

The Most Powerful Name in Corporate News

Data, Security and Safety Solution Products

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



Sherri McDaniel
President

CEOCFO: Ms. McDaniel, what is the concept at ATEK Access Technologies?

Ms. McDaniel: We have just completely renamed and rebranded our organization. ATEK Access Technologies is a high technology organization. We develop, manufacture, and sell products to businesses that allow them to have access primarily to data, security and safety solutions, and enhanced customer support solutions.

CEOCFO: What were some of the changes in the company? Why was this the time and what have you changed fundamentally?

Ms. McDaniel: The company has gone through a pretty major transition. In years past it was built on a contract manufacturing basis, which is very different from being a proprietary products business that we are today. We have done that migration over a period of years but really did not tell the world about that. It became very evident as I stepped into this role two years ago, that we had not been telling the market about what we were doing and why the products and solutions are differentiated. We have spent the last eighteen months exploring our strategic message and figuring out the most concise way to tell the world about what it is we bring to the marketplace.

CEOCFO: Who is using your products? When would people come to ATEK and under what circumstances?

Ms. McDaniel: We have three main product brands. They are Datakey, Larco and TankScan. Each of them serves a little bit different end users. They are all in the business to business space. They are all in the M2M space. Therefore, we are firmly entrenched in that Machine to Machine space that you hear so much about today or the Internet of Things (IoT). For Datakey, we are providing access to very secure data solutions. For instance the military or a military subcontractors use our solutions quite a bit to insure who the people are that are accessing data and also that data cannot be transferred when it should not be. Larco, on the other hand, is a pretty different product brand providing access more to safety and security solutions. Therefore, we do all kinds of door access products and mats that identify presence for safety solutions that you can activate or deactivate around machines for operator safety. TankScan is a tank monitoring device used on very remotely located assets and provides data to the web portal, up through the cloud, so that our users have access to what their tank levels are and how the tanks are acting, 24/7 as long as they can get on the internet. Those end users are typically distributors or collectors of liquids.

CEOCFO: Are companies more in tune with the need for security and the need for monitoring these days? What is the competitive landscape in people choosing TankScan as opposed to what else might be available?

Ms. McDaniel: That is a great question. First, there have been tank monitoring solutions around for a long time. That is because in many industries it is highly regulated and you have no choice but to monitor those tanks. We do not operate in that heavy industrial space. We are in the light industrial space. For instance, an example would be that every farm in the United States has a couple of tanks on site for diesel fuel and unleaded gas, using that to run all of their farm implements. Someone is filling those tanks as often as once a week, sometimes once a day when the season is really hot. Do people know that they want to measure those? In the past it just was not feasible from a cost perspective. The equipment was more expensive and what was really expensive was accessing the data. However, those costs have come down pretty dramatically. The cloud based service cost, the cellular cost; all of that has really decreased as more and more expansion has taken place. Therefore, that coupled with the fact that running milk runs of big tanker trucks has become more and more expensive, is leading to a quickly expanding market. There is inflation around gas and paying the drivers and all of those kinds of things. The return on investment now looks completely different than it did even five years ago. End users are starting to recognize that and are taking a second look at the efficiencies that they can gain by having the tanks monitored and knowing where to send their tanker trucks and when.

CEOCFO: How do you reach customers in that industry?

Ms. McDaniel: We have joined some specific trade organizations. One in particular that has really been interesting for us is called NORA, which is the National Oil Recycler Association. Those are end users that actually go and pick up used oil.

In many states if you sell new oil you also have to offer a place to deposit used oil. Someone has to go collect all of that used oil and take it and do something constructive with it. There are all kinds of companies around the United States that service those tanks. It is not very efficient to run your trucks out not knowing what the level is in those tanks and if you even need to go to that store that is thirty miles away. The service providers are finding a great deal of value in this kind of technology. We go to market with both a combination of direct sales and distributors around the United States.

CEOCFO: *Would they be buying a piece of equipment? Is it an outright sale? Is there an ongoing relationship?*

Ms. McDaniel: We want our customers to be buying an on-going service with us. We like that stickiness. It gives us more of a long term relationship with our customers and helps us build around their needs. The TankScan monitors are pieces of equipment that some customers choose to buy. Others choose to lease and we offer a number of options around that. In order to get the data there is a longer term contract that is put in place to pay for both the cloud services as well as the data services that we provide.

CEOCFO: *Would you tell us a little more about Datakey? Where would that be used and what is the advantage to a Datakey product?*

Ms. McDaniel: Just to give you a perspective on that, you asked about competitive landscape and some of the competition in that arena would even be your USB thumb drive. You and I put that into our computers, we download files on to it or maybe upload files from it and it is quick and efficient and is inexpensive. However, it has no ability to manage security. As you can imagine there are many industries where that is just not an acceptable way to move data around. What Datakey provides is a highly secure solution for moving data. It can authenticate the user as well as mechanically and electronically lock people out or lock specific keys out at a specific time. As an example, one of the places where the public saw Datakey used was back during the 9/11 crisis. Now this is a while back of course, but there were photos of the President Bush at the elementary school right after the attacks on a secure phone.



The phone was kept secure with a Crypto Ignition Key (CIK) produced by Datakey. The President or one of his staff had to put the key into that secure telephone in order to authenticate that they were authorized to use that phone.

“We are ahead of the curve and have a differentiated message for our customers, not just on the technology side, but also how we can service them so that they do not have to worry about the technology. They can focus on their core competency and we can focus on the systems and keeping them live for them.” - Sherri McDaniel

CEOCFO: *Are people becoming increasingly concerned about security? We know everyone should and we know all of the news, but nonetheless, do you see people actually paying attention or just sort of throwing their hands up?*

Ms. McDaniel: There is a degree of frustration, because security concerns are rampant today. However, as you can imagine in some situations, we cannot just throw our hands up for the security of the company and for the security of our country. The Datakey business is growing and the applications are widely varied. Right now we are working with one company out on the East Coast that is growing organs for transplant into humans. They are using the Datakey technology to transfer medical images because patient security and confidentiality is critical and very highly regulated in this country. We do a lot of work with different medical device companies because due to some of their regulations they need to insure that a device can only be used once with one patient. Those keys will lock people out from ever being able to use that device a second time. It is those kinds of applications where the security is critical and companies are looking for solutions where Datakey is applicable.

CEOCFO: *Is the medical product receiving wide use or is that something is a bit advanced for most device companies?*

Ms. McDaniel: We have been in that medical market for a while. However, I would agree with your comment that it is not rapidly wide spread. That said, we are seeing more and more of it. I think that as patient confidentiality regulations become tighter and tighter we will see more medical companies reaching out to us, looking for that kind of technology.

CEOCFO: *There is a great deal of potential for you in many, many places!*

Ms. McDaniel: We serve a wide end user customer base. Frankly, that is one of our challenges as well. However, it is also exciting and gives us, as you said, many opportunities for growth. We are pressing ahead in a number of different areas and we are getting a lot of traction, so that is exciting.

CEOCFO: *Would you tell us about the RUGGEDrive?*

Ms. McDaniel: RUGGEDrive is one of the products that I was just talking about earlier. It is like the USB drive, except that it is very rugged, so if it falls into a puddle or gets covered in sand or gets driven over by a forklift, it remains intact and fully useful. An example of a place where that is being explored today is on US military helicopters. The helicopters have firmware in them when they are deployed overseas. However, just like anything else, the firmware needs to be updated occasionally for new functionality, new features and maybe new missions. RUGGEDrive technology can be used for that application. If the device is dropped in the sand or whatever, you need that thing to still be able to work in order to deploy the firmware to the helicopters. That is one of the many rugged applications for that device.

CEOCFO: *Does the industries that you serve know the Datakey name? Are people looking for a Datakey product or is it that you have a product that will serve their purpose? Is Datakey a recognized brand?*

Ms. McDaniel: Datakey, especially in the imbedded systems community, is well known. It is also recognized by subcontractors that serve the US military and even some of the European military. We get a ton of traffic even to our website just based on people searching “secure memory” or those kinds of more generic terms. However, we come up pretty high on the search engines because of the unique kinds of technology that we offer.

CEOCFO: *What do you offer in physical security that might not be available elsewhere?*

Ms. McDaniel: Larco is primarily the product brand that is more focused around physical security. For instance, one of the products that we have is a door access system. I am sure you know of some businesses where to go in you have a four button punch code and that allows you access to the building whether it is a day care or maybe a Post Office facility. It turns out that those punch code systems are highly unsecure. They do not change the pass code for years in many cases. You can often just look at the buttons and tell which ones have been pushed over and over again and it is not very difficult to beat those systems. We offer a non-networked system that is highly secure, because the keys can be shut off at any time. They are able to electrically and mechanically validate and again, authenticate the user. Let us say that you have a post office box user that ends their contract with you; you just shut off their key. You do not have to worry about going and chasing them down. Or you own an apartment complex and you have a TV facility or pool area. Again, if you have someone that leaves or is not paying their rent, you can just shut off their key for those areas and know that they no longer have access to those high value locations.



CEOCFO: *Are there areas where you see more growth than others or that you are pushing at harder?*

Ms. McDaniel: Our biggest opportunity today is in the TankScan arena, again, just because that return on investment has flipped so dramatically in the last few years. It is really interesting how we are just getting hit after hit after hit in terms of understanding the value proposition. One of the really exciting things in that arena is that we have developed and now offer a very differentiated customer service platform called the ATEK Service Platform. Now, not only do customers get all of their tank information, the levels of the tanks, but we now offer a service where we scrape all of the health of the device and the connectivity and we get dashboards of that. Every few hours we are looking at that information and we can identify particular areas or devices that look like they might be coming up on having a problem. As an example, every one of these devices is battery powered, because they are out in remote locations. The batteries eventually will run out. It takes about two to three years depending on the application. We want to make sure that that does not surprise customers. We are watching those battery voltages on thousands of devices and this dashboard will tell us which ones are falling below a certain level, knowing that within the next three to four months they are going to need to be replaced. It automatically generates a case in our Salesforce platform, our CRM platform, and we start the conversation with the customer. We can give them a quote with just the push of a button, so they have a very proactive solution to what could have been them losing their data stream for a period of time. No one else can do that today in our market.

CEOCFO: *How do you keep up with demand?*

Ms. McDaniel: We are very much a “turn around, startup” kind of organization in some ways and we are growing our organization pretty quickly. Some days the demand can be a challenge. We have to manage that and prioritize.

CEOCFO: *How do you decide what new products to develop? What is the R&D proposition for you?*

Ms. McDaniel: We do have an innovative R&D organization and our mantra is that technology is at the center of our business. We work hard to have our product managers and our sales people work with the technology group to bring the voice of the customer back into the team. We have also created a product realization process that allows us to analyze the opportunities, understand what our customers want, get really solid product definitions in place and then be able to determine which ones of those need to happen faster and which ones can take a little bit longer.

CEOCFO: *Are there products that have surprised you, where either they got more demand or maybe less demand?*

Ms. McDaniel: As an example, one is the non-network security and entry access system that I mentioned earlier. It is interesting to watch that develop. Our original target markets turned out not to be what we thought they would be. But then there is a surprise target market that comes at us every once in a while, where we see these applications that we had no idea about. For instance, right now we have a nuclear power plant piloting usage of these devices to keep people out of hazardous areas. The employees can only have so much radiation exposure and by monitoring their keys and insuring each employee only has so many hours and so many access points into these hazardous areas, the nuclear power plants can insure with the government that they are monitoring and mitigating radiation exposure. Not in my wildest dreams would I have ever come up with that as an application or a target market, and yet it looks like it is going to be a very good one for us.

CEOCFO: *You mentioned earlier some of the challenges when you have some many opportunities and so many industries and so many products; what is the key to successfully keeping on top of everything?*

Ms. McDaniel: That ability to really listen to the voice of the customer and force the issue of having really solid product definitions, which include target market and market expectations, has to drive priorities. Oftentimes, customers will say, "I want this," but will they pay for it? Those are two different things. Also, because we are technology folks, we know what capabilities are possible that we could develop and the customers would not know about. It goes back to Henry Ford, "If I asked the customers what they wanted they would have said faster horses." We have to balance that input. We know some things that probably our customers do not, but we also have to listen to them to understand what they will really pay for and what solves a real problem for them.

CEOCFO: *What might be different a year from now at ATEK?*

Ms. McDaniel: We will land one of our biggest customers here this quarter and that is really going to change the company. We will have a whole different set of challenges to work on, but it is exciting! Overall, we are transforming our company and making a name for ourselves out in the market place. It is exciting to see that happen, and we are running fast and hard.

CEOCFO: *Why should people pay attention to ATEK Access Technologies?*



Ms. McDaniel: ATEK is a group of technology and manufacturing businesses. We have leading product brands that are right in the middle of that machine to machine space that we all hear so much about today. We have technologies that serve a wide variety of customers in a wide variety of applications. We give our customers access to efficiencies and savings. We give them access to all kinds of data in systems that they could not get to before. We give them access to improved safety and control systems. We also offer the ATEK Service Platform and no one else has that capability today. We are ahead of the curve and have a differentiated message for our customers, not just on the technology side, but also how we can service them so that they do not have to worry about the technology. They can focus on their core competency and we can focus on the systems and keeping them live for them.

BIO: As President of ATEK Access Technologies, Sherri McDaniel is passionate about developing strong leadership teams, growing their skills and inspiring them to turn strategic initiatives into results that exceed customer expectations. With a degree in Electrical Engineering, an MBA, and more than 20 years of success in the high tech process instrumentation industry, Sherri knows how to harness the power of technology and teamwork.

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