

# Emerging companies

## TECHNOLOGY

### CLOSED ENCOUNTERS

An entrepreneur uses both business and computing skills to ensure clients' systems security. **Report: Damon Frith**

● Robert McAdam recently took a three-week holiday, his first since he set up computer security firm Pure Hacking eight years ago. And it was only three years ago that he started paying himself a salary. The road to success is not always easy.

McAdam always wanted to start his own business. However, the former policeman had an important job with computer giant IBM helping to protect computer systems against hackers. He was 31, paid well with industry awards that attested to his skills, and his first child had just been born. Then he was made redundant.

IBM's chief hacker sat next to him, and he was also retrenched. Stunned, McAdam turned to his weeping colleague and asked, "Do you want to start a business?"

They went into partnership and formed Pure Hacking in Sydney. McAdam got a copy of the *BRW Top 500 Private Companies* list and started cold calling companies. In 2002, corporate computer hacking was an annoyance, but not today's multibillion-dollar problem run by organised crime. Potential clients wanted him to try to hack their systems, but they didn't want to pay unless he found a problem.

McAdam had to grapple with the concepts of business development and how to sell his services. It was a skill he thought he had, but IBM's network was so large the business flowed in, the company did not have to chase it. It was a steep learning curve and he did every course on the subject he could find.

In the first couple of years, the business turned over about \$250,000 in revenue, jumping to \$500,000 three years on. This year it will make more



than \$2 million, and expansion should increase this figure in the years ahead.

In the initial lean years, McAdam kept the business tightly focused. The big accounting firms offered so-called "penetration hacking" – experts are brought in to simulate real hackers trying to break into a company's online operations – but it was part of a suite of services. Pure Hacking only offered penetration testing, a boutique business that he hoped would be recognised as exceptional in its field.

The first big client came three months after start-up. It was a large internet service provider in Melbourne but it didn't have a snowball effect on business. After six months, his partner – older, with different priorities in life and a redundancy package that meant he didn't have to work – left, selling his share of the fledgling firm to McAdam. McAdam carried on as a sole proprietor for three years, cold-calling clients eight hours a day.

**On the safe side:**  
Founder of  
Pure Hacking,  
Robert McAdam



**I was a policeman, then in computer protection services ... I guess security is in my make-up**

Robert McAdam

As the business grew, McAdam hired more staff. He says it takes about six months to find the right person, and in the initial years the staff took the wages he was yet to pay himself.

"At one stage I had a staff member who had nothing to do as the work was not there and it lasted four months. When you're not paying yourself a wage it gets really hard and tests your mettle. In hindsight, it was a leap of faith. We were still in survival mode then and we have moved beyond that now, but it was the stuff that kept you awake at night."

Today Pure Hacking has a staff of seven and is the recognised Australian expert in penetration testing. Its average client has about 2500 employees and clients are spread across all industries, but particularly those that take customers' credit card details. The big banks have their own internal versions of Pure Hacking, with dedicated staff who do nothing but try to hack into their own systems.