



REALIZING YOUR DREAM:

HOW YORK IE HELPED FLOWTRAQ MAXIMIZE ITS OPPORTUNITY

Dr. Vincent Berk knows technology. He has a PhD in machine learning applied to internet security, monitoring and forensics. But when he started FlowTraq in 2006, it wasn't so much the technology that excited him as the opportunity for innovation within the business model on how that technology was delivered.

FlowTraq is network security software focused on catching Advanced Persistent Threats. It helps cyber security operators identify and investigate data leaks, compromises, spammers, botnets, worms and DDoS attacks in high-volume networks. For years, this type of service was available via an expensive appliance which limited the benefits to only Fortune 500 companies.

SITUATION

"To me, this service is just software — software that could be run in a virtual appliance or downloadable software," Vince said. "My vision was to sell it in smaller chunks to people who haven't had access to that type of technology in the past. The value was applicable to smaller businesses, schools, universities, etc. and I wanted to bring that capability to a segment of the market that had been traditionally underserved."

Vince and his co-founder funded the venture and got to work. Over time, the company narrowed its focus and began to gobble up market share. Vince's thesis proved accurate. FlowTraq was selling to 25-person companies but also to PayPal and Boeing.

The company's growth was strong, renewals were good, the business was proven, cash flow was positive and the revenue generated was reinvested into the company.

AS YOU CAN IMAGINE, VINCE BECAME VERY POPULAR.

"A lot of Series A investors were interested," Vince said. "And in security, you're constantly in M&A talks. The list of people who put LOIs in front of me was long."

CHALLENGE

Sometimes, having so many options can be a curse. Vince struggled with what the best route forward for FlowTraq was. He shared this dilemma with his longtime industry friend Tom Daly, co-founder of Dyn and SVP, Infrastructure at Fastly. Tom recommended Vince talk with Kyle York, former Chief Revenue Officer at Dyn and now CEO of York IE.

“As an entrepreneur in these moments, a lot of people want to talk with you and give you advice,” Vince said. “Kyle and I just hit it off immediately. There was a lot of overlap between our personalities.”

Vince and Kyle discussed FlowTraq’s options. While the Series A investment opportunities were good, the margins were very high. After a lot of discussion and analysis, the acquisition route looked the best, but Vince wasn’t necessarily driving toward an exit. In fact, Kyle helped him recruit new sales and marketing hires.

But it was Kyle’s introduction to Riverbed that ultimately changed the destiny of FlowTraq. The massive network performance monitoring and application performance management company wanted to tell a security story, and they thought FlowTraq was a great fit. Vince took the initial call, but while intrigued, it came across as one of many.

In fact, at the time, he was in active discussions with two other companies interested in an acquisition. Kyle suggested he let the situation play out and see what happens, so he did. In the end, Riverbed made an excellent offer and had a clear vision for integrating FlowTraq — Vince had played the perfect hand.

“Kyle’s value was in the experience he had with the process, having just gone through an acquisition by Oracle and having acquired many companies while at Dyn,” Vince said.

“When you get into an exit, having someone with you who has been there before is really important. Kyle was one of the key people in that process. In many ways, he acted as a banker. He made the introduction and acted as an independent third-party, which is helpful to unstick a deadlock.

“I’D WORK WITH KYLE AGAIN BECAUSE HAVING THAT OUTSIDE PERSPECTIVE THAT IS A LITTLE LESS EMOTIONALLY INVOLVED IS CRITICAL.”

DR. VINCENT BERK