



One gadget at a time

TechTeriors goes slow in creating high-tech homes

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Photo by: Photo: Scott Paulus

A positive impression: Doing things right at the beginning solidified their reputation.

TechTeriors L.L.C. got off to a slow start on purpose when it was launched in 2001, but is ready to hit its stride.

John DeToro, one of TechTerior's three co-owners, said his company limited the number of projects it took on initially to ensure they were done correctly and on time for clients. The idea was to build a positive reputation for the Mequon firm that provides home-automation technology capable of controlling everything from lighting to entertainment systems.

The strategy appears to have paid off as TechTeriors expects revenue of \$3 million in 2005, up from \$1.8 million in 2004. The company's first full-year revenue in 2002 was \$378,000.

In February, the business added 5,000 square feet of office space to its existing 6,000 square feet. About 3,500 square feet of the new space is being built as showrooms for customers to see and hear a variety of televisions and sound systems. The remaining space will be used for warehousing.

Since December 2004, the company has grown from 14 employees to 26 and expects to be at 30 employees by the end of 2005.

"We wanted to get things right and then ramp up," DeToro said.

TechTeriors specializes in building the technical infrastructure and connecting related components for home entertainment, security, communications, lighting, heating, cooling and even sprinkler systems.

Projects can be as simple as installing a home entertainment system operated by a remote control. They also can be complex enough that lighting, heating, cooling, security and entertainment systems in a 23-room house can be operated by one control device and programmed to function automatically.

The company now faces a challenge of educating potential customers and business partners, such as builders and architects, about trends related to home-automation systems. It's part of the reason the business is adding a showroom.

"People don't always have an understanding of what we do and all the things that are available on the market," said Mike Phillips, a co-owner.

Expansive homes

Most of the homes TechTeriors works in are no less than 3,000 square feet and are primarily located in southeast Wisconsin and northern Illinois. The company also has a few business clients.

The cost for an automation system installed by TechTeriors can range from \$5,000 to \$500,000 depending on the scale of the project.

DeToro, whose grandfather started DeToro Construction Concrete Masonry in Milwaukee in 1920, launched the business with Frank Porcaro, a former software engineer at Compuware Corp., using an undisclosed amount of personal funding. The company's growth has been financed with cash flow.

DeToro said he was looking to buy a business when his father-in-law, Eric Butlein, was building a new home and installing some automation technologies.

The technology intrigued DeToro enough to consider launching his own business. Butlein, who worked at Compuware, then introduced DeToro to Porcaro and the two started TechTeriors. Phillips, who has a background in sales and marketing, joined the company shortly afterward.

TechTeriors has grown its client base mostly through word-of-mouth. Two sales people have been added in the past year to develop relationships with builders, architects and designers to expand the company's client base.

Steven Clavette, president of Trustway Homes Inc., a single-family home builder in Pewaukee, said he sees a market for home automation systems, but believes they are cost-prohibitive except for the very affluent.

"It's not for the faint of heart," Clavette said in reference to the costs.

Evolving technology

Phillips maintains that as technology evolves, in-home automation systems will become more affordable and widespread.

"The business was founded because of the opportunity. Homes are only going to get smarter," DeToro said, referring to the use of advanced technology inside homes.

Michael Sadoff, a principal at Sadoff Investment Management L.L.C., Milwaukee, hired TechTeriors to install a home theater inside his existing Mequon home that features a 92-inch projection screen with a surround-sound speaker system.

Sadoff said that he knows several people with similar setups or who are planning to install similar technology.

Many electronic components available on the market today require professional help to install, Sadoff said. Simply inserting a plug into a wall socket doesn't work in many cases.

"How do you install a 92-inch projection TV with surround-sound speakers?" Sadoff said.

TechTeriors' competition comes primarily from retail outlets specializing in electronic components that are offering installation of automation services.

Flanner's Audio & Video Inc., a Brookfield retail store specializing in home electronic components, has been providing home-automation systems for about four years and has seen a steady growth, said Chad Burow, custom division manager.

Burow said TechTeriors is Flanner's primary competitor in the local home-automation market. The primary difference between the two is that TechTeriors is not a retailer like Flanner's where home-automation sales account for less than 10 percent of Flanner's overall business, Burow said.

Even so, when Flanner's completes a move to a new Brookfield location on Blue Mound Road in October, the store will have a special showcase for home-control and automation systems.

"We're seeing more interest in these systems," Burow said.

Phillips said TechTeriors is different from retail competitors because the company has expertise in software engineering and has the ability to integrate different systems and even create custom software products when needed.

"We're able to take on very complex projects," he said.