

NEW PRODUCTS:
Cameras, towers and plugs

Three pages of new stuff **SEE PAGE 40**



PRODUCT FOCUS:
Get the whole fire picture

New, safer alarm tracking products **SEE PAGE 43**

SECURITY SYSTEMS NEWS

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COMMERCIAL & SYSTEMS INTEGRATORS

- Argyle makes three buys **PAGE 16**
- NSSC buys perimeter system from Siemens **PAGE 16**

FIRE SYSTEMS INSTALLATION

- Fire inspectors take gifts from installation firm **PAGE 24**
- Not all mass notification systems are the same **PAGE 24**

MONITORING

- Iverify buys Magal's video monitoring business **PAGE 27**
- OzVision tests new video package with Guardian **PAGE 27**

RESIDENTIAL SYSTEMS

- Dunbar gets a new name for Christmas **PAGE 34**
- MMI hopes to help Monitor with Brink's advice **PAGE 33**

SUPPLIERS

- Proximex launches partner program, teams with NEC **PAGE 36**
- Bosch to buy Extreme CCTV, bulk up on infrared **PAGE 36**

STATS.....2
NEWS.....5
EDITORIAL.....14
COMMENTARY.....15
MARKET TRENDS.....31
QUOTED.....44
AD INDEX.....45
DATABANK.....46

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L-1, Bioscrypt combine

\$44m deal to further consolidate the biometrics market

By L. Samuel Pfeiffer, editor
STAMFORD, Conn.—L-1 Identity Solutions, a rapidly growing company in the biometrics space, in early January came to definitive agreement with Bioscrypt, the market leader in physical access control biometrics, to purchase the company for roughly \$44 million. In an all-stock transaction, L-1 will pay the equivalent of \$.55 per Bioscrypt share, based on the average closing price of L-1 stock for the 20 trading days leading up to the



Bioscrypt gets L-1 into physical access with products like this PIV reader.

deals close. The purchase price represents a more than 55 percent premium on the \$.36 per share trading price of Bioscrypt on the day before the deal's announcement. The close is subject to regulatory approval. Doni Fordyce, L-1's executive vice president, corporate communications, said Bioscrypt, which will operate as a wholly-owned subsidiary, fills one of the few holes in L-1's biometric portfolio: physical access control. "We have tremendous capabilities in capturing the biometrics

and using software to access and manage databases" on the logical access side, she said, "but we don't have anything in physical access right now. The hardware and software they use is just not an area we're in... It opens a tremendous new market for us."

In some ways, this was by design, said Joseph Atick, L-1's executive vice president and chief strategic officer, who came to L-1 through its acquisition of Identix, which he built as chief executive officer. While running Identix, he said, "I made a conscious decision to get out of [the physical access market] because I felt I couldn't compete against Bioscrypt at that time. So there's a clean complementarity because we focused

L-1, BIOSCRYPT see page 38

IASG, KMG settle their differences

By Leischen Steiler, associate editor
GREENVILLE, S.C.—After nearly four months of litigation between Integrated Alarm Services Group and the Few family's King Monitoring Group, renamed Legacy Security Services, ended with a Nov. 13 joint filing dismissing charges and citing the two sides had reached an out-of-court settlement agreement.

The two companies filed a "stipulation of dismissal with prejudice" document barring either side from filing such a suit again in any jurisdiction. Eric Griffin, vice president and general counsel

for Protection One, which merged with IASG in April of 2007, said, "We do not comment on litigation, but we're pleased the matter has been resolved and we're happy it is behind us."

KMG, IASG see page 29

Security à la carte?

It's not a problem at Provident Security

By Martha Entwistle, managing editor
VANCOUVER, British Columbia—He'll drive you to the airport, water your plants, install a security and fire system, and if an alarm goes

off, a guard will be at your house within five minutes, guaranteed.

Did it snow for the first time in two years while you were on vacation? No problem, he'll shovel the walk so it looks like you're home.

These are the services (some, like snow removal and gardening are à la carte) that differentiate Provident Security from its competition, said owner Mike Jagger. "The fewer people who know the

PROVIDENT see page 35



Mike Jagger

Securitas Systems acquires Securex

Deal bolsters a growing presence in the retail vertical

By L. Samuel Pfeiffer, editor
STOCKHOLM—Securitas Systems announced in December the purchase of Securex, a division of loss-prevention specialists LP Innovations that provides installation, service and monitoring solutions. This is a continuation, said Securitas officials, of the company's plans to increase its service revenues.

Under the terms of the agreement, Securitas Systems will be the exclusive distributor of Securex retail alarm and monitoring ser-

• With new corporate headquarters, Securitas Systems is poised to ramp up internal and external training. **PAGE 20**

vices to its customers across the United States.

What this means, said Marty Guay, Securitas Systems chief operations officer, is that as LP Innovations continues to go about its business of consulting with chain retailers, "if a customer needs alarm services, they'll give that to us. So we have become kind of a partner, the business partner responsible for alarm installation and monitoring for those customers that need it."

As Securex used a third-party firm for monitoring, Guay said it would be relatively easy to move its accounts to the new 12,000-square-foot facility Securitas Systems opened in Massachusetts at the beginning of 2007. Now, he emphasized, "we'll be able to control the whole value chain:

SECURITAS see page 20

Have it your way at Provident Security

Continued from page 1

people who know the house is empty, the better," he said. "We have keys to 80 percent of our clients' homes."

Provident Security is a home security company located here in this urbane corner of the Northwest. Jagger started as a security guard working high school dances to make money while he was in college. That part-time job morphed first into a guard business and then into a full-service security company with close to 200 employees and, "to ensure that verification time, we needed to build our own central station," he said.

Jagger does not release any financial data, but he's amassed 6,000 clients in 11 years and his geographic reach is limited to the West side of Vancouver (he does monitor some of his Vancouver clients' second homes).

His employees are pretty happy, too, according to the British Columbia Business Journal, where Provident was number 11 on its list of the 25 best places to work.

Provident Security is a 24-hour business and it's not an easy job responding to other peoples' emergencies, Jagger said, but if they're not consistent they'll be out of busi-

ness, he said. "Someone can be paying us for five to six years and then at 2:11 p.m. on a Thursday, we have a split second to justify every penny they've ever spent with us," he said. "The motivation for employees has to go beyond the paycheck, they've got to enjoy taking advantage of an opportunity, everyone has to recognize how important the service we provide is."

To be considered for the list, companies in British Columbia must have at least 35 employees, and employees answer 40 to 50 questions on a Web-based survey. The surveys are made available for employers and Jagger has, in turn, given copies of Provident's results to his employees.

The survey identifies where employees think the company is doing a good job (flexible work schedules scored well) and where improvements need to be made.

Jagger said he gave the survey to employees so there'd be "full disclosure ... so we can celebrate where we're doing a great job and also see where we didn't do as well and where we need improvement. We need everyone to take responsibility to make this the best possible place to work," he said. **SSN**

Barnes Buchanan

Continued from page 33

capital markets or strategic players in other industries that were interested in the space.

"Additionally, we noted that many stakeholders in security alarm companies were frustrated by the lack of clear framework for understanding what drives values in the industry, how to measure its creation, and how to efficiently communicate with lenders and investors," Barnes explained.

The conference was conceived as a way to bring players from the industry together with capital providers to communicate about these issues. On Feb. 8, Barnes will present a two-hour industry overview, which will include analyses of new Barnes Associates' data on of the "growth rates, the structure of the industry, operating performance metrics, and market values."

Bill Polk of Capital Source Finance, will lead a segment on the debt markets. "Bill is a leading authority on the subject, having been a lender to the industry for almost 20 years," Barnes said. His presentation will focus on changes in the debt markets, including a discussion of how the current credit crunch is, and will affect the industry. "This is a critical topic," Barnes said.

A panel discussion featuring industry investors Mark Ein of Venturehouse Holdings and owner of Kastle System International, Steve Lebowitz of Topspin Partners and Chris Needham of Seguin Partners will "bring to light the thought processes and needs affecting the private equity markets, and help anticipate their effect on the industry moving forward," Barnes said.

Over the years, conference attendees have enjoyed hearing about interesting players in the industry, Barnes said. "This year, we have Alex Dunn of ApxAlarm discussing their innovative sales programs, which in a single summer generated an astounding several million dollars in new RMR. We also will hear from Richard Ginsburg, CEO of Protection One, the third largest alarm company in the U.S., and Louis Sulp of InGrid, an early stage company with an intriguing new product platform and business model."

Jim McMullen of C.O.P.S. Monitoring and Pat Egan of Select Security will participate in a panel on alarm communications and John Koch, president of ADT, will deliver the industry keynote address.

For more information and to register, visit www.barnesbuchanan.com. **SSN**

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