



Established companies could benefit from startup firms

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Data-protection technology spurs growth for OKC's TokenEx

Alex Pezold had few expectations as he sat with his team from Oklahoma City's TokenEx watching the countdown of the 2016 Metro 50 Award winners by the Greater Oklahoma City Chamber.

The annual Metro 50 Awards Banquet, held in the last week of September, honored the metro area's fastest growing privately held companies based on revenue growth between 2013 and 2015.

Pezold, TokenEx's chief executive officer and co-founder along with Jerald Dawkins, shared a table with his wife and company employees as the Metro 50 countdown reached No. 5.

TokenEx's name had not yet been called.

"We all thought, 'OK, what's happening here?'" Pezold said.

It was the first Metro 50 competition for the company, which provides a technology called 'tokenization' to protect sensitive data such as credit card information and Social Security numbers from hackers.

The countdown reached No. 3, and still no TokenEx.

"We didn't really think we had a shot at winning it, but after the No. 3 name was read off, we all looked around the table and said, 'Wow, we have a shot at this thing,'" Pezold said. "Then when the second place winner was recognized, we couldn't believe it!"

It was real. TokenEx, a company founded in 2010, had won the 2016 Metro 50 Award. TokenEx was recognized as the Oklahoma City metro area's No. 1 ranked company with three-year revenue growth of 578 percent.



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Obviously, while it may have flown under the radar locally, TokenEx is having a major impact in the data protection industry.

A few weeks after the Metro 50 Awards Banquet, I found myself wanting to know more as I met Pezold at the company's Oklahoma City headquarters in a small business park in the north part of the city.

Question No. 1: So, what is tokenization?

Pezold patiently explained how tokenization differs from encryption. With tokenization, numbers are substituted by "pseudo numbers" in a process that is considered irreversible. Tokens cannot be decrypted because there is no mathematical relationship between the token and its original number.

"With encryption, you need a key and you can unlock it to get back to it," Pezold said. "Tokenization means you have two values, a token and a credit card. I've given you a fictitious value. They can steal all they want but they can't do anything with the token."

Tokenization was first used to protect holders of credit card data, reducing the risk of data breach and the annual costs to meet payment card industry compliance standards. TokenEx provides a cloud-based tokenization solution in which only tokens are stored in the computer system of a retailer or other keeper of critical



TokenEx's 20-person staff recently was recognized as the Metro 50's fastest growing privately held company. (PHOTO PROVIDED BY OCAST)



Alex Pezold is chief executive officer and co-founder of TokenEx. (PHOTO PROVIDED BY OCAST)

data.

Use of the TokenEx technology has expanded beyond payment card data to protecting health care information, financial data and personal data like Social Security numbers.

Recent examples of data thefts include highly publicized breaches at

the National Security Agency, the Democratic National Committee and Yahoo, among many others.

"What we have learned from these breaches is the challenge in protecting data through complex systems, private and government email systems, government

networks, large-scale complex technology companies," said TokenEx co-founder Jerald Dawkins. "The most strategic way to secure something is to simplify the system. TokenEx allows organizations to simplify the handling of these complex data sets, while still enabling the business to function normally."

TokenEx began its phenomenal growth journey with the aid of a startup environment that included support from the Oklahoma Center for the Advancement of Science and Technology (OCAST) and iZE Inc., the not-for-profit investment and business advisory company.

"The amount of support we have had from iZE, from OCAST and the state of Oklahoma and chamber has been nothing

short of amazing," Pezold said. "I think the startup ecosystem here in Oklahoma is vibrant. I see it as growing and flourishing."

So the recipe was in place. It started with groundbreaking technology developed by TokenEx, adding a supportive environment in which to flourish.

And it culminated in the surprising Metro 50 honor for the company with about 20 employees.

"It's validation that if you put your mind to something and have incredibly talented people around you, you can do just about anything," Pezold said.

Jim Stafford writes about Oklahoma innovation and research and development topics on behalf of the Oklahoma Center for the Advancement of Science & Technology (OCAST).