INSPIRE
OPEN INNOVATION FOR SMEs

FROM ACADEMIC SPIN-OFF TO 2.0 LAUNCH IN 10 YEARS

A small group of Czech scientists was working on a solution that could monitor the network infrastructure of a high-speed Internet network serving European universities and research institutions. They had no idea that this project would change their lives forever and give rise to a company serving clients over five continents. From a bumpy start to fast growth, relationships with different partners were essential for their innovation journey.

• Flowmon Networks assists companies to increase the performance of their computer networks and protect them from modern types of cyber threats.

• Having started in 2007 under the name Invea-Tech, a spin-of company from Masaryk University and Brno University of Technology, it now has customers all over the world.

• Their solutions are regarded as the standard for the network monitoring and security area.

• Flowmon was listed in Deloitte Technology Fast 50, which ranks the fifty fastest-growing technology companies in Central Europe, for three consecutive years from 2013 to 2015. Its revenue reached €6.8 million in 2017.

The Origin of the Open Innovation

Flowmon Networks has its origins in Masaryk University, Brno University of Technology and CESNET, the association of universities of the Czech Republic and the Czech Academy of Science responsible for Czech research and education network operations and R&D in advanced network technologies. A strong R&D team was formed for the purpose of carrying out a series of national and European projects in the area of programmable hardware and high-speed network applications. In the project for GÉANT, the European research network, the Czech team was responsible for network monitoring and security solutions. One of the results of the work was a functional prototype of a hardware accelerated NetFlow probe – FlowMon.

The results of their work had been so impressive, that the consultative committee advised the team to establish a company to exploit their findings. The founders had great ideas but did not know much about business. It turned out to be the first academic spin-off in the Czech Republic where the former researchers were given the task of setting up a company. To bridge the skills and experience gap, the aspiring entrepreneurs turned for advice to another company based in Brno, called Unis. Eventually, Unis suggested an experienced

Flowmon
Driving Network Visibility

manager to fill the CEO position and invested in the start-up.

Open Innovation Journey

Flowmon Networks had great technology but the business concept was vague. The company had a technology advantage - their unique net flow monitoring probe and data collector - and strong professional support from academia. They found considerable initial interest in the technology, but few customers. The offering was so advanced that few could understand its value; the large potential customers were hesitant and there was little interest in expensive high-end equipment manufactured by a new company without a track record. There were no success stories and no references, hence little interest from dealers and distributors.

Pre-agreed deals failed or were postponed, and for those who ventured to try out the technology, the offering was much too expensive. Very soon the company was forced to explore other opportunities with other market players who had different needs and expectations. The team had many meetings with customers to get an insight into their needs, to educate them and to convince them that their products were necessary. Eventually, they had to turn the concept round: instead of targeting large, high-speed networks they turned to smaller and slower networks, downgraded speed and reduced the price, as well as reorienting their offering from a product to a solution and introducing customer services. Soon they got their first twenty paying customers and official references. The first partners - value-added dealers and distributors - became interested in the solution. The company, which had been losing money for 18 months, finally turned profitable.

Flowmon's expansion relied on partnerships. Its solutions offer most added value to the customer when integrated with other security tools. A good example of this approach was a strategic partnership with Check Point Software Technologies. Its products and solutions allow the detection and automatic mitigation of threats on the network perimeter and end stations.

Flowmon is used for traffic monitoring in an internal network and for the automatic detection of incidents in an internal network which are caused by internal attacks or by threats that were not detected on the network perimeter. Together, both solutions provide complex and efficient network protection against even the most sophisticated cyber threats.

It sometimes happens that technology partners become part of the company. In 2013 Flowmon acquired the partner company AdvaICT specialized in network behaviour analysis. AdvaICT's flagship product FlowMon ADS was developed as a software module for their solution. The acquisition strengthened the company's market position by providing a complete solution that could protect its users against emerging threats. The acquisition of FerretApps in 2015 reinforced the position of Flowmon Networks in the rapidly growing applications performance monitoring systems market. Again, Flowmon Networks entered this market through the module that has been developed in cooperation with FerretApps.

Starting locally, Flowmon is on its way to

becoming a global company. They had to build and are still developing sales channels around the world. Flowmon Networks runs two programs for their distributors. The first is suited for transactional distributors who want to leverage their current partner base without providing added value together with Flowmon. The second, is suited for distributors who are ready to provide added value together with Flowmon, including marketing, pre-sales, post-sales, business development and support - so that they can develop their FlowMon business.

Going one step further, Flowmon has established a community programme built around their solution. The members are allowed to make program changes to the solution, customize it to their needs or use it for their own R&D. They have access to all plug-ins developed in the community and are encouraged to share knowledge and experience.

Impact of the OI Collaboration

In ten years since 2007, Flowmon Networks has grown from 3 to 120 people (FTE: 61). Companies such as T-Mobile, Siemens or Konica Minolta use Flowmon to know and to secure their networks. Now it is on its way to becoming a truly global company, establishing a presence in most European countries and expanding to the US, the Middle East & Africa and South East Asia, as well as to doubling its revenue in three years. Flowmon intends to acquire additional strengths in the area of IT Operations Analytics, in particular the simplification of devices and the enhancement of their own intelligence, and to move into application areas such as detecting suspicious and unauthorized behaviour in Supervisory Control and Data Acquisition (SCADA) and the Internet of Things (IoT). Thanks to its cooperation with global technology leaders, universities and its R&D program, Flowmon is trusted by internet service providers, financial institutions and government bodies, such as Ministries of Defence, and keeps up with the most demanding needs.

CUSTOMERS = PARTNERS

Partnerships with (potential) customers give valuable insights and generate new opportunities.

COOPERATION WITH TECHNOLOGY LEADERS

Joint offerings with partners helped customers build a holistic solution - in this case a complete cyber-security platform.

ORGANIC GROWTH, TARGETED ACQUISITIONS

The organic growth of the company was supported by two successful acquisitions of AdvaICT and FerretApps, thereby adding complementary skills and enabling a combined offering to the same customers.

ADAPT TO SUCCEED

A spin-off company may be set up to develop on original idea, but sometimes it is necessary to adapt the business to fit a real market need.

JIRI TOBOLA
CO-FOUNDER & CEO

"A focus on delivering deep network visibility, cloud technologies and IT operations analytics will be the engine of our future growth,"