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Entrepreneur brings technology to self-storage

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A local entrepreneur is trying to do for the self-storage industry what the automatic teller machine has done for banking.

But Robert Chiti is trying to take his company to the next level while — surprise, surprise — struggling to find access to early stage capital in Arizona.

Chiti's company, OpenTech Alliance, has developed the Insomniac, an ATM-like machine for use outside the gate of a self-storage facility. It allows customers to rent space and manage their units.

The machine, which costs \$15,000 plus a monthly fee of about \$300 to cover upgrades and maintenance, also allows customers to take a virtual tour of the facility, and purchase insurance and locks for their units. An automated voice walks them through the process on a touch screen computer.

After swiping a credit card, scanning a fingerprint and having the machine take an I.D. picture, a lease is printed and the customer is on his or her way.

The machines are just starting to pop up at storage locations around the Valley and could potentially change how mini-storage facilities — there are about 650 in Arizona — operate. The machines allow facilities to have people on the premises for less time than they would normally have to be.

The first unit in the Valley is installed at a Storage Solutions in Goodyear. Ray McRae, vice president of Storage Solutions, envisions substantial savings at the Goodyear facility with the addition of the Insomniac.

McRae said the facility has an attendant on duty from 7 a.m. to 7 p.m. now but will eventually cut those hours back to 11 a.m. to 7 p.m. The hours that customers have access to their units will remain from 7 to 7 each day.

"At that location it can save us \$28,000 annually in payroll costs," he said. "The \$15,000 is a fair price when you consider the payroll cost."

The cost savings are a primary marketing strategy for Chiti. He has taken the product to the streets by partnering with the storage industry's various software providers. OpenTech Alliance's Insomniac can be adapted to any software a facility already is

ARIZONA'S MINI STORAGE PROFILE

Facilities*
Maricopa County: 383
Tucson: 98
Rural: 150
Total: 631 (112 built since 1999)

Square footage (estimated)
Maricopa County and Tucson: 26.5 million
Rural: 6 million
Total: 32.5 million

Revenue (estimated)
Monthly in Arizona: \$24 million
Annual in Arizona: \$292 million
Average monthly renter cost per square foot: 75 cents

* Facilities are defined as those with at least 10,000 rentable square feet
Source: Arizona Mini Storage Association



JIM POULIN/THE BUSINESS JOURNAL

The OpenTech Alliance "Insomniac" product acts as an ATM-like machine for the mini-storage industry. Shown at left is the machine's touch-screen display, where renters can secure a unit, buy a lock and have their lease printed out.



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using, Chiti said.

"By having alliance agreements with software companies, we bring them into the fold," he said. "A lot of their customers are already looking for self-service solutions."

Chiti formed the company about a year ago after purchasing the patent from a local inventor. While the inventor has an equity stake in the company, he's not involved in running it.

Since that time, Chiti said his company of eight has focused on getting involved with local and national trade associations and pushing the technology at industry shows and events. He's also met with some big national names in the industry.

"We spoke with Public Storage recently, and they are interested in trying it at a few of their sites," he said. "If it works out, they would likely need several hundred."

Chiti said his company also has presented its technology to Phoenix-based U-Haul International Inc. and will continue discussions with them.

"They are very innovative, and it could be a good fit because they are local," he said.

The high-tech movement in the industry seems to be just beginning.

"Automation is the wave of the future in this industry because of escalating land and labor costs," McRae of Storage Solutions said. "If you are out of room at your prop-

erty, you can open smaller satellite storage sites and put kiosks there."

McRae said his company soon will install Insomniacs at two more locations while plans are under way for two more after that.

While he seeks customers, Chiti also focuses a large amount of time trying to secure about \$500,000 in angel funding to grow the business further. So far, he's had no luck locally.

"We've been fairly disappointed that there's not much interest here," he said. "We're not sure what the problem is, but we're not committed to having headquarters here. This will be a national company, and we'd love to see the business community get behind companies like ours."

Whether Chiti finds funding here or not, Arizona — and more specifically Maricopa County — seems like the perfect place for a business serving the self-storage industry.

Bill Alter, vice president of the Arizona Mini Storage Association and a commercial real estate broker with Phoenix-based Rein & Grosseohme, has focused on the self-storage industry since 1986 and has tracked the local industry's growth.

"This is very much a growth industry in Arizona," he said. "About 110 facilities have been built since 1999. There are close to 400 in Maricopa County now and about 630 in the state."

Alter said Americans average between four and five square feet of storage space per person, but the number is slightly higher in Arizona.

"Arizona probably has a bit more than average because so few people have basements, and it is a somewhat transient population," he said. "The industry has also had a foothold here for some time and has gained great acceptance."

Chiti is hoping that sort of acceptance gets applied to his new technology.

"Self storage is very big in Arizona."

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