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INSPIRATION FOR GROWING COMPANIES

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THE NETWORKER

Risky business

Why Lori Frank pours her time and energy into protecting small companies from identity theft

BY STEVEN SCHUSSLER

BIZ BRIEFING

ARGOS RISK, LLC

Headquarters:

Minneapolis

Inception: 2010

Leadership: Lori Frank, president; Steve Foster, founder and chairman; Brent Siegel, vice president of sales

Employees: 10

Revenue: Not disclosed

Description: Provides online tools for credit risk management and business identity protection to small and midsize companies

Web: argosrisk.com; argosriskdefender.com

If you own a small or midsize business, you're a prime target for business identity theft, which the FBI calls the fastest-growing white-collar crime in the U.S. But even if you're victimized, you probably won't realize it until well after the fact — most cases go undetected for an average of 18 months.

"Business identity theft takes place in many forms," says Lori Frank, president of Minneapolis-based Argos Risk, "whether your business credentials are being replicated for fraudulent activities, or a client's or employee's social security number, birth date, or credit card information is being utilized for the personal ID theft."

Frank is a leading expert on the issue and speaks nationally alongside top fraud specialists from the FBI and other law enforcement agencies. I caught up with her to learn more about the challenges presented by business identity theft — and how her career has evolved to address them.

How does business identity theft happen? Unfortunately, says Frank, very easily. While many automatically think of sophisticated cyber criminals, the reality is that simple human error plays a huge role. Perhaps an employee or contractor loses a laptop that contains confidential information about customers or vendors. Or maybe your assistant fails to shred that document containing bank account numbers and other key information of yours or clients — a problem given the existence of dumpster-diving thieves specializing in office trash.

Your copy machine is also a liability. Most people remain unaware that many copiers have a hard drive containing an image of every copy made on the machine. There are documented cases of dishonest copy repairmen downloading this information and selling it to organized crime rings.

A particularly frightening aspect of this crime, especially to readers of this magazine, is that the most aggressively targeted segment is small and midsize companies. "They have a false sense of security, thinking that criminals only attack larger companies," says Frank. "When a company is victimized, it often takes them up to a year or more to detect the fraud. And without the help of an expert, it is a nightmare to comply with laws and notifications requirements."

According to Frank, 63 percent of cyber attacks are



Lori Frank, president, Argos Risk

on small businesses, and nearly 60 percent of the victims close within half a year because the impact on a business is enormous. The average cost of an incident to a business is almost \$200,000. Plus, most states have strict data breach notification laws, of which many small businesses are unaware. On top of that, they could be slapped with fines and penalties for not adhering to the law. The retail and hospitality industries are especially targeted, with a high percentage of the breaches happening in those industries.

Frank takes attacks on small businesses personally. As a teen in Oregon, she helped out in her family's automotive business, working on payroll and other accounting tasks. "I grew up riding the roller coaster of a family-owned business," she says. "The entrepreneurial spirit was instilled in me at an early age by my father."

Her father also taught her that if you have the abilities to start a business, you also have an obligation to help others and create jobs for the community. There was

no question in her mind that she would start her own business when the time was right.

At the age of 16, she began working after school and on weekends at the First State Bank of Oregon, processing checks and working in the back office. She continued to do so while attending Portland State University, where she earned a degree in business administration. During this period she also entered the bank's management training program and began climbing the corporate ladder in the world of finance.

In the early '80s, Frank was struck by the vast possibilities that the future of banking could hold with the application of technology and automation. She left the bank and joined a team of entrepreneurs responsible for rolling out in-house computing systems for community banks. Bitten by the technology bug, she decided to start her own tech venture, focusing on the underserved market of community banks.

Such banks, Frank recognized, had an urgent need for technology solutions, especially in the area of in-house computing systems. She co-founded Treev, a provider of computer output to laser disc storage for community banks that was eventually sold.

In 1996, Frank founded Imaging Institute, which provided document imaging for banks. She sold that company in 1999 and started consulting full-time to utilize her expertise in launching startups and positioning companies for growth and eventual sale.

Her consultancy business connected her with clients around the world, and she earned a reputation as an expert in turning around companies and positioning and packaging them for growth or sale. But she was not a typical consultant. With each project she accepted, she typically became a member of the executive management team.

A few years ago, a client invited her to a meeting with a startup called Argos Risk. That allowed Frank to reconnect

with its founder, Steve Foster, who she had worked with before. In 2011, Frank joined Argos Risk as president.

Frank and Foster began delving into ways to expand the business. They agreed they had a perfect platform from which to launch other offerings with Argos Risk Online. The service gives users access to credit data so they can proactively monitor the financial health of customers, suppliers, and contractors, providing actionable information and business alerts.

"My team and I identified business identity theft as a huge business opportunity," says Frank. "There were lots of personal identity theft products on the marketplace, but virtually nothing was out there for small businesses."

They came up with an online service called Argos Risk Defender, which provides small companies with protection against business identity theft. It extends the features of the Argos Risk Online platform by adding an Identity Care Vault to the product. The Vault protects business credentials, and in the event of a breach, the service offers customized response plans and provides the remediation and research services of certified recovery advocates.

"Because of their services, we were able to thwart a fraudulent situation that I believe would have put my company at significant risk," says Chris Kelly, founder and president of AssetHR, an Apple Valley-based client of Argos Risk.

Frank sees a huge potential market for the offering. "With 23 million small businesses in the U.S., and a true need for this service, we are excited for the future," she says. Plus, she adds, "It's rewarding to work in an industry that helps millions of small businesses protect their valuable assets and credentials." ■



STEVEN SCHUSSLER is CEO of Schussler Creative, the founder of the Rainforest Café, and the author of *It's a Jungle in There: Inspiring Lessons, Hard-Won Insights, and Other Acts of Entrepreneurial Daring*.

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