

Security Finance Newsletter

March 2012

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Volume VIII, Issue 1

4th QUARTER ANNOUNCED MERGERS & ACQUISITIONS

Buyer: GENERATION3 CAP and PROMUS EQUITY are PE firms based in Chicago.

Seller: LOGICMARK is a maker of personal emergency response systems with HQ in Fairfax Station, Virginia. **PETER A. SOKOLOFF & CO.** represented LogicMark on the transaction.

Buyer: AUTHENTEC (NASDAQ:AUTH)

Seller: PEERSEC NETWORKS is a Seattle-based provider of networking security solutions.

Seller: PROXURE, INC. is a provider of cloud-based storage services and was founded in 2005.

Buyer: RAYTHEON COMPANY (NYSE:RTN)

Seller: PIKEWORKS CORPORATION is a cybersecurity firm which is based in Madison, AL.

Buyer: L-3 COMMUNICATIONS (NYSE:LLL)

Seller: KOLLMORGEN ELECTRO-OPTICAL DIVISION (KEO), a division of DANAHER CORPORATION (NYSE:DHR). The KEO business designs and manufactures periscope and optronic mast systems. They had 2010 revenues of approximately \$169 million.

Buyer: INFINOVA CANADA LTD is a subsidiary of majority U.S.-owned Infinova. The company provides video surveillance solutions and is listed on the Shenzhen Stock Exchange.

Seller: MARCH NETWORKS (TSX:MN) is a provider of intelligent IP video solutions. Based in Ottawa, Ontario; MN had about \$100 Million in fiscal year ended April 30, 2011 revenue.

Buyer: ADVENT INTERNATIONAL is a private equity firm.

Seller: OBERTHUR TECHNOLOGIES specializes in digital security based on smart card technology.

Buyer: URS (NYSE:URS)

Seller: CATI TRAINING SYSTEMS is a developer of training systems with HQ in Daleville, Alabama. CATI is owned by a group of private investors and has a staff of 12.

Buyer: IDENTIVE GROUP (NASDAQ:INVE) provides products, services and solutions for the security, identification and RFID industries.

Seller: IDONDEMAND delivers managed identity services and is headquartered in Pleasanton, California. In May 2011, INVE acquired more than 95% of idOnDemand's shares, acquiring the rest in December.

Seller: PAYMENT SOLUTION AG is a German-based provider of integrated cashless payment solutions throughout Europe.

Buyer: HID GLOBAL is a division of **ASSA ABLOY (ASSA-B.ST)**

Seller: EASYLOBBY is headquartered in Needham, MA. The company is a provider of comprehensive visitor management solutions.

Buyer: KRATOS DEFENSE & SECURITY (NASDAQ:KTOS)

Seller: Kratos would not disclose the company but *Security Systems News* reported that it was the **INGERSOLL RAND SECURITY SYSTEMS DIVISION.**

Buyer: THE BRINK'S COMPANY (NYSE:BCO)

Seller: KHEOPS, SAS provides logistics software and is headquartered in Paris, France.

Buyer: MANTECH INTERNATIONAL CORPORATION (NASDAQ:MANT)

Seller: EVOLVENT TECHNOLOGIES, INC. is a healthcare-systems integrator with strength in federal healthcare systems and is headquartered in Herndon, VA.

Seller: HBGARY, INC. is a cyber security software provider and is headquartered in Sacramento, CA.

Buyer: HONEYWELL (NYSE:HON)

Seller: FIRE SENTRY (NASDAQ:FRPT) is a manufacturer of fire detection and control products. The company is headquartered in Yorba Linda, California.

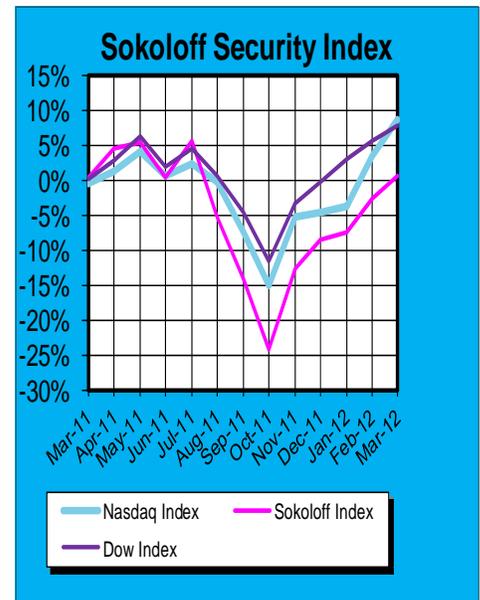
Buyer: STERLING INFOSYSTEMS, INC. is a background screening company.

Seller: ACXIAM INFORMATION SECURITY SERVICES (AISS) is a division of ACXIAM CORPORATION (Nasdaq: ACXM). AISS is a background screening business.

Merger: ATSC CORPORATION (AMEX: ATSC) and SALIENT FEDERAL SOLUTIONS. ATSC provides software and systems development, systems integration, infrastructure management and outsourcing. Headquartered in McLean, Virginia, ATSC has more than 400 employees. *Salient Federal Solutions* is a provider of Federal IT and engineering with HQ in Fairfax, Virginia.

Buyer: OPTEX of Japan specializes in indoor and outdoor passive and active infrared technologies.

Seller: RAYTEC LTD is a specialist manufacturer of CCTV Lighting and number plate capture cameras with headquarters in the UK.



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Sokoloff Interviews Ben Cornett, CEO of LogicMark

Sokoloff & Company wrapped up 2011 advising **LogicMark, LLC** in its sale to investor groups **Generation3 Capital** and **Promus Equity**. LogicMark manufactures two-way voice emergency pendants for the PERS (Personal Emergency Response System) market. In this newsletter we interview industry veteran, **Ben Cornett**, who was appointed as CEO to lead LogicMark into its next phase of growth and market leadership.

You have a very strong background in the security industry including being the former President of Honeywell. What new challenges do you face in running LogicMark in comparison to the successful companies you ran before?

I see the challenges to be the same as the ones I faced in previous opportunities:

- Continuing to improve the design, functions and ease of use to provide the best products available.
- Making sure we have the best people in the industry to work with our customers.
- Providing customer service that always exceeds expectations.
- Always being sure to do what we say we will do.
- Developing great relationships with the top distributors to assure our products are always available when and where our customers need them.

In your long and varied career, what are the major changes you've seen in the security industry and what changes do you see coming in the next 5-10 years?

The major changes I've seen are the introduction of the digital dialer (the device that allows the location controller to connect to the central station through telephone lines), the advent of wireless and the introduction of mass marketing of security systems led by the brilliant organizations out of Provo, Utah.

The companies in Provo hired college students from specific schools like BYU and others in the area that offer four full

months of summer break. They trained the students to sell door to door and set up temporary offices in many cities throughout the United States and Canada, staffing each office with an experienced leader. The largest quickly grew sales to well over 100,000 systems each summer. Based on the SDM Top 100 Report, some are now listed as the top security companies in America.

As for the next five to ten years, wireless will continue to be a major game changer by offering a greater

"... wireless will continue to be a major game changer by offering a greater ease of installation and customer convenience features."

I have great respect for the owners of LogicMark and I am 100% confident that they will always provide us with the tools to do the right thing for our customers. They have top notch people working for them and a great reputation for excellent products backed by the best customer service in the industry. Finally, **I believe the growth**

opportunities in the PERS market are exceptional.

How do you juggle being CEO of your current company, EZ-Watch Pro, and LogicMark?

When compared to my previous position with **Honeywell**, where I was responsible for multiple businesses on a global basis, this does not seem too difficult after learning the business well. Also, as mentioned before, the employees at **LogicMark** are top notch. I am surrounded by world class leaders like Kevin O'Conner (LogicMark's President) and Mark Gottlieb (Chief Creative Officer) which makes it easier.

Talk to us about the PERS market. There are many products available in this rapidly growing sector of the security/telecom industry. How is LogicMark's product different and how will you position the company to be the leader in the field?

LogicMark's top of the line product, LifeSentry, is installed by a security professional to connect to a central station. **Each pendant has a unique 2-way voice feature and the connection to the central station provides the user with a wide range of services by well-trained professionals.** This is different than the products out there which are one way and designed to call 911 or friends and family only.

Moving forward we will continue to develop new products based on information gathered by our customers and potential customers. We are well funded, we have talented people and we are fully committed to being the

"I believe the growth opportunities in the PERS market are exceptional."

This notice appears as a matter of record only.

LogicMark

Has been acquired by a new company formed by



The undersigned advised LogicMark, LLC.



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ease of installation and customer convenience features, with long range wireless communication using GSM technology providing faster and safer signals to central stations. I also believe C.C.T.V. Systems will become an extremely important part of well-designed security systems and expect major technology advances in control panels and sensors to increase, which will deliver more functions and reduce false alarms.

What attracted you to working for LogicMark?

absolute best provider of PERS products.

What will acquirers **Generation3 Capital** and **Promus Equity** bring to the table in helping to grow **LogicMark**?

A wealth of experience gained from investments in a wide range of businesses and a highly successful track record of managing to create excellent growth.

LogicMark is growing rapidly. Where will you find talent to fit the demand and how will you train them?

Our management team has a long and successful history of helping people reach their goals and achieve the highest level of success possible. This is accomplished by always finding ways to help our customers grow. We believe this reputation will help us to attract excellent people and we will invest as needed to ensure our people are properly trained.

Will **LogicMark** be branching out to sell its products to an international audience?

We are presently in discussions with potential partners in several international markets. At this time it is fair to say we will expand internationally.

2012 M&A OUTLOOK

Pete Sokoloff, Senior Managing Director, was interviewed by **Axial Market** to discuss his M&A outlook for 2012.

AxialMarket is an online network used by over 5,400 qualified member companies actively engaged in buying, selling, lending to, or advising private companies.

What are your thoughts right now on the general economy and how it will impact mid-sized private businesses?

Very positive. Most of the traditional leading and lagging indicators are up, pointing to a very good year. Unemployment claims are down, employment is up, inventories are growing, corporate earnings are improving and they've been steadily improving since mid-2010. They just kept gradually getting better in 2011 and we expect the same in 2012.

Ben Cornett
CEO/LogicMark & EZ Watch Pro

Ben Cornett has been in leadership positions in the security industry for over 25 years. Formerly President of Honeywell Security, Ben also served as President of the ADEMCO Group, Ademco Sensor Company and Founder/President/CEO of Intellisense.



What is your outlook for the private market and the deal business in general? abilities to close?

The outlook is excellent. We currently have 9 sell side clients in-house. I've been in banking for a long time and have found that different

We really only work with two types of buyers: big corporate buyers and very good PE groups. All of the well-heeled buyers could get capital even in the depths of the recession. The biggest impact has actually been for our clients. It's much easier for them to get credit to grow their businesses which is making them more attractive as they expand.

An example is one of our clients, a systems integrator who works internationally. A year or two ago they were trying to get capital to cover the 30-60 day gap between when they do the work for their clients and when they get paid, but they found it difficult to find the loans. Now the bank is helping significantly, even covering international accounts receivables which they wouldn't touch before. The banks aren't necessarily changing all of the equations they use to determine which loans to give, but they are getting more creative in the types of capital they're willing to extend to companies.

To read more, please go to:

axialmarket.com/blog/2012/02/middle-market-m-outlook-peter-sokoloff-co/

Contact Sokoloff & Company

Please contact **Bernie Walko**,
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your company's merger and
acquisition needs.
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GLOBAL EQUITY CAPITAL, LLC

Has sold **Voicecom Telecommunications, LLC**



INTELLIVERSE
communications solved.

to



Amvensys
Amvensys Telecom Holdings, LLC

The undersigned advised the seller.



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strategies work in different economies. When the economy is teetering, we move to the buy-side because it's hard to do sell-side representation. In 2009, for example, we had 10 buy-side clients and one sell-side client. Now we're almost all sell-side and they're all finding significant buyer interest. The only buy-side clients are holdovers from a few years ago. Today we're seeing great interest in our sellers and real commitment by buyers to get deals done. By contrast, in 2009 most buyers had weak or non-existent M&A mandates.

How will the credit markets affect business this year? Do you think it will impact firms

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While at our website, surf around. There's plenty of useful information, including 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
Q4 2011 Reports and Stock Prices as of February 23, 2012
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. This information is provided strictly for informational purposes to industry senior executives. Sokoloff & Co. makes no representations as to its accuracy. Sokoloff & Co. does not advise public investors; therefore this information should not be used for investing purposes.

Current Rank	Previous Rank	Company	Symbol	Stock Price 2/23/2012	52 Week Range	Market Cap 2/23/2012	(000s) 2009 Revenue	(000s) 2010 Revenue	(000s) 2011 Revenue	(000s) 4th Q 11 Revenue	Over Q4 2010 4th Q 11 Incr/Decr	P/E	EVS	EVM
1		1 Sourcefire, Inc.	<u>FIRE</u>	45.72	22.70-45.52	1.31B	103,465	130,572	165,646	53,204	40.1%	208.77	7.76	90.96
2	3	3 Roper Industries, Inc.	<u>ROP</u>	94.33	64.90-96.91	9.10B	2,049,668	2,386,112	2,797,089	739,204	8.8%	21.74	3.54	12.38
3	4	2 Gentex Corporation	<u>GNTX</u>	26.1.3	21.84-32.21	3.74B	544,523	816,263	1,023,762	260,347	17.2%	22.92	3.21	11.92
4	5	5 Flir Systems, Inc.	<u>FLIR</u>	25.84	21.86-37.29	4.02B	1,147,087	1,388,437	1,544,062	405,212	-7.4%	18.82	2.45	9.69
5	4	4 Taser Corp.	<u>TASR</u>	4.21	3.55-6.49	233.99M	104,252	86,930	90,028	21,330	-6.8%	N/A	2.40	22.54
6	7	7 AuthenTec	<u>AUTH</u>	3.58	2.15-4.16	156.95M	34,066	44,667	69,790	18,787	29.2%	N/A	2.18	N/A
7	6	6 Verint	<u>VRNT</u>	29.22	22.50-37.99	1.14B	669,544	703,633	726,799	199,364	6.8%	62.57	2.13	12.23
8	8	8 Zebra Technologies Corp.	<u>ZBRA</u>	38.51	28.20-44.53	2.01B	803,585	894,359	983,488	247,308	5.7%	11.97	1.79	8.44
9	9	9 The Geo Group	<u>GEO</u>	17.29	16.40-26.95	1.07B	1,141,090	1,269,968	1,612,899	406,469	8.6%	13.34	1.62	10.11
10	11	11 Tyco International	<u>TYC</u>	51.55	37.39-53.38	23.76B	16,882,000	17,016,000	17,355,000	4,208,000	-3.9%	17.35	1.56	7.91
11	12	10 Stanley Black & Decker	<u>SWK</u>	75.36	47.07-78.19	12.31B	3,373,100	8,343,900	10,376,400	2,791,900	16.6%	19.02	1.42	9.40
12	14	14 OSI Systems	<u>OSIS</u>	53.86	31.00-57.51	1.06B	590,361	595,111	656,100	187,993	11.0%	28.30	1.40	12.98
13	12	12 United Technologies Corp.	<u>UTX</u>	83.95	66.87-91.83	75.88B	52,425,000	54,326,000	58,190,000	14,966,000	0.7%	15.21	1.39	8.35
14	13	13 Honeywell	<u>HON</u>	59.00	41.22-62.28	45.75B	30,908,000	32,350,000	36,259,000	9,473,000	8.3%	22.57	1.36	14.04
15	15	15 Brady Corporation	<u>BRD</u>	32.66	24.44-38.73	1.71B	1,208,702	1,259,096	1,339,597	320,584	-2.6%	14.25	1.25	7.67
16	16	16 Invenio Group	<u>INVE</u>	2.18	1.37-5.90	125.60M	41,315	84,843	102,708	27,924	0.4%	N/A	1.07	N/A
17	20	20 Ingersoll Rand	<u>IR</u>	40.68	25.86-52.33	12.70B	13,101,800	14,001,100	14,782,000	3,506,700	-5.0%	40.16	1.01	7.84
18	17	17 Siemens AG	<u>SI</u>	99.78	84.86-146.74	87.43B	103,292,000	94,025,000	100,210,000	23,317,000	1.7%	11.35	0.95	7.36
19	19	18 Nepco Security Systems, Inc	<u>NSSC</u>	2.57	1.80-3.02	49.02M	69,565	67,757	71,392	17,617	0.1%	21.39	0.93	10.97
20	21	21 Diebold	<u>DBD</u>	38.37	24.70-39.72	2.51B	2,718,292	2,823,793	2,835,848	849,987	7.5%	17.14	0.89	9.84
21	22	22 Johnson Controls	<u>JCI</u>	33.47	24.29-42.92	22.77B	28,497,000	34,305,000	40,833,000	10,417,000	9.2%	13.90	0.70	10.64
22	21	21 L-3 Communications Holdings	<u>LLL</u>	70.58	58.30-88.55	7.04B	15,615,000	15,680,000	15,169,000	4,015,000	-5.6%	7.82	0.68	5.48
23	24	24 Lockheed Martin Corp.	<u>LMT</u>	88.29	66.36-88.55	28.35B	43,995,000	45,671,000	46,499,000	12,211,000	-4.3%	11.30	0.67	6.49
24	23	23 Checkpoint Systems, Inc	<u>CHKP</u>	11.05	10.50-22.69	443.76M	772,718	821,678	865,343	251,598	8.5%	N/A	0.62	7.46
25	25	25 Northrop Grumman Holdings	<u>NOC</u>	59.62	49.20-70.61	15.06B	27,650,000	28,143,000	26,412,000	6,506,000	-5.8%	7.95	0.60	4.20
26	30	30 Magal Security Systems Ltd.	<u>MAGS</u>	4.15	2.18-5.10	65.65M	54,518	49,699	No report	No report	N/A	10.89	0.51	6.86
27	26	26 Anixter International, Inc.	<u>AXE</u>	69.02	44.52-76.16	2.29B	4,982,400	5,274,500	6,146,900	1,499,000	8.1%	12.89	0.49	7.53
28	27	27 ManTech International	<u>MANT</u>	34.84	29.33-46.26	1.28B	2,020,334	2,604,038	2,869,982	681,838	-2.3%	9.35	0.45	4.84
29	31	31 URS Corporation	<u>URS</u>	46.75	27.93-47.28	3.72B	9,249,088	9,177,051	9,545,000	2,393,200	0.6%	N/A	0.42	6.60
30	29	29 Brinks Company	<u>BCO</u>	24.59	21.53-34.46	1.15B	3,135,000	3,121,500	3,885,500	997,100	13.2%	15.85	0.34	3.99
31	32	32 Mace Security International	<u>MACE.PK</u>	0.18	12.55	10.61M	18,591	18,395	No report	No report	N/A	N/A	0.31	N/A
32	28	28 Richardson Electronics, Ltd.*	<u>RELL</u>	12.46	11.54-15.40	211.22M	496,379	135,372	158,867	39,138	-4.5%	2.83	0.29	7.48
33	33	33 Vicon Industries, Inc.	<u>VII</u>	0.47	2.80-5.09	15.52M	60,455	48,681	47,182	12,352	5.3%	N/A	0.21	N/A
Sokoloff Index											1,254.12			
							368,117,898	377,663,455	403,623,382	101,041,156	Quarterly Growth Over Q4 2010			
							Over Year 2008	Over Year 2009	Over Year 2010	Over Q3 2011				
							-8.3%	2.6%	6.9%	-4.7%	Average	5.1%	1.41	11.94
											Median	5.3%	1.01	8.35

Growth over previous period



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