



K.TEK PLANS DOT-COM INCUBATOR

By Bill Holland, dbusiness.com
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PALM HARBOR, Fla., Jan. 26 (dbusiness.com) -- Kim During had 1996's killer idea. "I began breaking into the Internet in 1996. I didn't know what the hell I was doing. I had a 1-inch-thick business plan." In that plan was the "Next Big Thing."

An auction site on the Internet.

"I came up with the idea of valuenet.com. World-wide bidding, auction, I didn't know the terms then," she said.

She shopped it around to VCs like Alex Heard at St. James Capital while "busting my butt to make payroll" at her new company, K.tek Systems. Heard and every other VC who heard the idea said it was too disorganized and unfocused, according to During. Turned her down.

The next year a guy who was trying to help his girlfriend's Pez collection started this little deal called eBay.com.

"When the VCs turned me down in 1996," During said later, "I never forgave them."

She's never taken any of their money either, not since she started K.tek with some family money after leaving her job as an assistant controller for a power company.

"I wanted to be a technology consultant in order to justify the cost of a T-1 line in the bedroom," During said.

In four years During has grown K.tek from herself and her office manager to 17 employees and a customer list of 450 clients. K.tek Systems, in During's words, "is a little Arthur Anderson," that specializes in taking a customer's current systems to the Internet.

K.tek's first big breakout client was insurance company AIG, American International Group. K.tek is still building software for a live agent interactive application. K.tek acts as a small ASP, but farms out seriously heavy data storage tasks to Intermedia's subsidiary Digex, taking a commission along the way.

Most of K.tek's clients have \$5 million to \$30 million in sales, with 25 to 100 employees although some - like AIG and supermarket chain Publix - fall well outside that category. K.tek's preferred method of operation includes questionnaires before work begins, looking at the existing intranet and examining network security issues.

"We evaluate the business," During explained, "and apply Internet technology where it fits."

K.tek also built the Energy Broker Network, an online market where southern power companies like the Tennessee Valley Authority, Duke Power and Florida Power & Light swap excess electricity.

Her experience four years ago at the hand of the venture capital community hasn't been forgotten. The Next Big Thing on this former Orange Park (outside Jacksonville) debutante's mind: the dot-com incubator.

"I can make this happen," she said. "I'm going to start an incubator in Tampa Bay for revenue-

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generating dot-coms."

In the meantime, During says she fields offers weekly to buy K.tek, although she's not planning on selling. "PSINet, Hydrogen Media," she name drops her suitors.

Being a woman in the heavily-white-male New Economy has been an issue, During admits. "It's even more than that. Often it has a lot do to with being questioned whether I could pull off the business plan, questions I don't think they would have had for a man," she said.

On the other hand, the mother of three has some multi-tasking skills. "I had my 10-month-old on the way to a meeting. I was pregnant and due and had a sales presentation."

COMPANY: K.tek Systems Inc.

INDUSTRY: Internet and intranet development

PRODUCT/SERVICE: Web development, hosting and consulting

YEAR FOUNDED: 1995

MANAGEMENT: Kimberly During, founder and president: The CPA and entrepreneur who co-founded the Technology Team before starting K.tek. Previously the assistant controller at a small power company; Steve Williams, integration services manager: Brought onboard this year from CompUSA's business technology unit to handle K.tek's rapid growth.

INVESTORS: Started with \$15,000 from During's family. Generated its own capital since. Could go public in 2001 or at \$3 million in revenues.

EMPLOYEES: 17 and hiring. During has become adept at hiring mid-career changers, workers who want to break into the New Economy.

REVENUE: \$750,000 in 1998, \$1 million in 1999, projecting \$3 million for 2000.

STRATEGIC PARTNERS: MicroSoft, 3Com, Intermedia, Digex, WatchGuard, Checkpoint, Picazo

CUSTOMERS: Home Shopping Network Direct, AIG, Energy Broker Network and Publix are among 450 customers in last three years.

COMPETITORS: Digital Chainsaw, Hydrogen Media, Progressive Business Solutions

STRATEGY: Continue expanding integration of customer legacy systems with the Internet, while starting a dot-com incubator in Clearwater.

WHAT KEEPS THEM AWAKE AT NIGHT: During: "Quality and integrity. Integrity in terms of taking care of the business we have. That's my word on the line."

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