

The SECURITY Advisor

a magazine published by Security ProAdvisors for the Security Industry

PRESIDENT'S CORNER

Hello and welcome to the second issue of *The Security Advisor* e-magazine. We at **Security ProAdvisors** continue to plan on publishing this mix of news about the latest deals and Q-and-A's with industry experts twice a year going forward.



The deal-making during the latter half of 2019 did not slow down from the breakneck pace of earlier in the year. Not that it's a contest, but **Allied Universal** was almost certainly the most active player in the M & A market, making nine acquisitions in 2019 that brought in approximately \$1 billion in sales.

During the second half of the year, first and foremost, Allied acquired **SOS Security**. The company also has made four other purchases: **Midstate Security**, **APG Security**, **Advent Systems**, and **Vinson Guard Services**. Finally, Allied's existing shareholders have a new investor, **CDPQ**, that's now owner of the company's largest stake.

ADT was active during the second half of 2019 as well, acquiring **I-View Now** and **Alliant Integrators** while selling **ADT Security Services Canada** to **Telus Corporation**. Elsewhere, **Securitas**, **GardaWorld**, **Prosegur**, **Telefonica**, **J2**, **Convergint** and **American Defense Systems** were all involved in significant deals, which we detail in this issue.

Finally, we feature the second in a series of Q-and-A exchanges with leaders in the security industry. Our conversation with **Tom Belfiore of WMC Health** covers comparisons and contrasts in security strategies across different economic sectors, challenges and tools for managing both physical and cybersecurity, as well as best practices for training of personnel and building a company-wide culture that promotes the utmost in security.

In 2020, I expect continued acquisitions in this space with many different buyers, as well as increasing interest in manned guarding, system integration, and other aspects of the security field from private equity companies. I also have seen new companies start up from former security professionals who have been downsized in the name of consolidation. I look forward to your feedback on these issues and otherwise continuing the conversation as the new decade unfolds.

Keith Oringer
Founder and President
Security ProAdvisors



THE SECURITY ADVISOR

Published twice a year, The Security Advisor is a magazine dedicated to news in the security industry throughout the world. The Security Advisor is published by Security ProAdvisors, providing advisory, consulting, and brokerage services to the security industry - guarding, system integration, and electronic security. Security ProAdvisors represents sellers in security transactions.

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HEADLINES



Allied Universal Acquires SOS, CDPQ Becomes New Investor, Acquires 5 Firms Overall



Allied Universal has been on the move in multiple directions, expanding overseas with the purchase of *SOS Security* (*AS Solutions*, a global executive protection firm); increasing its footprint in the northeast by acquiring *APG Security* and in the southeast by acquiring *Vinson Guard Services*; and expanding both its Technology Services division and Midwest footprint with the twin acquisitions of *Advent Systems* and *Midstate Security*. In addition, Allied's existing shareholders brought in a new investor, *CDPQ*, that now owns the largest stake in the company.

The acquisition of the globally oriented *SOS Security* creates a company with a combined force of more than 230,000 security professionals who will be able to combine best practices in areas like risk management, investigations, personal protection, crowd management, event staffing, and threat, disaster and emergency response.

The companies also note they will be able to combine *SOS Security*'s international reach and intelligence analysis capabilities with Allied Universal's advanced, integrated and comprehensive technology solutions.

The 50-year-old *SOS* has offices in five countries and 15,000 employees who have executed more than 2,000 assignments in 100 countries during the past year through its subsidiary, *AS Solution*. The more than 60-year-old Allied has more than 215,000 employees and revenues of more than \$8.0 billion, with offices throughout the U.S. as well as Canada, Mexico and the United Kingdom.

Separately, Allied's existing shareholders and Wendel finished selling a majority stake in the company to *Caisse de depot et placement du Quebec (CDPQ)* as well as an affiliate of the J. Safra Group and a new investment group headed by Warburg Pincus.

Wendel sold more than three-quarters (79%) of its investment in Allied Universal as part of the transaction for \$721 million, leaving Wendel with roughly a 6% ownership

interest, based on a net investment valuation of approximately \$920 million.

Allied's purchase of *APG Security*, a New Jersey-based company, bolsters the company's manned guarding and investigative services, including trained uniformed security officers, residential and commercial security, and special event services in the New Jersey and Rhode Island markets.

The Allied acquisition of 25-year-old *Advent Systems*, which is based in Elmhurst, Illinois, and has offices in Chicago and Little Rock, Arkansas, as well as satellite operations in Texas, brings revenues of more than \$42 million and 125 employees.

Advent serves as a low-voltage integrator of audio/visual systems, structured cabling, access control and IP video, helping to protect corporate property and assets by designing, installing and servicing integrated electronic security systems.

The acquisition of New Orleans-based *Vinson Guard Services* added another \$24 million in revenue, 750 employees and services across six states: Alabama, Georgia, Louisiana, Mississippi, Tennessee and Texas.

The purchase of *Midstate Security* brings more than \$20 million in revenue and 89 employees, who design, install, service and maintain security systems as well as a wide variety of remote services from its home base in Wyoming, Michigan.

The 40-year-old company serves customers in Michigan and throughout the Midwest with fully integrated electronic security and monitoring systems. These acquisitions also continue to expand the platform of technology services Allied Universal is able to provide, building on the purchase of *Securadyne Systems* in the first half of 2019.

The Technology Services division of Allied Universal offers electronic access control, alarm monitoring, fire/life safety, emergency communications, video surveillance, and hosted/managed services, as well as myriad global security operating center (GSOC-as-a-Service) offerings.

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ADT Acquires I-View Now, Deals Canadian Wing to Telus Corporation



In three separate deals, *ADT* has purchased *I-View Now* and *Alliant Integrators Inc.*, and dealt its Canadian operations and assets to *Telus Corporation*.

The acquisition of *I-View Now*, a video alarm verification service, should help lower the rate of false alarms and speed response from emergency services when paired with ADT's core monitoring prowess. Dispatchers for 911 services and other public safety answering points will be able to leverage technology to determine when a true emergency exists by combining video, location, sound, sensor, user, activity data and predictive analytics.

This all-encompassing dashboard will enable first responders, ADT and its customers to protect lives and property by making decisions more quickly and accurately. When customers cannot confirm an emergency themselves, they can choose to provide video feeds and other additional available data to ADT, so they can make sure first responders have correct information.

Currently in a pilot program in select markets, the pairing of ADT and *I-View Now*'s technology will become available to all ADT customers by the end of the year. Also as part of the deal, Larry Folsom, president of *I-View Now*, will remain in his role, reporting to Donald Young, chief information officer and executive vice president of field operations at ADT.

ADT also has acquired Louisville, Kentucky-based *Alliant Integrators*, broadening its geographic footprint and bolstering its ability to provide services to both mid-market as well as larger national commercial customers. The 14-year-old company provides such services as commercial fire alarm detection, installation, inspection and maintenance in Kentucky and southern Indiana.

Separately, ADT agreed to sell ADT Security Services Canada and all of its operations and assets, for about \$700 million (Canadian) to *Telus Corporation* in a deal scheduled to consummate by year's end. ADT has operated a Canadian division since 2014, when it purchased *Reliance Protection* for \$555 million (Canadian), which had 400,000 residential and commercial customers.



But Jim DeVries, president and CEO, told *Security Sales & Integration* that the Canadian operations, which generated \$229 million in fiscal year 2018, were more capital intensive; and he said the sale will enable ADT to focus on high-margin opportunities in the U.S. that involve more efficient investments of time and other resources.

A Canadian telecommunications company, *Telus* purchased *AlarmForce* accounts from a competitor in January 2018 to enter the electronic security industry, and it subsequently launched two security offerings, *Telus SmartHome Security* and *Telus Secure Business*, which respectively serve residential and commercial customers in western Canada.



Securitas Purchases Spanish Electronic Security Company



Securitas has purchased the Spanish electronic security firm *Techno Security*, which offers the full spate of integrated security services, such as installation, maintenance, remote guarding, access control, electronic alarm surveillance, and fire protection.

Techno Security has about 520 employees and a significant presence throughout Spain and Portugal, with major operations centers in Madrid and Barcelona. *Securitas* provides both traditional guarding and a variety of other services like electronic security, fire and safety, corporate risk management, and on-site, mobile and remote guarding.

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Q&A with Tom Belfiore, WMC Health

Tom Belfiore, Chief Security Officer at WMC Health Network, has previously worked as the Director of Security Operations for Major League Baseball, Chief Security Officer at Related Properties, Westchester County Police Commissioner/Sheriff and Chief Security Officer at the New York/New Jersey Port Authority and retired as a Deputy Chief Commanding Officer, First Deputy Commissioner's Office NYPD. He talked with Security Advisor about the challenges and opportunities facing security directors in 2020.

Security Advisor: What are some of the unique physical security challenges facing a health care organization like WMC, compared to a port/airport operation?

Tom Belfiore: What's similar is that healthcare is a welcoming environment. You want to bring people in, and you want them to not think about security. At the same time, you have to make sure you have an effective security program in place. What's different? I was almost naïve in not realizing how much workplace violence there is. OSHA and other national data collection entities will show you that in healthcare it's four times more likely than other workplace sectors combined. It's a place where people are wound up. The ability to de-escalate is an important skill to have.

SA: What are the key challenges and tools for managing physical security where you have both highly restricted areas, and areas with tremendous levels of public access?

TB: In the hospital, there are real vulnerabilities. You have Schedule 1 narcotics in pharmacies and med rooms. You have areas where there's the use of nuclear materials in medical treatment, and the waste products are desirable for somebody who wants to do harm. You have operating rooms and critical care units where, if there's a major event, and you need to evacuate, you might not be able to. You need layers of technology in the areas that are more sensitive. And then hardening: If the adversary is successful getting to the asset, can the asset withstand the attack? Or at least, minimize the harm and get back to business?



SA: What advice do you have for CSOs in working with their organizations to add new security tools and technology?

TB: Take your time, even though you might be feeling rushed. You have to understand what the product is, what it can do, how it does it, and the strengths and weaknesses. I like to test it myself. We looked at some weapons detection technology. I walked through it a couple of times, and it missed my ankle holster. It wasn't ready yet. It's important to understand what reports technology can produce. The key to being successful is measuring what you do. And of course, find out the annual cost for licensing. Some places get you in the door, cheap.

SA: When implementing or upgrading physical security technology, do you prefer to work with a security system integrator or do the work in-house?

TB: It's truly a mixed-bag. We have worked with an integrator who's terrific - very attentive to our concerns and needs, and they spent so much time with us. They had broad knowledge and access to multiple layers of technology. At the end of the day, though, I have a bias toward having it in house. Of course, they're more under your control. They understand the users best; in this case, nurses and clinicians.

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Q&A with Tom Belfiore, WMC Health *continued*

SA: *Given the increasing pace of technology convergence, how do you approach collaboration between physical and IT security in a hospital setting?*

TB: It's an onslaught in the area of technology. We're drinking out of a firehose. It's about trying to manage in digestable bites what you want to accomplish, and keeping the IT guys on your side. They get blamed for everything. The IT guys have a lot on their plate. We depend on each other to be successful.

SA: *What are your concerns about your organization's use of Internet-connected devices?*

TB: One of the great vulnerabilities that you worry about is patient health information, in terms of identity theft and other use. The world today is all on endpoint devices - cellphones, tablets - that's how people are doing business. Being able to have confidence that those mobile devices are secure, is a huge concern. The risk of photographing patient information and sending it out there is considerable. Our IT people have cybersecurity responsibility. They do a good job at it. There's health-care-centric certification that we just achieved, and we're proud of it.

SA: *How do you keep up-to-date on changes in physical and cyber security technology?*

TB: I try to read and see what's new. I try to talk to people. One of the good things about coming through the NYPD and then being in these different jobs, I made an awful lot of contacts with good, smart people. Networking is really important. I listen to vendors. I take their calls. Some of these men and women out there have tremendous solutions, if you give them a couple minutes.

SA: *What are the most effective approaches to security/safety training and awareness for a health care firm with 12,000 employees spread across 10 locations?*

TB: It's not particular to healthcare, but I'm striving for consistency. That will raise the level of effectiveness. I'm also trying to achieve consistency on the technology side. Some areas are advanced, while others are not. CCTV, access control and alarms are going to be a worthwhile effort. Training is truly a challenge. We are asking security directors to take the lead with active assailant training and work with law enforcement to do drills and exercises. A lot of times people go through their training that they have to do, like they have to do it - as opposed to leveraging and understanding the value.

SA: *Has the task of promoting a company-wide security culture gotten easier or more difficult for CSOs? Do you see any contrasts across industry verticals?*

TB: In the transportation sector, everybody understands it's one of the top targeted sectors. People don't like the security, but they accept it. Where the risks are not so evident, it becomes more challenging. In this environment, you want to think about the patients and nothing else. You tell every security person, "We are in the patient care business." You're always battling complacency. It's human nature, but it makes it difficult, without frightening people, to keep situational awareness keen. Once you move out of the law enforcement world, the main business is providing healthcare, or filling the baseball stadium. Security is there to support it.

SA: *Given your extensive background in both law enforcement and corporate security, can you share some lessons learned from coordinating between the two?*

TB: It's super-important to coordinate with law enforcement. They have obviously tremendous resources. By cultivating that relationship and building the trust, the more the law enforcement people understand your operation and your people, the greater support you're going to have. I worked for a real estate company with a complex building, a mixed-use place with high-end retail and commercial office space, and luxury condominiums in two towers. We started to bring in the fire department and police emergency services, just to walk through the place. That paid so many dividends.

SA: *What last advice would you have for security professionals?*

TB: Taking a layered approach for security is really key - understanding all the layers out there, and integrating them. The other thing that's really important is learning the value of your in-house security team; taking the time to respect what they know and listen to what they know will pay dividends regardless of the sector. I have been exposed to guys who did marketing and branding, and I learned about what they did. You want to understand what you do well and make it the Wheaties of security. Count what you do, and use metrics as part of your marketing and branding, to demonstrate your value, sometimes in dollars and cents. We're always a cost center. We're not generating revenue. It's important to understand your organization's core business, and what the C-suite and board members care about. Once you understand that, you can make your security efforts more meaningful. Finally, customer service is always very, very important, and people are expected to have these tremendous customer service skills.

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HEADLINES GARDAWORLD

BC Partners Becomes Investor in GardaWorld; Garda Acquires Drum Cussac



GardaWorld has a new partial owner after funds advised by *BC Partners*, along with founder, chairman and CEO Stephan Cretier, bought Rhone Group's equity interest in GardaWorld Security Corporation. After the transaction, a \$5.2 billion recapitalization, BC Partners will have a 51% common equity interest in the company, while Cretier and other members of the management staff will hold 49%.

Separately, in November GardaWorld acquired *Drum Cussac*, a global consultancy that provides travel risk management. Based in the United Kingdom, Drum Cussac specializes in providing high-tech, intelligence-enabled risk, security and crisis management solutions for businesses.

Headquartered in Montreal, GardaWorld serves an array of private companies, governments, multinational corporations, and non-governmental organizations with more than 92,000 employees across North America, Africa, Asia and the Middle East. Garda World provides myriad physical and specialized security solutions along with end-to-end cash management.

Prosegur, Telefonica Reach Deal on Spanish Alarm Business



Telefonica has purchased a 50% stake in *Prosegur's* alarm business in Spain, valued at approximately 300 million Euros, or about \$332 million U.S. at current exchange rates. Both entities see their new alliance as a catalyst for jump starting the residential and business security alarm business in the country, leveraging their respective complementary strengths.

Telefonica, a telecommunications company in 14 countries across Europe and Latin America, brings technology leadership, innovative new applications, high distribution capacity and resources, and commercial reach. Prosegur, which has more than 170,000 employees and reported sales of about \$4.4 billion in 2018, has many of the same attributes along with extensive security experience.



J2 Acquisition Limited Acquires APi Group, Changes Name to APi Group Corporation



J2 Acquisition Limited, a publicly listed acquisition company, has purchased *APi Group, Inc.*, a provider of commercial life safety solutions and industrial specialty services, for approximately \$2.9 billion.

With a diverse and prominent customer base and around 15,000 employees, APi operates more than 40 national and regional businesses in more than 200 locations, the overwhelming majority of which are in the United States, with about \$4 billion in revenue expected through the end of 2019.

The acquisition builds on J2's decades of strategy focused on organic growth and strategic acquisitions in particular markets and industries. With the acquisition, J2 has changed its name to APi Group Corporation going forward.



Convergent Adds to Safety Solutions

Convergent Solutions bolstered its capabilities in fire alarm, life safety and security solutions with the purchase of Virginia-based *Life Safety Solutions Integrators*.

The acquisition of the 42-year-old company, Convergent's 26th in just the past four years, raises the total tally of Convergent Technology Centers to 116.

The purchase also adds 125 personnel who have served customers in vertical markets like education, healthcare and municipal, providing an array of turnkey services such as sales, design, installation and service.



American Defense Systems Acquires Direct Protect

To expand its national footprint and customer base, Dallas-based *American Defense Systems* has acquired *Direct Protect Security and Surveillance*, based in Costa Mesa, California.

Licensed to do business in more than 35 states, American Defense Systems for the past decade has offered full-service security and smart home solutions to residents and businesses. The veteran-owned company provides applications for residential, small business, commercial, fire monitoring, video, access control and multi-family via Brinks Home Security's monitoring station.

SECURITY PROADVISOR'S 2019 TRANSACTIONS

May 2019

Security ProAdvisors represented Dallas-based Point 2 Point Global Security, Inc. in their acquisition by Allied Universal. Founded in 2002 by Stephanie L. Point, Point 2 Point protects major corporations, high profile executives and government entities from physical and reputational risk. Point 2 Point had sales approaching \$55 million.

June 25, 2019

Security ProAdvisors represented Cambridge Security Services with operations in 6 states. SPA represented them in the divestment of their northeast operation of 600 officers and \$27 million in sales. Cambridge remains headquartered in Florida and the acquiring company was SOS Security.

July 1, 2019

Security ProAdvisors represented a well-established 40-year-old company in the western part of the U.S. with 350 officers. The acquirer was an International company headquartered in North America.

July 31, 2019

SOS Security Acquires Delaware-based Global Protection Management LLC. Global Protection Management with approximately \$15 million in sales, was represented by Security ProAdvisors in the transaction.

December 6, 2019

Security ProAdvisors represented Pacific Protection Sevices, Inc. based in the western part of the U.S. with revenue approaching 30 million. The acquirer was GardaWorld - headquartered in Montreal, Canada.

December 30, 2019

Security ProAdvisors represented InterTech Group, Inc. with manufacturing & corporate work in the Midwest. The acquirer was PalAmerican Security, Inc., headquartered in St. Petersburg, Florida with offices throughout North America.



About Security ProAdvisors

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