



SMX founders, Jesse Ball and Thom Hooker

SMX – the story so far

In February 2006, SMX – the company and the service – launched into the New Zealand market with one of the world's first 'cloud-based' anti-spam and anti-virus services.

SMX pioneered a fundamental paradigm shift in email security, offering outstanding email filtering accuracy ('99.7 percent clean') as a service, paid for on a monthly per user basis, rather than as a software product installed on a customer's own system and requiring IT staff to upgrade, maintain and provision.

Behind that conceptual innovation is the technology required to deliver the service. At a high level, this software is innovative and different from any competitors in three key areas: 'Multi-tenanted', Scalability, and Speed to Deploy.

No other comparable anti-virus or anti-spam product or service available worldwide has the ability to service multiple customers out of a single system (multi-tenanted). No other service-based solution is so easily scalable, and no other is so fast to deploy – taking literally two

or three phone calls and less than half a day to fully deploy across the largest organisation.

Drilling down further, no other solution has the 'message accounting' features which enable customers to log on to their own SMX portal and track all their messages. SMX's Message Accounting tracks all messages into the system extracting information such as size, delivery time, queue times, whether it was clean, virus or spam – and all this is 100 percent searchable by the customer.

A further innovation is SMX's work in integrating a number of existing anti-spam and anti-virus products not designed to be so integrated or used to enable a service.

Also worthy of note are the SMX-developed software-based processes which enable new clients to be activated in a very short time to a high degree of accuracy. This includes 'built-in white labelling' where the service can be re-skinned by SMX – literally within hours – to reflect brand and marketing requirements of resellers.

A day off and a cold beer

SMX began with a conversation between two friends – Jesse Ball and Thom Hooker – having a day off and a cold beer in their back yard. On that day in February 2004 their ideas coalesced around designing and building a secure mail service leveraging the wealth of experience in email management, gained in part from their involvement in building the Telecom Xtra mail platform.

Their first office space was shared with IT services company RHE & Associates. One day, in the communal kitchen, the CEO of RHE complained loud and long about his spam problem. Jesse and Thom looked at each other: "We can fix that," they said. In the process of fixing RHE's spam problem it occurred to Jesse and Thom that the immediate business opportunity – the urgent need – was more specific than just providing secure email. The problem and opportunity, but rather by providing mail clean of spam and viruses.



The vision that drove the founding of SMX was the opportunity to address a major global spam and virus problem and that existing product-based anti-spam and virus products were not meeting the needs of business. They saw a clear space in the market for a dedicated business email service.

“That was the Eureka moment,” says Jesse Ball. “We went out and raised every cent we could.” They bought hardware, licenced some software, and began six months of doing their day jobs while working on SMX in their spare time. A core software development team was brought on and by the end of 2005 their ‘pilot’ customer RHE & Associates was receiving the beginnings of the SMX service.

Further momentum came during 2006 with John Quirk of IT investment advisors Howard and Company joining as Board chairman and driving a venture capital investment of just under \$1 million. In 2009 SMX was successful in raising second round funding of \$1.67 million from investors including Stephen Tindall of the Warehouse retail chain and Sam Morgan, founder of the TradeMe online commerce site. Support also continued from first round investor Endeavour Capital (a New Zealand Venture Investment Company).

Delighted customers provide strong references

Since its launch, highly favourable customer feedback has highlighted the speed and effectiveness of the SMX service in immediately solving spam and virus problems.

In early December 2006, as the AA began gearing up for its busiest time of the year, its network was receiving up to 100,000 messages per hour. IT staff were inundated with constant questions and

“The bottom line for us is we are solving the email security problem for our customers and at the same time offering them savings and productivity improvements,”

says Ram Viswanathan, CMC’s Manager of Emerging Technology and Corporate Business Development.



complaints from 600 users who wanted and demanded a solution. The AA had tried a number of anti spam solutions and had also regularly changed its anti spam filters. Says Thomas Layzell, AA’s Network Manager: “We’d almost given up hope of finding a really effective solution.” Thomas says he was ‘skeptical and jaded’ when he and CIO Doug Wilson agreed to trial the SMX service in early December 2006. Layzell says he no longer feels jaded and, in fact, the countdown to Xmas was untroubled by spam. “The whole spam thing stopped overnight. It was amazing. We had people who were getting hundreds a day. Now they get nothing. We just said ‘do it’ to SMX and 24 hours later we had no spam.”

For the Accident Compensation Corporation in 2008, the story was similar. More than 15 million spam messages a month were clogging the ACC’s 2,500 desktops, users were complaining of a four to five hour delay in receiving emails. The ACC’s existing anti spam software was unable to deal with the problem. “The SMX service has solved the problem literally overnight,” says ACC ICT operations manager Glen Rhodes.

He says the SMX service has a number of strengths compare to alternative solutions. “Contracting a service to deal with spam and viruses means we don’t have to buy and maintain software on our own network – this means we can free up our internal staff. We’re also impressed by the accuracy of the service – guaranteeing more than 99 percent accuracy in cleaning mail is impressive. The SMX service was also simple and fast to implement, up and running in just a matter of days. Provisioning of new users is also very fast and easy, taking literally minutes.”

Symantec partnership triggers global growth

During 2007, SMX signed a breakthrough contract with international software company, Symantec. In a non-exclusive contract arrangement Symantec can now sell the SMX service worldwide. SMX receives a per user per month fee from Symantec customers who have deployed the SMX anti-spam and anti-virus service. Symantec is responsible for marketing the service, while SMX is responsible for managing and maintaining the server infrastructure and third level support.

“We saw the SMX email security service as an ideal entry point for selling a wider range of applications and services,”

says Jason Frisch, founder and president of Tsukaeru.net



Symantec selected SMX as its preferred solution based on the unique multi-tenant capability of SMX – where multiple distributors, resellers and customers can be provisioned and billed from a single server rack, all running a single instance of the software. This is the key technology innovation that has driven Symantec’s decision to promote the SMX solution.

In 2008, SMX signed a reseller and licencing contract with CMC Limited – the IT services company which is part of the \$US 28.8 billion Indian industrial conglomerate, TATA Group. The three-year contract gives CMC exclusive rights to sell SMX anti-spam and anti-virus services to its customers throughout India and the Middle East, with additional non-exclusive rights to markets in Africa.

CMC is targeting sales of up to 500,000 users within two to three years with SMX receiving a percentage of the monthly per user fee charged to customers. The SMX provisioning and billing system has also been adopted by CMC as a key element in their new managed services strategy.

CMC managing director Mr Ramanathan Ramanan says CMC is delighted with the

SMX solutions. “What impressed us with SMX – and what we believe to be unique – is the ability of SMX to ‘clean’ email to such a high level of accuracy. Also unique is the ability of SMX to handle multiple customers from a single location, with easy scalability”, Mr Ramanan said.

In early 2010 SMX made its first sale into Japan. This has seen SMX licenced and resold by Tsukaeru.net, Japan’s fastest growing provider of hosted applications and services. As with the CMC partnership in India, the Tsukaeru.net deal also showcases SMX’s ‘white labelling’ capability where market partners rebrands the SMX service, and hosts, sells and supports the service using its own brand. SMX provides the software, training and regular software updates in return for a percentage of the annual per seat licence fee.

The Tsukaeru.net service also showcased the speed and ease with which the SMX service could be rebranded and implemented, with all implementation and training completed inside three months, including Japanese language translation of all print and online sales, marketing and support documentation.

SMX launches into Australia

Also in 2010, SMX launched into Australia, following the opening of an SMX data-centre in Melbourne and the signing of a head distributor agreement with Westcon Group, one of Australia’s largest IT distributors. The Westcon agreement sees working with SMX to offer the solution to Westcon’s 2000 plus resellers throughout Australia.

“This is the first time that Westcon is distributing a cloud-based service,” Westcon CEO Leigh Howard says. “Strategically the time is right to start distributing SaaS services here in Australia. Logically email is a good place to start and SMX is a good fit for us and our resellers.”

An important factor for Westcon is the ease with which SMX can be sold by Westcon resellers – providing an ongoing revenue stream based on a per seat price, rather than a single product sale. SMX is assisting resellers with a highly streamlined provisioning process which enables resellers to have their customers up and running literally within hours.

Hosting is carried out in Australia by SMX at their Melbourne datacentre with a 24-hour helpdesk service providing user support as well as assistance with provisioning of customers by Westcon resellers.

Leigh Howard says the business case for the SMX service is clear and compelling. “Rather than owning and operating their own spam and virus filtering software in house, customers can subscribe on a per seat basis to have it all done for them – before it hits their network, saving bandwidth, administrative hassles and other drains on productivity.

“We’ve noticed a major difference in the performance of the network now that the spam is being cleaned before it hits our servers. And for the team it’s one less thing that we have to worry about managing,”

says Mainfreight Infrastructure Manager David Hall.



“This is a major step forward in ridding corporate networks of spam and viruses in a single stroke – with the savings in bandwidth and lost productivity more than covering the service charges. It’s a great solution and we’re delighted to secure the exclusive distribution rights for Australia,” Howard said.

Unique business value in a global market

Hosted email anti-virus and anti-spam services, such as those offered by SMX, are forecast to reach \$US1.396 billion in 2011 – a compound annual growth rate between 2006 to 2011 of 36.3 percent. This reflects the growth in spam and virus traffic ahead of the growth in overall email

volume. Email message volume per user is growing by around 50 percent per year, while spam volume is growing at nearly 60 percent per year. Current spam levels are running as high as 90 percent of email traffic worldwide, which means spam traffic could be as high as 60 billion messages per day. Spam and virus traffic is forecast to continue to rise ahead of the growth in email traffic.

In the fight against this global plague cloud-based email filtering services, such as SMX, are rapidly replacing earlier point products which customers deploy and maintain on their own networks. The SMX approach of offering a service which filters email before it reaches customer networks

is proving to provide the best balance of security, ease of use and cost.

The unique blend of technology and innovation which comprise the SMX solution is difficult for competitors to emulate or overtake.

Says SMX managing director Jesse Ball: “The durability of our market advantage is encapsulated in the selection of SMX as the preferred solution by global players such as Symantec and CMC, and by Tsukaeru.net in Japan and Westcon in Australia. While competitors have some of the features required, SMX ticks all the boxes: highly accurate, easy to deploy – is implemented remotely (from NZ) and deployed inside a customer’s datacentre, multi-tenanted (not requiring a dedicated server per customer), easy to rebrand according to reseller requirements (white labelling), and with a full range of reporting utilities.

“But I think the bottom line for our growth is momentum. Every day we continue to add features, build our customer and reseller base, and increase our international footprint. Success breeds success and we have the momentum to continue to build our solution ahead of the market and ahead of competitors,” Jesse Ball said.

Contact: Go to www.smxemail.com for more information or to request a sales call.

