

ECONOMIC IMPACT OF SPAM IN A SRI LANKAN PERSPECTIVE

By

Haren Hasala Alwis Kodagoda

LIBRARY
UNIVERSITY OF MORATUWA, SRI LANKA
MORATUWA

004"06"
004(013)



University of Moratuwa, Sri Lanka.
Electronic Theses & Dissertations

This Dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

91225

University of Moratuwa



91225

Department of Computer Science and Engineering

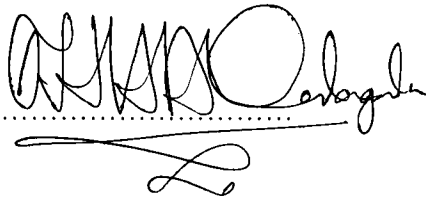
University of Moratuwa

December 2006

91225

DECLARATION

I do hereby declare that the work reported in this project report was exclusively carried out by me under the supervision of Dr. Ruwan Weerasinghe, Director, University of Colombo School of Computing. It describes the results of my own independent research except where due reference has been made in the text. No part of this project report has been submitted earlier or concurrently for the same or any other degree.



Date : 27.09.2007

(Signature of the Candidate)

H. H. A. Kodagoda



University of Moratuwa, Sri Lanka.
Electronic Theses & Dissertations
www.lib.mrt.ac.lk

Certified by:

Supervisor (Name) : Dr. Ruwan Weerasinghe

(Signature) : *UOM Verified Signature*

Date : 27.09.2007

Abstract

The Economic Impact of Spam in a Sri Lankan Perspective

H. H. A. Kodagoda

56/138, Thaladena, Malabe, 10115, Sri Lanka.

This study on the economic impact of spam in a Sri Lankan perspective, attempts to evaluate the impact of spam especially on the local knowledge workers. It identifies based on previous research, that knowledge workers and organizations, ISP's and ESP's and the Government as well spammers to be the key entities playing a leading role in implications related to spam. It evaluates the impact of spam on the local knowledge workers at length, based on a survey. The study also attempts to provide a brief over view of the situation in relation to spam, with the local ISP's as well as the government policy making bodies based on a series of interviews and also provides a brief investigation in to the modus operandi of the local spammers.

The study finds that 1 in every 2.3 emails received by a local knowledge worker or 43% of the email received is spam. It also finds that an average employee receives 41.39 emails, 17.76 spam and 2.70 local oriented spam (spam of local origin, and intended to a local audience) per day. Average knowledge worker wastes around 4 minutes 49 seconds due to spam related issues per day and also loses 0.93% of his/her productivity due to spam. The study estimates that, subjected to available data, the National Annual Total Lost Productivity due to spam could stand around Rs.219 Million to Rs.446 Million. The study also makes a multitude of other findings in relation to lost band width, spam protection, the user behavior regarding spam related activities. It is seen that a surprisingly large number of local users would open and read spam.

The study identifies that there are no laws in relation to spam in Sri Lanka. It is observed that the local spammers would spam between 25,000 ~ 75,000 local email addresses and the cost per email advert ranges between 2cents and 12cents per message. While evaluating the quantifiable aspects of spam on local knowledge workers, based on these and other findings the research suggests that Sri Lanka may be or become a safe heaven of spammers, and stresses the importance of having laws, a code of ethics and a national strategy to combat spam.

Acknowledgements

I am most grateful to my beloved mother, who brought me up as a single parent, among enormous odds, troubles and difficulties. Without her love, courage, sacrifice, determination and will, and all what she has done for me, I wouldn't have been here, reading for an MBA.

I wish to express my heartfelt gratitude to my supervisor Dr.Ruvan Weerasinghe, Director, University of Colombo – School of Computing, for accepting to supervise this project while having an extremely busy schedule. The meetings I had with Dr.Weerasinghe have been very enlightening, encouraging, inspiring and the guidance I received was invaluable and far reaching.

I am most thankful to our course coordinator Mr.Kithsiri Samarasinghe- Head of Department, Department of Electronic and Telecommunication Engineering and Ms.Vishaka Nanayakkara – Head of Department, Department of Computer Science and Engineering for allowing me to complete the research thesis with the junior batch. Mr.Samarasinghe's lectures on Conducting Management Research have been extremely helpful and guiding in drafting this report.

I must thank Professor V.K.Samaranayake, the chairman of the ICTA for granting me interviews in his busy schedule, and for and for all his valuable advices given and Mr.Jayantha Fernando – The Legal Advisor of the ICTA for his expert opinions on the IT Law in Sri Lanka.

Mr.Kapila Chandrasena – The Chief Marketing Office of the Sir Lanka Telecom, was very helpful in providing a lot of valuable suggestions and facts from an ISP's perspective. Ms.Anagi Gamaachchi – Engineer ISP Operations provided the technical feed back from an ISP's perspective in combating spam. I am also extending my thanks to Mr.Rohith Udulagama Managing Director – LankaCom and Chairman-LISPA and his team of Engineers, Mangers and Server Administrators for providing valuable input and opinions.

Mr.Indika Sririwardena, a talented statistician and a highly skilled database administrator, a colleague and a good friend, was extremely helpful in the statistical analysis, providing me the necessary software and manuals as well as conducting tutorials during his busy schedule. Without his help it wouldn't have been possible to complete this study. I am also thankful for Dr.Parakrama Samarathunga – Research Fellow –IPS, for giving me valuable advices especially on economic aspects.

I cannot forget the unstinted support my good friend and colleague Mr.Priyanga Keerthiwansa, gave me. I am also thankful for my collgues Ms.Ashaa Gunawardena and Mr.Ramesh for their support.

I also wish to thank all those who filled the questionnaire on Impact of Spam, many countless professionals whom I didn't even know, whose contribution made this study possible

Last but not least, I would like to thank two of my closest friends Danushkaa and Roshi for always supporting and encouraging on pursuing my research.



University of Moratuwa, Sri Lanka
Electronic Theses & Dissertations
www.lib.mrt.ac.lk

Table of Contents

1 Introduction	1
1.1 Impact of spam	1
1.2 Research Question & Goals	2
1.3 Research Objectives	3
1.4 The Approach	4
1.5 Organization of this dissertation	5
2 Literature Review	6
2.1 SPAM – How the term was assigned to describe junk email	6
2.2 Defining Spam	6
2.3 The Amount of Spam	8
2.4 The Parasitic Economics of Spam	10
2.5 Impact of Spam on Knowledge workers and Organizations	11
2.5.1 The global impact of Spam	12
2.6 Spam and ISP's	13
2.7 Spam and Legislation	13
2.8 The Sri Lankan Scenario	14
3 Theoretical Framework and Methodology	16
3.1 Theoretical Framework	16
3.1.1 Population Size	16
3.1.2 Sample Size	17
3.1.3 Approach and Research Model	18
3.1.4 Identification of the Key Variables and their Indicators	20
3.1.4.1 Profile of Knowledge Workers (Survey Participants)	21
3.1.4.2. Currently Available Spam Protection Mechanisms	21
3.1.4.3 User Behavior and Experiences – In relation to email and spam	22
3.1.4.4 Impact of Spam	22
3.1.4.5 Help Desk and Related Issues	24
3.1.4.6 Local Spam	24
3.1.4.7 Anti Spam Laws	24
3.2 Method	25
3.2.1 Variables, Indicators and their Measures	25
3.2.2 Design of the questionnaire	26
3.2.3 Adminstrating the survey	27
3.2.5 Interviews	27
3.2.6 Investigations	28
3.2.6 Issues Related to Ethics and the Questionnaire	28
3.2.4 Use of Software	28
4 Impact of Spam – Data Collection and Coding	29
4.1 Data Coding	29
4.2 Raw Data	30
5 Impact of Spam –Results, Analysis of Data and Calculations	39
5.1 Profile of Knowledge Workers (Survey Participants)	39
5.1.1 Profile of Respondents Designations	39
5.1.2 Gender Distribution of the Respondents	40
5.1.3 Nature of the Respondents Organization	41

5.1.4 Size of the Respondents Organization	42
5.1.5 Profile of the Knowledge Workers (Survey Participants) – Observations and analysis	44
5.2 Spam Protection Mechanisms	44
5.2.1 Availability and the type of the mechanism of Spam Protection	45
5.2.2 Effectiveness of the available mechanism in catching spam	46
5.2.3 False positive rate (Amount of legitimate emails miss-identified as spam) of the available mechanism	47
5.2.4 Users' opinion about the availability of spam filters and its effectiveness	48
5.2.5 Spam Protection Mechanisms – Observations and Analysis	49
5.3 User Behavior and Experiences – In relation to email and spam	51
5.3.1 Frequency of checking e-mail	51
5.3.2 Action taken regarding the received spam	52
5.3.3 Do the recipients Open/Read Junk mail?	53
5.3.4 Visiting Spammers' web sites through spam	53
5.3.5 Do the recipients find spam useful?	54
5.3.6 Obtaining Products/Services as a result of spam	54
5.3.7 Being victims of frauds/scams due to spam	55
5.3.8 Users perception of spam as fraud or deception	55
5.3.9 User Behavior and Experiences - In relation to email and spam - Observations and Analysis	56
5.4 Impact of Spam	59
5.4.1 Number of Hours an Employee Work per day	59
5.4.2 The Total number of emails received by an employee	60
5.4.3 The Total number of Spam received by an employee	61
5.4.4 Amount of an employee's time wasted due to spam	62
5.4.5 Specific time segment of the day wasted due to spam	63
5.4.6 Average size of a spam email	64
5.4.7 Frequency of receiving spam with images	66
5.4.8 Users' perception about the severity of the spam issue	67
5.4.9 Impact of spam - Observations and Analysis	68
5.5 Local Oriented Spam	70
5.5.1 Amount of local oriented spam received	70
5.5.2 Do the recipients read local oriented spam?	71
5.5.3 Do the recipients find local oriented spam useful?	71
5.5.4 Obtaining Products/Services as a result of local oriented spam	72
5.5.5 Effectiveness of the spam filters against local spam	73
5.5.6 Local Oriented Spam - Observations and Analysis	74
5.6 Help Desk and Related Issues	76
5.6.1 Users seeking help desk/support teams due to spam	76
5.6.2 Users seeking external/self help/advice to spam related issues	76
5.6.3 Help Desk and Related Issues - Observations and Analysis	77
5.7 Users perception about the importance of having anti-spam laws in Sri Lanka	78
5.8 Further Calculations and Analysis	79
5.8.1 Amount of spam received	79
5.8.2 Lost Productivity	80
5.8.2.1 Lost Productivity per employee	80
5.8.2.2 National Annual Lost Productivity due to Spam	81

5.8.3 Lost bandwidth	84
5.8.3.1 Lost bandwidth per knowledge worker	84
5.8.3.2 The cost of Lost Bandwidth due to spam in an organization	84
5.8.3.2 The Lost Bandwidth per day due to spam at the national level	85
6 Local ISP's and SPAM	86
6.1 The SLT and Spam	88
7 A Walk through the local spam underground	90
7.1 Ad Lanka	90
7.2 The REaD Page	92
7.3 LIS – Laksiri Information Services	94
7.4 Inotrend International	97
7.5 Apparel Net	102
7.6 Spammers of Sri Lanka – Some common facts	104
8 IT Law and Spam in Sri Lanka	106
9 Discussion & Conclusions	108
9.1 Impact of Spam in Sri Lanka	111
9.2 Sri Lanka, a safe heaven for spammers?	111
9.3 Anti Spam Laws for Sri Lanka	112
9.4 A National Strategy to combat spam	114
9.5 Limitations of the study	114
9.6 Related areas suggest for further study	115
10 References & Bibliography	116
11 Annexures	121
11.1 Annexure 1 – The Survey Instrument (Questionnaire)	121



List of Tables

Table 3.2.1 Variables, Indicators and their Measures	25
Table 4.2.1 Responses of respondents 1 to 31 for questions 1 to 16	31
Table 4.2.2 Responses of respondents 1 to 31 for questions 17 to 32	32
Table 4.2.3 Responses of respondents 32 to 62 for questions 1 to 16	33
Table 4.2.4 Responses of respondents 32 to 62 for questions 17 to 32	34
Table 4.2.5 Responses of respondents 63 to 93 for questions 1 to 16	35
Table 4.2.6 Responses of respondents 63 to 93 for questions 17 to 32	36
Table 4.2.7 Responses of respondents 93 to 124 for questions 1 to 16	37
Table 4.2.8 Responses of respondents 94 to 124 for questions 17 to 32	38
Table 5.1.1 Profile of Respondents Designations	39
Table 5.1.2 Gender Distribution of the Respondents	40
Table 5.1.3 Nature of the Respondents Organization	41
Table 5.1.4 Size of the Respondents Organization	42
Table 5.2.1 Availability and the type of the mechanism of Spam Protection	44
Table 5.2.2 Ability to detect/filter Spam by the Junk mail/Spam filtering mechanism	46
Table 5.2.3 False positive rate of the available mechanism	47
Table 5.2.4 Users' opinion about the availability of spam filters and its effectiveness	48
Table 5.3.1 Frequency of checking e-mail	51
Table 5.3.2 Action taken regarding the received spam	52
Table 5.3.3 Do the recipients Open/Read Junk mail?	53
Table 5.3.4 Visiting Spammers' web sites through spam	53
Table 5.3.5 Do the recipients find spam useful?	54
Table 5.3.6 Obtaining Products/Services as a result of spam	54
Table 5.3.7 Being victims of frauds/scams due to spam	55
Table 5.3.8 Users perception of spam as fraud or deception	55
Table 5.4.1.1 Number of Hours an Employee Work per day	59
Table 5.4.1.2 Mean, Std. Deviation, Maximum and Minimum values of Number of Hours an Employee Work per day	59
Table 5.4.2.1 The Total number of emails received by an employee	60

Table 5.4.2.2 Mean, Std. Deviation, Maximum and Minimum values of the total number of emails received by an employee	60
Table 5.4.3.1 The Total number of spam received by an employee	61
Table 5.4.3.2 Mean, Std. Deviation, Maximum and Minimum values of The Total number of spam received by an employee	61
Table 5.4.4.1 Amount of an employee's time wasted due to spam	62
Table 5.4.4.2 Mean, Std. Deviation, Maximum and Minimum values of the amount of an employees time wasted due to spam	62
Table 5.4.5.1 Specific time segment of the day wasted due to spam	63
Table 5.4.6.1 The sizes of spam email	64
Table 5.4.6.2 Mean, Std. Deviation, Maximum and Minimum values of the sizes of spam email	64
Table 5.4.7.1 Frequency of receiving spam with images	66
Table 5.4.8.1 Users' perception about the severity of the spam issue	67
Table 5.5.1.1 Amount of local oriented spam received	70
Table 5.5.1.2 Mean, Std. Deviation, Maximum and Minimum values of the amount of local oriented spam received	70
Table 5.5.2 Do the recipients Read local oriented spam?	71
Table 5.5.3 Do the recipients find local oriented spam useful?	71
Table 5.5.4 Obtaining Products/Services as a result of local oriented spam	72
Table 5.5.5.1 Effectiveness of the spam filters against local spam	73
Table 5.6.1 Users seeking help desk/support teams due to spam	76
Table 5.6.2 Users seeking external/self help/advice to spam related issues	76
Table 5.7.1 Users perception about the importance of having anti-spam laws in Sri Lanka	78
Table 5.8.2.1 Annual lost productivity of a hypothetical organization	81
Table 5.8.2.2 National Annual Lost Productivity due to Spam	82
Table 5.8.2.3 National Annual Lost Productivity due to Spam - Based on Data of Household Income and Expenditure Survey 2005	83
Table 5.8.3.2 The Lost Bandwidth per day due to spam at the national level	85
Table 7.1 Cost comparison of local spam charges	105
Table 9.1 Summary of the Key Results	108

List of Figures

Figure 1.2 Key Entities involved in Issues related to Spam and its Impacts	2
Figure 2.3.1 Percentage of Spam identified by Syamntec	8
Figure 2.3.2 Percentage of Spam identified by MessageLabs	9
Figure 2.4.1 Economics of Postal mail	11
Figure 2.4.2 Parasitic Economics of spam	11
Figure 3.1.2.1 Calculation of the sample size with Epi Info Software	17
Figure 3.1.3.1 Key Entities involved in Issues related to Spam and its Impacts	18
Figure 3.1.4.1 The spam mailbox/database collected by the author	20
Figure 4.1.1 The developed database interface for data entry	30
Figure 5.1.1 Profile of Respondents Designations	39
Figure 5.1.2 Gender Distribution of the Respondents	40
Figure 5.1.3 Nature of the Respondents Organization	41
Figure 5.1.4.1 Size of the Respondents Organization	42
Figure 5.1.4.2 Size of the Respondents Organization – Bar Chart	42
Figure 5.2.2 Ability to detect/filter Spam by the Junk mail/Spam filtering mechanism	46
Figure 5.2.3 False positive rate of the available mechanism	47
Figure 5.2.2 Users' opinion about the availability of spam filters and its effectiveness	48
Figure 5.3.1 Frequency of checking mail	51
Figure 5.3.2 Action taken regarding the received spam	52
Figure 5.3.3 Do you Open/Read Junk mail?	53
Figure 5.3.4 Visiting Spammers' web sites through spam	53
Figure 5.3.5 Do the recipients find spam useful?	54
Figure 5.3.6 Obtaining Products/Services as a result of spam	54
Figure 5.3.7 Being victims of frauds/scams due to spam	55
Figure 5.3.8 Users perception of spam as fraud or deception	55
Figure 5.4.5.1 Specific time segment of the day wasted due to spam	63
Figure 5.4.7.1 Frequency of receiving spam with images	66

Figure 5.4.8.1 Users' perception about the severity of the spam issue	67
Figure 5.5.1.1 The amount of local oriented spam received	70
Figure 5.5.2 Do the recipients Read local oriented spam?	71
Figure 5.5.3 Do the recipients find local oriented spam useful?	71
Figure 5.5.3 Obtaining Products/Services as a result of local oriented spam	72
Figure 5.5.5.1 Effectiveness of the spam filters against local spam	73
Figure 5.6.1 Users seeking help desk/support teams due to spam	76
Figure 5.6.2 Users seeking external/self help/advice to spam related issues	76
Figure 5.7.1 Users perception about the importance of having anti-spam laws in Sri Lanka	78
Figure 7.1 A spam sent by Ad Lanka	91
Figure 7.2 A spam sent by The REaD Page	93
Figure 7.3.1 A spam sent by LIS	95
Figure 7.3.2 A another spam sent by LIS	96
Figure 7.4.1 A spam sent by Inotrend International	99
Figure 7.4.1 A spam sent by Inotrend International	101
Figure 7.5.1 A Spam sent by Apparel Net dating back to 2004, and the content is about the infamous GoldQuest racket	102
Figure 7.5.2 Another spam sent by Apparel Net	104

LIST OF ABBREVIATIONS

ACMA	Australian Communications and Media Authority
ESP	Email Service Provider
GB	Giga Byte(s)
ICTA	Information and Communication Technology Agency of Sri Lanka
ISP	Internet Service Provider
IT	Information Technology
KB	Kilo Byte(s)
kbps	kilo bits per second
LISPA	Lanka Internet Service Providers Association
OECD	Organization for Economic Co-operation and Development
R & D	Research and Development
ROKSO	Register Of Known Spam Operations
SBL	Spamhaus Block List
SLT	Sri Lanka Telecom
Std. Deviation	Standard Deviation
TRC	Telecommunication Regulatory Commission (of Sri Lanka)
UBE	Unsolicited Bulk Email (Spam)
XBL	Exploits Block List



University of Moratuwa, Sri Lanka.
Electronic Theses & Dissertations
www.lib.mrt.ac.lk