

PETE SOKOLOFF

Peter A. Sokoloff & Co. is an investment banking firm that specializes in mergers and acquisitions in the security and telecommunications industries. The firm began coverage of the security industry in 2003 after providing strategic consulting to a large public telecom company. SecurityWorld INT? met with Mr. Sokoloff, Senior Managing Director of Peter A. Sokoloff & Co., who in this interview gave some insight into the fast expanding security business in terms of mergers and acquisitions.

By Sunny Kim



How is providing consulting and investment services to security companies different from supporting clients from other industries?

We try to help owners and officers of security companies "think outside the box." The security industry is an old line traditional industry which has experienced an urgent flood of changes in both technology and business in the 21st century. Unlike most other technology industries the security business has had a steeper and faster learning curve to overcome as it plots out the next few decades of growth.

In our software technology practice we strive to stay attuned to a rapidly changing environment where todays

hot product is literally replaced tomorrow by the next big thing. We have a different perspective with our security practice. More often our job is to try and nudge things along -- get security companies to consider and then act on new trends in capital formation, market growth and technology innovation.

As an investment expert, can you please share your opinion about what global (or vertical or horizontal) markets the security companies should increase their investments in the coming years?

The security industry needs to dramatically increase investment in its existing associations so that they actively develop and become heavily involved in passing legislation or government mandates in every country. It is not enough to simply point out the facts that industrial, port and other critical assets are under protected and vulnerable.

Strong lobbying efforts by other industries have thus far blocked effective legislation which would cause the chemical and oil & gas industries to make substantial security improvements. The security industry has to step up with a clear, well-articulated case. We need to provide answers in the form of good legislation which creates a secure future where private industry, in partnership with government, deploys prolific infrastructure protection.

The security industry has the vision of what it takes to protect. Insistence that our lawmakers understand and embrace this vision will have far reaching benefits to both the public good and industry growth.

What is the direction the security industry is moving in terms of mergers and acquisitions?

We have seen three main thrusts thus far. First, we have seen the consolidation of regional security companies under national umbrellas such as ADT, Stanley and Diebold. Second, we have seen the consolidation of technologies to be able to offer a more complete solution from a single source. Good examples of this are GE & Honeywell. Third, we have seen the entrance of strong new players over the last five years including some of the traditional large defense contractors such as SAIC and UTC.

Today, similar consolidation continues but it has become more discriminating. Larger companies are honing in on specific technology growth areas to fill holes within the solution sets they offer. Our current appeal is identification/authorization software and hardware, video analytics, and IT security.

For more information on Peter A. Sokoloff & Co., check out their website at www.sokoloffco.com. Mr. Pete Sokoloff can be reached at psokoloff@sokoloffco.com.

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