

# TransMagic recovers \$1.2 million in lost revenue with SmartFlow

TransMagic develops easy-to-use, highly efficient and precise 3D multi-computer-aided engineering (CAD) interoperability software to enable seamless reuse of 3D engineering and manufacturing data in multiple software environments.

## The Challenge

TransMagic was founded in 2001 by two CAD/CAM engineers with a combined 44 years of industry experience and an idea. In 2005 Todd Reade, CEO, was vacationing

## Key Facts

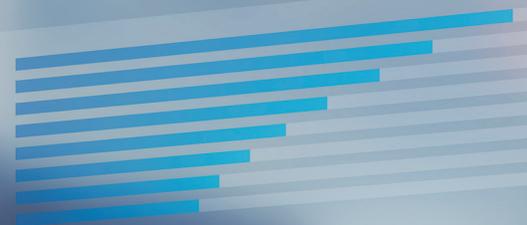
- 4123 machines were using cracked TransMagic software
- There has been successful engagement with 466 firms
- 97 cases have been closed for a total of \$1.2M
- Ongoing investigations involve an estimated \$6M
- 20% of lost revenues have been recovered to date
- 97 new customers have been acquired via negotiations
- \$200-250K/yr in incremental revenue has been generated

on a beach in Florida when his partner called to say he had just discovered a cracked version of TransMagic's software selling on dozens of sites for \$99. This issue had a major impact on TransMagic sales.

By 2008 the pirates were cracking TransMagic software in less than a day despite the company having changed its licensing several times. In 2009 TransMagic installed very expensive IP protection software with Department of Defense-level encryption — but Russian pirates were able to access the TransMagic server and put a Trojan virus into the



When you apply this type of compliance program the impact is huge. SmartFlow is the most consistent and brings in the biggest deals. They've developed technology that helps companies like mine seek and find the individuals who are using pirated software."



system, which enabled them to pull out all of the company's secret information and build a license key generator that offered the software free to anyone in the world who subscribes to pirated software. TransMagic changed its license keys several times, but the pirates continued to crack the product within weeks of each new release. Crack license keys opened 90 percent of TransMagic's software capability, at a value of \$15,000 per license.

## The Solution

In 2010 Reade got a call from Chris Luijten, co-founder of SmartFlow, who had been doing some research and wanted to let him know that dozens of crack sites worldwide were offering TransMagic software for free. Luijten explained that SmartFlow intuitively compiles data and provides insight to clients on how non-compliance and piracy are affecting their business, customers, and income. Armed with actionable information, businesses can more easily enforce compliance and recover lost revenue.

With SmartFlow installed, TransMagic is receiving richer information on infringement, including usage data, number of times the software is opened, dates of use, what file types have been opened and saved, and special functions that have been performed. SmartFlow has provided an assigned compliance resolution representative who knows TransMagic's products and has implemented a customized process to maximize efficiency and revenue.

## Results

The SmartFlow solution is a win/win for TransMagic because it not only recovers lost revenue from pirated software, but also provides the company with new customers as an alternative to a punitive approach. Statistics from SmartFlow show that since 2010, 4123 machines have been detected using a cracked version of TransMagic and 1347 computers within 879 organizations have been identified. About 20% of lost revenues have been recovered to date and TransMagic has gained 97 new customers, some of which buy more licenses and continue to pay annual maintenance. TransMagic is averaging \$200-250K per year in incremental revenue.

## Why SmartFlow

"There are a number of different approaches, but SmartFlow is the one I favor and I would definitely recommend using them. Larger companies have in-house legal teams and can afford a compliance department where they have individuals localized in different countries. We certainly don't have that capability. We chose SmartFlow because they are specialists. They have developed sophisticated methods, use a collaborative process, and have global connections. They know the laws, customs, and language. They provide constant feedback and have high ethical standards. The program is self-managing and requires very little effort on our part. SmartFlow continues to provide intelligence enhancements and new strategies, which we believe will translate into increased future profits."

## About SmartFlow

SmartFlow Compliance Solutions' usage and analysis software drives the license compliance programs for the world's leading software companies. SmartFlow, by providing precise telemetry data that ensures users are properly authorized and licensed, helps clients make informed decisions on the best way to correct licensing problems and protect customers from unfair competition. With a solution for every budget, the data collected by SmartFlow's innovative technologies provides business intelligence and sales information and organizes, analyzes, and interprets that data into meaningful market insights and quality lead generation. SmartFlow's license compliance platform can improve productivity, reduce operational costs, and guard against downtime by preventing malware attacks and protecting brand names and reputations.

SmartFlow technology protects over \$30 billion in licensed software products worldwide and is currently integrated in over 900 applications.

Learn more about SmartFlow Compliance Solutions at [www.smartflowcompliance.com](http://www.smartflowcompliance.com) or call +1-424-278-9990 to speak to a SmartFlow representative.

