

## Austin talent lures software startup from Houston

*Lori Hawkins: Plugged In Statesman*

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Venture capital and Austin's deep pool of software talent have lured a fast-growing cloud computing startup to Austin from Houston.

And a longtime local tech entrepreneur is leading the venture.

Gazzang Inc. is set to announce today that it has raised \$3.5 million from Austin Ventures and private investors and has recruited Larry Warnock, the former head of Phurnace Inc., as its CEO.

For now, the company has eight employees at its new headquarters in a restored bungalow on Baylor Street, just west of downtown.

"We're focused on hiring developers; that's why the company moved to Austin," Warnock said.

Gazzang's software secures data stored in remote data centers. Its first product, ezNcrypt, is aimed at companies that want to tap into the power of cloud computing but need highly secure systems to protect sensitive information.

Cloud computing allows companies to access data and software stored on remote servers from any computer with Internet access.

It has gained popularity in the past few years because it offers the promise of increased efficiency and flexibility for companies that use remote data centers to process and store information.

But data security concerns have kept many companies from shifting to the cloud.

Gazzang, which is targeting financial services, health care and higher education, has more than doubled its number of customers in the past three months to more than 60 today, Warnock says.

They include credit card giant Visa Inc., major European cellular operator Orange Communications and Vanderbilt University.

Small companies are also signing on.

Todd McGrath, a developer at Supergloo Inc., a Minneapolis software consulting company, found Gazzang through a Google search.

"I was building software for a client with really sensitive health care data, and I had to decide how to handle it," McGrath said. "Gazzang had the encryption abilities I needed, it was easy to use, and I haven't had to think about it again."

Now, with its new funding, Gazzang is expanding its product line, which makes Austin an ideal home, Warnock says.

"This is a tools and infrastructure software town. That's where its roots are, and it's got great people, both in development and marketing.

"Also, the service providers that specialize in startups and the general attitude of the city is more conducive to early-stage software companies that have a big vision," he said.

Warnock came to Austin in 2001 from Silicon Valley, where he was an executive at Siebel Systems.

His first job here was as a partner at AV Labs, Austin Ventures' former startup incubator, followed by stints at Vignette Corp. and Zilliant.

Most recently, he was CEO of Phurnace, which developed software to simplify the installation of applications based on the Java programming language.

Phurnace was acquired by BMC Software in January for an undisclosed price.

Gazzang was founded as CritoTech in 2008 by Chris Gillan and Mike Umansky, former sales and business executives at BBS Technologies in Houston.

Warnock, who left BMC in May, was introduced to the company through its angel investors, who had put \$200,000 into the startup.

"I, in turn, took the deal to AV for them to look at, and they funded us," Warnock said. "There was high interest from other firms, and we were oversubscribed and turned away interested investors and extra money."

The company's new name came from an employee brainstorming session. "Every word is already taken, so we were flipping through classic comic books, and someone noticed the sound the good guy makes when he punches the bad guy," Warnock said.

Tom Ball, a partner at Austin Ventures, says Gazzang is addressing a growing demand for tools to help large companies leverage cloud computing.

"There's a lot of demand for what they're offering," Ball said. "The challenge for them, which is also an opportunity, is around what's next after the security aspect. There are a bunch of other areas in the cloud they can go after, and that's what will make it really interesting — to see how they figure that out."

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