

INNOVATIONWORLD

COMPANY PROFILE

CoreStreet, Ltd.

CoreStreet sells distributed security software that keeps track of differing access privileges among large groups of users.

Founded: 2001

Private, has raised \$5.5 million in two rounds

Headcount: 24

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Key location decision-maker

Phil Libin, President

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INNOVATIONWORLD MAPPING

CURRENT CRITICAL NEEDS

CoreStreet expects to open sales offices in about 12 months, most likely in the United Kingdom and Japan.

CRITICAL EXPANSION FACTORS

Terrorism has set the bar higher for security. Physical or logical barriers now need to do more than keep out those without "keys." Security needs to make sure those with keys—digital certificates or smartcards—are allowed access to a particular location or resource.

COMPLEMENTARY INDUSTRIES

Government and military; digital certificate, smartcard and other authentication providers; financial services; healthcare; mobile phone and other device manufacturers; wireless operators; content delivery networks; distributors with experience in electronic security

GROWTH METRICS

The company raised \$4 million in April and will be tripling its U.S. office space in August. CoreStreet expects to double employee headcount in the next year.

GLOBAL FACILITIES

None to date

INVESTORS

POD Holdings (Tom Nyman, Managing Director)

PROFESSIONAL SERVICES

Legal: Hale and Dorr LLP

Accountants: Katz, Nannis & Solomon

OTHER KEY EXECUTIVES

Dr. Silvio Micali, Chief Scientist

Peter Hussey, Chief Executive Officer

J. John Brennan, VP Business Development

Dr. Robert Dulude, Chief Security Officer

Dave Engberg, Chief Technology Officer

Alex Sinelnikov, Chief Financial Officer

Paul Ohrenberger, SVP Sales and Marketing

CUSTOMERS

U.S. Government, an unnamed Fortune 500 publishing company

CoreStreet, Ltd.

CoreStreet sells distributed security software that keeps track of differing access privileges among large groups of users. This validation software knows whether a user has the electronic or physical access rights to, for example, a database or a locked door.

“Security and access control have been segmented into physical control and logical control, but CoreStreet combines the two,” said Phil Libin, the company president.

The software was designed with the needs of large organizations such as the United States Department of Defense in mind. Such organizations have access to multiple authentication techniques but, CoreStreet says, they also need validation technology that can quickly and accurately determine what privileges an identified individual has. In other words, digital certificates, passwords, smartcards, fingerprint and retinal scanners do an adequate job of making sure who someone is, yet returning the information to a central database to validate that person’s access rights is an overly time-consuming and inaccurate process.

“All existing security implementations require you to connect to a central computer, and like credit card authorization at the cash register, that’s expensive and hard to scale,” said Libin.

CoreStreet’s technology can prove a certificate revoked or currently valid with as little as 20 bytes of information, a footprint small enough to expand credential validation to off-line, disconnected applications.

CoreStreet, founded in 2001 by Dr. Silvio Micali, a cryptographer who owns 14 patents, claims a Fortune 500 company and an undisclosed U.S. government agency as customers.

“Our initial strategy was to sell into the Department of Defense first, move into the other agencies such as the FBI and Department of Homeland Security and leverage that into the commercial sector,” explained Libin. Banking and financial services, followed by healthcare and other industries where security requirements are well understood, are the company’s first commercial targets.

CoreStreet recognizes that Europe and Asia are ahead of the United States in using smartcard technology for national IDs, debit cards, or rail passes with radio frequency tags, and sees a great opportunity in those regions. “Where there’s a smartcard there’s a need for us,” said Libin.

For the next three quarters, according to Libin, CoreStreet’s international expansion will be through

distributors, but he expects the company’s first international offices to open in about 12 months.

Currently CoreStreet has no international customers (other than U.S. government deployments abroad) and only 24 employees, but it plans to double headcount in the next year—in August it will triple its headquarters’ office space—and one-third of new hires will occur abroad, according to Libin. These international plans are much of the reason for CoreStreet’s relationship with Pod Holdings, an investor based in Stockholm and Boston.

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The United Kingdom and Japan are at the top of the list of possible locations. “England is a natural first choice because of its good [banking] customer base and language,” said Libin. “Japan is driving adoption of smartcard technology.” Mobile phones, for example, are used as electronic credentials to make purchases and carry tickets.

New offices are initially likely to have a salesperson and sales engineer. Within three years, Libin said, offices could grow to 8 to 10 people.

Libin welcomes connections to security distributors or banking organizations.

Factors such as the level of U.S. sales and success signing large customers in Europe affect the exact timing of new offices, but Libin stressed that the company plans on direct customer relationships in which local offices are a necessity.

“Our products are used for mission-critical situations. We want engineers on site. If we screw up one or two implementations it’s the last chance we’ll get,” he explained. The only thing Libin says would ultimately halt international expansion is if political winds shift the tides of commerce and Europeans become less willing to buy from U.S. security companies. **IW**

—Sean Finney