

Money & Careers

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INNOVATION ECONOMY

Surveillance gets intelligent



YOON S. BYUN/GLOBE STAFF

A video monitor agent watches a neighborhood in Maryland at Viewpoint CRM's operations center in Lowell.

Security firms see growth as the downturn worsens

Inside a boxy industrial building in Lowell, right next to the railroad tracks, Brad Gordon is spending \$1 million to build a command center that Pentagon brass would be proud of. There are two giant projection screens at the front of the room; a phalanx of workstations, each with multiple monitors; emergency generators; secure doors with card-scan access; redundant network connections; and off-site data storage.

At a time when most companies are paring budgets mercilessly, Gordon is positioning his security company, Viewpoint CRM, for growth in 2009: he expects revenues to triple, from \$4 million last

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HYPERVIGILANT

Viewpoint CEO Brad Gordon demonstrates how the company's video surveillance technology works, at www.boston.com/kirsner

'Intelligent surveillance' services grow amid downturn

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year, and to add about 30 employees to his staff of 63. The new command center, an upgrade of an existing facility in the same building, will spool up later this month.

Viewpoint, and a handful of other local companies, are benefiting from two dynamics that most of us regard as pretty depressing.

First, crime tends to increase as the economy deteriorates and unemployment climbs. Second, every business is looking to cut costs — including the costs of monitoring their facilities. Companies like Viewpoint, Marlborough-based VidSys Inc., and Bedford's VideoIQ Inc. — all of which sell products and services for "intelligent surveillance" or "remote guarding" — are reporting increasing numbers of inquiries and signed contracts.

"Not to gloat," says Gordon, "but this economy has been fantastic. For the first time, people are now calling us. Except for a few trade shows, we're really not doing any advertising or marketing."

The basic idea behind this new wrinkle in surveillance is that cameras bolted to walls, embedded in ceilings, and posted on light poles don't really do much. When they're monitored 24-7 by a human, that's expensive — and it's very easy for the person watching to get sensory overload and miss important events. When they're not monitored, all they're doing is recording crimes for later analysis: Let's see if we can identify who that hooded guy was who stole your car last Friday night.

But take high-resolution digital cameras, slather on some software to analyze the images they're capturing, add loud-

speakers (more on that in a minute), and connect them to zippy data networks, and they can be monitored by off-site personnel, only when something unusual happens.

The \$1,850 cameras made by VideoIQ, for instance, have a hard drive and solid-state flash memory built in — enough to capture several months' worth of video. Intelligence in the camera can discern the difference between a person lurking around the edges of a parking lot and a stray dog, and in seconds e-mail an alert — along with a video clip — to a site manager's PC or BlackBerry. Chief executive Scott Schnell says the cameras fail to spot shady activities less than one-tenth of 1 percent of the time. But a false positive, or a situation where the camera crier wolf, happens about once a week per camera.

VidSys, founded in 2005, sells software that can make sense of multiple kinds of security information — like video feeds from cameras, access-controlled doors and gates, fire alarms, and sensors. The company says that it received 50 percent more new business inquiries last month than in January 2008. Its software is being used in a new command center in New York, opened last month, which monitors and responds to traffic incidents around the New York metropolitan area.

Both VidSys and VideoIQ are funded by venture capitalists (VidSys has raised \$13 million, VideoIQ \$18 million), but Gordon started Viewpoint with money from individual investors; he estimates the company raised about \$6 million in total before it hit profitability last year.

Gordon, formerly an executive in the plastics and real estate businesses, observed the trend



Supervisor Eric Smith helps video monitor agent Adina Cot. Viewpoint CRM's operations center in Lowell.

toward higher levels of security after Sept. 11, 2001. Looking at existing security technology and security services companies, he

had the idea to develop a system of addressable loudspeakers that would work in tandem with traditional surveillance cameras.

Operators at Viewpoint's command center can look at a raucous crowd forming in a parking lot, and talk directly to the ruffians: loitering here isn't allowed, so break it up or we're calling the cops.

Surprisingly, the omniscient-voice-from-above-approach seems to work. No one wants to argue or tussle with a disembodied voice, so people tend to beat it. The company also conducts "guard patrols" where an employee at the command center will methodically look at all of the camera views covering a particular property, and make friendly announcements: "Good

evening, this is security doing a live video patrol." In other situations, if a nurse is leaving a hospital late at night and wants a virtual escort across the parking lot, the operators can talk to her and let her know they're watching.

Gordon says that his employees can be more thorough, and are better supervised than on-site guards working alone or in small groups. "I've tried from Day One not to make it about price — it's better security," Gordon says. "But in this economy, nine times out of ten, we're substantially less expensive than guards."

Customers, like housing complexes, car dealerships, and the city of Nashua, pay anywhere from \$1,500 to \$32,000 a month for Viewpoint's services. At \$15 an hour, a typical pay rate for on-site live guards, a month's worth of round-the-clock work would cost about \$11,000.

VideoIQ and Viewpoint were part of a new trade group, formed in 2007, called the Remote Guarding Alliance. The group estimates that companies worldwide today spend \$40 billion to \$50 billion on guard services every year — and asserts that at least 20 percent of that spending would be more effective if it were devoted to "analytics-enabled remote guarding."

Sounds like a rising tide. But the surveillance start-ups aren't totally immune to economic doldrums. At VideoIQ, Schnell says that he has been seeing customers' "purchase process getting longer. People are just spending money more cautiously." To reach profitability, he plans to raise a third round of venture capital at some point, mostly to support sales and marketing. But he's going to try to avoid doing it in 2009.

"The number one piece of advice we've been hearing from our VCs has been, 'Don't raise money in 2009,'" Schnell says. "So we're just managing our cash that much more tightly."

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