

[Print](#)

Four security start-ups, four paths to success

The Internet can be a scary place these days, full of sophisticated threats designed to steal valuable information from individuals and organizations alike. There's a market for providing top-grade information security to businesses, but how do you actually make money doing so? Four entrepreneurs who've "been there, done that" share their tips.

11/4/2010 6:00:00 AM

by Brian Jackson

What sort of business might an entrepreneur launch in a post-recession economy where funding is scarce, company purse strings tight, and competition abounds?



If a room full of [IT security professionals](#) at [Toronto's Sector](#) conference is any indication, maybe an information security start-up is the way to go.

More companies are handling sensitive data these days, and Fortune 500 companies are sharing their customer's data with smaller third parties that don't necessarily have the same in-house IT expertise to maintain top levels of security. Often, smaller organizations turn to another firm to manage that security for them.

Meet our entrepreneurs who've been down the road of using specific [security](#) skills to start-up a firm and survive to tell the tale.

Dave Millier, CEO of Sentry Metrics (Toronto)

Millier started his company in 1996 and focused on providing security products through a managed services approach before building an award-winning dashboard product, theSentry. It was his experience with one customer that inspired Millier to change his business and focus on the dashboard.

Millier was sending his clients reports on a USB key that was protected with a password. Whenever he called this client to discuss the report, the client responded approvingly but always in a general sense. It wasn't until later that Millier found out his client couldn't access the reports because he didn't have the right password, but he wasn't admitting it.

Security startup

"We used that information from our customers to start building what we have today," Millier says. "The idea of starting out with the right idea and being able to build on top of that customer need has worked out for us."

Sentry Metrics built a Web-based live reporting dashboard for its client to provide easier access. Not only was the customer pleased to have better access to the reports, but the metrics proved how Sentry Metrics was providing value to the business by protecting against threats.

Over the years, Millier continued to succeed by focusing on customer relationships and strengthening them. It's important to pay heed to the little guys as well as the big corporations too.

"Keeping those small but tight relationships with people who really do make a difference in the industry," Millier says. "That's where we spent a lot of time and that's been the biggest success for us."

Persistence can be key to striking a new relationship, he adds. It took three years of attending a trade show for credit unions before his business was able to land some deals in that vertical.

Robert Beggs, founder of Digital Defence (Burlington, Ont.)

Beggs business is mostly about breaking into networks, but unlike malicious hackers his clients paid him to do it.

Getting businesses with valuable data that needs protection to realize the importance of computer security can be like pulling teeth, he says, and you'll need some funding help while you're making your case.

Beggs chuckles when he looks back on some of his earlier business plans, saved in Excel documents. "I was supposed to retire five years ago according to the plan," he says.

What he planned on and what became reality turned out to be quite different. His clients would only spend money on security if they were already [upgrading their network](#), meeting compliance requirements, or they had just been hacked. Otherwise, no one spends on security because it's a good idea.

As a result, be prepared to work hard to generate revenue when you're starting up.

"Selling is what you do all day long and marketing is what you do when you go home at night," Beggs says.

When clients do decide to pay you, it's not always quick. Beggs still typically waits about half a year before receiving payment on his invoices. He warns start-ups it will take at least eight months before they get consistent clients and two or three years before those clients generate consistent business.

So you'll need funding to survive more than a couple of months. If you survive long enough, remember to look back at your original business plan for a good laugh.

"It's always good to remind yourself what a moron you were," Beggs says.

Brian O'Higgins, chief technology officer at Third Brigade (Ottawa)

O'Higgins started [Third Brigade](#) after retiring from a Nortel spin-off in 2004, and sold his business to Trend Micro in 2009. On his path to selling to the security vendor, O'Higgins stuck to a simple mantra - do one thing really well.

"Whenever you want to start something, you look around for the pain points and you see if you can put together a solution. It has to be a best in class solution, or there's no point to live," he says. "Then you do that one thing, and you go around the world doing it."

Third Brigade's hosted intrusion prevention services were the right fit at the right time, and O'Higgins was happy to keep his firm small. He felt having a small team meant he could get to market faster than some of the bigger players. "The bigger the company is, the slower they move," he says.

Don't be afraid to turn down client inquiries when you're getting started, O'Higgins adds. It's best to focus on making your existing customers happy.

Eldon Sprickerhoff, co-founder of eSentire Inc. (Cambridge, Ont.)

Sprickerhoff founded his firm specializing in collaborative threat management with his elementary-school chum in 2001. Now their security company services the financial industry, [health care](#) and heavy industry.

The secret to continued to success is to always be [selling](#), he says. And don't be afraid of hard work.

"I hear from others that it must be great to be your own boss because you can work half days," he says. "Yeah, I work half days - 12 hour days, seven days a week."

If you don't have a stomach for sales, you'd better find one fast, he advises. Avoid trying to sell at big conferences but concentrate on grass roots techniques to get the word out. Rely on the contacts you've already made in your work. Once you gain some early customers, ask them to recommend you.

Oh, and remember to always be selling.

"No matter what your job is, whether you're a coder or a front line developer, your part time job is to sell," Sprickerhoff says. "If you're talking to the client, you're selling to the client."

Along the way, hire the best staff that you can afford and when an employee relationship starts to drift, don't be afraid to fire them.

Brian Jackson is a Senior Writer at ITBusiness.ca. Follow him on [Twitter](#), read his [blog](#), and check out the [IT Business Facebook Page](#).

[Print](#)

[Close Window](#)