

# Kaspersky, Eugene

Cryptologist and business executive

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Once a computer programmer working in the Soviet defense ministry, Eugene Kaspersky is now widely regarded as one of the world's most prominent experts on information security, protecting networks and computers from viruses and e-mail spam. With his wife, Natalya Kaspersky, and Alexey De Mont De Rique (also spelled De Monderik), who is now described at the company Web site as a corporate adviser, Eugene Kaspersky founded the information security firm Kaspersky Lab in 1997. Although Eugene and Natalya Kaspersky divorced in 1998, they continued to operate Kaspersky Lab Group together until May 2012. Thereafter Eugene Kaspersky remained as chairman and CEO of Kaspersky Lab, now "arguably the most important Internet security company in the world," according to Noah Shachtman, writing in *Wired* (July 23, 2012). Natalya Kaspersky, who sold her shares of Kaspersky Lab in February 2012, became owner as well as chief executive officer of InfoWatch, a former subsidiary of Kaspersky Lab founded in 2003 to specialize in the security of internal data and office communications. Eugene continues to work as the head analyst at Kaspersky Lab, of which he has also been chief executive officer since his ex-wife stepped down from the position in 2011. Kaspersky Lab is now the world's largest privately owned vendor of software security products. According to Bob Tarzey, writing for *Infosecurity* (October 4, 2013), it "is one of the few Russian software companies with a global footprint and has achieved a level of trust many Western business would envy; a jewel indeed."

While Eugene has received numerous accolades for his programming, Natalya has earned the respect of the international business community both for helping Kaspersky Lab emerge as a successful global company and for building her own company, InfoWatch. Unlike the notorious Russian "oligarchs" (well-connected individuals who made fortunes owing to the privatization of the Soviet economy), Eugene Kaspersky and Natalya Kaspersky did not gain a reputation for accumulating wealth based on past connections or dubious deals, but by hard work, talent, business acumen, and quality products.

## Education and Early Careers

Eugene (in English his given name is also rendered as Yevgeny) was born on October 4, 1965, in Novorossiysk, a southern Russian city that is the country's largest port on the Black Sea. As a high school student, he attended advanced classes in math and physics sponsored by Moscow State University. After graduating from the Institute of

Cryptography, Telecommunications and Computer Science in 1987, he found a job as a programmer at a scientific-research institute within the Soviet defense ministry. In 1989 his computer became infected with the Cascade virus, which had appeared the year before and was one of the best-known computer viruses at that time. The virus piqued Eugene's curiosity. "I became interested in finding out how it worked, and in detection and disinfecting," he told a correspondent from *Network News* (February 9, 2000). "At first I used a local Russian AV program [AV is shorthand for "anti-virus"] but then I developed my own. It became a hobby, just like collecting butterflies, but I came to understand the business implications." Kaspersky's first anti-virus product was a program that could catch 40 computer viruses. He distributed it mostly to his friends, who told him they were very pleased with the product's effectiveness. Dedicating himself full-time to studying computer viruses, he left the defense ministry in 1991 to work at the Information Technologies Center of KAMI, a large Russian company that sold computers, among other products. There, he and several colleagues improved on his original AV program and developed a piece of software called AntiViral Toolkit Pro (AVP).

Natalya was born on February 5, 1966, in Moscow. Her father had a doctorate in mathematics and physics, and her mother was a design engineer. As recorded in an archived page of the Kaspersky Club Web site (January 26, 2007), Natalya has said that she was a "pampered child," and she was a staff member of the Young Pioneers, a Soviet-era mass youth organization for children ages 10 through 15. Despite her early desire to become a veterinarian, she began attending the Moscow Institute of Electronic Engineering in 1983 and graduated in 1989 with a degree in applied mathematics. (Later she was awarded a bachelor's degree in Business Administration from the Open University in the United Kingdom.) She met Eugene in January 1987, at the "KGB holiday centre called Severskoye," and they married before she finished her degree. Shortly after graduation, she found work as a research assistant at Moscow's Central Scientific Design Office. She began working at KAMI Information Technologies Center in 1994 and despite having, by her own account, little knowledge of computers and marketing and no managerial experience, she became general manager of the AVP project. "I could not help making mistakes," she has said, as recorded at the Kaspersky Club blog page. "For example, I tried to sell everything myself, and that was wrong." She claimed not to have "extraordinary qualities": "Patience and hard work can sometimes make up for the absence of some other qualities. ... I just do my work, the same work every day. If you really want something and you do your best to get it, you are bound to succeed." Natalya wanted to open an independent company, but Eugene demurred. Her first effort to found her own company, based on data-recovery software, failed, but she gained valuable experience from this effort.

Although AVP won several prominent international awards in 1994, the watershed moment for Eugene's anti-virus products occurred in 1998, when the on-line computing world was plagued by a virus called CIH, written by a Taiwanese student named Chen Ing-hau. (The virus is also known as the Chernobyl virus, because some strains of the virus were programmed to become active on April 26, 1999, the thirteenth anniversary of the nuclear disaster in the Ukrainian city of Chernobyl, then part of the Soviet Union.) The CIH virus, according to reports, damaged hundreds of thousands of computers. "For three weeks, we were the only ones who had an antidote," Eugene told Irina Schedrowa for the *Financial Times* (May 10, 2000). Dealers in a range of foreign countries, including Italy, Germany, and the United States, sought Kaspersky's product. Exploiting the demand for their product, Natalya negotiated deals with software developers in Finland, Germany, and Japan to include AVP software in their own products.

The success of AVP earned Eugene Kaspersky and Natalya Kaspersky enough prestige and capital to enable them to establish their own business. At Natalya's urging, in 1997 she and Eugene left KAMI to co-found the independent Kaspersky Lab, together with Alexey De Mont De Rique. Natalya assumed the role of chief executive officer (CEO) and general director; Eugene continued as the head of anti-virus research. They managed a staff of 13 employees. Kaspersky Lab maintained the AVP product name, and several of company's early products, including AVP Silver, AVP Gold, and AVP Platinum, became quite popular, both in Russia and abroad. In the years after the company's founding, Eugene was often quoted as a computer-virus expert in technology publications. Kaspersky Lab's revenues and international presence swelled: from 1998 through 2000, annual revenue at Kaspersky Lab grew 280 percent. Almost 60 percent of its revenue came from non-Russian sales. By May 2000 Kaspersky Lab had a staff of 65 people and claimed 30 dealers operating in more than 40 foreign countries.

In November 2000 AVP was renamed Kaspersky Anti-Virus. Aside from its premier products, Kaspersky Lab also provided free on-line security-related Internet information services, including an exhaustive on-line virus encyclopedia (see [www.securelist.com](http://www.securelist.com)); according to Eugene's biography page at the Kaspersky Lab Web site, as of October 2013, the Kaspersky Lab virus database contained descriptions of nearly 100 million viruses. Kaspersky's signature product could detect all of these viruses, as well as an estimated 80 to 90 percent of unknown viruses. Regarding her company's successes in 2000 alone, Natalya Kaspersky announced in a company press release (November 14, 2000), "This year has become a milestone in the company's development. We have managed to change from a small company, operating within national borders, to a global data security developer having a strong position in many countries all around the world."

Kaspersky Lab company represented the emergence of a new set of skilled workers in Russia. As Natalya wrote in an article for *WorldLink* (January 1, 2001), in the 1990s "Russia was seen by institutional investors as a nation that possessed huge human resource talent but little ability to create and develop its own propriety technology and intellectual property." At that time many skilled programmers emigrated to Western Europe and the United States to pursue a wide range of well-paying information-technology jobs. For talented programmers Kaspersky Lab offered an alternative to departure. The success of Kaspersky Lab also earned Eugene and Natalya access to powerful avenues in government: in April 2001 Natalya and several other IT executives met with Russian president Vladimir Putin to advise him on the development of Russia's high-technology economy. They requested the simplification of several laws regarding expansion into foreign countries; two months later, Putin's administration obliged. By 2002 Kaspersky Lab had regional offices in Moscow, Cambridge (England), and California, and continued to sell products through licensed regional suppliers. In February 2002 Kaspersky Lab and the international consulting company Ernst & Young announced a joint venture for providing risk management with their information services. By December 2002 the company had a commercial presence in 50 countries.

Between 1997 and 2002, the Kaspersky Lab share of the Russian anti-virus market rose from 5 percent to 60 percent. By February 2002 Kaspersky Lab claimed to have about 800,000 private clients and a significant number of Russian corporate clients, comprising about 30 percent of the corporate market share. Kaspersky Lab was viewed as a competitor with such highly ranked international information-security companies as Symantec, TrendMicro, Panda Software, and Network Associates.

Kaspersky Lab had become so successful in warding off viruses that it, too, became the target of attacks by malicious programmers and hackers. In November 2002 hackers infiltrated the company's server, obtained a list of e-mail address belonging to the company's clients, and then sent those clients a worm (an