

Counting People Adds Up for SenSource

5-year-old company moves to larger quarters in Austintown.

By Cynthia Vinarsky

When retail giant Abercrombie & Fitch Co. wants a count of how many shoppers are in any or all of its 954 stores across North America, a technology company in the Mahoning Valley has the numbers in an instant.

SenSource, moving this month from Salt Springs Road, Youngstown, to 3890 Oakwood Ave., Austintown, recently sealed a \$2.8 million agreement to supply people-counting technology for all of Columbus-based Abercrombie's clothing stores in the United States, Canada and London.

The contract with Abercrombie & Fitch is the biggest sale yet for SenSource, says its president, Joseph Varacalli, and will help the start-up triple its sales this year compared to last; revenue was up 30% in 2006.

SenSource's high-tech thermal-imaging cameras and receivers are in place at the thresholds of about half of Abercrombie's stores and the business owners expect to equip the rest of its stores by year-end.

The 5-year-old company also has a contract to add the technology at each of the 100 to 150 new stores the retail chain opens each year under its Abercrombie & Fitch, Hollister, Abercrombie Kids



The company founded in 2003 by Joseph A. Varacalli, left, and Kevin Stefko makes counting devices for numerous applications.

and Ruehl brands.

Heat-sensitive devices are the most expensive and the most accurate at counting the number of customers as they enter a store, Varacalli relates, and the retailer can use that information to plan

staffing and study buying patterns. SenSource has also designed a software program, the owners say, that gives Abercrombie officials the ability, without leaving their headquarters in Columbus, to check

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customer counts "in nearly real time" at any store, or any group of stores, in their chain.

Besides giving its sales a major boost, SenSource Vice President Kevin Stefko says, the Abercrombie affiliation is increasing his company's credibility as a major player in the emerging industry of counting people quickly. American Express Travel Centers, Brown Shoe Company, Famous Footwear and Hush Puppies are other names on its customer list.

But counting customers for retail stores is just one of several applications that entrepreneurs Varacalli and Stefko have developed for their electronic sensors and related software. They say the diversity of their products and the wide range of prices their company offers is helping them to win business away from larger competitors with more experience.

Founded in August 2002 with a staff of two, SenSource today has 10 full- and part-time employees. Its new 9,500-square-foot corporate office, a former foam manufacturing plant built as a skating rink, is more than four times the size of its original home.

The owners bought the building with financing from Sky Bank. So far they've increased their business without government grants or tax breaks. "We're too busy for all that paperwork," Stefko says.

Varacalli and Stefko, both Valley natives and graduates of Youngstown State University, are related through marriage - Varacalli's wife, Diane, is Stefko's cousin. They worked in separate departments at a local electronics company before losing their jobs in 2002. "We had offers for positions outside the area,"

Stefko recalls. "But we wanted to control our own destiny instead of working for somebody else. We wanted to stay where our family and friends are."

The partners pooled their resources, scraped together \$4,500 in start-up cash, signed up for some credit cards "and started getting in the hole," he jokes. Stefko sold his condominium and moved in with his parents to save money; Varacalli and his family relied on his wife's income as a nurse.

"We'd both been in business. We knew what it took. We went without paychecks for the first couple years," Varacalli relates. "I give my wife a lot of credit for keeping our household going."

Stefko's father gave the company free use of a two-story house he owned on Salt Springs Road. "That helped a lot, because the No. 1 killer of start-up companies is overhead," he says.

The partners named the business SenSource and specialized in industrial sensors at first. Varacalli has an engineering background, Stefko a degree in business and accounting, so they combined their skills to create and market customized sensor systems for companies that operate robotics, automated equipment and assembly lines.

Their first request for a people-counting device came a year later, from a library in Sarasota, Fla. Other requests from libraries followed by the hundreds. SenSource has equipped some 500 libraries across the United States with threshold counting systems, including 30 in Dayton and a few for the Public Library of Youngstown and Mahoning County.

Library workers unwittingly provided the com-

pany with an effective and free marketing campaign, the owners say, by chatting online about SenSource's patron-counting systems.

SenSource started getting calls from tavern owners and casinos after a nightclub fire in Rhode Island killed 100 people in 2003. The incident prompted fire marshals across the country to step up enforcement of occupancy limits, so the bar owners were looking for people counters to help them track the number of customers coming and going.

The company later added vehicle counting systems used to track entries at parking decks, shopping centers, car washes, casinos and hotel valet services. Such data can be used to sell retail space, to provide customers with direction to open parking spaces and to prevent theft, Varacalli says.

"We take one product, adapt it and offer it in another market sector," he relates, describing the gradual diversification that he sees as a major factor in the growth of SenSource.

Most libraries have ordered simple people-counting systems priced as low as \$139 per entrance, for example, while Abercrombie & Fitch chose the more complex and highly accurate heat sensitive system priced at around \$2,800 per installation. "And there are many options in between," Stefko says.

Systems that count vehicles also vary in complexity, from a simple pressure hose stretched across a driveway entrance to a magnetic field system that senses the mass of each vehicle as it passes through. Prices per installation range from \$335 to as high as \$3,000.