

## Arrowsight Reinforces Hygiene, from Meatpacking to Fast Food

By Jane Applegate - Jul 25, 2011

Mike Siemens, Cargill's head of animal welfare husbandry, encourages the 19,000 employees working double shifts in the company's 10 North American beef processing plants to compete against each other. But instead of rewarding workers for the fastest production, Siemens gives pizza parties and gift certificates to those who properly sterilize their butchering knives and treat cattle humanely.

Cargill, the second-largest beef producer in the U.S.'s \$174 billion, so-called protein processing industry, is one of the biggest clients for [Arrowsight](#), a 50-employee Mt. Kisco, N.Y., company. Arrowsight sells remote video-monitoring and -auditing systems to keep an eye on workers in meatpacking plants, health-care facilities, and fast food restaurants -- industries in which hygiene and [food safety](#) are critical. "It's the next tool in the tool box," says Cargill's Siemens, who first installed Arrowsight systems in 2008. "Everyone is taking more pride in their work. Plus, now we can compare employees across the board, not just in one plant."

Food safety is an increasingly important concern for consumers and businesses. Every year inspectors stationed at meat processing plants by the U.S. Dept. of Agriculture's Food Safety and Inspection Service prompt the recall of millions of pounds of beef, pork, and other protein products. Despite the recalls and regulations, the U.S. Centers for Disease Control estimates that about 48 million Americans get sick annually, with 128,000 hospitalized and 3,000 killed by food-borne illnesses.

Now that [Germany's](#) May outbreak of E. coli has been traced to tainted bean sprouts that sickened 2,800 people and killed 26, Chief Executive Office Adam Aronson says, demand for Arrowsight's systems and services is increasing. First quarter 2011 revenue rose more than 100 percent over the first quarter of 2010, according to Aronson, who says Arrowsight had close to \$3 million in revenue in 2010. He expects revenue to

exceed \$3 million in 2011, noting that the company has raised \$65 million from private- equity firms.

## NO DIRECT COMPETITORS

Joseph Sarachek, managing partner of Triax Capital Advisors, a Manhattan firm that brokers deals and turns around midsize companies in the meat and poultry industry, says he's not aware of any company that competes directly with Arrowsight. In addition to setting up video systems, Arrowsight staffers monitor clients' facilities 24 hours a day, says founder Aronson. He says a small restaurant might pay \$400 a month for Arrowsight's services while a large protein processing plant could pay about \$25,000 a month. The company has installed about 250 systems to date.

Dr. Temple Grandin, a professor at [Colorado State University](#) who helped develop the protocol and animal-handling scoring system used by Arrowsight, says cameras have been installed in meat processing plants since the 1980s. She notes that having an outside firm monitor employees makes sense. "When the back is turned, people don't always do the right thing," says Grandin, who is widely credited with encouraging protein processors to treat animals more humanely prior to slaughter. "When no one is looking, there is high use of electric prods and low use of the knife sterilizer."

Aronson, a former currency trader and hedge fund manager, didn't plan to join the meat industry. He left [Wall Street](#) in 1997 to start a company called Parent Watch, which provided online video-monitoring services for parents who wanted to observe their kids remotely in day care centers. Fueled with millions in [venture capital](#) during the dot-com boom, Aronson says Parent Watch grew to 140 employees before faltering in 2000. Aronson downsized the company to 20 employees, keeping mostly software engineers.

## FINDING THE BULL'S EYE

From 2002 to 2007, Aronson and his team grappled with how to exploit the remote video-auditing systems. While engineers and software

developers perfected and patented the technology, he hired a team of consultants to help him figure out which industries to pitch. After studying 30 industries, they determined that protein processing was ideal because it was huge and relied on manual labor to process an extremely perishable, high-risk product. The industry is also risk-adverse and understandably concerned about public health and safety, notes Aronson.

Dr. Michael Doyle, director of the Center for Food Safety at the [University of Georgia](#), says he sees the potential for remote video auditing to someday replace USDA's 8,000 inspectors. "This [technology] could eliminate inspectors and possibly get better results," says Doyle. He says that because USDA inspectors are in contact with every carcass, they may transmit bacteria from animal to animal. For his part, Aronson -- who testified before Congress as an industry expert about the importance of monitoring hygiene in protein processing plants after the nation's largest beef recall in 2008 -- doesn't expect cameras in plants to replace inspectors.

Beyond hospitals and quick-service restaurants, Aronson is searching for another big industry sector to tackle. Aronson says helping to combat so-called agro-terrorism is next on his list. "Now we are helping food manufacturers secure their highest risk storage areas ... anywhere where a small amount of contamination could create a dangerous situation."

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