



## Establishing, Measuring and Reporting Trust in Transactional Infrastructures

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



**Brent Williams**  
CEO

**CEOCFO: Mr. Williams, what is the concept at Araxid?**

**Mr. Williams:** The concept revolves around the ability to establish trust in the complex ecosystems of business that we see trust extending from people to people, people to systems, and devices to devices. Araxid was founded to put together all the pieces and elements that enable the capability to measure and use trust effectively as part of a transactional infrastructure.

**CEOCFO: How do you do it?**

**Mr. Williams:** We started with a couple of key fundamentals. The first part is we needed a framework under which we could measure trust in transactions. That framework looks at the transactional components that exist. Those are the infrastructure components themselves, the devices that allow humans to interface with the infrastructure and then the humans themselves and understanding all the variations of trust that need to be there. That system also understands, manages and has awareness of the role of the individual in that transaction. We had to create that framework and then develop a series of core capabilities underneath that in order to deliver that framework in real time and make it meaningful today and into the future. As part of that process, we had to do a couple of different things. One is we needed to create a mechanism to trust and understand the person with whom we are conducting the transaction. That process has many failings today. We looked at that process and said if we wanted to do it in real time and make sure we know who we are dealing with, we need traditional cloud-based strong identity platforms. We also need to make sure that the identity data we have about an individual is exceptionally accurate. We need to ensure it is “Lynn” that we are dealing with and not only at up front enrollment, which is the traditional process that we use to issue electronic credentials to somebody. We might give them a user name and a password, a government ID card or a changing number key FOB. After they have one of those elements and they are actually conducting the downstream transaction, we have to acknowledge the potential vulnerabilities in that connection of the person to the device as well as the vulnerabilities in people themselves.

**CEOCFO: Are people concerned about the trust factor or do they really not understand enough to have the necessary level of interest?**

**Mr. Schmidt:** The reality is right now trust is only notionally understood by the marketplace. Araxid decided to take a leadership position by defining what trust meant to us, creating a framework so people could understand it and then create a measurement path so it could actually be involved in business decisions. That being said, given the fact that the market is only beginning to understand the components, Araxid’s strategy was not to go to market immediately with the end to end trust solution, but instead to start delivering the core components of establishing trust to key markets where the assets that we are protecting are not fungible. That might be health care, it might be national security, or it might be banking where eventually, a compromise in trust causes a lack of confidence in the system and a lack of use. Our business thesis is that by increasing trust, making it measurable, transparent and aware to all the parties in the process, and adjusting it for the risk, whether you are an employee, customer or an executive in a company, each of those requires a different amount of trust for the different types of transactions you are doing. We wanted to ensure that we can expose that trust level and then integrate it into the transactional framework, so it is not only measured up front, but that we are continuously evaluating trust in every transaction to determine if it is actually you or if there are other people conducting the transaction on your behalf.

**CEOCFO: Where are you in the process today?**

**Mr. Williams:** We have general availability on four of our core products. Those products are all linked to the Araxid MATCH platform. We invented and deployed Araxid MATCH because one of the biggest failures in establishing trust is

the concept that the records that we are trying to link a person with their personal records inside an enterprise or their personal records in another enterprise are un-linkable using today's matching technology. We have invented a new way to matching and de-duplication of records that has never previously been available. We then extended another product that has had general availability today, and that is the Araxid Identity Exchange Service (IXS). What we saw was a missing component in the marketplace that was much like VNS is for IP addresses and devices. We needed a common reference point that could share identity data and be certain that we are talking about the same person while also assuring privacy. This is the most important piece, the privacy of the individual that nobody can observe that transaction and know who is conducting it, and nobody can see the source and the destination of it. We provide, (as tested by large defense organizations), 100% assuredness that the pre-ordained match between the two identities is correlated on an ongoing basis. We have that product in use now with multiple customers. We also provide Araxid IAM, an identity management platform as a cloud-based service. It is the only commoditized platform we have in our suite. We introduced that platform because, while there are numerous providers for identity and access management as a cloud-based service, our customers do not always have them. Consequently, we wanted to make sure we could come to the table with the solution, integrate it and solve the comprehensive problem. We offer a federated identity and access management platform that is cloud based, and we also integrate with all the traditional enterprise or cloud based identity and access management platforms that you see in the marketplace. The last product we have available is our consent management platform, Araxid CONSENT. Consent management is revolutionary because it takes the actual identity and access management transaction inside one organization where they might have CA SiteMinder or IBM's Tivoli Access Manager deployed or something along those lines, and makes it understandable to somebody in a completely different enterprise. It is an extension of the traditional federation methodology, which you can implement with OAuth or OpenID. Instead of only passing the identity credentials between two organizations, we actually pass the confirmed identity and access control requirements. It is much like a hybridization between a centralized based model as well as a federated SSO based model. Those four products are all in general availability today and deployed with customers. We also have a new product that we are in beta testing right now, and that is our trusted supply chain product. Araxid TSC (Trusted Supply Chain) is the final execution of the harmonization of all those products together to measure and conduct a transaction in real time and know that the transaction is trusted based upon its context, its environment, the role of the individual and the risk that individual presents at that unique moment that they are conducting.

**“We look to the future of trust, we have created the foundation for measuring it, reporting it and using it as part of a transactional ecosystem and framework.” - Brent Williams**

**CEOCFO: *When you are speaking with a prospective customer, who would you be speaking with typically at the firm? Is there an aha moment when they understand the depth and quality of what you are able to provide?***

**Mr. Williams:** Instead of the traditional discussion with the traditional line management and IT, we focus on engaging prospects as a business enabler. We are not the traditional security platform wherein you would go talk to the CIO or CISO of an organization. They are still very critical in the decision, but the people who are most interested in seeing our capabilities and our products deployed inside the organization usually fall in four different locations. One is the head of sales for that organization, and another is the chief financial officer, (the person who is managing the risk in the organization), the COO and the CEO. When you look at our platform as a business enablement platform, we are able to establish trust in transactions that have previously been a risk management issue. We establish the positive proof of trust, and therefore because of that increase in trust, we then get access to a new group of users who want to be able to offer new features and new functions in the ever changing electronic landscape for their employees, customers and supply chain partners. With increased trust comes the ability to perform new, more cost effective, more revenue generating transactions. The other approach that we have brought to the table is that we recognize that we need to provide an immediate return on investment. The CFO of an organization, before deciding to invest in this platform, wants to see the performance of the platform. We actually tied Araxid specifically to the cyber security liability of the organization and come to the table with a transactional insurance policy in hand that says if any anything goes wrong in our transaction infrastructure as adopted, we accept the liability up to a certain amount. What that does is help the CFO immediately recover the up-front cost on the transaction by reducing the cyber security liability for the enterprise, whether it is an e-commerce enterprise, an energy enterprise, health care enterprise or otherwise.

**CEOCFO: *How can you be so sure to provide that type of guarantee?***

**Mr. Williams:** Nobody can be sure 100 percent sure that they can conduct a completely trusted transaction. It is foolhardy to do think that. Instead, we started with the end in mind of how to create a trusted transaction and what level of risk in different transaction types are we willing to deal with We had to work our way backwards if we desire to have a perfect, trusted transaction, and see what elements are going to go into that transaction to make it trusted. Part of that is using the consent management capabilities of the platform to obtain consent from the end user, whether or not they are in the role as an employee of an organization where they might have implied consent because they are an employee, but they are going to be monitored for their trust level while conducting certain transactions. Alternatively, using our identity access

management tool with our match capabilities and being able to correlate, is it even possible that you are conducting that transaction because we saw you conduct another transaction somewhere else. Araxid's strategy is not to analyze big data for marketing purposes and for selling it, instead we analyze data to the point that we can perfect it as much as possible to measure in real time the trust level. We ask, is this transaction even possible in the way it is being presented to us? Therefore, our approach truly looks at it in a new field as opposed to risk management where you are playing catch up and you know you are going to have a certain vulnerability rate instead of trust management of what are the components you need to get the assurance level of trust at the appropriate level.

**CEOCFO: *What have you learned since your offering has been available that has caused you to make changes or tweak the offering?***

**Mr. Williams: First off**, I learned how to make sure my wife and kids are happy every day when I come home with my crazy ideas in my head.

What is really amazing about it is that when we our strategy out, we realized that to boot strap a company where we want to help the marketplace see a new capability set, we had to deliver on the fundamentals. Consequently, we had our roll out strategy that was less focused on delivering our final product to market early. We are two years into this company, and delivering our final notional product to market now. In order to do that, we had to deliver the early product that set the building blocks for our final product in the market, get people to understand them, to use them, and see proof points of the success that they alone provide. For example, we deployed our match product into the public sector health care arena where we took the traditional matching tools that match a record from ten years ago with a record now, bump them up against each other to create that match, and there is a natural failure rate because the data changes. Our approach to match is radically different that we understand the data changes, we know what those changes are naturally in your data, and we can associate a record across time, across errors and across changes in the biographical attributes of the individual. That product in it of itself has a massive market that is the cornerstone of the front end of all these other capabilities, which then naturally drags in the next products. Going back to the lesson learned that you asked about, when we are thinking ahead of this innovation envelope, our goal was to find something that needed to be done in five to ten years at a high rate of adoption, put in place all the fundamental tools and elements that establish that, and then be ready to transition to the vision within two to five years. We are there now.

**CEOCFO: *How are you reaching prospective clients?***

**Mr. Williams:** We have operated largely on word of mouth. We have a very rarified client base. If you think about it in the marketplace right now, we are looking at the largest health care organizations in the world, the largest commercial communications companies, the largest commercial retail companies, energy companies... all of those in the world are our customers. We are targeting those organizations because they have the greatest risk. Look at the target for each, for example. How could we increase trust in the interchange of target with their end customers? How could we increase trust in these large health care and health pay organizations that have to do millions, if not billions, of transactions, increase trust in those transactions and offer new ways of doing that as we move to new computing platforms, etc. We have operated largely by word of mouth and now we are exposing our marketing platform to the marketplace now as we are ready to take on new challenges.

**CEOCFO: *What is the strategy for the next year or so?***

**Mr. Williams:** Our strategy is to build on the base. We have our four core products that have already been delivered to the marketplace and are operating very successfully. We intend to continue to expand those. We are seeing exponential growth in those arenas. At the same time, we have been successful in convincing clients to go to the next stage in understanding the trust ecosystem of their employees and understanding how people are changing in this new transactional marketplace so that we can actually build trust by watching the transactions without compromising their privacy, which is fundamental to the way that we operate. We are investing most of our revenue back into R&D right now to get ourselves into a position where we are able to monitor and monetize big data without having to sell that data or sell the results from that data and instead sell the business value from that data. That is our growth path. What we are actively seeking now are those early adopters in the marketplace that see the value of trusted supply chain and our methodology to get there and proof positive that we have been successful with the core components, and look to those early adopters to help shape where the platform is going to be moving in the near future.

**CEOCFO: *Would you tell us about the recent recognition by CIO Review?***

**Mr. Williams:** It was monumental for us. CIO Review really looked at big data companies. What is interesting is the way the marketplace thinks about big data is who has the big data or who has the big data analytical tools. We have taken a slightly different cut at this. We found a way to take big data and focus purely on the accuracy of that data and linkage of that data such that it can create business value elsewhere. If you are a data holder in the marketplace now and you are not Araxid, you are probably trying to sell your data in some way, shape or form. Because of the inherent inaccuracies in that data, you accept a less than perfect return rate. You might get a one percent market uptake rate in market data out of a market data provider, or you might get an 80 percent match rate out of a traditional matching algorithm company. What we are constantly striving for is how to reach five 9's, if not perfection, in the use of that big data. What CIO Review did is

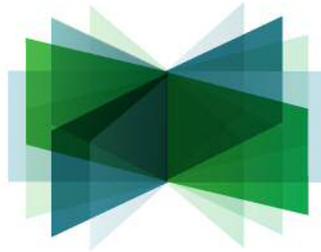
validate our business model that we are coming at this in a new way that most people have never seen before, and instead of the traditional approach to monetize big data, which is either with tools or with the data itself, it is more about the business value that having accurate data will deliver to the marketplace.

**CEOCFO: *Put it all together for our readers. Why pay attention to Araxid today?***

**Mr. Williams:** Araxid has proven itself to be highly successful in very large organizations solving very complex problems. *As we look to the future of trust, we have created the foundation for measuring it, reporting it and using it as part of a transactional ecosystem and framework.* We think of things 5 to 10 years ahead of the marketplace and we want to be seen as the thought leaders in what is trust and how it is measured. People will follow Araxid to understand the guidepost we are searching for in the five to 10 year time frame in terms of markets as well as business motivators to adopt the platform.

**CEOCFO: *Final thoughts?***

**Mr. Williams:** I cannot overemphasize the fact that we built our platform on trust because of the privacy and the protection of the data that we have. Our goal is not at all to sell data, our goal is to black box it and protect it from people who do not want it leaking out, and come up with strategies wherein somebody takes the risk of getting the answer from that data without other people having to take the risk of protecting it and operating it. We fit into a unique niche where we focus on privacy versus other big data firms just talk about it.



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