

TECH STARTUP OF THE MONTH

zeronines technology inc.

>> CASTLE ROCK

>> WWW.ZERONINES.COM

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BY ERIC PETERSON

QUOTE OF NOTE:

To recover data, you lose money in two ways: One, you're spending money to recover it, and two, you're not selling products on eBay, or whatever it is that you sell. In the case of the big brokerage companies, that's \$10 million an hour

— ZeroNines Chairman John Botdorf

MARK MANGER

INITIAL LIGHTBULB

A veteran of such companies as Hitachi and StorageTek, Californian Alan Gin started developing ZeroNines' data multicasting technology in 2000, but nearly had to return to corporate R&D after the dot-bomb hit and financing ran dry.

Through a common acquaintance, Gin connected in 2001 with John Botdorf, the Castle Rock-based entrepreneur and self-described "finance guy" who helped breathe new financial life into the company, buying its assets and reincorporating it in Colorado.

Gin sold Botdorf on ZeroNines' approach to disaster recovery, and Botdorf in turn sent Gin "back to the lab." The company's first commercial release, the MyFailsafe.com e-mail portal, came earlier this fall.

ZeroNines' name originates in business-continuity jargon: In techie parlance, "three nines" means 99.9 percent system availability. Five nines is 99.999 percent. In this vein, 100 percent uptime would be zero nines, which a Gartner Inc. analyst coined after a 2000 demo. With the analyst's permission, the company adopted the moniker ZeroNines.

Gin, ZeroNines' CEO, is based out of Foster City, Calif., while Botdorf serves as chairman for the Colorado company out of an office in Castle Rock.



John Botdorf

IN A NUTSHELL

ZeroNines' patented "multicasting engine" is the company's key technology, touted as an innovation in disaster recovery. "There are about four or five major ways to (recover from a disaster) today, but they're all reactive," said Botdorf. "It doesn't matter if you're Lehman Brothers or the local flower shop ... when you lose data today, you simply go through a process to recover it. Instead of designing something to recover, we want to design something that doesn't go down."

To demonstrate the engine's capabilities for a broad market, ZeroNines launched MyFailsafe.com this fall. "We're not an e-mail company, but we are," said Botdorf. "We chose e-mail as a way to showcase what is the bigger story of developing an operating system capable of doing this" — i.e. delivering 100 percent availability, no questions asked. To ensure system availability, MyFailsafe.com runs at "nodes" in Colorado, Florida and California; if one node goes down — as was the case in September when hurricanes hit Florida — two others remain up and there is no disaster to recover from.

In a worst-case scenario, current technology for backing up data for disaster recovery (remote vaulting) has a maximum range of about 25 kilometers. But with ZeroNines' engine, data is processed in three data centers in different corners of the continent. "This is a technology that is able to get beyond the distance limitations," said Gin. "Demonstrating it running from Colorado and Florida, and all the way to California, was a first."

"It's interesting technology," said Audrey Rasmussen, an analyst with Enterprise Management Associates in Boulder. "For companies that need redundancy and availability ... it is absolutely imperative, but there is a cost. Business continuity needs to be a high priority."

FINANCING

Botdorf, who's raised almost \$2 million from angel investors since 2001, has looked at a number of offers from the VC community, but has declined them to date. "Raising our own money has been cheaper, to be perfectly honest about it," he said.

THE MARKET

The "big picture" markets for ZeroNines include financial, medicals and military verticals, said Botdorf, who estimated the annual market for disaster recovery services at \$13 billion. For MyFailsafe.com, Gin hopes to attract consumers and small businesses, but the primary thrust is to license the e-mail technology to major ISPs, many of whom have already favorably responded to a demonstration. ISPs would in turn offer MyFailsafe.com's features as part of a premium e-mail package.