

KASTLE

BUILT FOR KEEPS

For a company whose name conjures visions of yore, its founder sure had a vision of the future. Under new rule the past 10 years, find out how Kastle Systems is leveraging its armory of managed security services to push its riches beyond \$100 million. **By Erin Harrington**

WHEN GENE SAMBURG turned the keys to the castle — Kastle Systems Inc. that is — over to venture capitalist and entrepreneur Mark Ein in 2007 he placed them in very capable hands. Samburg, who founded Kastle Systems in Falls Church, Va., in 1972, quickly established his company as a proven leader and pioneer in remote access control. He also had the laser-sharp vision to make managed services its mantra.

Running Kastle Systems as a managed service security business has always been the essence of the company from Day 1. Because the company takes responsibility for the management and maintenance of the systems it designs and installs, Kastle Systems provides a comprehensive set of integrated managed security services. This gives clients a single, accountable partner for all their security needs. It's proven a fruitful formula.



Security Sales & Integration caught up with a few members of Kastle Systems' leadership team including (pictured left to right) Brian Eckert, Ralph Masino, Jennifer Graham, Mark Ein and Mohammad Soleimani.

Shortly after acquiring the company more than 10 years ago, Ein was joined by longtime business associate Piyush Sodha. A part owner, Sodha serves as Kastle's CEO and co-chairman while Ein holds the chairman title. Together they've made their vision of expansion a glowing reality.

Under their watch, Kastle has nearly doubled its revenue and hit \$100 million in 2017. Today, its 500+ employees populate 11 locations. The company also operates four geo-dispersed central monitoring centers. Kastle maintains TMA Five Diamond certification and UL Listings, and annually handles millions of signals.

While most of Kastle's growth has been organic, January's Urban Alarm addition is intended to bolster the firm's residential business. Washington, D.C.-based Urban Alarm brings with it a select market subset of premium residential customers and its mobile patrol and commercial fire services can be leveraged across Kastle's clientele.

"The acquisition is like pieces of a puzzle fitting perfectly together; our strengths complement each other and together we provide a more complete suite of services to a wider customer base. It's working out great," says Ein.

Another key acquisition that helped Kastle reach nine figures (more than a third of which was video-based) last year was CheckVideo in 2013. That same year, the company bought Mutual and Stat-Land from ADT to gain new vertical business. That included the N.Y.C. Diamond District and high-end marquee retail brands as well as expertise in fire & life-safety managed services, and an operations center in midtown Manhattan.

Those businesses have become part of Kastle's happy, ever-growing kingdom. The workings of that juggernaut — including a foundation of prescient managed services and specialized proprietary offerings, and best practices in culture, people, training, customer care, management and community — are probed within.



KASTLE FAST FACTS

- ▶ Founded 1972 in Falls Church, Va.
- ▶ Employs 500+ associates
- ▶ Has 11 core locations in Washington, D.C., Houston, Dallas, New York, Miami, Atlanta, Los Angeles, San Francisco, Chicago, Philadelphia and Sydney (Australia); plus Mutual's office and central station in midtown Manhattan, Stat-Land's Staten Island, N.J., office, and Urban Alarm's Washington, D.C., office
- ▶ Operates four geo-dispersed central monitoring stations handling millions of signals each year
- ▶ 2017 company revenues exceeded \$100 million
- ▶ Key acquisitions include: CheckVideo (2013); Mutual and Stat-Land from ADT (2013); and Urban Alarm (2017)
- ▶ Markets served include commercial real estate, enterprise business, multifamily, construction sites, law firms, education, scrap & recycling, government, city surveillance
- ▶ Solution offerings include access control, video surveillance, mobile platform, visitor management, fire & life safety, environmental control, integrated identity management

EXECUTIVE INTERVIEW: INSIDE KASTLE'S SECURITY STRONGHOLD

Fortifying a Firm Foundation

In its early days, Kastle was deeply focused on selling managed access control strictly to the large commercial building market. It found a solid niche in select cities across the country, particularly in the Washington, D.C., area, where it quickly built a reputation for being the best of the best.

This didn't go unnoticed by Ein, a D.C.-area native and Kastle card-carrying customer himself. A graduate of The Wharton School of the University of Pennsylvania, over the course of his 20-year career Ein has led \$1 billion of private equity and venture capital investments generating an internal rate of return of 42%. He knows his stuff and knew Kastle was a keeper.

Keenly interested in buying Kastle when Samburg was ready to retire, Ein recalls, "I was instantly interested in investing in the company. In Washington, people equate Kastle with security, and refer to their access cards as their Kastle card. I was a customer and knew that this was an iconic business, so when I had the

chance to meet the founder and talk about being the custodian of the company for the next generation, I stopped everything in my life and cancelled all meetings and appointments to go to their offices. I basically camped out there until we got it done. It was already a wonderful company and I saw how it could be even bigger than it already was."

From an operations perspective, Sodha explains that "Anyone could see the prospects for growth and, to this day, we continue to mine the expertise and decades of deep vertical experience of Kastle's people as a foundation to launch the latest technologies. For example, our CCO [chief customer officer] Tom Radigan has been with the company for nearly three decades, and is leading the buildout of our value-added IoT data analytics and business intelligence capabilities."

The union of Ein's business and finance savvy and Sodha's background in telecom and technology has shaped the growth and direction of the company these past 10 years. Building on Kastle's success as a leader and pioneer in remote access, they saw the opportunity for a true platform company.

"Kastle had the reputation and highest quality service capabilities, which we saw as key ingredients to its success, and that are common in our most successful investments," Ein says. "With an eye toward investing in our human capital and injecting new technologies and offerings, purchasing Kastle was a no-brainer. We saw the opportunity to take the business to more places across America and serve more vertical markets. We got into education and multifamily dwellings and government buildings. We broadened our focus within the commercial market in ways that made sense, delivering more products and services to a broader range of customers."

Kastle CTO Helps Set the Standard

When Kastle Systems CTO Mohammad Soleimani joined the Physical Security Interoperability Alliance (PSIA) five years ago he suggested a new architecture — Physical-Logical Access Interoperability (PLAI), a specification that was introduced in 2013.

This protocol not only provides a means for organizations to transfer and dynamically update relevant employee data and privileges from the "logical" HR system to any physical access control system (PACS), but also enables sharing credentials across multiple company facilities often served by different PACS. PLAI is an open specification that leverages the LDAP v3 (Lightweight Directory Access Protocol) interface to support a number of logical identity directories, including Active Directory.



SOLEIMANI

Features/Benefits of PLAI

- More efficient onboarding process for employees
- Instantaneous invoking and revoking of security privileges across disparate PACSs
- Ability to support logical privileges and physical access in multiple business locations and campuses
- Supports temporary access credentials when employees travel to remote sites; syncs security access with different physical locations
- Ability to minimize risk as all logical and physical access privileges are based on a single authoritative source

Soleimani reports that PLAI has become PSIA's main focus the past five years while he has served as a term as chairperson. "It's growing with major names, and also gaining momentum and market awareness as other access control systems are now adopting PLAI as a part of their commercial offering," he says. "I'm glad to see that it's becoming a major industry initiative." For more info: psialliance.org/AllAboutPLAI.html

Slaying With Managed Services

Kastle Systems provides a comprehensive set of integrated managed security services so clients have a single, accountable partner for all their security needs. Its posture is such that providing a complete security management solution not only makes it more convenient, it also ensures that the job is thorough and well done.

"Others in the market might provide some services, but not all the managed security elements that demanding clients require," says Kastle EVP & CMO Brian Eckert. "For instance, they may install a system but not monitor it. Or they may have experience with intrusion systems but not complementary [and integrated] video surveillance systems. Partial answers put an added burden on managers to coordinate work and manage the project closely. More importantly, partial answers can leave gaps in security plans and create unnecessary risk."

Eckert maintains the firm is uniquely able to accomplish those goals by partnering with customers, understanding their challenges and acting as an extended security team. "Since we are responsible for the management and maintenance of the systems we design and install, we place a great deal of emphasis on ensuring that we implement the most effective, efficient systems with dedicated service and account managers who proactively work with customers to continually optimize their systems," he adds.

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Kastle brings together access control, video monitoring, visitor management and fire & life safety into a single solution so customers need not work with multiple partners or struggle with maintaining disparate systems themselves. The company also maintains the hardware, updates software, trains users and remotely administers access or manages necessary IT infrastructure on clients' behalf. This enables customers to lower their cost of ownership while increasing their protection, and frees up resources to focus on their own business.

Broader Focus Expands Kingdom

Among Kastle's portfolio milestones realized over the years was the establishment of KastleVideo, a Cloud-managed video surveillance offering that complements the firm's managed access services, and now contributes more than one-third of revenues. The company also introduced myKastle, an easy web-based interface for system administrators, which can be directly mirrored by Kastle's customer service teams for outsourced system management and functionality. KastlePresence, a mobile platform that now boasts more than 500 sites internationally, was launched in 2016.

More than anything, Kastle attributes success to its obsession to make customers happy. The company measures customer satisfaction continuously and has enjoyed year-over-year increases in its already high scores, as measured independently by J.D. Power. Everything Kastle does is built on and centered around world-class customer service. But it attracts and acquires those customers with innovative, value-added products and the ability to deliver them via a seamlessly integrated solution.

"Early in my career, I learned that dedication to continuous customer-driven R&D, staying on top of market and industry trends, and an intense focus on seamless experiences are key to success," says Sodha. "We have a weekly C-level product steering committee meeting where we review our technology initiatives and progress in-depth. That is the fanatical commitment we make to stay ahead of the industry and ahead for our customers, making significant investments in company time, resources, focus and energy, all funneled through a market-oriented lens."

Kastle's aim is to bring the best technologies together in



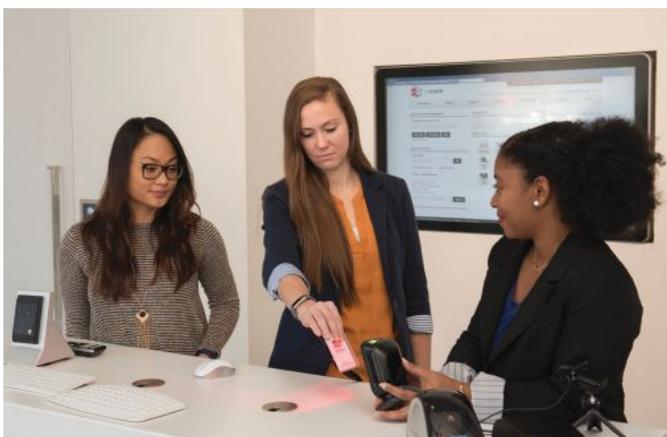
(above) From the training classroom with Ann Okupski to the boardroom with their peers, Kastle employees continually learn and work together to best serve customers. (below) Yoe Philus, Meghan Sullivan and De'Christia Smith prepare for a client meeting in a state-of-the-art demo showroom.

a fully unified way. In cases where innovation is required, the firm performs its own R&D to invent something new and value-added for the market. As a leading security integrator, Kastle also supports third-party manufacturers but favors end-to-end control to meet the complex security challenges and needs of its clients. The firm's partnerships are generally geared toward best-in-class hardware providers whose wares are then integrated into Kastle's software platforms.

Corporate Culture Is King

While managed services has always been the main artery at the heart of Kastle Systems' mantra, there are myriad other initiatives the company has instituted to rank them among the "best of the best." Here are examples of the company's wealth of sound business practices:

Corporate Culture. Ein stresses that the way to inspire a culture of teamwork is to break down barriers, encourage collaboration and empower the team. As the Kastle website attests, "Our company has always fostered a team atmosphere, and employees welcome the open floorplan, low cubicle walls and glass doors that encourage collaboration. There's great camaraderie among Kastle teammates." Staff are supported by a layer of leadership and have direct access to them. The leadership team



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Kastle Operations Centers Director Tom Tardiff (left) continually coaches client care operators to ensure reliable, quick and expert response around the clock. Kastle Inventory Specialist Kelley Bryant (right) uses a parts list to assemble an installation kit, ensuring that technicians don't have to make multiple trips.

often accompanies the sales and services teams on calls and customer visits.

Investing in People. Kastle immerses its salespeople in an intense two-part sales onboarding program to make them knowledgeable not only on products and services but also the company's vision and mission to support its customers. Each January, Kastle holds an annual offsite sales conference where 100+ people from its sales and leadership teams come together for two days of learning, networking, celebrating the prior year's success and preparing for the year ahead. Director of Product Management Nikhil Shenoy says, "Our team works smarter and more efficiently by utilizing all our own products and services. As a bonus, this makes us experts in our products and services for our customers because we use them every day!"

Training. Kastle University was implemented in 2013 to focus on overall learning, training and development across the entire organization. Since its inception, Kastle has focused heavily on its operational process in supporting new hire training, new product releases, as well as product and process changes. As CFO Ralph Masino points out, "Kastle has a well thought-out and detailed training program for all new customer-facing employees. That's Step 1, and as we enter new markets we make sure we have the appropriately experienced, Kastle-trained people who have excelled in legacy work to help grow that new market to make sure the Kastle standards have been set."

Managing Growth. Ein explains that, "We invest virtually all the money we make back into the company, in R&D, service quality and delivery. Retaining and motivating our people, investing in them and our business is so important. Most of our growth has been organic, with a few strategic acquisitions added to the mix. We have a clear map of how to build the company."

Crusading for the Community

As a company that places a premium on service, Kastle also looks for opportunities to serve the community. The company and its employees support a number of worthy causes such as

the So Others Might Eat (SOME) food kitchen, Juvenile Diabetes Research Foundation, Toys for Tots, Higher Achievement, The Children's Inn at NIH, Wounded Warriors and annual local blood drives supporting the American Red Cross.

In 2014, Kastle launched CapitalShield, a public-private partnership that unites the Washington, D.C., Metropolitan Police Department (MPD) with commercial property owners, businesses and institutions. Through this program participants can help enhance public safety by providing the MPD with direct access to their external security cameras during emergency situations, enabling first responders to quickly gain the situational awareness required to assist citizens.

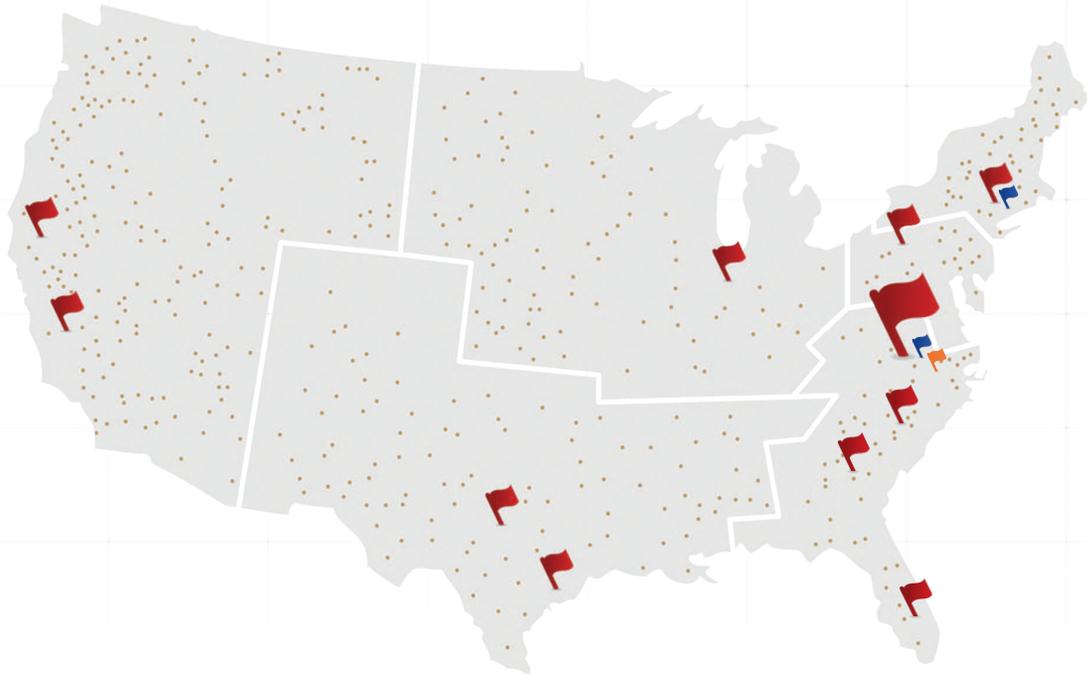
"As a company that was founded in Washington, D.C., more than 45 years ago, it's important for us to give back to the local community that has supported us throughout our journey," Ein says. "We want our employees, customers and community to know that we care about their well-being and helping those less fortunate. It's part of our culture at Kastle." To further their charitable initiatives in 2018, Kastle has challenged its employees to increase their volunteer time and enabled them to do so during work hours.

An avid tennis fan, Ein also owns the Washington Kastles World Team Tennis (WTT) franchise. It has won the league championship six times in its 10-year existence and set the longest winning streak in U.S. pro sports team history (34 straight matches from 2011-2013). "It's so important to give back to the community we were founded in," says Ein. "We take a multi-stakeholder approach and believe we exist for the sake of all our stakeholders."

Catapulting Into Future

Carrying the mantra, heart and soul of Kastle Systems' origins well into the future has always remained a personal priority to Ein and Sodha. Their hard work and vision have placed the firm at the forefront of the security industry, and honored founder Gene Samburg's vision for Kastle Systems. ssi

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