

Tech Dominates List of Top Firms

By Mark R. Madler

The technology industry represented the highest number of companies on this year's Fastest Growing Private Companies list.

From Glendale to Camarillo these companies provide information technology services, Internet service, web and server hosting, consulting and staffing.

None of the companies, however, made it into the top ten of the business journal's annual list. Cal Net Technology Group ranked the highest at No. 13 with 36.9 percent growth from \$4.5 million in 2005 to \$6.2 million in 2006. Through June 30, the technology consulting firm had nearly \$4 million in revenues.



The answer to why tech companies have done well lies in the fact that even in tough economic times business invests in technology because it creates efficiencies that reduce costs and help margins, said Arnie Friedman, president of CPI Solutions, a network and software consulting firm in Camarillo.

"They may cut workers but they will always invest in the infrastructure to secure data and streamline their business," Friedman said.

CPI landed in the No. 36 position with nearly 11 percent growth of \$12.3 million in 2005 to \$13.7 million in 2006. CPI was No. 3 on the previous year's list with revenue growth of 86 percent between 2004 and 2005.



The 2006 list included nine technology related companies with the equal number appearing in 2007. Four companies made both lists.

The Valley region historically has had a strong technology base, going back to the days as a hotbed of aerospace manufacturing. The entertainment, gaming and biotech industries in Southern California now play a substantial role in keeping tech at the forefront.

The Information sector, which includes Internet service providers and web portals, is forecast for 4 percent growth this year, according to a study from the San Fernando Valley Economic Research Center at California State University, Northridge.

The CSUN study has the professional and business sectors, which includes computer systems design and consulting services, growing at 1.4 percent as a result of fewer temporary workers being hired but then expected to increase to 2.5 percent in 2008.

"It almost feels like a mini boom of sorts," said Benjamin Kuo, of the website SoCalTech.com.

Good business model

After the tech bubble burst in 2000, those tech companies remaining lost funding but by sticking out lean times they were able to find a good business model.

It is those companies tending to show up on fast growing companies lists, Kuo said.

Technical support and consulting firms are taking advantage of the shift to outsourcing as companies find it easier and cheaper to have servers off location and maintained by a contract staff.

Those outsourced services led to growth for SADA Systems, No. 15 on the list with revenue growth of 35 percent; and Faye, Pollack & Associates Inc. in Encino at No. 24 on the list with 2 percent growth from 2005 to 2006.

Company co-founder David Faye described the firm as a one-stop shop for services ranging from network support to backup monitoring.

The advantage of outsourcing IT functions lets a company concentrate on its core business rather than worrying about toner, Faye said.

"We are reaping the benefits of that," Faye said.

The rest of the list

While technology represented the single largest industry on the list, the remaining companies gave proof of the diversity of the economy of the San Fernando, Conejo and Santa Clarita valleys.

This year's list includes 27 companies that did not make it onto last year's.

Two landscaping companies made the list – the giant ValleyCrest Companies in Calabasas at No. 33 with nearly 13 percent revenue growth; and Stay Green Inc. in Santa Clarita at No. 38 with 10.2 percent growth.

Valley car dealers were represented by Bob Smith BMW/Mini at No. 42 with 9.6 percent growth from 172,700 in 2005 to 189,400 in 2006.

From the hospitality industry came three companies: Newhall Coffee in Valencia at No. 26; Tarzana caterer and event manager Someone's in the Kitchen at No. 37; and Maria's Italian Kitchen in Van Nuys at No. 47.

There was one clothier, Art Lewin & Co. Custom Clothier at No. 41, one moving company, NorthStar Moving Corp. at No. 12, and a travel agency, Altour/Classic Cruise & Travel at No. 46.

Five of the businesses making the list are women-owned or operated with A-1 Textiles & Hospitality Products ranking the highest at No. 29 with 17.3 percent growth from \$11.2 million in 2005 to \$13.2 million in 2006.

Real estate companies and builders were scattered throughout the list, from the No. 3 spot of The Siegel Group, a commercial real estate business developer; the No. 4 spot of Tower General Contractors; and the No. 20 spot of Behr Building, a residential contractor in La Canada.

Falling from the top five in 2006 to the bottom five this year was California Home Builders, landing at No. 49 with revenue growth of 3.3 percent.

Two other real estate firms in the 2006 list, shopping center developer and manager NewMarl Merrill Cos. and homebuilder and developer Larwin Group, also failed to make the 2007 list.

The woes in the construction market even affected Exaktime, which had placed No. 11 on the 2006 list with 54 percent revenue growth but failed to make this year's list.

The Calabasas-based company makes time-keeping systems for the construction industry.

With the lean times, Exaktime shifted the focus of its marketing efforts and emphasizes how it JobClock guards against payroll loss and let an employer know how much they might be losing said CEO Tony Pappas.

"When that market is down you need to be competitive," Pappas said.