

Multimillion-\$ boost for S'pore tech firm

Japanese equity giant invests in Data Security Systems Solutions

■ BY CHUA HIAN HOU

A SINGAPOREAN company that makes computer servers which stop hackers from looting online banking users' accounts has received a multimillion-dollar shot in the arm from Japanese private equity giant Jafco.

The 18-man firm, Data Security Systems Solutions (DS3), makes computer servers used by seven banks here to secure online banking transactions.

Every time an online banking user tries to log in to his account, DS3's servers check that the username and password tally. It then checks the one-time password, which is typically sent to the customer via SMS or generated from a thumb-size hardware token, to make sure it is also legitimate, be-

fore allowing the user to access the account.

Last Friday, the privately held firm announced that venture capitalist Jafco Asia and the Infocomm Development Authority of Singapore's (IDA) investment arm Infocomm Investments had taken a stake in it. Jafco, which is listed on the Tokyo Stock Exchange, is a subsidiary of Japanese financial giant Nomura.

Jafco associate director R.J. Sridhar, 34, said it bought the "substantial minority stake" in DS3 because the company believed it had a solid solution capable of going toe-to-toe with more established authentication firms.

Jafco and DS3 spokesmen declined to reveal the investment's worth other than the fact that it was to the tune of several million dollars.

DS3 chief executive officer Tan Teik Guan, 39, said the firm has been "reasonably profitable" for some years now.

However, DS3, which started out 12 years ago providing general IT services before focusing its efforts on security in 2003, decided

to seek out additional investors to provide it with the financial muscle so that it could compete with bigger, more established rivals.

Its authentication servers are currently used by RBS and six other large local and multinational banks here, as well as by banks in eight other regional countries.

Confidentiality agreements bar DS3 from naming its other clients, said Mr Tan.

The fast-growing two-factor authentication market - the hardware token market alone is worth US\$500 million (S\$686 million), according to research firm Frost & Sullivan - has traditionally been dominated by American and European firms like RSA, Active Identity and Arcot.

To compete with these players, DS3 will be recruiting an additional eight employees over the next six months to beef up its R&D capabilities, said Mr Tan.

It had also inked an agreement with technology giant IBM to help market its products. The IBM pact, inked last September, has already yielded several deals with regional companies.

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