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An interview with Oliver Winzenried and Marcellus Buchheit, WIBU-SYSTEMS

Photos: Robert Brembeck

1989-2014: "25 years propelling your business to new heights" is a bold statement that only exceptional company founders and top managers can make. In this interview, Oliver Winzenried, CEO of WIBU-SYSTEMS AG, and Marcellus Buchheit, CEO of WIBU-SYSTEMS USA, Inc., reveal some exclusive details about their personal journey and the ingredients of their special recipe which made them achieve a long-term vision and gain world recognition as one of the top three leading vendors in software protection, licensing, and security.

You've started an entrepreneurial carrier early in life; how did you develop this idea and put it into practice back then?

[Marcellus] Oliver and I first met at the Karlsruhe University while we were working on a mixed software/hardware project for the university's amateur radio station. Over the next couple of years, while still attending classes during the day, we developed several custom-specific projects at night. They were all successful and this made us confident that we could create a product that we could sell to the mass market. We soon realized that original software for PCs could be easily hacked and that security solutions on the market were still in a primordial stage. The plan took shape in 1987, when Oliver developed the WibuKey chip and its hardware, and I focused on the protection technology and tools on the PC.

WIBU-SYSTEMS has kept a unique vertical focus over the years. How did you spot this niche, and why have you not embraced additional technologies?

[Oliver] WibuKey 1.0 was released for DOS and already contained a basic version of the sophisticated automatic protection to come. Over the following years, the number of operating systems exploded – 16-bit Windows, OS/2, Novell, Linux, 32-bit Windows, MacOS, etc. We wanted to present a universal solution for all platforms to our customers. However, supporting so many platforms with a single architecture and one unique programming interface (API) was challenging, and our development resources were limited. Meanwhile the software protection market was growing worldwide, so we decided to keep faith to our original technological challenge. With a clear technological focus, we could listen to prospects' and customers' demands and provide them with an unprecedented advanced technology. We felt that to enter other security markets would dilute our core focus of software protection. At the end of the day, still in our niche, our solutions have gone through tremendous development: from IP "Protection" against counterfeiting and reverse engineering, to "Licensing" as an enabler of new business models, to "Security" to prevent tampering and cyber-attacks.

Where did the idea of CodeMeter originate?

[Marcellus] Before the Internet, software was burned on a CD and shipped in a box; adding a dongle was a no-brainer. In the Internet age, CDs became obsolete and software was all downloaded, which completely changed the rules of the game. Threats multiplied, allowing us in turn to grow our market share, but at the same time we had to rethink the concept of the product itself. We ended up envisioning a dongle which could be shared by many software publishers, but strictly programmable and upgradable at the end user's computer. After lot of brainstorming we came up with the idea that the name for this new product would be "CodeMeter" to express the purpose of the technology, namely that the "metering" aspect related to the use of software, so that the act of measuring could be used as an attribute of the source code.

Being the CEO of a company for 25 years is not an easy business; what is your way to keep a clear vision of the future strategies you want to pursue?
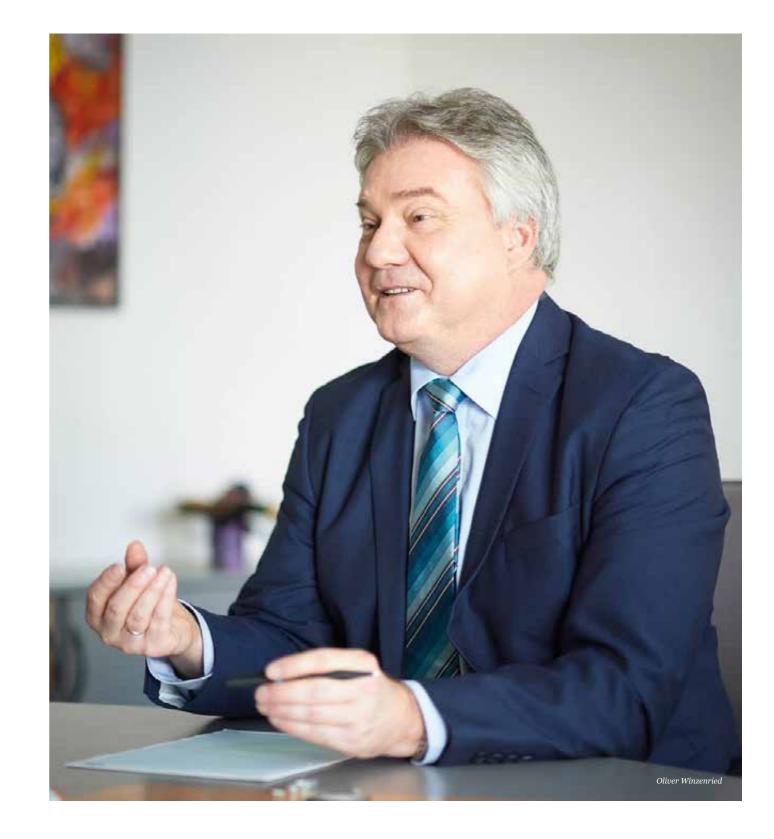
[Oliver] WIBU-SYSTEMS' first core value is to be of service to our customers so that their business can expand, once their assets are protected. And for that we listen closely to customers' wishes; they are an incredible source of ideas due to their diversity in their markets, cultures, and perspectives. Further, we try to anticipate the market trends, and that's where our active role in several international business organizations and standardization bodies lets our imagination flies to a different level. Last but not least, competition and new security threats challenge our brain and ensure we continuously evolve our products.

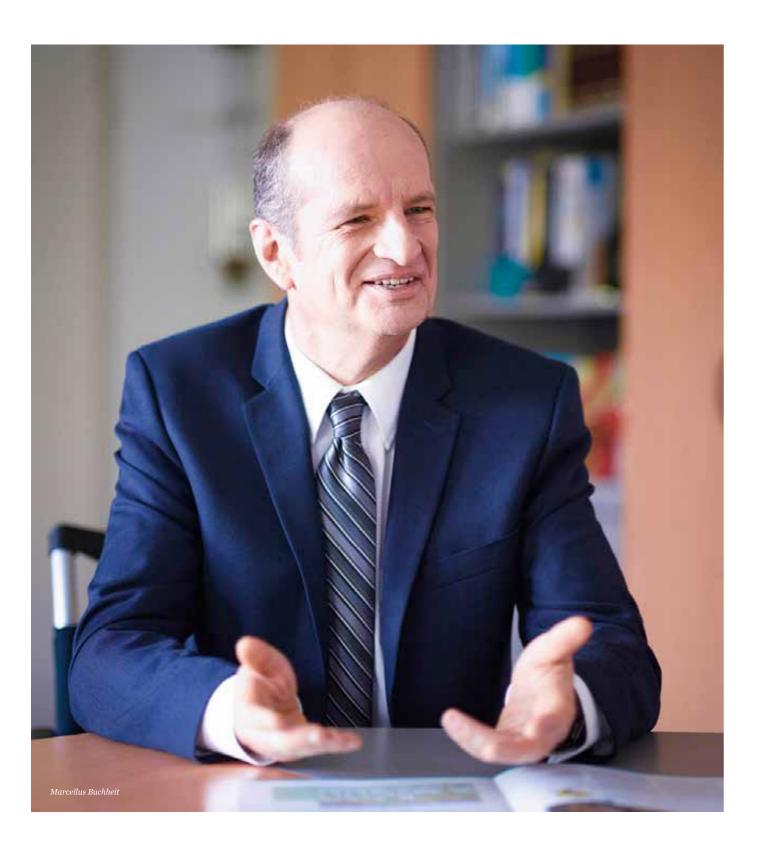*CodeMeter seems to be a complex product. How can it be described simply?*

[Marcellus] In our early years our attention was fully taken by dongles as they represent the utmost security level when it comes to software protection. But we also knew that the criteria for adopting such a technology would sometimes include other circumstances, like at times the impossibility to connect to hardware at the end user's site, or a peculiar license distribution model, or a security solution so advanced that it was the most expensive part of the application. This is why we added CmActLicense to our portfolio. It still resides under the same CodeMeter umbrella, because licenses can actually be stored in a mix of repositories, all handled by the same core technology. CodeMeter is still involved when it comes to the creation, management, and distribution of licenses, but now it's a different layer of the CodeMeter technology – License Central. License Central interfaces with hard- and soft-license holders and streamlines the whole process in conjunction with the existing business ERP, CRM, and e-commerce systems in place.

Who are WIBU-SYSTEMS' ideal customers?

[Oliver] Essentially we are coming across two main user groups. One uses PC software in office environments, while the other consists of manufacturers that deal with industrial applications and embedded devices. The former is gradually implementing a centralized license management solution to handle all new license models and automate the related processes. The latter is facing not just global counterfeiting but also sabotage, tampering, and cyber-attacks which are unprecedented in history, and therefore needs to become knowledgeable in security and to implement integrity protection solutions. In the case of ISVs, the product can easily be a standard package with optional customization features. For OEMs, the scenario is more complex for both sides, which is why we have begun forming strategic partnerships in order to generate facilitated solutions for developers. We are extremely satisfied with our customers and the long-term relationships we have with many of them testify to this mutual feeling.

Oliver Winzenried

"Wait until you have a bright idea, but when it comes to you and you've tested it, start pursuing it no matter what."

Marcellus Buchheit

"Employees are the engine of innovation and design. Their input is very respected."

The approach to market has changed as technology has pervaded our lives; are you a precursor of new trends or do you keep a more conservative attitude?

[Marcellus] We have always strived to be creative and develop innovative and proprietary solutions, and to support new emerging technologies since their early stage, whether it's a new operating system, a trend like the cloud, a revolution like connected systems in industrial automation, or the portability found in mobile technology. That's the approach we started with 25 years ago when we first began protecting Windows applications without requiring any source code modification, or later with Wibu-Box in the form factor of a PC Card, or later on with the USB interface, and even today with CodeMeter units available as μSD cards or CFast cards, to today's support of PLCs and real time operating systems.

At the same time customers are right in asking for backwards compatibility and retrofitting, and we work hard to ensure our oldest dongles are still compatible with our newest technologies. This is a great benefit for their business continuity even though it somehow limits our possibilities.

You have opened other subsidiaries of Wibu-Systems across the world. What drove your decision to start a business in the US and in China? Are you considering further expansion?

[Oliver] The foundations of software development are pretty much identical around the globe – same platforms, computer models, development tools, etc. Other factors determine the success of a company abroad, like the completeness of the localization services, the skills of the local support team, and the training of the sales team. The liaison between the headquarters and the local realities are challenged by time differences, distinctive cultural approaches, linguistic barriers, diverse legal problems. We will definitely expand further on, but since we want to make sure we offer a tailored approach that meets the regional demands, we'll proceed progressively at a pace that allows us in the end to have a stable and competent foothold in each country.

We are very excited about our burgeoning growth into Latin America and Africa: these continents are amazing in terms of their economic potential and we would be excited to start local collaborations there.

Many of your co-workers have been with you for an exceptionally long time. What is the secret behind such a loyal team?

[Marcellus] Employees are the engine of innovation and design. Their input is very respected. Our company is growing in a stable fashion aiming at a broad ultimate picture; we are not the typical "hire and fire" business driven by short sighted financial results. At Wibu-Systems, the staff members of all departments contribute with their ideas and influence company's decisions. The atmosphere is cheerful, doors are open to invite dialogue, we all enjoy a high level of reciprocal trust combined with a receptiveness to cultural interchange both within our headquartered team and with all our offices and partners scattered all over the world. The company promotes high ethical values which makes it easier for all to identify with them and pursue the common goals we set together. Last but not least, we invest in continuous training and education of our staff and share our commercial success with them.

You have achieved a proven track record of patents and awards. What is your role to this day with the educational world? And how much are you involved in training new students?

[Oliver] Yes, that's true, we own several trademarks, domains and patents in the US, Japan, and Europe. Patents are the true essence of the value of a company. And to make sure our innovations keep being top-notch, we are very active in research and development, and thus cooperate with, among others, the Karlsruhe Institute of Technology, the Fraunhofer organizations, and DFKI – the German Research Center for Artificial Intelligence.

Thanks to this constant exchange of knowledge, students are welcome for their internships in our headquarters or offices abroad while they complete their PhD. Moreover, we promote engineering, computer science, and other technology-oriented disciplines directly in primary schools, where we introduce pupils to these professions.

If there was something flattering you were to say about your top competitors, what would it be?

[Marcellus] We have a decent amount of competitors in the field, not too few and not too many, which gives us the right kind of encouragement to offer high-value products to our customers and spurs us to differentiate our offering. As independent analysts recently highlighted in a Hot Company Watchlist for our market segment, Wibu-Systems is actually one of the two top world leaders in hardware-based software protection and one of the three top global vendors in license management. Given that we have an innate tendency to over-engineer, the competition also plays a role in keeping us on track. With some vendors driven by sheer profit and others who have mainly turned their company from an entrepreneurial activity to a financial venture, we are happy to sit in the midst of all this and maintain our feet right on the ground and our minds in free rein mode.
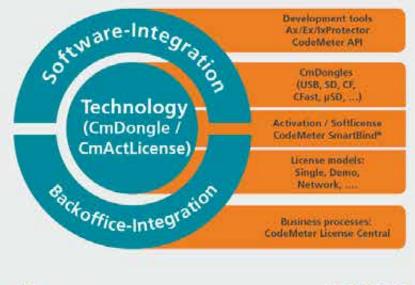
What is the legacy that you'd like to convey to aspirational entrepreneurs?

[Oliver] Wait until you have a bright idea, but when it comes to you and you've tested it, start pursuing it no matter what. And then keep a good balance between external suggestions and your own insight. Patience and endurance are also top ingredients for a good mix. ◻