JULY 2024



# The VAULT

# POST-QUANTUM CRYPTOGRAPHY

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TRUST, INNOVATION AND LEGACY: An In-Depth INTERVIEW with the Founders of WIBU-SYSTEMS

As Wibu-Systems celebrates its 35th anniversary (1989-2024), its founders Oliver Winzenried, CEO of WIBU-SYSTEMS AG in Germany, and Marcellus Buchheit, CEO of WIBU-SYSTEMS USA, shared their reflections on their journey to becoming the global leader in secure license management. Their commitment to business continuity, technological advancement, and team cohesion has driven the company ecosystem forward. Looking ahead, they remain committed to financial independence, market expansion, and pioneering innovations that meet their clients' needs.

Reflecting on 35 years, what was the moment you realized your vision for the company was becoming a reality?

#### **Oliver Winzenried**

We saw the first copy protection products on the market, and Marcellus and I had the idea that we could do it much better and much more securely. So, we started developing our solution. The turning point came when we secured our first customer, who ordered 500 pieces of Wibu Boxes. That was the moment we knew we had a viable product.

Our confidence grew even more at our first trade show. In 1990, we attended CeBIT and garnered over 300 leads in one event. This local success was a significant milestone, bringing in many

## How has your initial vision changed over the past 35 years?

#### **Marcellus Buchheit**

The short answer is that we evolved from software protection to software licensing and then to software monetization. Initially, our focus was on simple dongle-based protection: the software would only work if the dongle was present. However, our customers soon demanded more sophisticated features, like expiration dates for subscription licenses, unit counters for pay-per-use models, and the ability to update the dongle remotely at the end user's site. This need for more flexibility gave birth to software licensing.





new customers. Our next step was to go international. In 1993, we participated in Comdex Fall in Las Vegas, which attracted many North American visitors and international interest. The demand for our product was clear, with inquiries coming in from distributors worldwide.

We became firmly convinced that there was a long-term need for robust software copy protection for PC software. Although we couldn't foresee the market's evolution towards IoT, embedded devices, and intelligent devices, we knew the market was vast and had room for more than one supplier. This conviction reassured us that we were on the right path. When we developed CodeMeter, we made software licensing our central focus while maintaining robust protection features. This led to the concept of secure software licensing, which offered various options that could be seamlessly integrated into ERP systems. CodeMeter License Central became the cornerstone of this new approach, allowing customers to optimize their software sales by managing different licenses tailored to various markets and clients.

This evolution culminated in software monetization, where we now assist our customers in maximizing their revenue by efficiently prioritizing and managing their licenses. Today, we enable our customers to optimize their product sales by leveraging advanced licensing strategies, ensuring they can adapt to the diverse needs of their markets and clients

#### What is the source of new ideas?

#### OW

There are two primary sources for new ideas: our clients and our employees. The combination of their insights and feedback helps us develop a core architecture that meets all market requirements.

#### MB

For example, I initially believed that software-only protection wasn't secure enough compared to dongles. However, our customers expressed a strong need for this alternative within our architecture. This led to the development of CodeMeter ActLicense, incorporating advanced technologies like SmartBind to meet these demands. Later, customers requested a CodeMeter Cloud, and we responded by implementing it.

These innovations demonstrate the importance of listening to our customers. If we had remained solely focused on dongles, we likely would have lost relevance in the market. Instead, by embracing new ideas from our clients and employees, we continue to evolve and meet the changing needs of the industry.

#### OW

A great example of our innovation is our CodeMeter License Central and License Portal. These platforms enable ISVs and device manufacturers to seamlessly deploy and manage their licenses within their business processes, while also allowing users to self-administer their licenses. The initial ideas for these innovations came from our sales team and were perfected through close collaboration with our customers. This blend of internal insight and customer feedback is the key source of our new ideas.

## What were some unexpected challenges, and how did you overcome them?

#### MB

Oliver and I both come from engineering backgrounds and lacked formal business education. Initially, we underestimated the importance of marketing and proactive sales. We believed that a superior product would sell itself, but reality proved otherwise. We had to pivot quickly to develop our marketing strategies, proactively pursue sales, and establish a robust support system to keep our customers satisfied. These foundational efforts were crucial during the early years of our company.

One significant challenge occurred shortly after our first exhibition at CeBIT Hannover. We received a lawsuit from a company claiming that we were infringing on their name, Wibu, despite us having a trademark for it. Although we eventually won the lawsuit, it was a time-consuming and frustrating distraction from our core business activities.

When we expanded to America, we faced another legal battle over an alleged patent violation, which was unfounded. However, defending ourselves was challenging and ultimately resulted in a costly settlement at a time when our company was still relatively small.

Expanding into China brought its own set of issues. Competitors argued that our cryptographic security device should not be imported into China. After a thorough review, this claim was rejected, allowing us to continue selling our products in the Chinese market.

These experiences taught us valuable lessons in navigating legal challenges and the importance of having a solid business strategy beyond just developing great technology.

# Can you share a pivotal decision that significantly shaped the company's journey?

#### OW

Three pivotal decisions significantly shaped our company's journey:

#### **Going International:**

We began our international expansion in 2001 with WIBU-SYSTEMS USA, Inc. and continued in 2003 with WIBU-SYSTEMS (Shanghai) Co. Ltd. This was followed by further expansion into European countries, the founding of WIBU-SYSTMS K.K. in Japan in 2018, and the ongoing establishment of WIBU-SYSTEMS Korea, Ltd. This global presence allowed us to tap into new markets and broaden our reach.

#### **Evolving from Copy Protection to Flexible License Management:**

We transitioned from focusing solely on PC software copy protection to providing highly flexible license management solutions for intelligent devices and the cloud. This shift recognized that software is now ubiquitous and needs to be managed dynamically across various platforms.

#### **Collaborations:**

Partnering with research institutes, suppliers, and customers has been crucial. These collaborations help us understand market demands more quickly and enable us to develop and implement the latest technologies by combining unique and specialized knowledge from different parties. This collaborative approach has kept us at the forefront of innovation.

## Looking back, is there anything you would have done differently?

#### MB

Not really. Overall, we expanded the company successfully, even though we weren't always sure what would happen. We made mistakes, learned from them, and ultimately improved because of those lessons. If I were to change anything major from the beginning, I would say no. However, there are minor things we could have done faster. For example, we only opened our first own office 12 years after the company started. Before that, we relied on distributors—some were successful, others not as much. We waited too long to transition from solely using distributors to combining them with our own offices. Having our own offices sooner would have allowed us to better optimize our strategy in specific countries.

#### What is unique about Wibu-Systems products?

#### OW

Wibu-Systems offers a comprehensive solution, often described as the Swiss Army knife for software protection, software licensing, and software security. We refer to this as 4D interoperability, supporting various processor platforms like Intel, ARM, MIPS, and PowerPC, as well as numerous operating systems and target platforms. We offer different types of license containers, including hardware dongles, activation-based, and cloud-based solutions.

Additionally, we provide solutions that integrate license deployment into the business processes of ISVs and device manufacturers.

Let me highlight two unique selling points:

#### Long-Term Availability:

Since we provide our products to integrators who embed our solutions into their own offerings, long-term availability is crucial. We demonstrate our commitment to this by continuously supporting solutions from 1989 to the present.

#### High Level of Security:

Our solutions have repeatedly proven their security through public hacker contests and have received numerous awards for their robustness. We also assist our customers if they encounter any breaches in software protected by our technology, ensuring continuous security and support.

#### How should your clients see you?

#### MB

We view the relationship with our clients as a lifelong partnership. Our goal is for customers who use our products today to continue using them indefinitely. This commitment works only if we proactively listen to their evolving needs and future expectations, implementing these into our products while maintaining the highest levels of security, flexibility, and backward compatibility.

## What is a lesser-known story about the early days of the company?

#### OW

Marcellus and I met at the amateur radio station of Karlsruhe University. Marcellus was studying computer science, while I was studying electrical engineering. It was there that we conceived the idea of creating a better copy protection system with a higher level of security.

Another important aspect to mention is the invaluable support from our families. Our first trade show at CeBIT in Hannover in 1990 wouldn't have been possible without their intensive help. They assisted in setting up the booth, creating the booth design, and even taking care of small details like making silk clothes for our staff at the trade show. This family support was crucial in getting our company off the ground in those early days.

## How do you envision the future of the company and the industry?

#### MB

We aim to remain at the forefront of technology and innovation while preserving our flexibility and backward compatibility. Our successful strategies of the past will continue to guide us. However, we must also recognize new market opportunities. Many smart devices are currently sold as hardware without monetized software, unlike computers today. This presents a significant opportunity for us. We believe that as hardware becomes more standardized and cheaper, the software will become the valuable component, sold through subscriptions, payper-use, and other models for which we already have solutions.

We also foresee consumer devices being sold via subscription models. Instead of a high upfront cost, the initial price will cover the hardware, and the software will be sold over time through subscriptions. From a technological perspective, AI is a new focus for us. We plan to protect AI software and AI models where appropriate, and we see AI as an opportunity to enhance our products, making them more secure and flexible.

Additionally, we are preparing for the challenges of postquantum cryptography. Our software relies heavily on asymmetric encryption, so we will integrate new algorithms currently in development as soon as possible to future-proof our products.



DANIELA PREVITALI is a marketing veteran who has dedicated more than twenty-five years of her career to the service of world-leading IT security vendors. Throughout her journey in this field, she has covered executive positions in international sales, product marketing, and product management and acquired comprehensive knowledge of both digital rights management solutions and authentication technologies. Working from the German headquarters of Wibu-Systems, she is currently leading both corporate and channel marketing activities, innovating penetration strategies, and infusing her multinational team with a holistic mindset.

## How do you see your role in the company changing in the next decade?

#### ow

I am committed to ensuring the continuous development and growth of our company while maintaining financial independence and without selling the company in the future. Continuity is crucial for our customers, employees, and partners. By establishing a dynamic young management team, we are evolving the company in line with Marcellus's vision and mine, ensuring sustained innovation and stability for all stakeholders.

#### MB

Think of the company as a human body. Initially, the founders are the heart—if they stop working, the company might cease to exist. As the company grows and adds more staff, the founders become the brain, focusing more on strategy and vision than daily operations.

Approaching retirement, or even after retiring, the founders remain the soul of the company, ensuring it continues to operate according to their vision. In the next 10 years, I might not fully retire, but I will likely transition from being the brain to becoming the soul, guiding the company's spirit and long-term direction.

# What do you hope will be your legacy and that of the company?

#### OW

My principles revolve around building trustworthy partnerships—whether with customers, suppliers, or employees. A culture of trust within the company empowers our staff to achieve their goals. Financial independence is crucial as it allows the company to make decisions freely. Innovation is essential to address future challenges effectively.

I hope that Wibu-Systems will be synonymous with software protection, software licensing, and software security. Our goal is to provide solutions that not only add business value but also remain ethical, fair, and sustainable. This legacy of integrity, innovation, and trust is what I aspire for both myself and the company to be remembered by.

## **CodeMeter – An Endless Virtuous Cycle for Your Business Growth**

### **PROTECT YOUR SOFTWARE**

YEARS

1989-2024

Propelling Your Business To New Heigh

**LUIBL** 

SYSTEMS

with cutting edge encryption and obfuscation technologies

## **MEET YOUR CUSTOMERS'**

demands with a versatile and scalable licensing system

### **REAP THE REWARDS**

from your work on a global scale, and repeat the entire process

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