

The SECURITY Advisor

a magazine published by Security ProAdvisors for the Security Industry

PRESIDENT'S CORNER

Hello and welcome to the latest edition of *The Security Advisor*.

The last six months have brought vaccines, re-openings and a heightened pace of activity within the security sector. Based on speaking with many security companies around the country, challenges in hiring enough guards has persisted. As sectors of the economy reopen the competition for labor has intensified, and Covid and government programs made employment less attractive for some.

This issue features a Q-and-A with **Ron Green**, executive vice president and chief security officer of **Mastercard**, about the challenges and opportunities facing global financial services firms as the pandemic evolves and mutates.

The M-and-A news for the past six months has picked up along with the rest of the economy. For starters, just this month, in a significant deal our company brokered, Charlottesville, Virginia-based middle-market private-equity firm **Quad-C Management** completed a significant investment in Chicago-based **Titan Security Group** for an undisclosed sum.

Elsewhere, **Securitas** has been especially active, purchasing three European companies: **Dansk Brandteknik A/S**, a Danish fire and safety services and equipment company; **Protection One**, a German firm that handles electronic and remote technology-enhanced security; and **Tepe Güvenlik A.S.**, a similarly positioned Turkish company. **Securitas** also has launched an electronic retail division, released a midyear sales report and biennial threats report, and undertaken a rebranding.

Also, **Convergint** made two new additions, **Custom Vault Corporation** and the Asia Pacific electronic security business of **Diebold Nixdorf**. **Allied Universal** acquired **Security Integration Inc.**, and has been busy integrating **G4S** in the U.S. market; **COPS** has bought the wholesale monitoring assets of **Security Partners**; and **APi Group** purchased **Chubb Fire & Security**.



In broader industry news, **Prosegur** released an earnings report for the first half of 2021 along with its latest strategic plan, and announced a partnership with **Microsoft** around cybersecurity. **Allied** made a number of moves related to hiring and contract extensions. **ECAMSECURE** rolled out new branding to reflect its status as a **GardaWorld Company**.

Lastly, I provide commentary in this issue about why good chemistry matters in the sale of a business. This requires a combination of qualified buyers, realistic sellers, mutually agreed upon expectations, sufficient information provided for the buyer to understand the state of the business, and the resulting trust and comfort. This chemistry needs to continue after the sale to ensure that key personnel and key clients remain within the fold.

We at **Security ProAdvisors** can help to ensure such a smooth path in your transactions. In the past 12 months, we have brokered 7 transactions involving companies that totaled nearly \$200 million in revenue. We continue to see excellent prices for sellers throughout the marketplace. To reach us or for more information about our services, please go to www.securityproadvisors.com.

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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QUAD-C

Quad C Management, Inc., Announces Growth Investment in Titan Security Group

Middle-market private equity firm *Quad-C Management, Inc.*, has completed a growth investment in *Titan Security Group*, one of the largest security companies in North America. Terms of the investment were not disclosed. Brokerage, advisory and consulting firm *Security ProAdvisors LLC* represented *Titan* in the transaction.

Chicago-based *Titan* provides security staffing and security systems solutions, serving commercial, multi-family residential, industrial, and retail clients throughout the Chicago metropolitan area, northern Indiana, and southern Wisconsin. The company offers security services for many of the premier properties in the Chicagoland area and differentiates itself through both its service and its operational support structure for its security staff.

A family-owned business since its 1994 inception, *Titan* has more than 2,000 staff and more than 70,000 scheduled hours per week, *Titan* is led by President and CEO, David Pack, who will continue in that capacity. *Quad-C* is a Charlottesville, Virginia-based firm that has invested more than \$3.6 billion of capital in more than 70 platform companies in its three-decade history.

"We are excited to partner with Quad-C to accelerate our growth at Titan," Pack said. "We were looking for a partner with a track record of working with owner-operators to invest in growth and build businesses for the future. Their experience with both human capital and tech-enabled services business will provide us with valuable experience and resources to enhance our capabilities for the benefit of our customers and employees."

"Quad-C has evaluated a number of security services companies, and we came away very impressed with Titan's exceptional track record of more than 10 years of consecutive double-digit revenue growth and industry-leading employee retention." said Tim Billings, a partner at Quad-C. "The security services market is highly fragmented, and we believe Titan will be a differentiated platform in the space as we look to expand."

"We have been very impressed with Dave and the entire Titan management team," added Jack Walker, a partner at Quad-C. "We are looking forward to supporting Titan as the company grows both organically and through acquisitions."



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Securitas Buys Three European Firms, Launches Electronic Retail Division, Refreshes Brand Positioning, Releases Reports About Threats, Sales

Securitas has been engaged in a whirlwind of activity the past several months, starting with the purchase of three European firms: *Dansk Brandteknik A/S*, a Danish fire and safety services and equipment company, which also handles adjacent consulting and training; *Protection One*, a German company focused on electronic and remote technology-enhanced security; and *Tepe Güvenlik A.S.*, a Turkish company with a similar specialization.

Separately, Securitas has launched a new retail division within *Securitas Electronic Security* aimed at addressing the needs of North American retail businesses, which will include new solutions and services for electronic article surveillance.

Aimed at presenting a human, progressive face along with its technological innovations, Securitas also has overhauled its global brand identity and positioning, centered on the new tagline, "See a different world," and including the company's first new logo in 49 years.

And finally, Securitas has released two corporate reports: a biennial summary of "*Top Security Threats and Management Issues Facing Corporate America*," and an interim report on sales and income during the first six months of 2021.

European Acquisitions

Securitas' purchase of *Dansk Brandteknik* furthers Securitas' goal to double security solutions and electronic security sales by 2023 while greatly expanding its presence in Denmark. The acquisition brings 40 employees and about 7,500 business clients, mostly small- and medium-sized businesses, who have enjoyed annual sales of more than \$9.8 million. The acquisition cost Securitas about \$18 million on a debt-free basis.

"We can now package fire technology and consulting with our broader product portfolio, which is especially relevant for the SME space, where we have an ambitious growth strategy," said Peter Karlströmer, divisional president, security services for Europe. "Our larger business clients will also benefit from this expanded offering, and we see major cross-selling opportunities in the client portfolios of both [companies]."

The \$85.4 million acquisition of the German company, *Protection One* also will help make progress toward the goal of doubling sales by 2023. With 230 employees in 12 locations, *Protection One* enjoyed \$35.2 million in sales in 2020, more than 90% of which were month-in, month-out revenues. The firm serves about 7,000 clients, most of them small and mid-sized companies.

"*Protection One fits perfectly with Securitas' security solutions and electronic security strategy*," Karlströmer said. "We are excited about the new opportunities that *Protection One's* strong experience in customized client solutions will enable, given their high client satisfaction and Securitas' increased focus on the SME segment. With this acquisition, we will further strengthen our leading offerings in the growing German security market."

In addition to underscoring the goal of doubling sales by 2023, the \$11.9 million purchase of Turkey's *Tepe Güvenlik A.S.*, adds a company with \$10.1 million in sales, more than 70% of which were recurring monthly figures, along with 250 employees and operation bases mostly in Ankara and Istanbul. *Tepe Güvenlik* has more than 50,000 connections in electronic security, alarm systems and alarm monitoring for corporations, small and mid-sized businesses and residences.

"We are pleased to welcome *Tepe's* experienced team to Securitas and look forward to further developing our presence in and bringing innovations and solutions to our clients," Karlströmer said. "This is a strategic milestone for our business in Turkey, significantly strengthening our security solutions and electronic security footprint in the country."

Electronic Retail Division

In establishing the retail division within *Securitas Electronic Security*, the company has leveraged the know-how garnered through its acquisition of *FE Moran Security Solutions* and will scale products to both cut down on inventory shrink and also bring about more effective and efficient inventory planning.



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Securitas Buys Three European Firms, Launches Electronic Retail Division, Refreshes Brand Positioning, Releases Reports About Threats, Sales

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Tony Gardner, who joined *Securitas Electronic Security* via the purchase of *FE Moran* last December, will become director, national retail sales.

“SES has enjoyed success in partnering with leading retail clients, but we now have the resources and expertise to more holistically meet their complete loss prevention and asset protection needs as this environment continues to evolve,” Tony Byerly, president & CEO, told Security Sales & Integration. “We are excited to have Tony Gardner leading our sales efforts, as we use this new focus to dive deeper into new solutions for today’s retailers.”

Brand Refresh

Securitas’ new brand identity will be slowly unveiled across the company’s worldwide locations on uniforms, equipment, facilities and digital assets, with the goal of underscoring the company’s diverse expertise and relevant innovations. With more than 350,000 employees and 150,000 total clients across 48 markets, *Securitas* hopes to double the sales of its electronic security and security solutions by 2023.

“Our new brand shows the world who we are and where we’re going. It builds on Securitas’ proud heritage and values of integrity, vigilance and helpfulness, and focuses on our unique people and high-impact technology,” said Magnus Ahlqvist, president and CEO. “We work with many of the world’s most recognizable companies, and our new identity makes it clear how we can help create a more sustainable and inclusive future together with our clients and partners.”

“This is a milestone for our company and our industry. We reflected on our strategy, our world and what clients expect from us today and saw an opportunity for differentiation,” added Mauro Silva, vice president, brand and strategic marketing. “This brand expresses our confidence in the future, while remaining true to our heritage and people, and makes our leadership clearer than ever.”

Threat Report

The report on top threats focuses mostly on Fortune 1000 companies and attempts to provide clients and other in the corporate world with know-how on facing down potential concerns and threats using data-driven decisions.

Since *Securitas’* last biennial threat report in 2019, a consideration not previously on anyone’s mind became the top security concern for 2021: the COVID-19 pandemic. Business continuity planning and organizational resilience, prompted in many ways by the widespread business disruptions of the past 18 months, ranked second on the list.

More longstanding concerns about cyber and communications security, workplace violence prevention and response, and employee selection/screening/rescreening (including insider threats) rounded out the top five, but tied for sixth were both a traditional and a suddenly rising concern: active shooter, side by side with civil unrest, which rose from 22nd on the list in 2019, prior to the aftermath of the George Floyd incident.

Along with the rundown of top priorities, the *“Top Security Threats”* report includes thought leadership content from *Securitas* experts and other industry leaders, covering topics like COVID-19 response and recovery, the impact of the surge in remote work on security operations, and the burgeoning growth of Security Operations Centers (SOCs).

Interim Sales Report

Securitas’ interim sales report for the first six months of 2021 shows \$6.1 billion in total sales, with organic sales growth of 4%. Operating income before amortization was \$317 million, and the operating margin was 5.2%. Earnings per share were about 46 cents, net debt/EBITDA was 2.2% and cash flow from operating activities was 81%.

The company believes these figures underscore the success of its strategies, with all business segments hitting 8% organic growth during the second quarter. Airport security has begun to revive with the increase in travel, and the sales of security solutions and electronic security reached 22% of the total in the second quarter.

“We have delivered a strong performance in the Group in the first six months of 2021,” wrote Magnus Ahlqvist, president and CEO. “The Securitas team has continued to show great resilience in a challenging situation, and the strength of the team and the progress of our business transformation confirms the direction and ambition for the years ahead.”

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Q&A with Ron Green, Mastercard, Inc.

Ron Green is chief security officer for Mastercard, where he leads a global team that ensures the safety and security of the company's network, as well as internal and external products and services. He is responsible for corporate security, security architecture and engineering, cryptographic key management, business continuity, disaster recovery and emergency management. Ron is a member of the company's Management Committee.

Ron joined Mastercard in 2014 after serving as deputy chief information security officer at Fidelity Information Services (FIS). Prior to this position, he was director, Investigation and Protections Operations at Blackberry. Ron also served as a senior vice president across several areas at Bank of America.

He has extensive experience working with international and federal law enforcement agencies both as a special agent in the United States Secret Service and as an officer in the United States Army. With the Secret Service, Ron worked protection and fraud investigations. He was one of the first agents to receive formal training on seizing and analyzing electronic evidence, and worked on a number of international cyber-crime investigations.

Ron is currently chair of the Financial Services Sector Coordinating Council (FSSCC), and a member of the US Secret Service, Cyber Investigation Advisory Board. He holds a bachelor's degree in mechanical engineering from the United States Military Academy at West Point, is a graduate of the FBI's Domestic Security Executive Academy and holds a graduate certification in Information Assurance from George Washington University.

Security Advisor: *What are some of the unique security challenges facing a global financial services company like Mastercard?*

Ron Green: We want our employees thinking about security all the time. We've invested a lot of time and effort to advance Mastercard employees' understanding about security, not just for the organization and their daily work, but also for themselves and their families. From trainings to phishing awareness exercises to briefings from our security team experts, we strive to help our employees around the world have a security-first mindset every day.

SA: *How has the COVID-19 pandemic impacted Mastercard's physical and cybersecurity operations over the past year?*

RG: Mastercard has one converged security team for physical and IT. Attackers don't stop for a minute to think about physical versus cyber. In my experience, a lack of convergence leaves opportunities for vulnerabilities to be missed.



During my time with the US Secret Service, I was involved in investigations of physical and electronic crimes. In turn, we've encouraged a number of our Mastercard security team members with backgrounds in physical security, such as former SAS members, to move over to cybersecurity roles.

SA: *In this COVID-19 pandemic work world, what are your concerns about Mastercard's employees using Internet-connected devices for business outside of the office?*

RG: Remote work is an important element of how we look at security for our employees now, and it will be into the future. When a device is outside our network, the hardened perimeter walls fall away. We have adopted a zero-trust operating framework to ensure the right protections. This means we are always challenging whenever a person or device requests access, treating everything as an unknown until validation is provided. We are seeing this in other organizations, as well: verification that the person and the technology are who they say they are, the moment they are asking for access or permission.

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Q&A with Ron Green, Mastercard, Inc.

continued

SA: *What changes do you foresee for security at Mastercard as the company works its way through the COVID-19 pandemic?*

RG: The pandemic revealed what we already knew - that there is a security talent shortage worldwide. As security professionals, we need to work together to attract more people, particularly cyber-defenders, to the field. At Mastercard, we're working to grow the expertise of our current workforce so they can incorporate cybersecurity best practices into their daily jobs and skill-up to help us protect against future threats. To help deepen the global cybersecurity talent pool, we're also investing in educational partnerships, apprenticeship programs and talent initiatives.

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

RG: It's especially important, when adding new security tools and technology, to work out your requirements in advance and hold true to those requirements when making a selection. Avoid getting blinded by shiny, flashy technologies. They aren't always the right solution mix for the problem you are trying to address.

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

RG: I prefer to use an outside security system integrator when upgrading technology, as they have the current knowledge, the skills and the scale. But you need the right technical know-how in your own organization so that both sides have a clear understanding of the project, know that it is being built to spec, and, if necessary, figure out what's gone wrong or when to bring the system integrator back in.



SA: *What are your top three considerations when assessing the qualifications and fit of contract security services providers?*

RG: I think it's important for any security organization considering outsourcing to have a clear understanding of what you are actually capable of doing. If there are things you are good at, great; there is no need to outsource. For those tasks you can't do, or can't do well, then consider contracting with a security service provider. As to the contractor, do your research. Do they have a history of providing the service? Talk to their clients, especially like organizations that have engaged them. With core security functions, I'm looking for tried and true, and I generally loathe experiments to see if a service provider is capable. I'm also looking at their training and skills assessments, and how they show you their ability to stay current.

SA: *Given your professional background, how do you approach collaboration between Mastercard and law enforcement agencies?*

RG: You cannot secure an organization like Mastercard without strong partnerships with government, law enforcement and international organizations. We collaborate closely within the financial-services sector in the U.S. and globally, with the U.S. Treasury, Homeland Security, the FBI, the U.S. Secret Service, the U.K.'s National Crime Agency, Interpol, Europol and many others on a regional, national and international basis. One example of working with law enforcement is practicing active-shooter drills so that officers know our buildings' layouts and have opportunities to train in different locations.

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Q&A with Ron Green, Mastercard, Inc.

continued



SA: How do you go about promoting a company-wide security culture, and how do you see that challenge evolving as a result of COVID-19?

RD: We have been successful with various approaches in terms of employee training and awareness programs. For example, pre-COVID we used an innovative escape-room logical and physical security exercise, promoting teamwork to solve puzzles and learn basic tenets of security, which was very popular. We've also incorporated some virtual-reality technology on how to escape from an active shooter.

Post-COVID we'll continue to make security training fun and engaging for all employees, from the CEO on down, by adding more virtual programming and events. We also want our employees to continue to learn and be curious about security. We now deliver a global threat briefing for the whole organization on a quarterly basis, focusing on incidents that can affect the entire firm and emphasizing prevention. My view is that it's naïve to think you are immune to security threats. So, it is important to embed security into company culture.

SA: Given your professional background, how do you approach collaboration between Mastercard and law enforcement agencies?

RG: You cannot secure an organization like Mastercard without strong partnerships with government, law enforcement and international organizations. We collaborate closely within the financial-services sector in the U.S. and globally, with the U.S. Treasury, Homeland Security, the FBI, the U.S. Secret Service, the U.K.'s National Crime Agency, Interpol, Europol and many others on a regional, national and international basis. One example of working with law enforcement is practicing active-shooter drills so that officers know our buildings' layouts and have opportunities to train in different locations.

SA: How do you see your approach to security training and awareness changing post-COVID-19, especially as a global company?

RG: We believe in the importance of making training real for all our employees. COVID heightened awareness that problems can and do occur. We've been conducting quarterly threat briefings and have our security technology engineers working closely with our developers. Our security team members have dedicated skill-up days, and we create opportunities to help them become better security professionals. We are also working with several universities on security certificate programs for our employees and to attract talent, especially in cybersecurity. For example, through the Cybersecurity Talent Initiative, Mastercard sponsors university students to work for two years with a federal defense, security, or law enforcement agency, followed by two years with a partner organization like us, Microsoft, Workday and others. At that point, the partner pays off up to \$75,000 of the student's debt and secures a skilled and experienced employee in the process.

SA: How has your approach to executive protection changed in the last 20 years?

RG: All security professionals need to think differently about executive protection. The classical approach was to worry about attackers and shooters, but you need to consider the whole space and the big picture, including cyberattacks, so that you can avoid getting physically boxed in, such as in an elevator or on an escalator. As well, short of physical attacks, you need to avoid opportunities for attackers to embarrass your protectee in a crowded location.

SA: With all the lessons learned over the course of your career, what's your best piece of advice for security professionals?

RG: I think my most important advice would be to listen and think before you act. When you show up in a new role and think that you know what to do, and that you don't need to listen to security team members or other stakeholders, you're guaranteed to get it wrong. Gather information and thoughtfully develop an action plan, without which you cannot achieve your security objectives.

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APi Group Acquires Chubb Fire & Security



APi Group Corporation has purchased the U.K. company *Chubb Fire & Security*, which had been put up for auction two years ago when UTC was separated into three distinct companies. Parent company *Carrier* is selling *Chubb*, which makes, installs and monitors security and fire safety products, for a reported \$3.1 billion.

The U.S.-based *APi*, which provides safety, specialty and industrial services, will gain a more global reach by adding *Chubb's* 13,000 employees and 17-nation sales and service network, along with more than 1.5 million customers in Canada, Europe and the Asia-Pacific Region. The move also roughly doubles *APi's* life-safety business.

"We believe these new regions complement our portfolio and extend the reach of APi's platform," APi Co-Chair Sir Martin Franklin said, during a press conference unveiling the deal. "The strategic rationale here is fairly straightforward: We are acquiring an internationally recognized brand that has achieved enormous success over a long period of time."

ECAMSECURE Launches Rebrand with New Website, Logo



GardaWorld company *ECAMSECURE*, which offers portable surveillance systems that bring together AI, other technology and mobile security equipment, has rolled out new company brands that highlights its integrated security approach.

ECAMSECURE has stood up a new website and released a new logo as part of the rebranding. The company provides mobile surveillance, time lapse, video-verified alarm, access control, thermal cameras, and overall surveillance systems that dissuade, discern, scrutinize and counter any potential security threats.

The COVID-19 pandemic has underscored the value of *ECAMSECURE's* flexible, remote monitoring systems, the company says, given the fact that fewer staff are on hand, leading to a greater risk burglaries and other crimes.

"Businesses are facing increasingly complex security constraints, including cost pressures, staffing shortages, and unoccupied properties," said Lemuel Blanco, president and chief technology officer at ECAMSECURE. "A standard, one-size-fits-all approach doesn't for today's business. ... Our predictive solutions evolve with our clients to fit their needs."

Allied Universal Gains New Employees, Assignments



Allied Universal spent the middle months of the year hiring a bevy of new workers and expanding its security efforts, according to a variety of media sources.

CNN reported in May that *Allied* was planning to hire more than 35,000 workers within the next two months, including security guards, site leaders, account and client managers, and various human resources, finance, sales and other administrative and executive roles.

NBC in Los Angeles ran a story in June that *Allied* was hiring locally and participating in an Anaheim/Orange County Job Fair in order to find new prospects. And *ABC Action News* in the Tampa-St. Petersburg area filed a similar report in July that mentioned *Allied's* presence at the *Tampa Bay Works Job Fair*.

Meantime, *Yahoo! News* reported in July that *Daniel K. Inouye International Airport* in Honolulu had ramped up its *Allied Universal* security presence in the wake of a string of car thefts. And *Philly Voice* in July shared the news that the *Southeastern Pennsylvania Transportation Authority (SEPTA)* planned to extend a 90-day, \$1.5 million contract with *Allied* to patrol a particular train line that had had issues with open drug use and declining cleanliness.



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Convergint Makes Two More Acquisitions

Convergint Technologies, a systems integrator based in Schaumburg, Illinois, has acquired both *Custom Vault Corporation*, which operates financial security providers *CustomVault* and *BranchServ*, as well as the Asia Pacific electronic security business of *Diebold Nixdorf*.

These buys come on the heels of *Convergint's* purchases of Grand Rapids, Michigan-based *Innovation Medical Systems* and San Antonio-Texas based *Smith Hamilton Equipment* earlier this year, bringing its total number of acquisitions to 37 since 2014 and 44 overall.

The terms of the *Custom Vault Corporation* purchase were not disclosed. The *CustomVault* service line, launched in 1984, designs and installs modular security vault systems for industries like financial, healthcare, and government and military. *BranchServ*, began in 1999 and currently with 254 employees, provides security and automation service and equipment mainly for financial institutions, including all sizes of banks and credit unions.

Terms of the *Diebold Nixdorf* purchase also were not disclosed. That company, which will be part of *Convergint's* subsidiary, *ICD Security Solutions*, designs, integrates, installs and maintains security systems and implements building management and fire systems.

COPS Buys Security Partners Wholesale Monitoring Assets

COPS Monitoring has purchased at auction the wholesale monitoring assets of *Security Partners* for an undisclosed sum, bringing more than 100,000 subscriber accounts from the alarm companies within the former company's North American monitoring network.

Once the migration of dealer accounts is finished in the early fall, *COPS* will have a monitored account base totaling more than 3.5 million customers. Headquartered in Lancaster, Pennsylvania, *Security Partners* has operated monitoring centers in San Antonio and Las Vegas.

"We are extremely excited about welcoming the *Security Partners* dealers to the *COPS Monitoring* family," Jim McMullen, president of *COPS Monitoring's* president, told *Security Sales & Integration*. "We look forward to contributing to each company's success by delivering exceptional service and a stable foundation on which they can continue to grow their businesses."



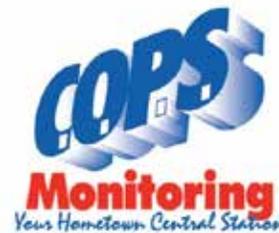
Allied Purchases Security Integration

Allied Universal has added San Rafael, California-based *Security Integration*, which offers electronic security to myriad clients throughout the Bay Area and northern California, to its quickly expanding Dallas-based *Allied Universal Technology Services* division.

The terms of the purchase of the 15-year-old company, which services anything from modest single sites to multi-location installations, were not disclosed. *Allied's* technical services division already has provided video surveillance, electronic access control, alarm monitoring, fire and life safety, emergency communications, hosted or managed services, and a number of global security operating center (GSOC) services.

"The acquisition of *Security Integration* is an important step in our long-term strategic plan to leverage technology across our entire business footprint, especially in Northern California," said Steve Jones, chairman and CEO of *Allied Universal*.

"This acquisition will expand our geographic reach in the Bay Area while providing our clients with superior customer service and highly advanced tech solutions," added Carey Boethel, president of *Allied Universal Technology Services*.



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Prosegur Releases Earnings Report, Strategic Plan; Partners with Microsoft Around Cybersecurity

Prosegur has released an earnings report for the first six months of 2021 and a strategic plan that forecasts revenues and talks about plans for growth, among other issues; and the security company has forged an ongoing alliance with *Microsoft* to work jointly in advancing new digital transformation solutions around security and cybersecurity.

During the first half of 2021, *Prosegur* reported sales of \$1.9 billion, down 7.8% year-over-year, although the revenue figure reflects the sale of half of the company's alarms business in Spain. The company performed well in Latin America and non-major-market countries, although business in Europe remained slower due to the pandemic. *Prosegur's* EBITA for the first six months of 2021 clocked in at \$109 million, with a margin of 5.7%, reflecting a minor reduction in profitability. Net profit reached \$34 million, 1.6% higher year-over-year, while the consolidated net result was \$30.5 million after discounting minority interests, up 16.3%.

Broken down by business unit, *Prosegur Security* saw sales of \$968 million, down 7.4% from the first half of 2020; *Prosegur Alarms* did \$114 million, down 6.1% year-over-year; and *Prosegur Cash* had sales of \$812 million, down 10.3%.

Prosegur expects a more positive outlook in the second half of 2021 as lockdown measures are relaxed and stores are able to open more hours, which should impact all of its business lines, although the company is cautiously optimistic given the uncertainty of the pandemic. The cash business suffered the most due to social distancing and business shutdowns, although it could bounce back relatively quickly, *Prosegur* believes.

Volume losses on the security side have been lower since clients need at least some presence even with offices and stores closed, and because the food and hospital sectors have had higher demand. The "Safety Solutions" business, with remote monitoring, thermography and image processing, has a very promising future, *Prosegur* believes, leading to the growth of "Business Continuity" solutions that offer monitoring, control and maintenance services. These cover specific areas like temperature control, sensor reading and remote measurement.



Prosegur presented its strategic plan during Capital Markets Day 2021 under the heading, "Perform & Transform." Among the key highlights: an increase in revenues of 5% to 6% in the medium- to longer-term, translating to \$7.3 billion to \$7.9 billion by 2030, and a more diversified mix of locations and types of businesses.

The strategic plan further states that new products will bring more than 35% of revenues by 2023 and that U.S. revenues will reach 12% of its total by 2030, up from 4% at present. *Prosegur* projects 12% to 15% profitability of operations. The report also lays out thoughts about specific aspects of the company's services like the *Security Operations Centre, Prosegur Cash, Prosegur Alarms, the Cipher cybersecurity unit, and Prosegur AVOS*.

In terms of the themes sounded, the company says "Perform" refers to process improvements, operational efficiencies, organizational flexibility that will be needed post-COVID, while "Transform" underscores the need to bring about future solutions like the technological structure *Prosegur* will need to bolster its operations and continue to innovate.

The alliance with *Microsoft* at first will work to move forward more quickly on *Prosegur's* already existing digital transformation initiatives, for which the company already has been using collaboration and cybersecurity applications from *Microsoft* since 2018.

Prosegur will integrate into its current technological framework the *Microsoft Azure* platform and the artificial intelligence to help boost process automation, connectivity, flexibility, and operational optimization, in tandem with security, privacy of information and compliance with government regulations.

The two companies also will create working groups to improve upon the products currently offered by *Prosegur* and create new services in the cybersecurity realm that will pair with *Prosegur's* physical surveillance prowess, the companies said. Finally, training for *Prosegur's* workforce will be implemented to upgrade employees' AI skills and knowledge.

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ARTICLE

Why Good Chemistry Matters in the Sale of a Business

by Keith Oringer, Security ProAdvisors



In the sale of a business, good chemistry creates the foundation for a successful sale and a good outcome for buyer and seller. Good chemistry is critical in this most critical of business transactions, and it has a lasting effect on the resulting ongoing enterprise.

Good chemistry starts when there are qualified buyers and realistic sellers. *Security ProAdvisors* brings qualified buyers into the process. We also advise the seller as to what might be considered fair value for their business, so that the expectations of the seller are realistic.

If a seller feels that they cannot obtain a reasonable price, there will not be good chemistry in such an outcome. Buyers are looking for companies that will advance their needs. Matching qualified buyers with realistic sellers is thus critical.

Once a seller agrees that a transaction will likely meet their financial and intangible needs, *Security ProAdvisors* reviews with the seller how the process works. The sale process requires that the seller present information on their company to potential buyers, and that buyers agree to sign a non-disclosure to preserve confidentiality.

At the start, the seller and buyer are advised of each party's expectation for the initial discovery, and how a close will be conducted. While there may be some changes along the way, there is no sense starting a process where the parties do not agree on the structure and mutual benefits of striking a deal. Establishing a basis for moving forward promotes a smooth process and good chemistry between the parties.

The key to good chemistry in the sale of a business is, thus, developing trust and a comfort between the buyer and seller. The accuracy and efficiency of information provided during the discovery stage forms the basis for the buyer to determine a bona fide price for the business. Truth in representation begets good chemistry.

Complications during the discovery stage can slow down and impact a deal. *Security ProAdvisors* makes sure that the seller understands what information needs to be presented throughout the early and ongoing stages of a business sale, and that prospective buyers receive what they realistically need to present a reasonable offer.

As the parties work through the discovery process and then subsequent negotiation, their respective conduct sets the stage for a successful close and aftermath. While the buyer is examining the seller's business, the seller is getting a feel for how the buyer conducts its business.

The seller establishes its business practices by identifying the quality, longevity and retention of its customer base, as well as its human resources policies and procedures. The buyer must be realistic in obtaining, in a timely manner, the information it requires to make an offer. Good chemistry is established when each party is satisfied with the other's conduct during the discovery as well as negotiation stage of the sale process.

Once all necessary information is presented for a buyer to present an offer, assuming the parties agree to price and final structure, the good chemistry that resulted in a successful sale must be maintained after the sale.

What has transpired previously has formed the basis for a good outcome. As the parties work together after the sale, they must limit any setbacks that may harm the outcome. Since lost business may affect a final payout, the parties must work toward customer and key staff retention. The buyer will need to work with the seller to reassure customers that service levels will, at a minimum, be maintained.

Buyer and seller will need to work together to keep morale of critical staff at the acquired company high, so that they stay motivated and are on board with the new enterprise. There is no doubt that good chemistry during the sale process contributes to a better outcome after the sale. *Security ProAdvisors* assists the seller after the sale so that a fair process is concluded. With trust established, the parties will more than likely realize the outcome they both visualized from the start.