

STORAGE MADE EASY BOOTSTRAPS ITS WAY TO SUCCESS

SMALL BRITISH FIRM WINS BIG U.S.
CLIENTS WITH CUSTOMIZED SOLUTION

BY JEFF FERRY | 07.07.16

Veritext is the largest legal document management company in the U.S. Every day, 650 depositions get uploaded by law firms from all 50 states into Veritext's online database. Once there, they can be downloaded and shared by legal professionals and court officials who need to see them. Two years ago, Veritext



CEO Jim Liddle of
Storage Made Easy

chose a file sync and share solution to manage its vast database. Veritext VP of Software Development Jay Goldberg looked at some of the leading file sync and share solutions in the market, including market leader Box (NYSE:BOX), before choosing software from Storage Made Easy, a small private British company.

"We were looking for someone who wanted to learn and understand our business," Goldberg explains. "Box was too commercially oriented. Storage Made Easy

became our partner." He adds: "Security was paramount for us, and we knew that Storage Made Easy's security model was robust."

Storage Made Easy is a four-year-old startup that does not follow Silicon Valley norms. Yet today it looks like one of the winners in the highly competitive, fast-evolving file sync and share market. Box and Dropbox took hundreds of millions of dollars of venture capital money, raced for scale, built flashy headquarters in Silicon Valley, send their high-profile CEOs to pontificate at every available tech conference...and have lost huge sums of money. Meanwhile, Storage Made Easy (SME) has built a smallish but fast-growing business by following traditional business principles. The company was founded in 2012 and funded, to the grand total of \$3 million, by CEO Jim Liddle (above) and his partner. It's based in the sleepy, unglamorous London suburb of Sutton, where costs are low but access to Heathrow Airport good. It's been roughly cash flow break-even for several years.

Liddle is a veteran IT executive with an unusual combination of engineering and sales skills. He ran the European divisions of a couple of different software companies and a British technology company as CEO before founding SME. Strategically, SME has not bet on the public cloud. Instead, it enables companies to provide their own storage (either privately or in the public cloud) and layer SME software on top to manage the control and sharing of corporate data. Liddle calls it putting a protective "blanket" over a company's data, wherever it may be. As a result, SME is picking up a surprising amount of business in the U.S.: earlier this week it announced a deal with New York IT consultant Xcelmicro. In April it announced a very large deal to support storage services provided to 100,000 customers by a major U.S. telco (which we believe is Verizon but neither SME nor Verizon will confirm).

"There is always going to be a public cloud, a private cloud, and a hybrid cloud," Jim Liddle said in an interview with the Daily Cloud. "It's difficult for the IT department to set a common policy for all a company's data. That's the problem we're trying to solve, putting policy and governance over the various data estates back in the hands of IT."

Veritext provides a good example of what Liddle means by data governance. Veritext stores legal documents that will be shared by a number of lawyers at a single law firm, and other documents that will be shared between several law firms. Further, for those documents that are shared between multiple law firms,

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lawyers can mark up the documents with annotations that will be visible only to colleagues at their own firms. SME was able

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to customize a solution that fit all those requirements. “SME created a collaboration tool for us that is geared specifically for the litigator,” Goldberg explains. “Are there other products that let you share documents? Yes of course. But can you share documents and then annotate them and tag them and make sure the features you want to share are available only to those you’ve given the right to?”

Already strong in the U.S. market via its channel partners, Storage Made Easy is in the midst of geographic expansion elsewhere. In February, it signed up a partner to distribute its solution in the Japanese market. Last month, it signed a partner to distribute its solution in the Middle East. Liddle tells us that in the fiscal year ended March 2016, SME revenue grew 96% to a total in the single digit millions. His budget for fiscal 2017 envisages another doubling of revenue. The company has grown its staff recently, and now boasts a grand total of 31 employees. With its channel model and sales partners like U.S. telcos, Liddle says he doesn’t need a lot of staff to drive sales. “Size is no representation of product value or market value. It’s quite interesting. I see plenty of VC-backed companies with 200 people on the staff and with revenue not much different to us.”

One important transition in the storage market today is the move to object storage. Most corporate data is stored in block or file storage systems. Object storage is far cheaper, so companies are steadily shifting data to object storage. The pioneers of object storage were Amazon S3 in the cloud and Cleversafe (now part of IBM) as a product for use on-premise. SME has partnerships with most of the object storage product vendors as well as the cloud providers offering object storage as a service. “Enterprises are moving data off of file and block and onto object storage, and most of that data will never end up in the cloud,” Liddle says. “What holds them back is that not all use cases work for object storage. We are working with the object storage vendors to provide an application layer for users to be able to use it.”

As discussed in our recent feature on Egnyte, the price war in the storage-as-a-service market has had a significant impact on

the file sync and share market, shifting more of the value to the software layer. That plays right into Storage Made Easy’s hands. Another factor helping SME is the growing focus in the venture capital community on profit and cash, instead of the carefree “growth at any cost” model popular a few years ago. “Venture capitalists today want to see real business models, so some companies that have been burning a lot of cash will have to make some tough decisions,” Liddle says.

For Storage Made Easy, growth prospects are good. The proliferation of public, private, and hybrid cloud provides a growing number of choices for companies on where to store data for all their different applications. That brings greater complexity, which in turn requires more governance. “The cloud market has still not yet hit the enterprise in a big way yet. It’s still a lot earlier than many people think, and there’s a lot to play for. There will continue to be a large percentage of enterprises who require a self-hosted solution like ours that bridges the gap between what’s on premise and what’s in the cloud.”

Veritext’s Goldberg agrees. He says growth prospects for file-sharing in the legal industry are driven partly by security concerns. “A lot of smaller firms are used to emailing documents. But people are getting more security conscious all the time and less likely to email confidential documents, so the market for secure file-sharing is growing and will continue to grow.” ■

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