## SRS 2019

# Ransomware Research Project

Author: Nikola Staykov

Supervisor: YAVOR PAPAZOV

### Contents

1	Introduction	2
<b>2</b>	Mathematical model	2
	2.1 The simple one	2

#### Abstract

#### 1 Introduction

#### 2 Mathematical model

#### 2.1 The simple one

This model describes the spread and calculates the optimal ransom for a ransomware attack, distributed exclusively via botnets, without the key component of spreading to every computer in the network. This variant of the attack is relatively cheap to initiate, but has low efficiency.

We will treat the act of decrypting the data of a given computer as a service and the ransom, respectively, will be the price of the service. The parameters and distributions in this model will surely differ from standard market Parameters:

- 1. Realization
- 2. P-profit
- 3. s-number of people who received the spam
- 4. d(s)-coefficient of people who would download the ransomware
- 5. b-coefficient of people having backups, independent
- 6. c(r)-coefficient of people willing to pay with respect to the number of infected victims
- 7. r-ransom, to be optimized
- 8. E-expenses
- 9.  $P_b$ -price of spam campaign
- 10. M-Malware price

$$U = ln(R); P = s.d(s).b.c(r).r; E = P_b.s + M; R = P - E$$

#### References

- [1] K. Thomas, D. Huang, D. Wang, E. Bursztein, C. Grier, T. J. Holt, C. Kruegel, D. McCoy, S. Savage, and G. Vigna, "Framing dependencies introduced by underground commoditization," in Workshop on Economics of Information Security, WEIS, 2015.
- [2] D. Y. Huang, M. M. Aliapoulios, V. G. Li, L. Invernizzi, E. Bursztein, K. McRoberts, J. Levin, K. Levchenko, A. C. Snoeren, and D. McCoy, "Tracking ransomware endto-end," in 2018 IEEE Symposium on Security and Privacy (SP), pp. 618–631, IEEE, 2018.
- [3] A. Kharraz, W. Robertson, D. Balzarotti, L. Bilge, and E. Kirda, "Cutting the gordian knot: A look under the hood of ransomware attacks," in *International Conference* on Detection of Intrusions and Malware, and Vulnerability Assessment, pp. 3-24, Springer, 2015.
- [4] M. Paquet-Clouston, B. Haslhofer, and B. Dupont, "Ransomware payments in the bitcoin ecosystem," *Journal of Cybersecurity*, vol. 5, no. 1, p. tyz003, 2019.
- [5] A. Cartwright, J. Hernandez-Castro, and A. Stepanova, "To pay or not: Game theoretic models of ransomware," in Workshop on the Economics of Information Security (WEIS), Innsbruck, Austria, 2018.
- [6] T. Caulfield, C. Ioannidis, and D. Pym, "Dynamic pricing for ransomware,"
- [7] J. M. Harrison, N. B. Keskin, and A. Zeevi, "Bayesian dynamic pricing policies: Learning and earning under a binary prior distribution," *Management Science*, vol. 58, no. 3, pp. 570–586, 2012.
- [8] J. Hernandez-Castro, E. Cartwright, and A. Stepanova, "Economic analysis of ransomware," Available at SSRN 2937641, 2017.

- [9] A. Laszka, S. Farhang, and J. Grossklags, "On the economics of ransomware," in International Conference on Decision and Game Theory for Security, pp. 397–417, Springer, 2017.
- [10] M. S. Lobo and S. Boyd, "Pricing and learning with uncertain demand," in INFORMS Revenue Management Conference, 2003.
- [11] M. Rothschild, "A two-armed bandit theory of market pricing," Journal of Economic Theory, vol. 9, no. 2, pp. 185–202, 1974.