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Control maker wired for success

• A Woodbury maker of audiovisual controls considers the possibilities in the nation's millions of classrooms.

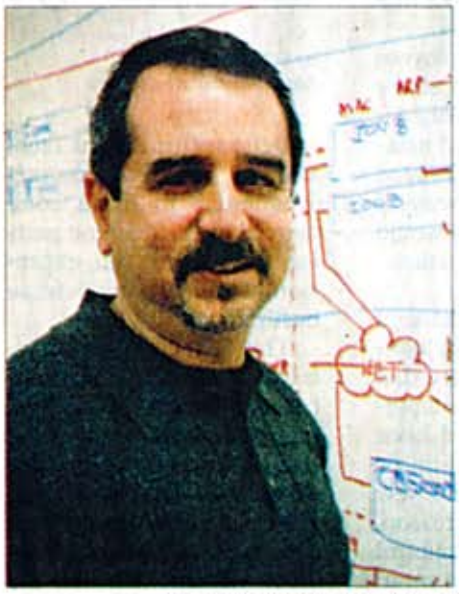
SMALL BUSINESS
DICK YOUNGBLOOD

A Woodbury company that manufactures equipment to connect and control the elements of an audiovisual network started out in 2006 with a focus on the crowded, highly competitive corporate market.

The result was an encouraging, albeit unspectacular, first-year revenue total of $500,000.

Whereupon, the company — Calypso Control Systems Inc. — shifted to a less crowded and significantly more remunerative niche: the K-12 classroom of the 21st century, where computers, video projectors, DVD players and audio amplifiers have become an integral part of the educational process.

The payoff was eye-fetching: Sales grew more than seven times to $3.6 million in 2007 and rose another 22 percent to $4.4 million in 2008. And given projects already in the pipeline, Calypso CEO David Parish is talking confidently about 2009 revenue growing by more than 40 percent despite the faltering economy.



DICK YOUNGBLOOD • Star Tribune
David Parish, CEO of Calypso Control Systems, maker of equipment to connect classroom audiovisual networks.

Youngblood continues: Many of today's projects began last year. **D5** ►

Control maker could be wired for success

◂ YOUNGBLOOD FROM D1

Which raises a key question: Given the budget pressures hammering school districts around the country, where in the name of outrageous property taxes is Calypso's continued growth coming from?

"Part of it is long-term projects started in 2008 and carrying into this year," said Parish, 48. "And school district voters are still approving these projects in most states." What happens beyond 2009 if the economy doesn't recover, however, is anybody's guess.

The initial Calypso product was an easy-to-install controller, used to connect various elements of an audiovisual system. The company soon added audio amplifiers and button-control panels, creating an affordable product line designed to make the systems simple for teachers to operate.

The controller was developed by Rick Mathewson, a veteran product-development engineer who began talking about starting a company with two high-tech colleagues, Jan Larsen and Dennys Bisogno. Given their lack of management experience, they recruited Parish as co-founder and CEO.

It was a logical choice, for reasons having to do with Parish's performance nine years ago as CEO of Visual Circuits Corp, a Fridley developer of digital video systems.

First, Visual Circuits was part of the same industry as Calypso's, which gave Parish a leg up when it came to assembling a dealer network and building a marketing strategy. Better yet, he helped push Visual Circuits' annual sales from $3.3 million in 1999 to upwards of $11 million in 2000.

Perhaps more important, Parish kept the company afloat through what he calls the "tech wreck," which slashed Visual Circuits sales by more than half. Then he sold the business in 2004 for a tidy $9 million, twice the revenue level.

There was a dose of serendipity involved in his decision to refocus Calypso's sales effort on the K-12 market in mid-2006. That's when one of his dealers unexpectedly included the Minnesota company's controllers and button controls in a school district project in Georgia involving about 7,000 classrooms.

Considering that corporate installations generally involved only a handful of locations — board rooms and training centers, for example — the assignment presented both a splendid opportunity and a daunting challenge.

"There are nearly 100,000 K-12 public schools, with 4 million classrooms, in the country," Parish said. "We're just scratching the surface of a very large, evolving market."

But the shift was not as simple as it sounds: "With a corporate project, you generally had a lot of time and a good-sized budget to work with," Parish said. "But with a school district, you not only have multiple locations, but tighter budgets and shorter deadlines."

The deadline issue helped trigger another key marketing step: After two years of selling its products separately, Calypso began in mid-2008 offering its control, audio, interface and connectivity products as a single package with a crucial design factor: It further simplified the expensive, time-consuming installation process, which Parish said too often turned the chore into "a science project."

The package concept, dubbed the "ezROOM multimedia classroom system," had a significant impact even as the economy tanked: The system has been installed in more than 1,200 classrooms since midyear and Parish expects to more than double that number in 2009.

The upshot: Given orders in hand and on the table, Parish expects sales this year to reach $6.2 million — a 41 percent increase.

Dick Youngblood • 612-673-4439

CALYPSO CONTROL SYSTEMS INC.

Business: Manufactures the controllers that connect and the equipment that drives the video projectors, DVD players and audio amplifiers that are becoming integral parts of today's classrooms.
Founded: 2005
Headquarters: Woodbury
Website: www.calypsocontrol.com
Executives: CEO David Parish; Rick Mathewson, products vice president; Jan Larsen, engineering vice president, and Dennys Bisogno, operations vice president. All are co-founders.
Employees: 25
2008 revenue: $4.4 million; orders on hand and in negotiation indicate a 2009 gross of $6.2 million, according to Parish.

« WE'RE JUST SCRATCHING THE SURFACE; WE'RE IN THE EARLY STAGES OF A VERY LARGE, EVOLVING MARKET. »

Parish on the potential of the K-12 market for audiovisual products