



AXIOMATICS

Sweden www.axiomatics.com

Distance turned out to be a positive factor when a research-based IT company worked closely with US-based financial institutions to refine their data protection software in keeping with customer requirements

Executive Summary

Axiomatics is an authorization solutions provider that serves large companies and US federal government agencies with technology to share sensitive data in a secure way, meet compliance and minimize data fraud. The company was started in 2006 by two researchers at the Swedish Institute of Computer Science (SICS) in Stockholm.

CASE N°: SC108

SECTOR: INFORMATION TECHNOLOGIES

TECH INTENSITY: HIGH-TECH

LIFE CYCLE STAGE: SCALE-UP

INNOVATION VECTORS: SERVICE

01 PARTNERS: PSR, LARGE CORPORATION

KEYWORDS: Authorization technology, data protection, financial industry

- BACKGROUND FRAMEWORK
- INNOVATION CHALLENGE & MARKET OPPORTUNITIES
- OI TRAJECTORY
- BUSINESS IMPACT
- LESSONS LEARNED



BACKGROUND

Axiomatics was founded in 2006 by Babak Sadighi and Erik Rissanen. The two founders were researchers at the Swedish Institute of Computer Science (SICS) where they developed the programming language xacml that formed the basis of Axiomatics' authorization system.

The company is growth-oriented and strives to gain increased market share in a growing market. Sooner or later, the early investors may be ready for an exit.

INNOVATION CHALLENGE & MARKET OPPORTUNITIES

The main challenges facing the company were to develop better models and to incorporate the most important functionality as specified by customers. The company worked closely with clients to identify key customer requirements. When the company initiated the project they already had paying customers to work with.

OPEN INNOVATION TRAJECTORY

Concept development

Axiomatics is constantly trying to improve their product and its technical core. No one trigger point can be identified that pushed the company into an open innovation collaboration; in general they were striving to improve their models and add the functionality demanded by key customers.

The development process, IPR and competition strategy

The company relied mainly on their own development resources, but external interaction was crucial however, mainly in relation to customers so that they could provide input on functionally, quality, etc. The company was working closely with large American financial institutions. It proved easier to gain access to those organizations

than accessing customers in the home market. Funding from the Swedish Innovation Agency Vinnova was critical for supporting the project.

Axiomatics owns around 30 US patents.

The company pursues a niche market strategy providing solutions generally not yet available on the market. Economies of speed are important, i.e. being able to be first with important functionality as a result of working closely with key customers during product development.

Commercialization and follow-up

As the product is software based, scaling-up has more to do with marketing. One of the main challenges in scaling up is to identify "good" customers who understand the value of the product. This requires a certain level of maturity on the part of the customer and "educational sales" efforts from Axiomatics.

The main marketing strategy was/is to sell to educated customers who are tech savvy and understand the importance of the product as well as the underlying technology. The company learned that such customers are primarily to be found in the US. Axiomatics tried/tries to reach the less mature customers through distributors. As a result, the company has a responsibility to educate their distributors.

The project fed directly into future product development, specifically in terms of further technical improvements, e.g. improved models and features.

BUSINESS IMPACT

Axiomatics has continued to improve their core technology and launched several new product offerings related to the project, e.g. a policy server, data access filters, smart guard for big data.

The company has learned a lot about whom to collaborate with. In Axiomatics' case this meant large American financial institutions, which was perhaps counterintuitive given geographical distance, etc. However, what has turned out to be critical is to work with professional customers who set high standards but are not afraid of working with SMEs. It seems US companies have more experience working with SMEs than their Swedish counterparts.

The company is selling their products so the initial business challenges have been overcome. Some key

figures:

- 20 percent growth in the number of customers in 2015.
- 20 percent growth in the number of employees in 2015.
- 30 percent annual growth on average since 2010.
- 90 percent revenue growth in 2015 compared to 2014.

LESSONS LEARNED

The case is interesting because it demonstrates how a small company can provide a critical product/service to large companies that set extremely high standards.

Main lessons learned:

1. Be very selective with whom you work; those companies which are closest may not be the best partners/customers.
2. When working with researchers you have to provide them with a lot of freedom: engineers ;t:researchers.
3. Dare to approach customers abroad! You can learn a lot by working with the best. Americans are used to working with partners from far away as their country is a continent in itself.