I.K. Systems' expansion mirrored industrywide

By MARY STONE

I.K. Systems Inc. doubled its revenues to $4 million last year as it experienced a market expansion being seen nationally by security systems integrators.

The revenue growth is the result of a greater proportion of large-scale customers at the 20-year-old Victor firm.

Now with roughly 20 staffers, the company recently expanded operations to Buffalo and is contemplating an expansion this year to Philadelphia.

Experts say the growth is part of an industrywide trend that has small security firms turning their attention away from traditionally popular commercial and home installations to large-scale industrial and institutional operations.

One reason for the shift is a shortage of engineers with the skills required to install the more intelligent surveillance systems clients seek today.

But the recent surge in demand is due, in part, to the London bombings last summer, said Daniel Ives, vice president and analyst at the New York City office of Friedman, Billings, Ramsay & Co. Inc.

"More municipalities and transportation (companies) are starting to investigate video surveillance software that essentially gives video cameras brains," Ives explains. "Unfortunately, it is the tragic events in the London subway that have raised the level of interest in video."

Video surveillance is a principal source of growth at I.K. Systems, where President Andrew Chapman said many projects are focused on updating from analog to digital recording devices. A main reason, he said, is the digital systems allow users to view video streams remotely.

"The video surveillance space has strong tailwinds," Ives said. "And video surveillance software goes a level deeper than security guards can."

Surveillance systems now, Ives explained, are proactive.

For example, improved surveillance systems found today at airports can zero in on stand-alone packages to measure the distance from a single parcel to the nearest bystander. If the distance exceeds a certain preset maximum, the surveillance system alerts security guards immediately.

Last October, I.K. Systems worked to install a centralized network of similar surveillance equipment at AirTrain JFK, an eight-mile light rail system that connects JFK airport to New York City's mass transit system.

Designed to prevent security breaches, and improve response time and efficiency, the system I.K. Systems installed was designed and produced by Verint Systems Inc., a publicly traded company based in Melville on Long Island.

A market leader in analytic software programs for network video security, Verint's software analyzes voice, fax, video, e-mail, Internet and data transmissions over communications networks.

Its customers include U.S. defense agencies and private companies such as Home Depot Inc. and Target Corp. Verint is the leading performer in its field, states the Spear Report, a financial and industry newsletter published by Connecticut-based Independent Investor Inc.

I.K. Systems' Chapman said his company is one of a small group of qualified system integrators capable of installing Verint's technology, a distinction that puts I.K. Systems at a considerable advantage on projects such as AirTrain JFK.

Its high-profile work won the company a contract at Strong Museum, where I.K. Systems installed a system that includes highly sensitive motion screen sensors, touch-screen controls, improved camera zooming features and fiber optics that make system expansion easier.

Before choosing a system, Paul Wurster, director of facilities for the $33 million Strong Museum expansion, said museum staff did extensive research that included benchmarking tours at other U.S. museums to evaluate how they handled security and safety issues.

"Our internal security team also reviewed all aspects of safety for the expanded facilities," he said.

Strong Museum did not reveal the cost of the new system, but Wurster said, "The new surveillance technology compared to previous technology is like comparing a computer 10 years ago with a computer today—or comparing analog to digital technology."

As a result of the growing demand for these advanced systems, I.K. Systems re-

Photo by Kimberly McKinzie

Victor-based I.K. Systems recently expanded operations to Buffalo and is contemplating an expansion this year to Philadelphia.

cently swelled its staff from 12 to 21 last year and expanded from its single operation in Victor to Buffalo, where the company now has two employees.

"Some of our existing clients are based there, so we wanted to improve our response time," Chapman said. "We have had customers for as many as 18 years. Some of our growth is attributable to them."

Another boon to business has been from federal government projects.

Contrary to popular belief, industry experts say security contracts no longer are awarded exclusively to colossal operations such as Boeing Co. or Lockheed Martin Corp. Last year, California-based *Security Sales & Integration* magazine's Annual Installation Business Report found that half of all security companies surveyed have worked on General Services Administration projects.

Small companies such as I.K. Systems are

taking a bigger piece of the government pie.

As a result of accelerated demand, I.K. Systems now does roughly 30 percent of its work in New York City and another 20 percent in Ohio, Pennsylvania and Virginia.

Over the next eight months, Chapman said he plans to open a small operation in Philadelphia and build the site up gradually. He plans to do the same in Buffalo, where the company will have a total of five employees over the next three months.

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