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## Innovative firm blazing new trails in technology

Company 'good at solving riddles'

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The Hamilton Spectator  
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The next time you marvel at the clarity of high-definition TV, pause a little to think of Burlington's Evertz Technologies.

You've likely never heard the name, but they have played a big role in developing the equipment for the HD revolution.

"We're a company that's good at solving riddles," said chief financial officer Anthony Gridley.

"We're problem solvers. That's our strength in the industry; turning ideas into solutions."

Evertz designs and builds signal processors, controllers, switchers, routers, converters, encoders, fibre optic transmitters and a myriad of other complex and powerful equipment needed by broadcasters, studios, film producers and satellite and cable companies.

They are instrumental in providing the technology to bundle TV, Internet, land lines and cell service into one package and so-called Internet protocol television that sends signals through telephone lines.

The entire Rogers SportsNet facility was retooled by Evertz. When ESPN broadcast its first digital transmission, it was on Evertz equipment.

"Name a network. We've got something everywhere and in some cases, it's the entire facility," said Gridley.

Evertz equipment is found in newly upgraded studios for the Oprah, Ellen DeGeneres and David Letterman shows. It was used in Star Wars films and Titanic.

Evertz makes everything from the master control panels that allow broadcasters to switch from programming to advertising to the channel branding systems that insert logos and text crawls.

One of Evertz's flagship products is a multi-image video processor, that allows broadcasters to build large monitor walls to manage up to 120 signals at once.

"Our goal is to provide the equipment for every point in the process, from beginning to end," said Gridley.

What is remarkable is that virtually everything they produce (their catalogue is more than 500 pages) has been designed, engineered and manufactured in-house. They have not bought up technology or grown through acquisition.

"We have some of the brightest R&D personnel in Canada, if not the world," said Gridley. "We are unique in the industry. There are three or four competitors in the world and we're the only one not to have done it through acquisitions."

They also don't outsource. It gives them ultimate control over quality and delivery timelines.

The company went public in 2006 (with two principals retaining two-thirds control).

The move wasn't aimed at raising cash, says Gridley. Instead, going public was more about credibility.

"The larger corporate entities are more enthusiastic about dealing with us as a public company. It's allowed us to put out there how big we are and what we've accomplished."

The pace of advancement in technology is brisk. Five years ago, routing systems had 16 inputs and 16 output channels. Now, it's 576 by 576. Tiny fibre optic cables can compress vast amounts of data into a strand that once would have required bundles of cables.

Much of the company's growth prior to 2005 was in converting from analog to digital transmission. More is to come. The deadline in Canada is Aug. 31, 2011. In the United States, the deadline comes this June. Digital transmission takes up less airwave space, while offering more channels and better quality.

Building on that, there's a huge market for HD conversion. Many individual stations and entire networks have yet to convert. The Food Network, for example, has an HD licence, but has yet to make the upgrade.

A BMO technology analyst has calculated that about 24 per cent of 700 newscasts in the U.S. are done in HD.

Evertz engineers are now trying to figure out how to get to the next step of high-definition on television, the so-called Blu-Ray quality.

"Who knows what the next technology will be? Our customers will tell us. That's what makes it exciting," said Gridley.

It's also top secret.

"The projects we're working on no one in the world has even thought of and we're halfway through them."

The company pumped almost \$20 million a year into research and development last year and credits its innovations and development of new technology for driving its sales growth.

It's also landed them plenty of awards, including an Emmy last year for engineering and the Premier's Catalyst Award as the province's best innovator for 2008.

The firm has been named one of Canada's 50 fastest growing technology companies and one of the country's 50 best managed companies. The company had sales of \$272 million in fiscal 2008, up from just a little more than \$200 million in 2007 and \$141 million in 2006. Sales have more than quadrupled in just five years.

Profits are very strong. Evertz achieved net earnings of \$87 million in 2008 and close to \$56 million in the first two quarters of fiscal 2009.

Along with soaring numbers comes a hiring binge. Evertz had about 300 employees at the end of 2005. Today, that number approaches 920 and will likely break the 1,000 mark by the end of 2009.

The majority of staff work in several Burlington locations, but there are manufacturing facilities in the GTA and sales and service offices spread around the world.

About two-thirds of the company's business is done in North America but Evertz is targeting growth abroad.

Evertz will spend the global economic downturn building its talent pool and pumping up its R&D funding, Gridley said.

"Some companies are spending as much on R&D as a percentage of revenue but we've just been more successful. What we've generated in terms of R&D spent is up there with (BlackBerry maker) RIM as a ratio. We've seen a remarkable payoff."

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