

The SECURITY Advisor

a magazine published by Security ProAdvisors for the Security Industry

PRESIDENT'S CORNER

Hello and welcome to the inaugural issue of *The Security Advisor*, an e-magazine, that we at Security ProAdvisors will be publishing twice a year, going forward, to keep you updated on the latest deals, cutting-edge strategies and tactics in the world of security.



The deal-making during the first seven months of 2019 has been very active. *Allied Universal* tops the list with four purchases: *Point 2 Point Global Security, Inc.* (whom we represented), *Shetler Security Services*, *Cypress Private Security*, and *Securadyne Systems*. During the same time frame, CDPQ purchased a 40% stake in *Allied* - although Warburg Pincus, Wendel and the company's management team will remain as majority owners of the newly robust firm.

Other deals that we detail in this first issue include: *GardaWorld* acquiring *Whelan*, deciding against a purchase of *G4S*, and recapitalizing with BC Partners as majority owner after the firm bought out *Rhone Group*; *ADT* buying *LifeShield* while its division *Red Hawk/ADT Commercial* bought assets of *Security Corporation*; *Convergint* purchasing both *MTS* and *SS&M*; *Securitas* buying *Global Elite Group*; and acquiring certain assets of *MSM Security Services*; *SOS Security* purchasing *Global Protection Management*; and *Vector* purchasing *ADS*.

The final set of deals we cover reflects the budding state of the legalized recreational marijuana sector, with Illinois recently having become the 11th State to take that step. Recent deals in that space include *Helix TCS* buying *Tan's International Security, 710 Security LTD* purchasing *Leif Alert*, and *3 Sixty Risk Solutions Ltd.* acquiring fellow Canadian firm *INKAS Security Services Ltd.*

Last but definitely not least, this first issue kicks off what I hope and expect will be a regular series of Q-and-A exchanges with leaders in the security industry. Here we feature *Craig Schwab*, the Director and Co-head of Security for the global investment management firm *BlackRock*, and a man for whom I have the utmost personal and professional respect. Craig shares his thoughts on physical and digital security, company culture and employee training, the evolution of executive protection, and more.

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 and electronic security. Security ProAdvisors represents sellers in security transactions.

www.SecurityProAdvisors



The SECURITY Advisor

HEADLINES



Allied Universal Makes Four Acquisitions in Seven Months

Allied Universal made a quartet of acquisitions in the first seven months of 2019, purchasing Phoenix-based *Shetler Security Services* in July, San Francisco-based *Cypress Private Security* in June, Dallas-based *Point 2 Point Global Security, Inc.*, in May, and Dallas-based *Securadyne Systems* in April.



Terms of the Shetler deal were not disclosed. The company, with revenues of more than \$22 million and more than 525 employees, has provided armed, unarmed and patrol security services primarily for financial clients in eight mostly Western states. Mike Shetler, the President and Owner, is joining Allied Universal as a consultant.

The terms of the deal with Cypress, which has more than \$40 million in revenues and more than 1,300 employees, were not disclosed. With offices in seven western cities, five of them in California, Cypress since 1996 has provided the full gamut of security services. Their offerings include armed and unarmed uniformed officers, mobile patrols, loss prevention programs, and emergency security consulting.

Point 2 Point, which was represented by Security ProAdvisors in the deal, protects major corporations, high-profile executives, and government agencies from risks both physical and reputational. With more than \$50 million in revenue, the company provides asset and executive protection and disaster relief, with a combination of uniformed security personnel, a network of active and off-duty police officers, a 24-hour command center, and investigative, consultative services.

The purchase of Securadyne Systems, a security integrator, will provide Allied Universal with an integration platform to roll out technology-enabled security solutions around the globe. With more than 300 employees based in more than 17 locations across the U.S., and revenues of more than \$73 million, Securadyne offers integrated solutions including consulting, design, engineering and installation.

GARDAWORLD

GardaWorld Acquires Whelan, Recapitalizes with BC, Takes Pass on G4S



GardaWorld bolstered its capabilities in April by acquiring *Whelan Security*, a U.S. based, family-owned, third-generation company that offers private security services across a wide variety of industries and vertical markets. Under the WESS brand, Whelan - with \$212.8 million in revenue (per *Security Letter*) and 6,000 employees - also provides uniformed security and staffing services for major events, as well as emergency response services.

In July, a group led by Stephan Cretier, GardaWorld's Founder, Chairman and CEO, along with international private investment firm BC Partners, purchased Rhone Group's equity interest in the company. After the \$5.2 billion recapitalization, BC Partners has a 51% common equity interest in the company, while Cretier and other members of management have 49%.

A privately owned security company with headquarters in Montreal, Canada, GardaWorld also considered but in May decided against making an offer for the British company *G4S*, a merger that would have created a global security behemoth with revenues of more than \$11 billion and added 570,000 staff to Garda World's workforce.

G4S, which experienced an initial drop in shares of as much as 8 percent after the announcement, said that it's still trying to sell its cash solutions business, which amounts to the collection, handling and transportation of money in armored vans. The company said that other suitors had come calling since GardaWorld had first expressed a possible interest.

Founded in 1995 and headquartered in Montreal, GardaWorld is one of the largest privately owned security services companies in the world, serving private companies, government agencies, multinational corporations and nonprofit agencies. The company's more than 92,000 employees provide an array of physical and specialized security solutions, along with end-to-end cash management.

The SECURITY Advisor

HEADLINES



CDPQ Buys 40% of Allied Universal

The Canadian firm of Caisse de dépôt et placement du Québec (CDPQ) has agreed



to buy a 40% stake in *Allied Universal*, making CDPQ the company's largest single shareholder. But Allied will continue to be majority owned by Warburg Pincus, Wendel, and the company's management team, whose representatives will still hold a majority on the board of directors.

When the transaction completes in the third quarter of this year, Allied Universal will have an enterprise value of \$7 billion, and CDPQ has agreed to give up to \$400 million in primary capital to support the company's ongoing growth strategy and give it the ability to continue its pipeline of potential merger and acquisition opportunities.

Allied Universal offers both the full slate of manned guarding security services and such technology solutions as systems integration and remote monitoring.



Convergent Acquires MTS, SS&M

Convergent Technologies, a global systems integrator based in Illinois that designs, installs and services electronic security, fire alarm and life safety systems, has purchased both the Irish service-based systems integrator *MTS Security* and the North Carolina-based military and commercial security solutions provider *Security Solutions & Management (SS&M)*.

The January acquisition of MTS Security brings Convergent the Dublin-based company's 87 employees and its relationships with global customers throughout Europe in markets like technology, retail, pharmaceutical and industrial.

Securitas Purchases Global Elite Group

Securitas Transport Aviation Services USA has purchased the aviation-industry-focused *Global Elite Group* for about \$22 million. The January transaction brings into the fold a growing company, based in Garden City, New York, with approximate sales of \$32 million in 2018, 1,050 staff, and more than 60 commercial airlines and general aviation clients.

The purchase of a company specializing in high-level security services to airlines, airport and other aviation-related is the latest plan in Securitas' strategy to spend in the industry. The company sees the purchase as complementing its existing aviation division/subsidiary, with a combined network, footprint, licenses and knowledge base that will expand Securitas' value to customers both existing and newly brought into the fold.

In addition to security services for the commercial market like airlines, airports and airport-related customers like cargo companies - which has an estimated market volume of \$1.3 billion to \$1.8 billion across 450 airports - Securitas also contracts with the federal government with passenger and baggage screening on behalf of the Transportation Security Administration.



Convergent has been expanding to meet the needs of its continuously growing customer base that needs sophisticated service worldwide and enterprise-wide. The company has now bought five European firms since 2015.

The purchase of SS&M brings expertise in physical security information management systems that bring together an array of features including video surveillance, access control, building management, identity management and information technology security. The deal, consummated in March, further bolsters Convergent's expansion in the Carolina, where it services the government, healthcare and retail security sectors.

The SECURITY Advisor

Q&A with Craig Schwab, BlackRock

We interviewed *Craig Schwab*, Director and Co-head of Corporate Security at *BlackRock*, to get his viewpoints on the opportunities and challenges facing corporate security leaders. This is an edited transcript of what he had to say.

Security Advisor: *What are some of the unique physical security challenges facing a global investment management firm?*

Craig Schwab: BlackRock has grown tremendously, both organically and through acquisitions and mergers. We have to be able to scale rapidly when we are introduced to a new part of the world. We need to assess risk and put plans in place to protect employees and assets, to support the firm wherever our activity takes us. We are tasked not to be caught flat-footed, but to understand what could be facing us and to mitigate risks. There's very low tolerance in the security industry today to not anticipate risks. We have a very robust intelligence program that is always horizon-looking.

SA: *What advice do you have for CSOs looking to add new security tools and technology?*

CS: You can't do it from behind your desk. You have to be walking the halls of the roadshows, constantly talking to vendor partners, and asking them about new and innovative technologies. You have to be kicking the tires, and testing and demoing them. And it's not just what you saw yesterday, but also about putting your thoughts together with 10 other people. There's a multiplier effect with peer networking groups, where we get together and talk about the newest technologies. Ultimately, companies need to be strategic in where they invest, and set up pilots to see if the technology fits the culture of your organization.

SA: *How do you maximize collaboration between physical and IT security?*

CS: We have focused on this quite a bit over the last few years. Our physical and information security groups are aligned. They address and investigate risks as a consolidated team, along with our financial crime group. It's all about coming at it with a team approach, and not as independent silos. We are looking at it from different perspectives but reviewing notes and getting on the same page when we discuss incidents. And ultimately, resolving those as one team.

BLACKROCK



SA: *How does promoting a company-wide security culture solidify your security?*

CS: Culture absolutely needs to be promoted and modeled at the top. Senior leaders need to embody the firm's principles. Once it permeates across the organization, that's going to be a competitive advantage. But it can't be one person doing it. It's a collective effort from the person at the top to the person who was hired yesterday. If 10 people embody the principles and 10 people don't, you won't have a very strong culture.

SA: *What are the most effective approaches to security training and awareness, especially for a global company?*

CS: Training needs to be comprehensive. It needs to be robust. It can't be narrowly focused. It needs to cover multiple security risks. And it needs to be ongoing. Companies make a fatal error in training one time. You have to keep driving it home for the behaviors to be learned, and understood, and ultimately exhibited. Training needs to be accessible and flexible. Our workforce is remote. They're not all sitting in an office. The training needs to meet their needs. It needs to be interactive and engaging. We use a lot of videos. We tell stories. We draw out what we want them to learn. I have a firm belief that shorter is better. We keep it to the point, we keep it engaging, and ultimately our employees learn from it.

continued on next page...



The SECURITY Advisor

Q&A with Craig Schwab, BlackRock *continued*

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

CS: It's a joint effort. You're going to need a security integrator with an understanding of the technology. They're going to be maintaining and servicing it. That said, they absolutely need to be led closely by the in-house corporate security teams. It's critical to have the right documentation in place. The scope of work and timelines need to be clear and concise. The documentation needs to be understood by everyone.

SA: How has your approach to executive protection changed in the last 10 years?

CS: The whole philosophy has changed. This used to be considered a bodyguard position. Today most of the work has to be done in advance. This is as much an intelligence role as a protection role. That means making sure all of the executive movements are known and vetted, and you have backup options ready. The teams need to practice the routes in advance. You need to ensure there are smooth transitions from the moment they arrive in town, to the moment they depart.

SA: How do you approach coordinating security operations with a law enforcement agency?

CS: My strong advice would be to have a relationship prior to an incident happening. The last thing you want to do is be introducing yourself when you're calling about an incident. The relationships need to be collaborative. It's not a competition. Some believe we need to keep things close to the vest. I couldn't disagree with that more. Companies need to be candid about their concerns. Invite law enforcement to the building, get to know them, introduce them to other stakeholders, and talk through how you would respond jointly if there were an issue. That is our approach, which has proven successful.



About Craig

Craig M. Schwab, MBA, MA, CPP

Craig is Director, Global Head of Physical Security Operations at Blackrock, the largest investment management firm in the world. Under the umbrella of Global Enterprise Security (GES), he is responsible for the protection of personnel, assets, infrastructure, and information. Craig leads a team of Regional Security Managers responsible for executing the global corporate security program including security guard operations, travel security, command center operations, risk assessments/surveys, and security systems. Craig's team manages global security initiatives, develops corporate security strategy/implementation and sets operational security standards for the firm.

Previously, Craig was Vice President, Corporate Security Operations Lead for Deutsche Bank, Americas Region. He was responsible for manned-guarding operations, managing the Regional Operations Center (ROC), developing & implementing security policies and procedures, conducting risk assessments & security surveys, and overseeing workplace violence/active shooter planning, training, and investigations.

Prior to Deutsche Bank, Craig worked for AlliedBarton Security Services, the largest American-owned provider of high-quality security services and programs. During his 10 years with the firm, he held several operational & business development positions within the New York City market. Craig is a 2003 recipient of AlliedBarton's Account Manager of the Year Award, a 2007 recipient of District Manager of the Year Award, and a 2009 & 2010 recipient of Business Development's Platinum Award for Excellence.

Craig has been an Adjunct Professor at The Long Island Business Institute since 2010 in their Security Management Department. He teaches multiple classes within the security field covering both the public and private sectors.

The SECURITY Advisor

HEADLINES

ADT Purchases LifeShield, While Red Hawk/ADT Commercial Division Buys Security Corporation



ADT has acquired wireless security company LifeShield, a do-it-yourself provider of home security, giving ADT the ability to reach the approximately 80 percent of U.S. households that do not enjoy professionally installed and monitored home security systems.

The \$25 million purchase, consummated in February, means ADT can add LifeShield’s technology to its security automation solutions and expertise, at a time when professional installation companies are facing stiffer competition from DIY providers.

The deal adds to ADT’s capabilities after the company recently strengthened its cybersecurity and commercial divisions. LifeShield, where CEO John Owens will continue in his current role, had spent the previous year bolstering its lineup of offerings with new home automation products and capabilities.

In the meantime, Red Hawk Fire & Security/ADT Commercial, a division within ADT, in June announced the asset purchase of Detroit-based commercial security integrator Security Corporation, which has offices in Novi, Michigan, and Columbus, Ohio.

A family-owned company founded in 1974, Security Corporation has provided security-related products and services throughout the Midwest to a mix of businesses, financial institutions, academic centers and government agencies. The deal will further extend ADT’s capabilities and geographic footprint.



Vector Acquires ADS

Pittsburgh-based Vector Security has acquired Nashville-based ADS Security, establishing a broader, deeper presence in the U.S. — particularly in the south-east — and creating a joint company with close to \$20 million in recurring monthly revenue and nearly 400,000 subscribers.

ADS Security will retain its brand identity as it becomes the fourth business unit within Vector Security’s overall company portfolio. Top executives at ADS will stay in their current roles: John Cersasuolo leads what’s now the ADS division and reports directly to Pam Petrow, president and CEO.

Vector sees the purchase of ADS, which was originally owned by Pittsburgh-based investor group Elmhurst Company, as providing expanded geographic market reach that will put its strategic growth initiatives on a fast track.

The nearly half-century-old Vector provides the gamut of electronic security services for home, business, and national account customers in North America and the Caribbean, as well as customized physical security and managed network services to commercial customers with multiple sites.



HEADLINES

Legalized Marijuana Lights Up Deals

Companies involved in providing security to the legal cannabis industry have been on the move in recent months, making acquisitions to bolster their strategic positions.

Helix TCS, in April, acquired California-based *Tan's International Security*, which provides physical guarding as well as digital security system installations.

Denver-based Helix, which paid Tan's shareholders more than \$800,000 in cash and stock consideration, has more than 2,000 customer locations in 34 states and six countries, and it has processed more than \$18 billion in cannabis sales. Among Helix TCS' services are comprehensive supply chain management, compliance tools and asset protection for any type of regulated cannabis license holders.

Another Colorado-based security firm, *710 Security LTD*, which also has offices in Ohio and Michigan, in March bought fellow in-state firm *Leif Alert*, which also has a presence in Michigan and Oregon, and has secured facilities for major cannabis brands like Viola Extracts, Simply Pure, Starbuds, Bonfire Cannabis, A Cut Above, and Dark Horse Genetics. Leif Alert owned Chirs Boyd joins 710 Security as chief operating officer, and 710 also has added Ryan Shields as vice president of operations, both of whom have worked with founder David Beckett in the past.

Lastly, Ontario-based *3 Sixty Risk Solutions Ltd.*, in April, purchased *INKAS Security Services Ltd.*, another Canadian company, for \$13.75 million. 3 Sixty, a national cannabis secure transport company with more than 600 customers including 76 licensed cannabis providers, gains 16 cannabis operators in its client base as well as a diverse base of non-cannabis customers, increases in workforce (of more than 200, to 600 employees) and vehicle fleet (of more than 50, to over 150), cost savings and improved customer penetration. The purchase also will broaden 3 Sixty's services with secure cash transportation and processing, ATM processing, armed security and vault storage, and integrated technology innovations.



SOS Security Buys Global Protection Management LLC

SOS Security LLC, the fourth largest provider of security personnel in the country, has purchased *Global Protection Management LLC*, which was represented by *Security ProAdvisors* in the deal.

The 50-year-old SOS, which has 15,000 security professionals in the U.S. and more than 100 other countries, has completed three acquisitions so far this year. With the purchase of Global Protection Management, SOS, based in Parsippany, New Jersey, has extended its strategy of acquiring similar but smaller, high quality U.S.-based security companies.

Global Protection, founded in 2010 and headquartered in Wilmington, Delaware, provides services for an array of industries including commercial real estate, finance, museums and educational organizations, homeowner associations and wholesale groups, in five states and the District of Columbia.



Securitas Buys Assets of MSM Security

Securitas subsidiary Securitas Critical Infrastructure Services has acquired certain inspection and background investigations assets of *MSM Security Services LLC*. The \$11 million transaction will enable the Securitas subsidiary to expand its federal background investigations business, and the company expects this to add \$15 million in annual sales.



The **SECURITY** Advisor

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.

June 25, 2019

Security ProAdvisors represented a large regional company with operations in 6 states. SPA represented them in the divestment of 600 officers and \$27 million in sales. The client was located in the Northeast and the acquiring company is a national company headquartered in the U.S.

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 was represented by Security ProAdvisors in the transaction.



About Security ProAdvisors

Security ProAdvisors provides advisory, consulting, and brokerage services to the security industry - guarding and electronic security. Security ProAdvisors represents sellers in security transactions.

For more information about Security ProAdvisors, visit www.SecurityProAdvisors.com.