

Q&A with Eric Hoffman, President of Datastream Connexion Developing Web, Mobile and Cloud Apps focused on Security and Compliance for Federal Agencies



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"Datastream is lauded for our "horizon scanning", building applications that are prepared to meet the future today for our clients' competitive advantage." - Eric Hoffman

CEO CFO: Mr. Hoffman, what is the idea for Datastream Connexion, DSCXN?

Mr. Hoffman: As the name implies, we work to connect people and data. We have developed web applications, mobile apps and cloud applications with a heavy focus on security & compliance for many, many years. Our real overall mission is to affect change through robust and user-friendly systems in the spaces in which we work, such as the federal agencies, working with the USDA, the FDA, Homeland security and the like.

CEO CFO: What do you understand at Datastream Connexion that others do not?

Mr. Hoffman: One of the differentiators of why our platforms are so successful and have become the gold standard where they are deployed is because we focus heavily on people. The technology, in and of itself, does not solve any problems. The technology is an enabler. Often people develop technology or an app and say "that is how we are solving the problem", and miss the perspective that the users need to want to use the app. They need to feel safe and trusted in using the application. Therefore, when we build our platforms it is very much with a focus on what the users truly need and not what I want to build to impress my Mom.

CEO CFO: How do you know what a user "truly needs," as it is often not what they think?

Mr. Hoffman: That is a really good point. When we work on the food and agriculture sector we actually spend time with the users. It is not sending them a survey and saying "fill this out," because those are notoriously unreliable. What makes sense for that one second in the survey does not always reflect what they need day to day. Therefore, we are out at conferences. We are at their agencies and actually talking with them,

watching what they are doing and discussing with them how to improve those processes. It is a bit more high touch, but the outcome is so much better because of that relationship being established at the start of the process and not later, when there are problems.

CEO CFO: Would you give us an example of what you might pick up watching someone work as opposed to just talking with you?

Mr. Hoffman: For example, an agency needed to rapidly communicate with hundreds and hundreds of firms that they regulate. They had an idea and they told me, "Here is what we need to do." When they had their first massive alert that needed to use our system to blast those announcements and instructions to their establishments, I was actually working alongside them as it progressed. It was interesting to see that what they thought they would need to do was not completely correct. Some steps they didn't focus on in our discussions we found were important. We identified pieces of what they were doing that could be optimized. In retrospect, we might have approached the requirements as-is, and built just to those requirements. However, it would not have been as good as how it functions now after working closely with them. The system is smart enough to think and finish some of the steps for them. They can respond quickly, and instead of taking a couple of days to get these alerts out there; doing it in five minutes now. That is a tremendous difference for them.

CEO CFO: You mentioned government. Is that your primary focus? Who are your customers?

Mr. Hoffman: Historically we have been focused in the government sector. We are diversifying into healthcare and mid-sized business. We have Datastream Labs, which is our incubator for startups. We consult with and help build out platforms for startups that need to get to market that do not have technical expertise in house. We have a healthy mix which helps us, because we learn so much from every different sector.

CEO CFO: Are there particular types of projects that you bid on with the agencies? Do you have a relationship where they will turn to you or does it all have to go through the government process?

Mr. Hoffman: We are considered a trusted vendor. We have established partnerships with other groups. We will typically have them come to us, requesting feature changes and new apps related to the infrastructure we have already built for them. We have a big platform and when they need a data base or something else, they will contact us. Therefore, we do not have to do a lot of prospecting and blind bid submissions. However, as we are moving outside of food and agriculture into other sectors of the federal space we are going to have to do a lot more of that. Therefore, it is kind of an emerging process for us.

CEO CFO: Does it help that you worked in food and agriculture with the government when you are looking at other agencies or not as much as one might hope?

Mr. Hoffman: It does, because we can point to this platform that we have been building since 2004. We are one of the first ones to build a cross-agency data exchange and collaboration platform that lived outside the agencies and allowed the regulated and regulators into the same space, securely. We can point to that innovation and the way we helped the agencies align themselves to the new normal of the cloud long before it was a part of what are now mandates. Helpfully, we can always point to that. Whether it is food and agriculture or not, it is still the results of

what we built and how we approached it, how we secured it and made sure it was compliant from day one. That still carries today. Security and compliance is what they are worried about.

CEO/CFO: How do you work with an agency that may not have the latest systems, may not want or have the funding for them, when you know there is a better way, but there may be resistance for one reason or another?

Mr. Hoffman: Sadly, there is always some resistance to change. It is not necessarily agency specific, but we have established a track record in which we understand that they have these challenges. Rather than walking away or trying to blow up something for them, we look to how we can augment and support those processes until they are ready for change. Therefore, by introducing things slowly we are able to affect change, instead of making it all one massive impact overnight. That has been much appreciated, because we have that ability to be flexible over time. Therefore, because of agile, nimble processes we deploy every week for them, things grow very organically and very specific to what they need. That really helps them buy into the change. That is what you really need in the end, is people to champion change.

CEO/CFO: Why is now the time to move into new areas?

Mr. Hoffman: I am not being political, but things are being shaken up pretty significantly in DC and many agencies are struggling to understand where their focuses are going to be and what the funding will look like. While we want to help there we also have to protect ourselves. Minnesota is a health center. There is a lot of medical in Minnesota and many startups around that. Therefore, it is helpful to have that in our backyard and have expertise right here to help us go into that area. There will be a great deal more funding and activities in the healthcare sector, regardless of what the federal government does.

CEO/CFO: You mentioned companies that you help along. Do you take a piece of the company? What is your interest more than just being mentors? How does it fit into the business aspect?

Mr. Hoffman: Under the labs division of Datastream we will typically license out our platform, because it is basically a set of tools that we can rapidly develop these applications for them and help them get to market. In exchange for that I also operate as what we refer to as a "Rent-a-CTO". I will go to meetings with stakeholders at the healthcare agency or whatever it may be, as a CTO on their behalf. For that we will typically do an equity stake in the company. Therefore, either we are permanent owner in the company for a percentage or we will do something which will take an ownership piece until they can pay down the cost of the services.

CEO/CFO: How has the program worked out for you? Are you expanding it? Have you tweaked it along the way?

Mr. Hoffman: We are expanding it right now. We did definitely tweak it. Every startup is different, but from our experience there are many commonalities that we learned about. It has been a long time since we started and sometimes you forget what those first days are like when it is all exciting and scary all at once. It could even be small businesses looking to expand and build their technology offerings. I think this group of customers are actually fun clients to work with! They are so excited and have a vision and a dream and it is really fun to support that!

CEO CFO: What did you learn in the Goldman Sachs 10,000 Small Business Program?

Mr. Hoffman: I think the Goldman Sachs program is actually fantastic! It is a really great mini MBA boot camp type of thing for small business owners. I certainly encourage everyone to apply to it. We really, being technology people, being solutions people, are not always great at marketing ourselves and being sales people. Therefore, that program, for us, helped us really think about how we have positioned ourselves, how we say what we do and how we champion what we have accomplished in a way that makes sense to people, because before, it was a struggle for us. That program in itself was very, very beneficial. It was also actually a lot of fun, too!

CEO CFO: Would you tell us about the Entrepreneur 360 Award?

Mr. Hoffman: Entrepreneur Magazine looks at companies from across the countries that are small and privately held and that have a really balanced approach to solving customer needs. There are a couple of different criteria for it. That was really exciting for us to win, because as a small firm doing big national things; sometimes we are not as well as known as our solutions. We are kind of the quiet people in the back room. Therefore, these awards like Entrepreneur 360 really help validate that the choice these people make in trusting us that we are vetted, evaluated and approved by a prestigious organization. That in of itself is a really exciting award to have.

CEO CFO: Datastream Connexion platform has 29 apps. What are you covering? Why 29? Will you add more?

Mr. Hoffman: That is how far we are right now! That is the honest truth. There are many applications that are built that work off the platform that we do not count in that total. Those twenty nine apps are basically core functionality that is used to accomplish whatever tasks the client needs. For example, one of our healthcare clients needed to enable collaboration and information sharing around exercise and care in the oncology space. We were able to leverage twelve of those apps, put them together and got them to market in a couple of months. That is what that is for. How do we add apps? Over time we learned that a new application was needed. We had twenty eight just recently; now we have twenty nine! We have a new data gathering tool we built. Its first implementation was for use by workers on farms. You might have heard about the turkey outbreak that killed one hundred thousand birds from High Path Avian Influenza. What they need to do is to be able to monitor, using our platform, what was happening on the farms to try and figure out how this pathogen was getting around. Therefore, we built this data gathering tool that anyone could turn on and create a survey and these farm workers, from their mobile phones, could take pictures and GPS coordinates of what they see on the farm and that data comes back to the research data base. So, that was our twenty ninth app; a data gathering tool that has multiple mobile capabilities. The apps, again, are driven by what we see is needed across multiple clients.

CEO CFO: Would you tell us about security? What is your approach at Datastream Connexion?

Mr. Hoffman: A healthy dose of paranoia is good in this space, right? From a long time going back I have always focused on security. I just did not want to see myself or our customers end up in the papers. We have always built security first in our platforms. As a part of my duties, I oversee all the cloud strategy, security and compliance in the cloud right

now. I also did it when we operated in regular data centers. Therefore, we build everything with a very defense-in-depth strategy. That is part of that building trust that I talked about earlier. The clients who are going to use the platform need to know that we care about their data as much or more than they do. Therefore, compliance for us is a very important thing to have, because it demonstrates that we are doing the right thing for our clients. Right now, with the challenges in cybersecurity, it is just getting worse. Having this practice and this approach for so long before cybersecurity was widely acknowledged as a focus definitely gives us an advantage.

CEO/CFO: Why should people choose Datastream Connexion?

Mr. Hoffman: For us, when you look at choosing a development shop, we want to establish more than typical development relationship. As a smaller firm, which is how we like it, we are far more nimble and able to focus on issues for customers. Furthermore, we start with security. We know that by establishing a partnership and a relationship with our client, you are working with someone that does not look at their needs as just another project or another widget for developers to build. This is a serious business and we take care of our clients.

We are able to deliver the complete lifecycle of application development from needs analysis, strategic and innovation consulting, project and contract management, to development through delivery and long-term management of applications. We do so in a forward-thinking, innovative, cloud based approach as partners with Amazon Web Services. Datastream is lauded for our “horizon scanning”, building applications that are prepared to meet the future today for our clients’ competitive advantage.

