

DVTel has good expectations

Never mind the global recession – for DVTel, 2009 started as the best year ever. The company, planning for a 25 percent growth this year, exceeded its sales targets for the first quarter. Eli Gorovici, president and CEO for the Ridgely Park, New Jersey, based company dubs 2008 the worst year in their short history with only a 20 percent growth rate, a percentage that would make many others dollar-green with envy.

By Pär Isacson

Founded in 2000, DVTel, owned by SCP Private Equity partners, now has about 150 employees. Besides its New Jersey headquarters, DVTel has sales offices in London, Mexico City, Singapore, and India and development teams for different product lines in upstate New York and in Israel.

With previous experience from Verint, Eli Gorovici was responsible for establishing Nice Systems in the U.S. in 1995 and subsequently joined DVTel in 2001.

“We have been growing at a high rate every year. Last year was about 20 percent, which was the lowest growth we ever had. Still, compared to the rest of the market, 20 percent growth is not bad,” Eli Gorovici says.

The company got off to a good start this year, and Eli Gorovici says that he personally thinks they will do better than the 25 percent growth objectives set for 2009.

“But it’s better to be conservative this year. During my 20 years in the industry I haven’t experienced such a tough year to predict. When we look in the pipeline, it all looks very good, but when we open the newspaper – it seems as the skies are falling.”

Good visibility for the year

DVTel’s sales are fairly large which also means that the sales cycles are fairly long, about 6-12 months. This gives the company a good visibility for the year, and provides the information to draw the conclusion that the numbers for the year will be met or exceeded.

“Of course a lot of things can happen during these long processes. Our specific segment of the

market has not been hurt as much as others. We don’t do much business in retail, construction or with the financial market. We used to do more significant business with casinos, but we started to decrease our efforts there mid last year because we anticipated what was coming – these four markets have suffered the most.”

DVTel is doing very well in large critical infrastructure projects, of the type that once they are started, they are not likely to suddenly stop because of the economy.

“We haven’t seen any stops, it can of course happen. But local governments are still spending money, even though it’s maybe less than before.”

Some slow down

The Fortune 500 companies are another important market for DVTel. Business there has decelerated, but investments have not stopped.

“They still have security needs and concerns, these are not going to go away. Of course there is some slow down, but we are showing healthy growth. The company is profitable, we are on the right track, and we feel very good about what we do right now.”

Talking about geographical differences, Eli Gorovici says that the Asia and Pacific region is booming for DVTel, where they for example have done a 2,000 camera installation at Bangkok airport, and an ongoing installation that is already over 4,000 cameras in train stations around Australia.

DVTel’s approximately 300 global channel partners include



Eli Gorovici,
president and
CEO for DVTel.

companies like ADT and Siemens. Selling through partners does not mean that DVTel is further away from the market, Gorovici says, DVTel experiences changes in the market as they happen.

“Being an enterprise solution, our systems are customised to the customer’s needs. Our success comes from our ability to solve security challenges from small to large installations with our powerful software platform and robust hardware product family.”

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Edge devices and software

DVTel’s offering consists of main lines: edge devices, meaning IP cameras, encoders, access control readers, plus other small peripherals, and the intelligent Security Operations Centre (iSOC) software platform that ties it all together.

“Our business is the software platform – we became involved with the edge devices later on because we saw an opportunity, and we believe we have a technological advantage when we have both the

edge and the centre. The system’s ability to move processes back and forth from the edge and centre command, which I think is one of our significant advantages in the market, allows our customers to scale to hundred of thousand cameras and millions of sensors with one software platform. If you own both sides, you control both sides. And our customers like it, because as the American expression says, there’s one throat to choke, one company to hold responsible, which makes it much easier when working with our channel partners. Everything is covered by us, warranted by us and supported by us. We provide a full turnkey solution, with complete multi media platform supporting video, audio, access control and much, much more.”

The iSOC platform, an open standard, IP-based solution that unifies video, audio, data, access control, and alarm management functionality and requirements into one command and control centre, can connect to brand cameras, like Axis and Sony, and access readers from the likes of HID and Mercury.

“There are no sales that do not involve software – there are however software sales without hardware. If you look at our development, around 90 percent of it is software. Of the hardware, the IP cameras are where we put the

for 2009

most effort. Last year our camera business grew over 50 percent.”

“When it comes to cameras, I have no problem being number two after Axis, that’s my plan.”

Development a priority

DVTel offers a variety of over 100 cameras, ranging from cheaper small box cameras to 3,000 dollar pan-tilt-zoom megapixel variants, and they are all DVTel’s own technology. At ISC West, DVTel launched a whole new line of H.264 High Definition cameras.

“We invest a lot of resources in technology. Over a third of our employees are developers, the majority of them are working on the software side in Israel, while in the U.S. we develop access control. We’re pushing hard to lead in technology. When it comes to cameras, I have no problem being number two after Axis, that’s my plan. I do think we can beat the Sonys and Panasonics of the world. I don’t think we’re very far from them in sales of IP cameras.”

So what are DVTel’s key factors to continued success?

“First of all the technology, it changes very quickly – if you don’t invest in technology, you’re going to stay behind. That’s one of the things I like about Axis, they put a lot of investment in development, and it shows. Another success factor is the distribution channel. At the end of the day, you can have the best technology but if you can’t sell it...”

Turning to the negative side, what threats are there to your continued growth?

“First of all the economy – there seems to be a lot of unknowns out there. Then we have the newcomers from the IT side of the business. In the next four years I don’t see a major threat coming from them, but if they decide to

focus on this market – you can never underestimate Cisco and IBM, they have the muscles to stir things up. One of the advantages of this market is that it’s so fragmented, so there are not any leaders, which allows companies of our size to do very well. But in the short term I don’t see any major threats apart from the economy.”

Are you involved in the standardisation initiatives?

“Our CTO and technology team is very much involved in both ONVIF and PSIA. We will implement both – that’s a great thing for us and for the industry. Our position has always been towards open standards, use your own servers, storage, any camera you want. Being an open platform drives us to do the integration, but it would be perfect if everything could be open with all other manufacturers.”

Milestone, Genetec and Indigovision are the main competitors on the software side.

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“But that’s only on the video part. We do so much more, with video, audio, access control, alarms, monitoring, and data. Our competitors offer network video recording, we offer a comprehensive and intelligent security operations centre with rule base engine technology.”

The iSOC system is built on .NET, the latest development platform from Microsoft, while the competitors still build their solutions around outdated visual basic, Gorovici says.

“It’s a big task to move to a new platform, and none of them have taken the step yet, which gives us an advantage in the tech-

nology. We took the hit at an early stage, being early adopters, but .NET is the future platform that Microsoft supports these days. It’s fully scalable, we can do tens of thousands of cameras in our system. I know that when we’ve competed on 5,000-10,000 cameras projects, our competitors were not there. We’ve built bottom up a product that does it all, and that’s why we win the large projects.”

iSOC is a platform that offers the opportunity to add a lot of sensors, which is one of the advantages of the system, Gorovici says.

“We have built a strong professional engineering services team that help our customers to integrate anything from non security products like building automation to flight data in airports to voice recognition and other new technologies available in the market: we can offer the customer a view of the entire scope of their operations, not just the video, data and access control, but any other type of data or sensor, providing an actionable and intelligent solution.”

In this market when a lot of companies are experiencing tough times, could you consider growing your business through acquisitions?

“Absolutely, we’ve done a couple, like the access control business, we bought a company that manufactured traditional access control and converted them to IP. The company must be synergetic to DVTel core business and more importantly be profitable or on the path to profitability. Maintaining our growth and profitability is crucial in this challenging market condition as venture money is not accessible anymore.

What would you be looking for?

“Niche technologies like video analytics could be one thing, although we feel our partner companies have been best suited in resolving the technology issues surrounding the solution. In access control there’s technologies like biometrics and many other alter-

native ways of identification. Our platform is managing sensors – today we are integrated with I don’t know how many sensors, and we could of course own more of these sensors. Another thing would be to look at certain regions, let’s say that we find a company that’s strong in a specific region, and we could benefit from using their base as a way to get into new territories faster. With the market being as fragmented as it is, there are a lot of small players, and a lot of them will be weeded out this year. We have the cash.”

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You said that video analytics still has technological issues, what do you see as the future?

“I really believe in the need for video analytics, but it has had many issues as an overall deployment of the technology. It’s a nice, sexy feature, but its difficult to build a sustainable business model out of it today. There are 30-40 companies trying, I expect a lot of them to have an extremely difficult year. Bottom line, in this economy cash is king, profitability is essential to survive and of many of them will have hard time achieving this goal.”

With DVTel already involved in a lot of infrastructural projects, the U.S. rescue plan for the economy with the so called National Infrastructure Reinvestment Bank is likely to be good news.

“It will probably not have that much effect this year, but we are convinced it will be a boost in 2010. Still, with our growth expectations for this year, which really for most will be a year to survive, we are very positive. So far so good,” Eli Gorovici concludes. ■