

RESIDENTIAL SYSTEMS

'TRENDSETTER' HSM MAKES DALLAS ACQUISITION

By Martha Entwistle, managing editor

JUPITER, Fla.—In its first purchase since industry analyst Michael Barnes pointed to HSM as a trendsetter and company to watch, HSM acquired Central Alarm Systems in Dallas, Texas, on March 3.

At the February Barnes, Buchanan & Mallon conference, Barnes said, "HSM is active right now, but I'd argue that they're the bellwether buyer. They set expectations."

Terms of the deal were not released. Tim Whall, president and chief operating officer of

HSM, said Barnes "was just being complimentary." The only possible downside to being considered a trendsetter, he said, is that buyers' expectations about the price they can get from HSM could rise.

Whall said Central Alarm System, which brings with it 400 accounts and employees with technical expertise, will help HSM with its "density in Dallas."

"We have a lot of national accounts. The more techs I have, the easier it is to service them," he said.

At the March Security Growth conference, Jim Covert, chief



Tim Whall

executive officer of HSM, talked about HSM's plans to expand its sales force from 250 to 500, and to expand into all 50 U.S. states from its current 37.

Whall called these goals "right sizing." When they bought the company in June of 2004 from Honeywell Security, the sales force was stretched thin. HSM continues to hire personnel to fully staff all of its locations.

HSM has more than 175,000 customers. Its accounts are more than 50 percent residential, although its new sales since June 2004 have been 95 percent commercial, Whall said. The total revenue for the company is about 22-percent residential. *SSN*

L.Samuel Pfeifle and Erin Zwirn contributed to this report.



BRIEFS

Jury finds Alamo innocent

LODI, Calif.—Jurors said it was the presence of "reasonable doubt" that caused them to acquit Alamo Alarm Company owner Paul Alamo, 47, of murder charges on March 10, the Lodi News reported.

Alamo was charged with deliberately shooting a neighbor, Mark Hasty, two years ago. Alamo claimed he shot the man in self-defense.

Following a series of burglaries in his neighborhood, Alamo said he armed himself with a 9 mm semiautomatic handgun and staked out Hasty's property because he believed the burglar lived on the property. When Hasty, a house painter, returned home, he confronted Alamo and Alamo shot him. Alamo said he believed Hasty had a knife. A wrongful death civil suit is pending.

Cat burglars foiled by new technology

PHILADELPHIA—The recently released book, *Confessions of a Second Story Man: Junior Kripplebauer and the K&A Gang*, by Allen Hornblum, is about the exploits of a group of "high school dropouts who made an art of robbing wealthy suburban homes in the 1950s, '60s, and '70s," reports the Philadelphia Inquirer. Among other jobs, the gang stole a priceless collection of paintings from the Woolworth estate in Maine and \$2 million in rare coins from the du Pont compound in Miami. Despite their well-heeled targets, Hornblum describes the group as "two-fisted, beer guzzling ear- and nose-biting hoodlums," who were sophisticated in disabling alarms and cracking safes. Why did they stop in the '70s? One main reason, he says, was the "advent of new home-protection technologies like motion sensors."

Union leader/pol investigated in NYC

NEW YORK—Brian McLaughlin, a veteran Democratic lawmaker from Queens who has been president of the city's largest labor union, the New York Labor Council, for 11 years, is being investigated for bid-rigging and other improprieties including whether contractors installed a security system in his home and provided him with a credit card for personal use, the New York Daily News reported.

ASG continues density-building strategy in Texas

By Martha Entwistle, managing editor

HOUSTON, Texas—ASG removed two of its direct competitors and increased its direct sales force in this market when it acquired two Houston-based security companies.

The deals, which closed at the end of February, mark the 25th and 26th ASG acquisitions within the past 23 months.

A major regional security company with operations in Texas and the mid-Atlantic region, ASG's other Texas branches include Dallas, San Antonio,

McAllen, Austin, Corpus Christi and Laredo.

One of the companies' names was not released. The second company was Eagle Broadband's security division. On March 2, Eagle announced it had sold its security division outright to ASG for \$1.4 million.

Brian Morrow, general manager of Eagle Broadband's IPTV solutions division and acting marketing director, said "we had an opportunity to sell the

division to ASG and we felt that in the long term, the security business was not central to our business strategy." Asked if Eagle entertained other offers for the division, Morrow said, "You can presume that we didn't accept one offer in isolation."

Morrow said ASG acquired both the business and the 25-30 security employees. The sales group immediately moved into ASG's Houston office.

Operations employees were

expected to be moved in by the first of April.

"In total, this gives us \$120,000 in new RMR in Houston and adds almost 4,800 new customers in the account base," said Bob Ryan, vice president of sales and marketing for ASG.

"These transactions continue our strategy of building density in and around our existing branch operations," said Joe Nuccio, president of ASG. "They leverage our existing infrastructure and build company value," he added. *SSN*



Pro One moves to bigger digs, this time in Denver

By Martha Entwistle, managing editor

DENVER, Colo.—In addition to having more space and better access to highways, the new Protection One office here at 7100 N. Broadway is more user-friendly, said general manager Mike Arrington.

They moved into the office in early fall and are currently putting the finishing touches on a demonstration room that contains what looks like an entryway into a home and another entryway into a business. Both are tricked out with the latest security components—access control, cameras and burglar alarms—enabling customers to "walk in and disarm the alarm systems...to have a hands-on experience with the security systems" he said.

They've also offered the office space, which has a nice conference room and kitchen, to locals for Neighborhood Watch group meetings.

"This is new, but we've had a lot of interest. Some people don't have a place to hold these meetings or they don't want to take up their homes for the

meetings," he said.

The new office is 4,000 square-feet, roughly double the size of the old office. Arrington came to Protection One from a large integrator in town. He also worked for National Guardian for 13 years. His expertise is in commercial systems and he said Pro

One, while it has always been heavily weighted to the residential side, is actively pursuing commercial business here.

Denver is one of the smaller branches, but its customer base and staff have grown in recent years, said Robin Jacobson Lampe, vice president, customer

and corporate communications.

"Approximately one-third of our new business in Denver and across the country is commercial, and our goal is to build that up to 50 percent. This reflects growth for us from a few years ago," she said. *SSN*

Ginsburg: new model is working well

By Martha Entwistle, managing editor

LAWRENCE, Kan.—Relocating the Denver office to larger, flashier and more full-service digs in the same city marks the fourteenth such upgrade nationwide for Protection One in the past couple of years.

Along with ADT and Brink's, Protection One, with more than one million customers, is among the big three competitors in the residential security market. Those three alone make up 39.5 percent of the market, according to industry analyst Michael Barnes.

In 2001, Protection One began to transform its business

strategy from dealer-based to a full-service model. Over the course of the next couple of years, company executives focused efforts on "creating a stronger capital structure," said Richard Ginsburg, president of Protection One. With the finances straightened out, the company has been freed up to "begin competing more aggressively and to continue our leadership position," he said.

With 14 upgraded offices a done deal, Ginsburg said the company is "putting in place the infrastructure for growth. We expect to continue upgrading and expanding our branch

locations as part of our growth plan.

The change in offices is part of a larger plan "to improve service overall and build stronger relationships with our customers," he said, and the plan has resulted in "attrition percentages that have improved tremendously." *SSN*



Richard Ginsburg