

# SDM

NETWORK SECURITY SYSTEMS & INTEGRATION



## Rock Solid **GROWTH**

Five years after Joe Nuccio and his team began rebuilding **ASG Security** from the ground up, the company is still climbing the ranks of industry leaders at a dizzying, yet balanced pace — which was the plan all along.

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# Building on the Basics

**ASG** doesn't have a flashy business plan or glittery operations — by choice. The company has “gone back to the basics” and become a powerhouse company built on a foundation of **fundamentals**. By Heather Klotz, Associate Editor



**W**hen Joe Nuccio accepted the role of president and chief executive officer (CEO) at Alarm Security Group LLC (ASG), Beltsville, Md., the company was faltering. Founded in 1999 under the name Alarm Security Group Monitoring Inc., the company successfully grew a healthy customer base, but struggled financially. In 2002, it was bought by two private equity companies; it was renamed, rebuilt and placed in the hands of an entirely new management team. The new goal? To take the 27,970 customers and \$874,000 in recurring monthly revenue (RMR) and triple their size over the next five years.



ASG's leadership (from left to right) includes: Robert Ryan, senior vice president, sales and marketing; William Rose, senior vice president, operations; Joseph Nuccio, president and chief executive officer; Ralph Masino, chief financial officer; Glenn Seaburg, vice president, IT and corporate services.

### READY, SET, GO

The company's transformation began with a simple decision to return to the basics, pursue the industry's best practices and focus on doing the little things right.

"Times change, but the fundamentals don't change," Nuccio articulates. "Right away, there was a focus on returning to basic business fundamentals and a best practices approach."

As Nuccio assembled a management team, he selected personnel that shared his vision and goals. Finalizing the management staff was a notable milestone for ASG Security, as it set up the company hit the ground running with a unified vision.

"The most important early milestone for ASG occurred when we finished putting our senior management team, one of the very best in the industry, in place," Nuccio recalls. "I knew with this gifted group of leaders we would be able to tackle any obstacle and build a great company together."

Together, Nuccio and his team overhauled the company's attitudes and approach to business.

"We have significantly changed the culture of the company over the past five years through the implementation of best practices, by rewarding our team members for performance and through true accountability to take care of our customers," Nuccio says. "These changes are truly cultural and required time to take hold, but today, I am proud that the fabric of our company is rock-solid and that we are poised to continue to consistently achieve our goals."

Part of the company's "rock solid" foundation includes a commitment to grow 50 percent through acquisitions and 50 percent through organic sales — a formula that has been in place and staunchly followed at the company since day one.

On the surface, with 42 acquisitions since its inception, ASG may seem like an acquisition machine, but it is not. There is an equal emphasis on organic sales, and an equal success rate.

"We are not an acquisition company," Bob Ryan, senior vice president, sales and marketing, insists. "We are extremely disciplined in our approach to acquisitions and only make acquisitions contiguous to our existing footprint that leverages our current infrastructure. We've always focused on developing a strong

	Years worked in industry
<b>Joseph Nuccio</b> , president and chief executive officer	24+
<b>Ralph Masino</b> , chief financial officer	20+
<b>William Rose</b> , senior vice president, operations	26+
<b>Robert Ryan</b> , senior vice president, sales and marketing	20+
<b>Glenn Seaburg</b> , vice president, IT and corporate services	22+

The result five years later? With more than 120,000 customers and RMR of \$4.7 million, ASG has more than met its goals. Better yet, in the process of becoming the 12th largest security company, it has remained focused on the people surrounding the organization — customers, employees and community members alike, and the service it provides them. ASG refuses to compromise its quality of service, always carefully monitoring growth to keep the company's resources strong and its service the best it can possibly be. For these reasons, and many more, ASG Security is *SDM's* 2008 Dealer of the Year.



PHOTO BY RANDALL SCOTT FOR SDM



The customer service center at ASG's Beltsville, Md., headquarters. The screen in the background indicates if any customers are waiting to be helped in the red area, while the blue area shows how many reps are not on the phone. "We want instantaneous results for our customers," Bob Vry, vice president, customer care, collections and retention, says.

ing branches, and they only happen if they make us stronger because we never want to lose the ability to have control over what we want to achieve — great service."

Service is paramount at ASG and it is emphasized from the moment ASG makes contact with a new customer — especially through an acquisition.

"Our philosophy is that the moment we make an acquisition, those customers are our customers, not the acquired company's customers," says Ralph Masino, chief financial officer at ASG. "Since you only have the chance to make a first impression once, we are very systematic in transitioning the customers into our company. We are equally conscientious of integrating new employees from acquisitions into the company, as well. My team oversees integration efforts, and we have a program that we follow with a detailed checklist."

The company's integrations just get better with time. In fact, the most successful integration to date came when ASG acquired Matrix Security Group Inc., a Turnersville, N.J.-based commercial and residential security systems provider. Matrix, with 33,000 accounts, \$1 million in RMR and an account mix of 36 percent commercial and 64 percent residential, was ASG's largest acquisition to date. Integrating the Matrix customers into ASG's service platform, along with 10 Matrix offices and 150 new employees, though no small task, was successful.

"The Matrix integration was one of the best integrations of a full company that we have completed," Masino said. "It took a tremendous effort from the corporate team and great cooperation from the Matrix team, and we couldn't be more pleased with the way that integration has gone."

Sticking to its time-tested formulas and remaining very deliberate in the actions it takes when fol-

regional presence with a strong local flair, and we make acquisitions that support that."

If an acquisition does open a new market, "tuck-in" acquisitions are made to bolster service and generate support.

Bill Rose, senior vice president of operations, points out that acquisitions are only made when they strengthen the company. "We always try to build our markets up in market density and never spread ourselves too thin so we have all the support that a particular market needs on hand. Acquisitions that we make build up our internal infrastructure because they are close to our exist-

## Rise in the Ranks

Since 2003, ASG has steadily progressed towards its goal of being a top 10 security company\*.

Ranking	Annual revenue	Recurring monthly revenue
2004 – No. 27	\$14.20 million	\$874,000
2005 – No. 22	\$23.59 million	\$1.51 million
2006 – No. 16	\$33.54 million	\$2.0 million
2007 – No. 15	\$40.54 million	\$2.49 million
2008 – No. 12	\$55.60 million	\$3.80 million

\*based on SDM 100 ranking



lowing its plan allows ASG to enjoy success with each acquisition it makes.

ASG also enjoys success due to its carefully defined markets, placing a strategic emphasis on the mid-to-large security systems market in the two key regions where it operates, Texas and the mid-Atlantic. The mid-Atlantic region has branches in New Jersey, western Pennsylvania, Maryland, Virginia and the Carolinas. The Texas region covers most of the state of Texas with substantial customer density in the larger markets of Dallas/Ft. Worth, Houston, San Antonio, and the Rio Grande Valley. The plan is to continue to grow market density in the larger, growth-oriented cities.

Intrusion, fire, video surveillance and access control systems in the commercial/industrial sector are combined with a large state and local government integrated systems business located in the Washington D.C. and Baltimore areas. A secondary residential/small business sales program built on high-credit-score customers in major markets complements ASG's commercial business. Although the company's primary focus is on the commercial marketplace, ASG's residential/small business program is still highly successful in its geographic regions and is a substantial contributor to ASG's new RMR growth.

ASG's core business is strengthened by the company's First Alert Dealer status. ASG became a First Alert Dealer in 2007 and has actively participated ever since, speaking at conferences and attending meetings.

The company's core business is complemented by an emphasis on two vertical markets — government sales and national accounts. ASG possesses two GSA schedules, FSC Group 58 and FSC Group 84, which are the foundation of its focus on federal government sales. ASG also has a vertical program for multi-location national account customers, which include Bradco Supply Company, Jennifer Convertibles, R.E. Michel Company, Friendly's restaurants and more. Instead of merely focusing on the largest national accounts, ASG pays attention to second-tier, multiple-location companies that are overlooked by the biggest security companies and offers them unparalleled service.

"Our niche is to provide intensive, hands-on service at a reasonable cost, with personal relationships right on up to our CEO," Bob Ryan, senior vice president, sales and marketing, says.

It helps that the CEO, Nuccio, sees ASG as a

One of ASG's goals is to give customers what they need *and* what they want, which translates into a continuous effort to provide services above and beyond what traditional security has previously offered.

One of the newest services available to customers is ASG Video, a video-based live viewing and event recording system. This service provides residential and commercial subscribers real-time live camera viewing and event-driven video storage for a low monthly recurring fee. The service works with Vista, XP, Mac OS, Unix and Linux, as well as any internet-compatible phone, letting customers view live video at any time, have video e-mailed to them on a schedule, and archive video to watch at any time. The video is also time and date stamped for use as evidence.

ASG and ADT are the only two companies "hosting" the service on their own servers. Other companies currently rely on a 3rd party as a intermediary source. Ryan views the service as a flagship offering that will ultimately prove to be as commonly provided as intrusion alarm monitoring.

ASG is positioning the service as an anti-DVR low-cost surveillance alternative with a buy-in installation fee similar to the installation of an alarm system with base monthly service fees.

service company, on a never-ending quest to satisfy its customers.

"First and foremost, we are a customer service company," he says when asked to describe ASG. "We don't manufacture anything. We are solely in the business of taking care of our customers. That means providing our clients with practical security solutions that meet their everyday needs, adding extras that let them maximize what their security systems can do for them, and then being ready to service them when the moment of truth arises. For the customer, the moment of truth is when there is an alarm, or their system needs service, or they simply have a question or an issue that needs to be resolved. I believe that we have put our employees and our customers in a position to win by having the right people, systems and priorities in place to get the job done right the first time."

When it is not done right the first time, ASG is quick to act. As Nuccio points out, in the customer service business, mistakes will inevitably happen. "How do you correct mistakes and how you treat the customer, those are the things that will set you apart from everyone else," he says.

ASG's customer service was never put to the test like it was those last few months after not one, but two hurricanes, Dolly and Ike, hit Texas.

"You can't prepare for the magnitude of two hurricanes hitting your operations," Rose says. "But we are trying to meet the needs of every single customer we have down there."



*Vry manages 35 people in the Customer Care Center. "We are structured so everybody can help the customer. No excuses," Vry says.*



PHOTO BY RANDALL SCOTT FOR SDM

The company is extending six months of free service in the Houston and Galveston areas, trying to help its customers get back on their feet. Additional technicians are also being rotated in from other branches in Texas on a weekly basis to help finish the numerous repairs and service calls that were generated.

As part of its emphasis on customer service, ASG established a centralized Customer Care Center at its headquarters in Beltsville, Md. In the Customer Care Center, trained customer service agents specialize in scheduling and tracking service calls, answering security-related inquiries and resolving account issues.

To Bob Vry, vice president, customer care, collections & retention, the Customer Care Center is focused on being a "one-stop shop."

"When a customer calls into us, we pride ourselves on having the ability to resolve their issue in one call, taking whatever time is necessary to do so," Vry says.

### **CUSTOMER CARE CENTER**

According to Rose, the staff in the Customer Care Center is not only trained to confidently handle calls, they are also empowered to handle almost every issue right away — using their own judgment.

"In many companies, very rarely is the person who answers the phone the person who can actually solve the customer's problem," Rose explains. "Our staff is empowered to take care of almost every issue. When they talk to the customer on that one call, they can immediately deal with the prob-

lem. We try to make sure that the first phone call is the only phone call our customers need to make."

Communication with customers also occurs in ASG's Outbound Marketing Center in McAllen, Texas, which is staffed with internal marketing agents that are continuously communicating with customers. The marketing agents contact every customer following each completed installation to grade the customer's satisfaction level with ASG's sales representative, the technician, and the overall installation. Scores are quantified and reported by branch. This keeps problem areas or problem branches from going undetected. Management is always ready to step in with long-term solutions for any repetitious problems discovered, but at the same time, high scores and outstanding service revealed by the system are given equal attention and rewarded.

### **OUTWARD FOCUS**

The attention that ASG's management team shows to customer service is mirrored outwardly in regards to the communities that ASG serves. Ryan is most proud of the company's award-winning Community Service Program.

"We've come a long way and our community service is very comprehensive now," he says. The company is involved in multiple charities, including the Special Olympics, Adopt-a-Family, Little League Challenger, Ronald McDonald House and Habitat for Humanity.

Employees are given a paid day off to volunteer with Habitat for Humanity. Individual outlets for community service are also strongly encouraged.

Last year, Aggie Hassan, vice president of human resources, bicycled 100 miles in the Seagull Century to raise funds for the Susan G. Koman Breast Cancer fund. This year she put together an entire team of cyclists to participate in the event.

“Community service is very comprehensive at ASG,” Hassan says. “Employees are given the freedom to contribute to organizations they are passionate about. I don’t think there has ever been any form of community service that ASG didn’t fully support.”

Employees are encouraged to send Hassan, who writes the company’s quarterly newsletter, information about everything they participate in and “get a chance to brag about it.”

The ASG Insider not only reports on employees’ community service efforts, it also includes news from around the company, announcements of acquisitions and new employees, the sales leaderboard, and even HR and IT updates. Most importantly, it provides a venue for Nuccio to communicate with all ASG employees in all branches on a quarterly basis and keep everyone on the same page.

In addition to community service, ASG also focuses on participating in the industry. After becoming a First Alert Professional/Honeywell Authorized Dealer in early 2008, ASG has offered its time and expertise to other dealers. Nuccio became a member of Honeywell’s President’s Council, contributing at every single event, and Ryan has already presented at a regional meeting, sharing a step-by-step marketing program.

“It is very uncommon that a company shares this level of information for the betterment of their competitors,” Joe Sausa, president of First Alert Professional Security Systems, says. “This is the type of integrity that defines a superior company.”

## LOOKING FORWARD

With everyone on the same page advancing towards its goals, the future looks promising for ASG, even in light of the current economic conditions. Last October, ASG recapitalized with Parthenon Capital, a private equity firm based in Boston and San Francisco, providing the necessary capital for ASG to continue to grow.

“Securing this recapitalization provided for the long-term viability and future growth of the company,” Nuccio says. “It also connected us to an outstanding business partner in Parthenon Capital. They have the same goals as us and have already proven to be a tremendous asset to our company.”

Growth will continue according to the company’s existing strategy, and it will continue to occur only

when it doesn’t lessen ASG’s ability to provide remarkable service.

“Our geographical expansion strategy is to add at least one new market a year that is continuous to our current markets,” Nuccio says. “We will continue to make strategic acquisitions where they make sense and where they make us stronger.

We won’t try to be in every market,” Rose adds. “We will just continue to be very committed to every market we are in.”

The company will also remain committed to bringing new interactive customer services to market in an ongoing effort to give its customers every available benefit. For example, in the first quarter of 2009, ASG will initiate a companywide launch of its GPS tracking, fleet management and asset protection services in partnership with Contigo. Customer solutions like teen driver safety, child safety, and pet tracking will be marketed to the company’s 95,000-plus residential customers.

With the capital to grow, a continued focus service and cutting-edge products, ASG is poised to keep succeeding, solidly built of its foundation of basic principles and stable growth strategy.

We haven’t invented a lot of things, just maybe perfected some areas — and we just continually try to evaluate everything we do and then do it better,” Rose says. “That level of effort pays off when every year is your ‘best year ever.’ We always expect that next year we’ll be even better than we are this year.” ■



“I believe that we have put our **employees** and our **customers** in a **position to win** by having the right people, systems and priorities in place to **get the job done right the first time.**”

—Joe Nuccio, president and CEO, ASG



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