

2005 Frost & Sullivan Award for Growth Strategy Leadership Award Recipient - NovaTech, LLC

Frost & Sullivan is pleased to present the 2005 Growth Strategy Award to NovaTech, LLC., for the introduction of a SCADA solution that has successfully penetrated the medium and small utility sector. This is no small feat. SCADA systems have historically been available only to large and medium-sized utilities. Because of their high cost, electric cooperatives and small munis have not had a large enough budget to accommodate a capital expenditure of this size. Additionally, smaller utilities have believed that, due to the small size of their operation, they do not need the technology; there is less "cost" arising from an outage in a rural electric system than from an urban system.

While SCADA system costs have, on average, declined in recent years, not all vendors have achieved success targeting this untapped market. But through its NovaView Plus and related products and services, NovaTech has experienced growth in 2004 well above the industry average of 5.4 percent, largely driven by greenfield projects in the small utility sector, in contrast to the incremental upgrades in the mature large utility market. The NovaView Plus has achieved a convincing combination of system cost, system power, ease-of-use, and functionality.

An Approach Based on Total Open Standards

Minimizing its cost is the use of open development tools. The system is PC-based. The host operating system is Windows 2000. A Microsoft Access or SQL Server functions as the database. The graphics software is Visual Basic 6.0. Little additional engineering and programming is needed to create the SCADA system. Simpler and lower cost upgrades are assured for the future as well with the use of DNP3, the most widely adopted communications protocol for SCADA and substation environments among utilities.

Most electric equipment vendors use DNP3 as well, such that interoperability and therefore integration and migration paths are simpler to carry out. When Microsoft issues its next operating system, the NovaView Plus' code is transferred more easily. NovaTech was also among the earlier users of Ethernet. The company uses both wire-based and wireless Ethernet, enabling wireless communications between control rooms and substations some 25 miles apart. Terminal services are another standard tool used by NovaView Plus that enhances ease of use cost-effectively, as it eliminates the need to install software on all users' PCs. They have the same access to the SCADA programs through the modern Windows tool.

The result is a solution that has tipped the balance in favor of its adoption by small utilities. Price is in reach and the system is simple to use. Small grid operators would prefer not to send a worker to the field to check on distribution line condition, and

cooperatives and small munis are recently also being subject to the same pressure to maintain high reliability levels as are the large munis and investor-owned utilities. In the mature North American SCADA market, high annual growth is difficult for vendors to achieve. The market is largely considered saturated on the basis that large utilities have SCADAs and the assumption that small systems are not a viable market. But a few companies, most notably NovaTech, have demonstrated that the small utility represents significant revenue opportunity. As a result of NovaTech's growth strategy in the utility sector, more smaller utilities are now benefiting from SCADA technology. On this basis, Frost & Sullivan is pleased to present NovaTech, LLC, with the 2005 Growth Strategy Award.

Award Description

The Frost & Sullivan Award for Growth Strategy Leadership is presented each year to the company that has demonstrated an exceptional growth strategy within the industry.

Research Methodology

A recipient is chosen to receive the Frost & Sullivan Award for Growth Strategy Leadership based on specific criteria. Through primary and secondary research methods, all companies' market revenues are tracked and those exhibiting significant growth are noted for their strategy implementation. Revenues are then compared year to year to monitor growth patterns. When a company continues to show high growth rates, it is a candidate for the Frost & Sullivan Award Growth Strategy Leadership.

Measurement Criteria

This Award is given to the company that has bolstered their position in the market during the base year and whose strategy will have a lasting impact on the market. The Award criteria is based on the following:

- Ability to grow in a saturated or maturing market
- Implementing a unique sales strategy
- Technological innovation and leadership
- Discovering new venues for an established product
- Effective Internet strategy
- Strategic mergers, acquisitions, or joint ventures to penetrate new markets
- Reorganization structured around growth strategy