



### **Tizor Systems CEO Prat Moghe Builds His Company With Technology, Teams and Vision**

Building strong teams and inventing next generation technologies is what Prat Moghe does best. "I enjoy putting bright people together as a team to tackle a problem without an easy solution, and then trying to solve that problem with an interesting approach," explains the Founder and CEO of Tizor Systems, a company that has developed a new, patent-pending approach to information security.

Security had traditionally been viewed in terms of internal and external drivers, but Moghe saw that distinction blurring as more information moved online and the workforce became more mobile. Identity theft and compliance were the new problems that management was facing – and there was no easy solution. Armed with a vision, his experience as founder and CEO of another technology startup, and a strong technical background in networking, security, and systems management, in July 2002 Moghe put together a team of researchers from Bell Labs and founded Tizor Systems.

#### ***Steps to Success*** **Focus on Your Team and Customers**

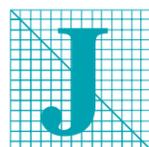
Moghe said he encountered the usual set of issues and challenges that most companies do when first getting started, yet credits two things he did with helping his company avoid any major challenges. "First, I got passionate people involved on my team; people willing to put in sweat equity, people willing to work in my basement.



I put together a strong team with diverse technical and industry experience, people with applications, database, security, and compliance backgrounds. This was necessary since it was a new application and a new space in the marketplace we were creating. Second, I focused on the industry and our customers and let them guide us. We spent six months talking to customers and identifying the tough problems in security before beginning to work on our product."



**Tizor Systems CEO Prat Moghe**



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*–Prat Moghe, CEO of Tizor Systems*

His extensive customer research was also a critical step before talking with investors. Moghe had a strong network in Boston and he secured the support of several CEOs of security companies in the area. “They became my customers and my advisors, and all of them became my investors,” he said. This group also introduced him to other potential investors from which he carefully selected a few to speak with. “We had value and we were able to articulate this value, which made finding investors an easy process. We received multiple offers, but selected Masthead Venture Partners, Navigator Technology Ventures, and CommonAngels because of their operational expertise and hands-on approach to working with their portfolio companies. I was then careful to determine how much capital I needed to reach my next milestone and then to only raise that amount. This helped set the discipline to reach that milestone.”

Moghe wanted to have someone organize Tizor’s financial information before he met with his new investors. “I was looking for a part-time CFO for this project when one of my advisors introduced Jim Johnston to me. We talked on the phone and then met in my basement. We hit it off right away.” After Johnston did the project and Tizor received its financing, Moghe again started a search for a part-time CFO, this time for an ongoing role in his company. He interviewed a few candidates and then chose Johnston Company. “I felt Jim had the right expertise for the job, a strong mix of financial and operational experience. He had worked at many different start-ups and he was very hands-on.” Moghe then added another credential to Johnston’s qualifications, “He had a great sense of humor.”

### **Johnston Company From Strategic Planning to Board Meetings**

Tizor’s web site now lists Jim Johnston as CFO and one of the company’s five top managers, a distinction made by Moghe. “I consider Jim part of my management team. We discuss financial and business strategy and the business model. I used to handle a lot of the financials myself but now I’ve delegated all of it to Jim and I feel very comfortable doing so.”

Like Moghe, Johnston also finds value in a strong team. He often brings in a controller expert for his clients, including Tizor Systems. “Jim’s team approach has been very effective for us,” explained Moghe. “Jim has brought in Lois Desaulniers to help our office manager handle the day to day accounting activities. Lois understands what the numbers mean and ensures they are right. She’s been great.”

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Moghe views his Board of Directors as another extension of his team, and when he looks around the table he sees a team that brings great value to his company. Moghe believes effective communication with his Board is the key to maximizing this value, and he relies on Johnston’s insight and participation. “Jim is present at all company Board meetings to provide his perspective on financial and other business issues. He gives his interpretation of what my Board members were communicating and provides feedback on the discussion. It’s invaluable to have this third-party perspective.”

### **Investor Expectations What Makes an Effective Board Meeting**

All three of Tizor’s principal investors have definite ideas about what makes an effective Board meeting, and what they expect from the CEO and CFO. Tizor receives high marks. “It’s important to get information that updates us on the status of the company before the meeting so we can make a positive contribution while there. Well-prepared material received in advance allows us to focus on strategy and be more productive, and the financial information we receive is very thorough,” said Alain Hanover, Managing Director of Navigator Technology Ventures. Steve Smith, Partner at Masthead Venture Partners, agrees. “Detailed information should be shared before the meeting so we can help the CEO make effective decisions to move his company forward. Not only is the financial information we receive from Jim Johnston accurate, he presents it in a valuable way so we can quickly and easily see the information we need.”

James Geshwiler, Managing Director of CommonAngels, says the CEO and CFO need to provide a clear and concise picture to the Board on all key elements – the important metrics and statistics, the pipeline and the financials. Geshwiler cites the value a part-time CFO like Johnston brings not only to a company, but also to its CEO. “Jim Johnston’s contribution has been that of a steady hand and voice of experience; not only from the financial perspective, but also from the operating side. Being a CEO is a lonely job; there are no peers. As a neutral party Jim can fill that void and become the sounding board; that peer to confide in.” In general, Geshwiler believes that Board members should get the CEO to challenge his assumptions. “A Board’s most important function during meetings is to identify the issues that matter to the company and that the CEO *hasn’t thought about*. That’s when a Board is being truly effective.”

### **Tizor Systems Creating Value, Staying Focused**

With a strong management team in place and a strong Board and investor group to support their efforts, Tizor Systems is addressing the convergence of the new information protection issues with a product that provides complete information security and privacy in real-time at the information source, securing both the databases and file servers. “Initially our focus has been in healthcare and financial services because of compliance and regulatory pressures in these industries, but we plan to branch out once we have demonstrated our abilities in these areas,” explained Moghe. “My goal is to create a company that has value in the market, is customer focused and works effectively with its partners.” Tizor Systems’ recent Series A round of investments will support further product development and market entry.

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Tizor Systems’ successful start can be largely credited to Prat Moghe’s leadership and vision. When asked his advice to other entrepreneurs, his answer is simple and direct. “Stay focused and believe in yourself. You need to listen to your customers, your partners and your investors, but don’t depend on any one external factor to determine your vision. Stay true to your vision and the rest will follow.”

