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Technology

VideoNext zooms in on \$5.4M in VC, new CEO

by [Ben Hammer](#)
Staff Reporter

VideoNext is getting a \$5.4 million second round of venture capital and a new CEO to reposition its video surveillance software for the commercial market.

The Chantilly company sells software that converts digital sensor and video feeds into a standard database format so the information can be accessed over a secure Web site. It is adding video analytics features and command-center applications by July.

VideoNext sells almost entirely to the government through systems-integrator partners such as Northrop Grumman, L-3 Communications and Raytheon.

New backers Delta Private Equity Partners and New Light Associates, along with existing investor Longstreet Partners of Vienna, see bigger opportunities in the commercial sector.

CEO Joe Costa, who advised VideoNext for about nine months before joining full time, is building a sales and marketing team that he wants to balance sales between government and businesses by the end of next year.

In the last month, Costa added regional business-development directors in Chantilly and

Denver and regional sales managers in Chantilly, Dallas and Chicago.

He plans to hire another in Southern California by the end of the quarter and expand VideoNext's staff to 35 from 30.



Joanne S. Lawton
Security watch: VideoNext CEO Joe Costa, left, and founder Christopher Gettings plan to spend their latest round of venture capital to market the company's video surveillance software to businesses.

Costa co-founded and led ISR Solutions, then sold the Chantilly security-systems integration company to Stanley Works in 2004 for \$34 million.

He also founded Linx Technologies and sold the Chatsworth, Calif., manufacturer of intrusion-detection systems to Mosler in 1993 for an undisclosed amount.

"When I saw the application at VideoNext, I very quickly had a number of large commercial clients [in mind] that might be interested in this," he says. "While VideoNext has been spending an awful lot of time and attention on the government space, I think the commercial space is equally large."

Research firm Frost & Sullivan expects the video surveillance software market to reach \$800 million by 2013, a jump from \$140 million in 2006.

Most of the 30 to 40 percent annual growth will come from commercial sales that occur when companies replace analog video systems, says analyst Dilip Sarangan.

"Software, it's definitely the highest growth market within video surveillance," says Sarangan. "Most of it because of video analytics rather than content management."

VideoNext is about 30 days from launching a suite of software that analyzes moving targets and issues alerts when certain characteristics are observed.

The patented technology was developed in conjunction with the University of Minnesota, George Mason University and the Army Research Laboratory in Adelphi.

VideoNext is also testing software that enables customers to use off-the-shelf computer hardware to create a big video wall to monitor a large number of video and sensor feeds.

The command-center package is due out by the end of the quarter.

VideoNext's software packages typically sell for \$25,000 to \$250,000, based on the number of sites and cameras, whether analytics are included, storage and other hardware and the type of sensor technologies that are interfaced.

Costa sees commercial sales opportunities in financial services, technology, communications, education and large-scale retail operations.

Companies with multiple locations, big facilities and many surveillance cameras would have a need for VideoNext's software, he says.

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