

SDM

ACTIVELY ACQUIRING

By Joan Engebretson, Contributing Writer

ASG Security, one of *SDM's* 2006 Dealer of the Year Honorees, acts on an aggressive acquisition strategy and it has the growth to prove it.

When a security company sees annual revenue growth between 26 percent and 66 percent for three years running, it must be doing something right.

ASG Security, Beltsville, Md., has offices in several major metro areas. The company's outstanding growth, part of which makes ASG Security one of *SDM's* 2006 Dealer of the Year Honorees, has come from a combination of internal growth and carefully targeted acquisitions. The company acquired 18 other companies in the last 24 months, following a strategy of entering one new market and making other "tuck-in" acquisitions in markets that it already serves.

"We're very choosy about our target acquisitions," says Joseph J. Nuccio, president and chief executive officer of ASG Security. "They're very strategic and well thought out."

In determining which new market to enter next, Nuccio says ASG considers "market size and how contiguous it is to an existing market." The company's most recent market expansion was into the Philadelphia area, which is near markets that the company already serves in Baltimore and the Washington D.C. area.

"We look for a company that is well balanced between commercial and residential," adds Nuccio. Currently ASG's business is about 58 percent resi-

At a Glance

SDM Dealer of the Year Honoree: ASG Security, Beltsville, Md.
Number of Employees: 518
Revenue: \$33.5 million in 2005, 42 percent increase over 2004
Recurring Revenue: \$3 million (estimated for 2006)
Customers: 72,000 (estimated for 2006)

dential and 42 percent commercial, but one of Nuccio's goals is to get that split closer to 50/50.

Each major market that ASG serves has a general manager, who sometimes is promoted from within, but more often is an executive from an acquired company. "Our main objective is to build our internal sales force," notes Nuccio. "We pick and choose acquisitions to complement our internal growth."

As part of the acquisition process, ASG also finds from time to time that a company it acquires has a better way of handling a certain task or process. When that occurs, ASG takes a "best practices" approach and makes a point of adopting that process, Nuccio says. As for the "tuck-in" acquisitions, he says, "That's what increases our margins and market density. It gives sales the opportunity to talk to more customers and sell to more people."

Although acquisitions have played a big role in ASG's strong growth performance, both Nuccio and Robert Ryan, vice president of sales and marketing, are quick to point out that the company also has seen strong internal growth. "Our approach is pretty traditional," comments Ryan. "We have a feet-on-the-street sales force that is segmented into three sales divisions — residential, small business and large complex commercial work. Our core products are the 'big four' — security, fire, access control and CCTV."

Moving forward, ASG has no plans to tamper with a strategy that's working so well. The company's goal is to continue to open one new market each year and to continue to supplement existing markets with "tuck-in" acquisitions, says Nuccio. ■

ASG Security's management team from left: Glenn Seaburg, vice president, IT and corporate services; Ralph Masino, CFO; Joe Nuccio, president and CEO; Bill Rose, vice president of operations; Bob Ryan, vice president of sales and marketing.



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