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Special Report

Life after 9/11: New industry emerged after terror attacks

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The way many companies did business changed in an instant on Sept. 11, 2001.

The terrorist attacks ushered in an era of fear and uncertainty for government and businesses. Contingency planning for emergencies and disasters took center stage. Spending on security skyrocketed, and for some Nashville-area companies, that meant opportunities.

The attacks sent shock waves throughout the nation's business world, crippling the airline and tourism industries — even Las Vegas casinos, once thought to be immune to downturns, took a hit. But some industries emerged and others bolstered, as America entered a new age of heightened preparedness and security.

Digital Reasoning was a year-old technology startup with two employees before the attacks. Soon after, it became a key part of the United States' global counter-terrorism initiative. The company's information-sifting software landed a five-year, \$7 million contract from the U.S. Army National Ground Intelligence Center and helped the Franklin-based company grow to more than 30 employees.

"It was just a product or idea; what 9/11 did was give it a reason to exist," said **Tim Estes**, founder and chief executive officer of Digital Reasoning.

At the time, the weakness of U.S. intelligence agencies wasn't a lack of data, the 9/11 commission later noted. Rather it was the inability to "connect the dots" of cross-departmental intelligence data.

That's where Digital Reasoning comes in. Its software is able to analyze massive amounts of data and find links that previously could only be discovered if someone were to actually read through it all.

While demand in the intelligence sector shows no signs of slowing down, the company has begun going after new markets.

"Eventually every hedge fund in the world will want analytic capabilities that are the most advanced to make decisions for obvious reasons," Estes said. "In the next year and a half, we expect there will be a lot of people investing in capabilities to understand data on the Web, data inside their enterprises for gain or for risk mitigation."

For health care facilities, the terrorist attacks gave rise to a flurry of new mandates and regulations surrounding disaster preparedness.

"We needed to be better prepared," said **Chris Riddle**, who was an emergency management director for a Nashville hospital in 2001.

Seeing a niche, Riddle founded ReadyPoint Systems, formerly DisastersNet, a tech company that helps hospitals train for and manage emergencies using the federal Incident Command System. Nearly 120 health care facilities in 23 states have ditched the old three-ring binder method for ReadyPoint's digital approach, accessible through mobile devices. The fast-growing company is on track to bring in nearly \$3 million in revenue for 2011.

"I realized using the binders was a really inefficient way of doing it. Hospitals seemed to be having a real difficult time getting their arms around it," Riddle said. "... Typically in a hospital you have one person responsible for emergency management. If you've got a hospital the size of Baptist, which is roughly 600 beds, that means you've got 150 department managers you have to coordinate in response to a particular event."

One month after the attack, security consultant **Jeffery Bilyeu** launched the **Bilyeu Group**, which specializes in corporate executive security and training in the United States and abroad. The Nashville-based company provides protection for leaders of Fortune 500 companies as well as entertainers.

"Once 9/11 happened, business boomed. Everyone was getting security," Bilyeu said.

But over time, that has slowly dissipated.

"A lot of companies are not doing anything different now than what they were doing before (9/11)," Bilyeu said. "Some people forget very quickly what happened."

In fact, one-third of U.S. companies say they are well prepared for a potential threat or

disaster, according to a new poll by the Society for Human Resource Management.

"Although the percentage of organizations that feel prepared increased in 2011, still only 33 percent of organizations today feel they are prepared 'to a great or very great extent' and 42 percent 'to a moderate extent,' " the survey found.

Another lasting legacy of 9/11 has been the rise in background checks. Even first responders to the 9/11 terror attacks were required to be checked against the FBI's terror watch list before becoming eligible for health benefits.

"The event had a major impact on both our business and our overall industry," said **Jenifer DeLoach**, vice president and general manager of **Kroll Inc.**'s background screening division in Nashville.

"Our business since 9/11 has tripled," DeLoach said. "We continue to do (more than) 1 million screens a year here in Nashville."

Since 2001, Kroll's staffing levels in Nashville have grown from less than 150 to 230.

Prior to 9/11, background screens for new hires were common with large employers. But in the post 9/11 environment, midsize and small businesses have begun taking precautionary measures and checking job applicants.

Companies also started screening suppliers and others who had access to company data, their personal and customers.

It's a mind set that is here to stay, DeLoach said.

"From a national standpoint around 9/11, everyone's memories are long," she said. "It really was a shift in national consciousness. ... Everyone understands in this new world that we live in 10 years later it's a necessary part of business. It's a process that's a very accepted part of getting a new job."

Nevin Batiwalla covers commercial real estate, construction, residential real estate, manufacturing and retail.