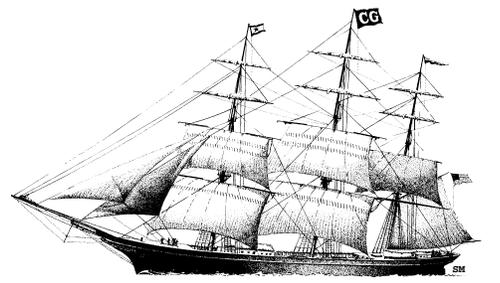


THE CLIPPER GROUP

*Captain's Log*<sup>TM</sup>



Navigating Information Technology Horizons<sup>SM</sup>

Published Since 2001

Report #TCG2005079

December 7, 2005

## Echoworx Builds Opportunity into Its *SecureMail* Solution

Analyst: Anne MacFarland

The Echoworx *SecureMail* solution encrypts email, using standard PKI technology. What is different about this solution is the way it is delivered, the way it is presented to end users, and the business model underlying the ecosystem that provides the delivery. *SecureMail* is not delivered by Echoworx, but by partners (most recently, Sun and Lucent). It is a *white label* product, which lets the carrier's brand be visible to end users. This chain of consuming might seem to involve a wrap of costs, making the service unprofitable. However, by presenting a business opportunity as well as a solution, costs are kept down. Let's drill down a bit.

There are many reasons to encrypt e-mail. New reasons become evident every week. Encryption, by its bifurcated nature, benefits from a standardized architecture, at present PKI. Encryption algorithms may change, but the arrangement of transmitted public keys and securely-held private keys at each end works well. However, use of encryption can be in many ways burdensome – to the data center, as a high-security application to support, to the e-mail application, as a performance inhibitor, and to the system administrator as another process to manage – and one that cannot be treated casually. To date, e-mail encryption has been used sparingly, but this may change, and Echoworx supports this change in a low-impact way. By offloading the technological process to a service provider, the data center burden of supporting and administering an additional service is lifted. The high security needs of a multi-tenant environment devoted to data encryption are costs shared by all the tenants – all of which need them. Sun and Lucent get a pay-per use business with high enough volume to assure a sustainable cost structure.

To the connectivity providers, the encrypted e-mail service is not only something their customers want, but a means to sell their encryption service to customers of their competitors. The poaching opportunity works this way. End users who have the *SecureMail* service have an extra *Secure* tab on the header of their e-mail browser, which allows them to encrypt their e-mail, either selectively or as a default. Across the top of the e-mail browser, there is a banner featuring the brand name the carrier has chosen for this service. If the recipient's carrier also uses the *SecureMail* service, encryption and decryption are straightforward, with a negligible delay, and branding opportunities at each end. If the recipient is not a subscriber to *SecureMail*, the encrypted mail can still be received and unlocked. There is just one additional step. The recipient is sent to a shared message pick-up center where he or she is prompted for a shared secret, such as *where did we meet?* or *what is your pet's name?* that the sender has defined for every recipient for whom encrypted email is to be sent. When the recipient answers this question, he or she can decrypt the letter – standard PKI stuff – but he or she also gets a chance to sign up for *SecureMail* via a click-through box. This important marketing feature helps carriers wrest subscribers away from competitors.

By outsourcing the provision of the service, Echoworx, can focus, as a wholesaler, on selling to e-mail carriers. The vast majority of e-mail is carried by less than a hundred companies worldwide – an easy-to-address global market. The appeal of the service becomes viral, pushed by the chain of consuming, and highly leveraged. This new business model, focused on opportunity, rather than the sharing of a profit margin, will compete very well against older, more margin-centric ways of doing business. For Internet service providers, increasing average revenue per user (ARPU) is crucial to business success. The Echoworx business model allows them to do just that, while providing a valuable capability that is easy to use. Moreover, as we approach the end of the year, it might be a good time to ponder how to build opportunity into your business model and partnering strategies, in order to recast some of the costs of doing business as competitive opportunities for customers or partners. It's a win-win strategy.



**The Clipper Group, Inc. - Technology Acquisition Consultants • Strategic Advisors**

888 Worcester Street • Suite 140 • Wellesley, Massachusetts 02482 • U.S.A. • 781-235-0085 • 781-235-5454 FAX  
Visit Clipper at [www.clipper.com](http://www.clipper.com) • Send comments to [editor@clipper.com](mailto:editor@clipper.com)

### ***About The Clipper Group, Inc.***

***The Clipper Group, Inc.***, is an independent consulting firm specializing in acquisition decisions and strategic advice regarding complex, enterprise-class information technologies. Our team of industry professionals averages more than 25 years of real-world experience. A team of staff consultants augments our capabilities, with significant experience across a broad spectrum of applications and environments.

- ***The Clipper Group can be reached at 781-235-0085 and found on the web at [www.clipper.com](http://www.clipper.com).***

### ***About the Author***

***Anne MacFarland is Director of Infrastructure Architectures and Solutions for The Clipper Group.*** Ms. MacFarland specializes in strategic business solutions offered by enterprise systems, software, and storage vendors, in trends in enterprise systems and networks, and in explaining these trends and the underlying technologies in simple business terms. She joined The Clipper Group after a long career in library systems, business archives, consulting, research, and freelance writing. Ms. MacFarland earned a Bachelor of Arts degree from Cornell University, where she was a College Scholar, and a Masters of Library Science from Southern Connecticut State University.

- ***Reach Anne MacFarland via e-mail at [Anne.MacFarland@clipper.com](mailto:Anne.MacFarland@clipper.com) or at 781-235-0085 Ext. 128. (Please dial "128" when you hear the automated attendant.)***

### ***Regarding Trademarks and Service Marks***

***The Clipper Group Navigator, The Clipper Group Explorer, The Clipper Group Observer, The Clipper Group Captain's Log, The Clipper Group Voyager,*** and "*clipper.com*" are trademarks of The Clipper Group, Inc., and the clipper ship drawings, "*Navigating Information Technology Horizons*", and "*teraproductivity*" are service marks of The Clipper Group, Inc. The Clipper Group, Inc., reserves all rights regarding its trademarks and service marks. All other trademarks, etc., belong to their respective owners.

### ***Disclosure***

Officers and/or employees of The Clipper Group may own as individuals, directly or indirectly, shares in one or more companies discussed in this bulletin. Company policy prohibits any officer or employee from holding more than one percent of the outstanding shares of any company covered by The Clipper Group. The Clipper Group, Inc., has no such equity holdings.

### ***Regarding the Information in this Issue***

The Clipper Group believes the information included in this report to be accurate. Data has been received from a variety of sources, which we believe to be reliable, including manufacturers, distributors, or users of the products discussed herein. The Clipper Group, Inc., cannot be held responsible for any consequential damages resulting from the application of information or opinions contained in this report.