

## Critical System Auditing Solutions for IT Infrastructures



**Michael Fimin - CEO**

Netwrix Corporation's core competency is in change auditing of critical systems across the entire IT infrastructure. With the broadest platform coverage available in the industry, innovative technology and strategic roadmap aiming to support different platforms, devices and applications, Netwrix offers award-winning auditing solutions and superior customer service at affordable prices. Founded in 2006, Netwrix has evolved as #1 for change auditing as evidenced by thousands of satisfied customers worldwide. The company is headquartered in Irvine, CA, with regional offices in New Jersey, Ohio, Georgia and the UK. Netwrix is ranked No. 73 on the Inc. 5000 list of the Top 100 Software Companies and an overall 831 on the Inc. 5000 list of America's Fastest Growing Private Companies in 2013.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Fimin, what is the concept at Netwrix?**

**Mr. Fimin:** In a nutshell, we provide visibility into what is happening in the IT infrastructure to critical IT systems. We help to deal with security, compliance and the operational efficiency challenges the modern organizations are facing.

**CEOCFO: What do you understand about the process and the challenges that perhaps others do not?**

**Mr. Fimin:** Our biggest advantage is the focus on the specific area of the business. We do not have a general approach unlike many vendors. They just do many different things and they do not do them efficiently because they are just spread across way too thin. We focus on just one specific area of the security industry, which is change and configuration auditing, and do it in the best way possible.

**CEOCFO: Who is using your services and why?**

**Mr. Fimin:** Customers come to us for various reasons, but mainly for three of them. First is security. They are trying to proactively prevent security breaches, like the one that happened recently to Target, for example. The second major reason is regulatory compliance. There are different types of compliance regulations such as HIPAA for healthcare or Sarbanes Oxley (SOX) compliance for publicly traded companies. There are different regulations for each industry, and we help to deal with those challenges as well. The third primary category is operational efficiencies, especially in larger companies with bigger IT departments. If it is a small company with just one person managing the entire IT infrastructure; that is one thing. However, if there is more than one person, then you have to be aware of what is going on in your IT infrastructure to understand what processes take place. Without the visibility, you are just living in the dark and do not understand what is happening. This could potentially lead to chaos or, in the worst case, security incidents or any other major issues.

**CEOCFO: Do you find that many companies are looking for that specific expertise? Do people realize Netwrix exists; that can provide that higher level because this is what you are focused on?**

**Mr. Fimin:** Security has become an important issue right now, given the recent events that happened to Target and other major retailer chains. Also, the compliance regulations are getting tighter and tighter, as an aftermath of the most recent financial crisis and other events. Yes, the organizations realize that they have to be proactive about security and they come to us. They see us as the vendor focused on solving their specific challenge. This is why they choose Netwrix in many cases.

**CEOCFO: Would you tell us a little about your offerings? Do you have a standard service? Are there bells and whistles? What do people get when they work with Netwrix?**

**Mr. Fimin:** We provide software solutions that organizations can use to solve their security, compliance or operational problems. We offer change and configuration auditing solution that delivers complete visibility into what is happening inside customer's IT infrastructure, something that no other vendor can provide as extensively as we do, because we are fully focused on just this category and we are best in class. Also we should not forget about excellent customer service

provided to our clients. The product evolves all the time, and as long as they stay current with their maintenance they get all new versions and updates at no extra charge. Basically they get a fully operating solution that provides a complete change audit and helps them to solve their problems successfully.

**CEOCFO: *What is involved in implementation?***

**Mr. Fimin:** We pride ourselves in providing solutions that are very simple, efficient and affordable. Therefore they do not require a lot of investment into implementation. In the simple scenario, the customers can just install it and configure it completely by themselves without involving any additional services and the software just works. And it does not cost much, so it is not a million dollar solution. It is really much more affordable.

**CEOCFO: *Are many of your customers replacing something they have or is this an added layer that is coming on?***

**Mr. Fimin:** In certain cases they are. However, for the most part we come as a new vendor, because it is a hot, new space and there is tremendous potential of extension. Per Gartner, the major analyst firm, our market potential is up to seven billion dollars by the end of 2015.

**CEOCFO: *It is growing?***

**Mr. Fimin:** Yes. It is a fast growing market.

**“We are building a great company. This is our only goal. In the next several years we will get to \$100,000,000 of revenue per year. At that point, our plan is to file for an IPO to raise funds for continued expansion.” - Michael Fimin**

**CEOCFO: *How do you reach out to potential customers? How do they find you?***

**Mr. Fimin:** Our “go to market model” is actually the new standard in business right now, which is called inbound marketing. Unlike the traditional old school models, where you had to maintain quite expensive sales force, including field reps and engineers that would go out to customers on site and have meetings and do product pitches, we use the new model which involves a lot of online presence. It is a combination of all different vehicles available right now. It is social media. It is email marketing. It is search engine optimization. And several other ways. Basically, future customers come to our website, study the offerings that we have and download a trial, which is free for twenty days. They can also work with our customer service during that time frame and it is also free. Once they go through the trial, they have a proof of concept. Then customers get in touch with our sales people and they close the deal. That is how inbound marketing differs from the traditional outbound, which is pushy and inefficient. We have them come to us, instead of us chasing them.

**CEOCFO: *You mentioned affordable a couple of times. Is that a big factor? Do you find that some companies might think if it is so affordable maybe it is not as good as it could be?***

**Mr. Fimin:** We have a really great value proposition. I would not say that we are the least expensive, but everything is really about providing the value. If you compare us to some other vendors, our offerings contain much more value. The price the customers pay for our software justifies itself if you look at what is included in the offerings.

**CEOCFO: *Do you find that price is a big factor for most of your customizers or is what you provide much more important?***

**Mr. Fimin:** For certain industries it might be, primarily if you look at the low-budget educational industry. School districts and colleges are always trapped in the narrow confines of financial resources. So, we make advances to this kind of clients and have special discounts. However, for most others, the problems they are having are much more costly compared to the price of solving their challenges. Therefore, the customers are more than willing to pay that, because if they do not implement a solution like ours, they can incur much more expenses. For example, in case of HIPAA compliance, which is a regulation that governs all healthcare organizations such as hospitals and insurance companies, one healthcare institution had to pay two million dollars to settle their HIPAA claim. If they had a solution like ours, which would cost them, let us say, fifty thousand dollars (depending on the size of the organization), it is still nothing compared to the two million dollar settlement. However, if you look at the other costs they had to go through a HIPAA audit, for example pay the auditors, pay their employees to go through it, spend a ton of other resources. The total cost could easily go up to, let us say, five million dollars. Again, compared to fifty thousand it is still a fraction of the cost.

**CEOCFO: *Do you do much work with the government?***

**Mr. Fimin:** Yes we do. Probably ten percent of our customer base is different types of government institutions; state, local and federal.

**CEOCFO: *How do you deal with some of the challenges, working with the government?***

**Mr. Fimin:** The major difference is their procurement process, which is much more complicated. It is really the major difference. The procurement cycle is much longer, it involves approvals and it involves budget allocations. However, the government organizations are pretty much facing the same types of challenges, and they are very vulnerable to security breaches.

**CEOCFO: *What have you learned as the company has grown and developed? What has changed for you?***

**Mr. Fimin:** I would say that it is really all about people. Talent acquisition is the most challenging task during the company growth. The people you hire really do the job. If you hire the right people, you win. If you hire the wrong people, you fail. You have to be very careful at selecting the exact people that will perfectly fit your organization. The approach that we use, we call it "Hire slowly, terminate quickly". We always think carefully before we hire someone, but if we feel that something does not work right or the person is not right, the cost of having that person on board is tremendous if you look at the missed opportunity. Therefore, I would say that it is really all about people.

**CEOCFO: *The company has been recognized with a number of awards. What stands out for you?***

**Mr. Fimin:** We are very well recognized in the industry. If you look at our website, you will see that we have an awards section. There are almost one hundred different awards from all different industry experts and publications. The most notable that we recently received were from Inc Magazine and Deloitte. They both recognized us amongst one hundred of the fastest growing software companies in America. Also, industry publications such as Redmond Magazine and Windows IT Pro, they both gave us the highest rankings last year. We are very proud of gaining such amazing recognition and this helps us to stand out from the majority of our competitors.

**CEOCFO: *What is ahead? What might be different a year or two from now?***

**Mr. Fimin:** We are building a great company. This is our only goal. In the next several years we will get to \$100,000,000 of revenue per year. At that point, our plan is to file for an IPO to raise funds for continued expansion. We are going through a very aggressive growth cycle right now and investing a lot into all different areas of the business, starting from research and development, which has always been our biggest focus, because in order to succeed you have to present the best in class product. Then you have to support it from all other aspects, including marketing, sales and operations. We invest into all these areas and position ourselves for really big growth.

**CEOCFO: *Why should people pay attention to Netwrix Corporation?***

**Mr. Fimin:** IT security is the hot topic right now. We are in the right place at the right time: a fast growing company that is in the right segment of the market. We have really big growth potential and we are at a very fast pace of growth right now.

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**BIO:** Michael Fimin is the CEO of Netwrix Corporation, a provider of change and configuration auditing software, which helps thousands of organizations worldwide to deal with compliance, security and operational challenges in their IT infrastructures. Michael brings more than a decade of IT industry experience, management practices and innovation. Prior to joining Netwrix, Michael held several key positions at other systems management companies, driving security and compliance product lines. Michael holds a master's degree in management. He lives in Monarch Beach, California.

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