecing together real-life circuits that beeped, buzzed, and blinked when connected. In the middle of all this activity, seventh-grader Jacob Higuera sat alone with his laptop, intently typing out a social studies assignment. It was only the fifth day of school here in Surprise, Arizona, but he was already getting used to this unconventional classroom setup.

#### **Wall Street Journal** [China's Patent-Lawsuit Profile Grows](#)

HONG KONG—When a Canadian patent-licensing firm wanted to sue Japanese electronics company Sony Corp., it chose an unlikely venue: China. Ottawa-based WiLAN Inc., which earns revenue by licensing its patents, filed a suit against Sony last week in a court in the eastern Chinese city of Nanjing, alleging that the Japanese company's smartphones violated its wireless-communication-technology patent, according to the filing reviewed by The Wall Street Journal. WiLAN's lawsuit is a rare case of a foreign patent-holding entity suing a non-Chinese company in China. It is an indication of how China is becoming a more attractive place to seek legal action for companies that accumulate patents for litigation and licensing purposes.

#### **Wall Street Journal** [FBI Warns Internet Online Attacks on Private Industry Will Continue](#)

Online attacks launched from thousands of connected devices, such as one that disabled parts of the internet in October, are here to stay, the Federal Bureau of Investigation is warning. "The exploitation of the 'Internet of Things' (IOT) to conduct small-to-large scale attacks on the private industry will very likely continue," the FBI wrote in an Oct. 26 bulletin to private companies. A person familiar with the matter said a version of the bulletin that appeared on the internet Friday was authentic.

#### **Wall Street Journal** [China's New Cybersecurity Law Rattles Foreign Tech Firms](#)

BEIJING—China's government has approved a broad new cybersecurity law aimed at tightening and centralizing state control over information flows and technology equipment, raising concerns among foreign companies operating in the country. The law, passed by the standing committee of China's rubber-stamp parliament and made public on Monday, says agencies and enterprises must improve their ability to defend against network intrusions while demanding security reviews for equipment and data in strategic sectors. The law also makes censorship a matter of cybersecurity, threatening to punish companies that allow unapproved information to circulate online.

#### **New York Times** [Russia Prepares to Block LinkedIn After Court Ruling](#)

LinkedIn, the social networking site for professionals that will soon be bought by Microsoft, is to be blocked in Russia after a local court ruled on Thursday that it had breached the country's data protection rules, a sign of growing tensions for American tech companies operating in the country. The case in the Moscow city courts arose at a time of debate in Washington over how the United States

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might retaliate for what American security officials said was the Russian government's hacking of emails from the Democratic National Committee and other digital interference in the presidential election.

#### **TechCrunch** [Google responds to EU antitrust charges against Android](#)

Google has now filed its official response to the EU's antitrust charges against its Android mobile OS. The company had previously been granted a deadline extension by the European Commission, which kicked off a formal investigation into Android back in April. According to Reuters the EC is intending to hit Google with deterrent fines over its behavior with Android, and also in another antitrust case against Google Shopping.

#### **New York Times** [How Data Failed Us in Calling an Election](#)

It was a rough night for number crunchers. And for the faith that people in every field — business, politics, sports and academia — have increasingly placed in the power of data. Donald J. Trump's victory ran counter to almost every major forecast — undercutting the belief that analyzing reams of data can accurately predict events. Voters demonstrated how much predictive analytics, and election forecasting in particular, remains a young science: Some people may have been misled into thinking Hillary Clinton's win was assured because some of the forecasts lacked context explaining potentially wide margins of error.

#### **National Law Review** [Cyber Rules: Financial Regulators Prepare to Act](#)

There is a subtle but important distinction in the focus of the two regulatory proposals. The New York Department of Financial Institutions issued a proposal in September that focused on protecting actual data in the system and particularly the private information of consumers, while the federal agencies' proposal emphasizes operational resilience of the individual companies and reduction of the impact on the overall financial system in case of a cyber event.

## Notable Quotes

*"This is a step backwards for innovation in China that won't do much to improve security... The Chinese government is right in wanting to ensure the security of digital systems and information here, but this law doesn't achieve that. What it does do is create barriers to trade and innovation."*

– [James Zimmerman, chairman, American Chamber of Commerce in China](#)

*"We need to make our warrant docket just as publicly accessible as the civil and criminal docket is. Obviously you can't immediately disclose the warrant applications or the tracking device applications because you're going to blow the investigation. So some limited degree of sealing is necessary, but it doesn't need to be sealed forever. It seems to me that there is some information about that application that ought to be available to the public immediately."*

– [U.S. Magistrate Judge Stephen Smith](#)

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*“We have this massive surveillance apparatus that was created over the last 15 years with the participation of both parties and on the tacit assumption that the people in charge would always be people of integrity. It should have been built with the possibility in mind that the whole system could be turned over to somebody who doesn’t have the best interests of the country at heart.”*

– [Jameel Jaffer, deputy legal director, American Civil Liberties Union](#)

*“When I wrote the PGP manual about 25 years ago, I described in there the idea that if we build a surveillance infrastructure like we seem to be doing, that it could be used by a future government that could be elected in a democratic election that could use it for whatever evil purposes they might have.”*

– [Phil Zimmerman, creator of Pretty Good Privacy encryption program](#)

*“The state of security hangs in the balance. The last year saw a concerted effort to undermine the availability and security of encryption, and in a matter of weeks a rule change to the Federal Rules of Criminal Procedure will make it easier than ever before for the government to hack into computers.”*

– [Rainey Reitman, activism director, Electronic Frontier Foundation](#)

## Social Highlights

- **@FinancialTimes:** [China cyber security law fuels foreign fears](#)
- **@technology:** [China passes cybersecurity law despite strong opposition from foreign companies](#)
- **@govtechnews:** [Warrants in the digital age: Courts face evolving frontier](#)
- **@astepanovich:** [Cheers to LinkedIn for standing against this law.](#)
- **@Forbes:** [Edward Snowden: “We should not fear a Donald Trump, rather we should build it ourselves.”](#)
- **@TechCrunch:** [Microsoft says it will push for diversity and security from the Trump administration by @kateconger](#)