

B.C. integrator finds its niche

Cobra Integrated Systems grows to become one of largest independent integrators in Western Canada.

In 2000, Scott Knutsen and Brian Sylvester quit their jobs with a national security integrator and bought a small mom-and-pop alarm company located in the Vancouver suburb of Richmond. Knutsen and Sylvester thought big. Their plan was to take the business, which had gone nowhere under four previous owners, and turn it into a successful independent security integrator that served B.C.'s Lower Mainland.

Eight years later, Knutsen and Sylvester have largely realized their dream. **Cobra Integrated Systems (CIS)** has become one of the largest independent security integrators not only in the Lower Mainland but in Western Canada. How Knutsen and Sylvester transformed the small company should be of interest to anyone who thinks they have a better idea and is willing to go out on their own and see if it works.

Knutsen's and Sylvester's brainwave was that the local market for medium to large commercial integrated security solutions was not being served.

"The national companies had tried but failed because they were too big and couldn't react quickly enough," says Knutsen, who is co-CEO and director of sales and engineering (Sylvester is co-CEO and director of operations).

One of their first moves was to reduce the company's customer base by 10 to 15 per cent.

"We kept clients that were profitable and got rid of the ones that were taking up too much of our time and costing us money," he says. "Eight years ago there wasn't the technology to do remote customer maintenance. Back then it was labour-intensive and very expensive."

They also re-located from Richmond to Burnaby, which lies just east of Vancouver. The new location is closer to the main regional traffic arteries and gives CIS's technicians better access to customers scattered across the sprawling region.

The owners' strategy paid off immediately. In CIS's first year of operation, the company's revenues fell, but its profits increased. Two years later, business really took off.

"By 2002, we began to reap the business from all the little seeds we had



Scott Knutsen

Cobra Integrated Systems

NUMBER OF EMPLOYEES: 30

HOW LONG IN BUSINESS:
Eight years under present management.

AREA OF OPERATION:
Canada and the U.S.;
mostly B.C.

AREAS SERVED:
100 per cent commercial.

planted at the start," Knutsen says. "All of our business came from referrals. We didn't have to knock on any more doors."

Soon the client base grew to almost 400. The downside was that the company was becoming too big for the two founding partners to handle by themselves. So, in 2003, they hired sales representatives and administrative staff, which enabled CIS to handle

its referral base easily.

Soon Knutsen and Sylvester realized that, if they were to grow beyond that base, they needed a bigger organization. In 2004, they doubled their office space to 2,500 square feet and hired five more staff, including a full-time IT person, dispatchers and sales reps to develop new markets.

In 2006, they decided to replace subcontractors with their own technicians.

"In this business you need the consistency that comes with uniform rules and practices," Knutsen says.

"It's hard to do that using independent subcontractors."

Today CIS has 1,500 clients in Canada and the U.S. Ninety per cent are B.C.-based companies, some of which have branches in other parts of North America. Customers include developers, property managers, retailers, manufacturers and airports.

CIS is one of only a few independent security integrators in the Lower Mainland. Knutsen says there are 375 alarm companies, of which only 12 are integrators. Half are local independents like them and the other half are national majors. The nationals focus on large projects of more than \$500,000, whereas an average CIS installation is \$100,000-\$500,000.

By any measure, CIS is a very successful company. It has its own fleet of 10 trucks, 30 employees and a cumulative growth rate since 2000 of 800 per cent. But success didn't come easily.

"There were lots of 80-hour weeks, lots of sacrifices," Knutsen says.

Nevertheless, success in security integration is not rocket science.

"In the beginning, we found clients by reading the newspapers and by examining developers' billboards — just by paying attention," Knutsen says.

Once they found prospects, they didn't try to sell them right away.

"We sat down with them and asked them what they liked and didn't like with the security companies they were doing business with," he says. "Whenever they had a complaint, mostly it was 'failure to deliver.'"

Knutsen says integrators need to understand what their customers are trying to accomplish.

"If a customer tells you they need to have such-and-such a product, ask them why," he says. "Many customers have preconceived notions about what they need that are incorrect and they sometimes need to be corrected."

For the time being CIS sources its products, such as licence plate recognition cameras manufactured by Extreme CCTV, also located in Burnaby.

Knutsen says CIS might one day manufacture some of the products it uses.

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