

Security Finance Newsletter

September 2015

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Volume XI, Issue 3

2nd/3rd QUARTER MERGERS & ACQUISITIONS

Buyer: PROTECTION 1

Seller: CAM CONNECTIONS (CCI) is a systems integrator based in Lakeland, FL with 60 employees.

Buyer: DEAN DRAKO, founder of BARRACUDA NETWORKS and EAGLE EYE NETWORKS - a cloud-based provider of video surveillance systems.

Seller: BRIVO is a cloud-based access control provider headquartered in Maryland.

Buyer: MANTECH (Nasdaq: MANT)

Seller: KNOWLEDGE CONSULTING GROUP is a cyber security advisor in Reston, VA.

Buyer: TUNSTALL AMERICAS focuses on supplying and monitoring PERS devices.

Seller: KUPUNA MONITORING SYSTEMS is a PERS dealer based in Aiea, Hawaii.

Buyer: MOUNTAIN ACQUISITION COMPANY LLC.

Seller: INTEGRATED SECURITY is a systems integrator based in Denver, CO. The company has 26 employees and about \$3.5 million in topline revenue.

Buyer: MARLIN EQUITY is a PE Firm.

Seller: RESOLUTION1 provides cyber security solutions.

Buyer: LEVEL 3 COMMUNICATIONS (NYSE: LVLT)

Seller: BLACK LOTUS provides global Distributed Denial of Service (DDoS) mitigation services.

Buyer: NORTEK SECURITY & CONTROL is a provider of smart connected products and solutions.

Seller: NUMERA, INC. creates PERS products and cloud-based software platforms. Based in Seattle, WA with approx. 2014 sales of more than \$3M.

Buyer: LOUD SECURITY is a systems integrator.

Seller: ALARM ASSOCIATES, INC. is headquartered in Atlanta.

Buyer: WENDEL is a Paris-based PE Firm.

Seller: BLACKSTONE sold their portfolio company ALLIEDBARTON - a guard company which has more than 60,000 employees.

Buyer: COUNTERTACK is a provider of real-time, Big Data endpoint detection and response technology.

Seller: MANTECH CYBER SOLUTIONS INTERNATIONAL - is a division of MANTECH (Nasdaq: MANT).

Buyer: ALLEGION PLC (NYSE: ALLE)

Seller: MILRE SYSTEK CO LTD., SIMONSSVOSS and AXA STENMAN HOLDING. All three companies are access control manufacturers.

Buyer: LOCKHEED MARTIN CORP. (NYSE: LMT)

Seller: UNITED TECHNOLOGIES CORP.'s (NYSE: UTX) SIKORKSY AIRCRAFT BUSINESS.

Buyer: TASER INTERNATIONAL's (Nasdaq: TSR) wholly owned subsidiary TASER INTERNATIONAL BV.

Seller: TACTICAL SAFETY RESPONSES LIMITED (TSR) is a distributor of smart weapons and body cameras in the UK.

Buyer: WARBURG PINCUS

Seller: PARTNERS GROUP sold its controlling interest in Santa Ana, California's UNIVERSAL SERVICES OF AMERICA.

Buyer: UNIVERSAL SERVICES OF AMERICA is a guard an electronic security company.

Seller: GUARDSMARK is a guard company that is based in Memphis, TN.

Buyer: ADS is a regional electronic security and automation company.

Seller: PROTEC PLUS is an alarm company based in Myrtle Beach, SC.

Buyer: BATTERY VENTURES

Seller: NICE SYSTEMS (Nasdaq: NICE) PHYSICAL SECURITY BUSINESS UNIT. The

division provides video surveillance technologies.

Buyer: ACCENTURE (NYSE: ACN)

Seller: FUSIONX is a cyber security company headquartered in Washington DC.

Buyer: CA TECHNOLOGIES (NYSE: CA)

Seller: XCEEDIUM, INC. is a provider of identity management solutions and is based in Herndon, VA.

Merger: SALIENT FEDERAL SOLUTIONS, INC., and CRGT, INC. The companies have a broad portfolio of solutions in Agile software development, data analytics, mobility, and cyber security.

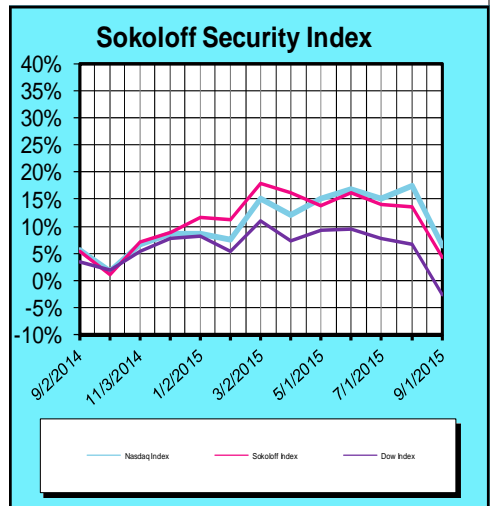
Buyer: KRONOS INCORPORATED is a workforce management solution company.

Seller: KABAS WORKFORCE SOLUTIONS AUTOTIME BUSINESS. AutoTime is a time and attendance labor management solution.

Buyer: CRIME PREVENTION SECURITY SYSTEMS is an alarm company.

Seller: SCOTT ALARM is an alarm company based in Jacksonville, FL.

Merger: COMPUTER SCIENCES GOVERNMENT SERVICES DIVISION will combine with SRA. They will become the largest pure-play IT services provider serving the U.S. government sector, with combined FY15 revenues of approx. \$5.5 billion and nearly 19,000 employees.



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AN INTERVIEW WITH RANDY FUERST PRESIDENT OCEUS NETWORKS

This quarter, Sokoloff & Company interviews **Randy Fuerst, CEO & President of Oceus Networks.**

Oceus Networks delivers mobile solutions, integrating fixed and wireless broadband technologies that enable secure, high-speed voice, video, and data communications.

What is distinct about Oceus Networks offerings in the marketplace?

Oceus Networks is focused on delivering tactical 4G LTE to the Department of Defense and US First Responders. We take commercial 4G LTE technology – thus leveraging the multiple billions of dollars invested by cellular technology companies – and make it work in a tactical environment. We have been through DOD interoperability certification, and we were the first company to receive NSA authority to operate 4G LTE technology at the Secret level.

We have several other “firsts”: first to install 4G LTE on a Navy ship for at-sea operations; and first to provide a self-contained, private 4G LTE network via a system on wheels in a state-wide implementation in conjunction with FirstNet.

In addition, we have developed a very strong capability to enable tactical operations using cellular technology. Deployable networks are unique for several reasons. They are always in motion along with their other network nodes and users. They typically don’t have fiber backhaul to connect back to the central office core. They don’t behave like traditional carrier networks and are designed to be different. That’s why it takes special skills, applications, and expertise hard earned in the field to maximize the potential of this critical component.

What is your background and what drew you to this space – what is exciting about it?

I have been fortunate to have worked in National Security companies in various capacities for over 30 years, with a primary focus on the development, delivery, and management of technology systems and services across the U.S. Federal Government. Very early in my career, I learned about the C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance) domain, and had the opportunity to provide direct mission support to some of the early tactical decision combat systems that we developed and fielded.

As President and CEO at Oceus Networks, I continue to relentlessly focus on understanding our clients’ missions, as well as their associated challenges. My primary role today is in driving corporate strategy; in addition to the oversight of all operational elements of the company including research and development of advanced tactical communication methodologies and architectures. What’s really exciting about our fantastic group of engineers and professionals is that we have established ourselves and are recognized as an emerging leader in providing tactical mobility solutions for both the warfighter and first responder communities.

Early on, the initial mobility pilots that we participated in were quite a challenge! However, with the continued understanding of our clients’ environments, our capabilities and expertise have continued to mature to a point where our customers now view our products and solutions as absolute “game changers” on the tactical edge. That kind of feedback motivates our team to keep pushing the envelope in the development of cutting edge mobile solutions.

Give some examples on how Oceus Networks helps companies save money through your solutions.

Our customers are Government agencies, not commercial companies. Our goal is to not only save our customers’ money, but to make their missions more effective through the use of innovative technology. A basic

product exploration to implementation to production and sustainment. Even though we have a well-defined, formal process, we also have flexibility. We are currently going through several 3-month “quick – turn” iterations that we are delivering to a key customer for their feedback.

In fact, most of our products are developed with strong user input. Key customers state their requirements, and we incorporate multiple inputs in our product development life cycle. Some customers serve as beta testers for us, providing invaluable feedback.

Currently we’re delivering the fourth generation of our flagship product Xiphos® a macro 4G LTE network. Over the last twelve to eighteen months, our customers have asked how Oceus can put our 4G LTE capability in airborne packages or in smaller form factors. We’ve also been working to make advancements to our ONmission™ mission management software product line. Most of our time is spent understanding our customers’ environment, how they want to operate the systems and the unique challenges they pose. We find that our customers all have unique challenges, from the Navy who place our gear on their ships, to the Army who install it on tactical vehicles.

How long does it take for a new product to reach market and how do you insure that it’s trouble free?

Our R&D process defines how we develop major, minor, and maintenance releases. Major product releases take between 6 and 12 months, from requirements to customer release. Minor releases are normally 3 to 6 months, and maintenance releases are 2 to 6 weeks. Our Quality program utilizes a rigid review process during the design and implementation phase, and multiple phase test cycles.

We are about to go through our first ISO audit, another investment we’ve made to have even stronger confidence in our product and solution development and delivery.

What is the corporate culture at Oceus Networks?

Oceus Networks’ corporate values are communication, trust, teamwork, and accountability. These benchmarks guide how we operate individually and as a company to deliver

This notice appears as a matter of record only.

Red Oak Growth Partners

INSIGHT VENTURE PARTNERS

 **EGIS**
CAPITAL PARTNERS

Have invested in

CSSN
Card Scanning Solutions

The undersigned advised Card Scanning Solutions, Inc.

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business premise of Oceus Networks is to leverage the latest in commercial off-the-shelf (COTS) technologies, which allows us to deliver the highest value products and solutions at a reduced cost.

We also focus on interoperability of our new technology with our customers’ legacy systems. Interoperability with legacy equipment allows users to augment, or potentially replace, cost-prohibitive equipment with the latest COTS technology offerings.

Using commercial technology and adapting it to meet client needs, while maintaining attractive cost advantage is the key to Oceus Networks’ success.

Tell us about Oceus’ R&D process.

Oceus has a well-defined, yet flexible, R&D process that drives how we gather requirements from our customers through how we build and maintain them. Our R&D is core to our competitive advantage as a company. We look at the entire life cycle of products, from



Randy, standing next to Oceus Networks’ tactical 4G LTE Communications Solution, Xiphos®

quality products and solutions to our customers.

Regarding teamwork, I have a term that I call "swarm" – when we have a problem – we "swarm" around it to make sure we have the right people with the right talent to fix that issue. I recently had a key customer recognize that mind-set in our people; noticing we are a team that "gets it done" regardless of the challenge... even if the "problem" wasn't necessarily created by our solutions.

In addition to our core values, we want our employees to grow with us, so we offer a variety of educational opportunities such as monthly in-house brownbag presentations from industry experts, reimbursement for attending industry seminars and networking events, educational assistance for job-related degrees and other development opportunities.

We are always looking for smart, dedicated people. Oceus Networks has an established internship program at our Plano, TX location where we support local college students and provide them with the opportunity to gain experience, develop skills, make connections, strengthen their resumes, and learn about the industry. This year we had one engineering student return for his second summer; we're hoping that he joins Oceus full time next summer.

In addition to a dedicated location which has 24x7 customer support service, how do you work with customers on a daily basis?

Our corporate philosophy is that it is imperative that we understand our customers' mission and their challenges. Therefore, we support our customers during exercises which operate and test our technology. We also meet with them to understand their requirements and we provide them beta versions of our next technology releases to get their feedback.

In addition to providing a 24X7 customer support line, we have decided to have some of our employees located very close to our key customers around the country.

Our customers call our team the "Men in Black," referring to the black Oceus polo shirts that we wear. They know that our team is dedicated to their mission and will go above and beyond to help them fix any problems. I've received several glowing letters of thanks recognizing our staff for that dedication.

The roll-out of FirstNet, which was set up and funded by Congress to help state and local public safety agencies build and upgrade to 700 MHz integrated broadband networks, has been marked by delays and confusion. What are the principal obstacles that need to be overcome for FirstNet to become a reality?"

It's a hard problem! Everybody in the industry is looking at FirstNet, which is putting together the nationwide public safety broadband network. FirstNet released a draft RFP in May, addressing the nationwide roll-out of the first responder broadband network capability. One of FirstNet's challenges includes developing a nationwide plan that includes

buy-in from all of the States, Territories, and Tribal regions.

Part of this nationwide architecture includes a large core, similar to what the carriers such as AT&T and Verizon use to support the major cities around the nation. In order to provide connectivity beyond the larger core network's reach, FirstNet realized the need to have deployable capability. They have cell-on-wheels (called "COWS") that respond to that need. Oceus Networks' sweet spot is the deployable capability.

Oceus Networks is part of an industry team selected to integrate and deliver JerseyNet, a dedicated first responder network for the state of New Jersey. The JerseyNet project represents the nation's first public

Randy Fuerst, President, Oceus Networks

Randy brings more than 30 years of industry experience having numerous executive positions across his career. His prior position was for CACI International where he served as COO.



What changes are on the horizon for wireless?

As we all become more mobile and use more advanced applications, the requirement for ubiquitous and high bandwidth spectrum access will grow exponentially. As the Internet of Things becomes more prevalent, this thirst for bandwidth will grow even more.

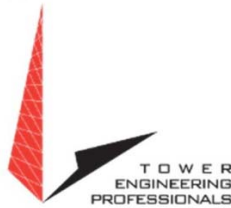
The company that figures out how to effectively use and manage that bandwidth, including spectrum sharing, will have an advantage. Additionally, we have to change our mindset to serve a workforce (or customer set) that is completely mobile – no desktops allowed! How does that change how we view cloud, the "enterprise," or security? How does "big data" change in a completely mobile environment?

Where do you expect Oceus Networks to be five years from now, what are your goals?

We envision an environment wherein our customers' entire enterprises are mobile. The mobile environment will no longer be separate from a static enterprise environment. Unlike today, where "mobile" normally means the users move but the core infrastructure is static; a truly mobile enterprise involves both the users and the enterprise in motion. This adds new complexities to the mobile environment. Additionally, this mobile enterprise needs to be secure, and it needs to exploit the huge amounts of data inundating the users.

Our team continues to diligently fulfill our vision to establish Oceus Networks as an innovative leader in providing best-in-class mobility solutions. Enabling client-mission success means keeping a keen focus on clients' needs and adapting our solutions so that the mission is accomplished - that's first and foremost. As we mature our products and solutions, our internal practice is to build upon those challenges and lessons learned across our client engagements to establish efficient, scalable, and interoperable network architectures that meet and exceed client-mission objectives.

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Tower Engineering Professionals, Inc.
TEP Design Build, Inc.

Have been Acquired by Management and Investors.



The undersigned advised Tower Engineering Professionals.



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safety-grade 4G LTE broadband network with deployable network nodes to provide first responders with a secure, resilient, and sustainable network delivering remote, mobile, mission-critical capabilities.

We provide FirstNet an Enhanced System on Wheels, dubbed "Responder," which is a self-supporting private network that operates on its own during emergencies without the other cell tower infrastructure. When that larger infrastructure comes back online, we sync back up and are good to go. That has really been our focus in the public safety market. We recently passed factory acceptance testing and are starting to roll out systems to the state of New Jersey.

How does Oceus Networks sell product around the world, how do your sales channels work?

Because our solutions are fairly complex to sell and integrate, we have deliberately avoided selling through channels until the market is more mature.

Sokoloff & Company

Please contact **Bernie Walko**,
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While at our website, surf around. There's plenty of useful information, including valuation case studies and our archive of newsletters tracking historical industry performance.

"Always do right. This will gratify some people and astonish the rest."
- Mark Twain (1901)

SOKOLOFF & CO. VALUATION RANKINGS OF PUBLIC SECURITY COMPANIES Q2 2015 Reports and Stock Prices as of August 31, 2015

USA LISTED COMPANIES

Sokoloff & Company compiles a quarterly review of selected public security companies (and companies that dedicate a portion of their business to security) and compares how each is valued by the public marketplace. The companies are ranked comparatively by EVS, which is Enterprise Value divided by Sales. Other comparative indicators shown are P/E, Price to Earnings (market cap divided by earnings) and EVM, which is Enterprise Value Multiple; the Enterprise Value divided by EBITDA (Earnings Before Taxes, Interest, Depreciation and Amortization). All multiples are based on trailing twelve months (TTM) numbers through the most recently reported quarter.

Note: The quarterly revenue percentage column is the increase (or decrease) from the same quarter in the previous year. Where fiscal year has differed from calendar year, the most recently reported information is used.

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Current Rank	Previous Rank	Company	Symbol	Stock Price 8/31/2015	52 Week Range	Market Cap 8/31/2015	(000s)				(000s)		Over Q2 2014	P/E	EVS	EVM
							2011	2012	2013	2014	2nd Q 14	2nd Q 15	Incr/Decr			
							Revenue	Revenue	Revenue	Revenue	Revenue	Revenue				
1		Taser Corp.	TASR	23.40	13.40-35.95	1.26B	90,028	114,753	137,831	164,525	37,175	46,713	25.7%	48.65	6.52	27.90
2		Roper Industries, Inc.	ROP	162.09	137.34-178.92	16.32B	2,797,089	2,993,489	3,238,128	3,549,494	885,175	889,541	0.5%	24.56	5.12	14.91
3		Verint	VRNT	53.33	50.09-66.45	3.27B	726,799	782,648	839,542	907,292	257,393	269,536	4.7%	1481.39	3.17	22.10
4		ADT	ADI	32.78	29.61-42.88	5.57B	3,110,000	3,228,000	3,309,000	3,408,000	849,000	898,000	5.8%	19.25	3.02	5.94
5		Genlex Corporation	GNIX	15.50	13.17-19.06	4.54B	1,023,762	1,099,560	1,171,864	1,375,501	338,437	379,259	12.1%	15.66	2.92	8.51
6		Zebra Technologies Corp.*	ZBRA	82.88	59.95-119.47	4.32B	983,488	996,168	1,038,159	1,670,572	288,421	889,774	208.5%	N/A	2.50	17.20
7		Flir Systems, Inc.	FLIR	28.63	26.34-34.46	4.02B	1,544,062	1,405,358	1,496,372	1,530,564	369,360	392,975	6.4%	18.21	2.46	10.87
8		The Geo Group	GEO	30.03	28.97-45.25	2.21B	1,407,172	1,479,062	1,522,074	1,691,620	412,843	445,945	8.0%	16.52	2.42	12.74
9		Honeywell	HON	99.27	82.89-107.41	77.61B	36,529,000	37,665,000	39,055,000	40,306,000	10,253,000	9,775,000	-4.7%	17.79	1.98	10.98
10		Stanley Black & Decker	SWK	101.52	79.03-111.18	15.56B	9,435,500	10,147,900	10,889,500	11,338,600	2,860,100	2,866,900	0.2%	20.71	1.70	10.33
11		Tyco International	TYC	36.29	34.01-45.22	15.30B	10,557,000	10,403,000	10,073,000	10,340,000	2,660,000	2,489,000	-6.4%	39.92	1.66	15.96
12		Napco Security Systems, Inc	NSSC	5.95	3.98-6.16	112.87M	71,392	70,928	71,386	74,382	7,382	No report	N/A	29.90	1.63	19.92
13		United Technologies Corp.	UTX	91.61	87.17-124.45	81.59B	55,754,000	57,708,000	62,626,000	65,100,000	17,191,000	16,333,000	-5.0%	13.14	1.56	8.06
14		Lockheed Martin Corp.	LMT	201.18	166.28-213.34	62.47B	46,499,000	47,182,000	45,358,000	45,600,000	11,306,000	11,643,000	3.0%	17.87	1.51	11.15
15		Northrop Grumman Holdings	NOC	163.74	163.60-165.83	30.69B	26,412,000	25,218,000	24,661,000	23,979,000	6,039,000	5,896,000	-2.4%	16.58	1.49	9.94
16		OSI Systems	OSIS	73.04	58.54-76.70	1.44B	656,100	792,990	802,047	906,742	260,104	266,601	2.5%	23.04	1.48	8.80
17		Siemens AG	SI	88.46	80.17-106.35	73.89B	99,672,000	103,466,000	92,101,000	90,195,000	19,536,000	21,015,000	7.6%	9.55	1.20	11.43
18		Brady Corporation	BRC	21.96	20.98-28.99	1.13B	3,885,500	1,071,504	1,157,792	1,225,034	309,577	290,227	-6.3%	N/A	1.07	8.27
19		L-3 Communications Holdings	LLL	105.47	101.11-132.92	8.47B	13,157,600	13,146,300	12,622,000	12,124,000	3,019,000	2,793,000	-7.5%	15.38	1.05	10.27
20		CACI International, Inc.	CACI	78.42	69.15-92.20	1.90B	3,577,780	3,774,473	3,681,990	3,564,562	905,718	865,506	-4.4%	15.17	0.89	9.86
21		Johnson Controls	JCI	41.14	38.48-54.52	26.91B	40,833,000	41,955,000	41,410,000	42,828,000	9,833,000	9,608,000	-2.3%	18.06	0.81	10.29
22		Diebold	DBD	31.12	29.60-38.97	2.02B	2,835,848	2,991,693	2,867,491	3,051,053	733,500	733,400	0.0%	24.52	0.77	9.56
23		ManTech International	MANI	27.39	26.09-35.23	1.03B	2,869,982	2,582,295	2,310,072	1,773,981	463,381	384,378	-17.0%	18.96	0.67	8.82
24		Megal Security Systems Ltd.	MAGS	4.15	3.72-6.18	67.71M	88,591	77,697	51,517	77,543	16,244	15,697	-3.4%	13.93	0.54	5.76
25		Checkpoint Systems, Inc.	CHKP	8.08	7.29-14.23	340.66M	763,749	689,920	689,738	662,040	170,925	147,550	-13.7%	N/A	0.54	5.24
26		Brink's Company	BRQ	28.66	19.15-33.62	1.40B	3,766,000	3,735,000	3,779,000	3,562,000	899,000	760,300	-11.5%	N/A	0.52	9.27
27		Identix Group	INVE	4.65	2.51-21.31	49.84M	102,708	72,361	74,284	81,249	22,301	15,587	-30.1%	N/A	0.49	N/A
28		Anixter International, Inc.	AXE	63.66	56.97-91.66	2.10B	6,146,900	6,252,500	6,226,500	6,445,500	1,342,900	1,480,400	10.2%	11.55	0.42	7.17
29		Vicon Industries, Inc.	VII	1.43	1.22-6.14	13.16M	47,182	49,652	39,846	34,878	9,256	11,701	26.4%	N/A	0.25	N/A
Sokoloff Index							369,343,232	381,151,851	373,290,133	377,567,132	91,249,348	91,601,990	Over Q1 2015	Quarterly Growth		
							Over Year 2011	Over Year 2012	Over Year 2013	Over Q2 2014	8.5%		7.4%	83.93	1.74	11.53
							3.2%	-2.1%	1.1%		Average	Median	0.1%	18.06	1.49	10.27

*Revenues include two months of results of the recently acquired Enterprise business that the company acquired from Motorola Solutions.



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