



SAFE Security embarks on 'exciting new chapter'

It is growing its dealer program, expanding into DIY, bought 24,000 accounts from Pinnacle Security and has a new equity partner

by:

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SAN RAMON, Calif.—SAFE Security is offering a \$10,000 bonus to dealers who sign up by the last day of ISC West this year, the company announced this week.

The announcement is the latest development from one of the nation's largest full-service security companies. It is based here and now does business in 46 states.

In the past three months, SAFE also got a [new private equity owner](#), also [bought 24,000 accounts](#) from Pinnacle Security—which allowed it to expand into Alaska and New Mexico—and launched a [new DIY division](#), with which it hopes to tap into the rental market.

"It's a very exciting new chapter for SAFE," President and CEO Paul Sargenti told *Security Systems News*. He said the recent developments are all part of a plan to more than double the company's RMR.

"We intend to add approximately \$3 million of RMR to our portfolio over the next three to five years," he said. "Right now, we're right around \$2.7 million RMR, soon to be higher."

He said the company's strategy for doing that is through leveraging its four channels: the wholesale monitoring business it runs through its central station; its bulk acquisition program; its new DIY division; and its dealer program, SAFE Dealer Network.

Sargenti, who founded SAFE in 1988, said the company has had a dealer program since its founding in 1988, but it had been "a relatively small part of our top-line revenue."

But the company expanded the program last year, and he said it now accounts for "a much larger sector of our revenues. We've gotten very aggressive in our dealer pricing and service offerings and we've gotten great traction [with] it over the last year."

In the Feb. 18 news release the company issued regarding the signing-bonus incentive, Chancy Pray, SAFE director of national sales, said, "The success of our dealer program has a lot to do with how efficient we are with our processes. We have streamlined our application review and approval process, and offer immediate and daily funding."

Another source of top-line revenue for SAFE is DIY. The company announced Feb. 13 that it's entering the do-it-yourself home security market by launching a new division, [SAFE@home](#).

"This new division will enable a consumer to self-install a wireless security system at their home with ease. This DIY home alarm system will include professional UL-certified, Five Diamond monitoring by

SAFE Security and will not require a phone line. The home security system can be controlled remotely by a smartphone or tablet via Honeywell's Total Connect," the company said in a news release. Sargenti told SSN, "We believe that we're going to be bringing in a whole new sector of security customers" with the DIY offering.

Those customers will include renters, he said.

"Renters, for example, have a more difficult time obtaining security simply because home ownership is typically a requirement in most install environments," Sargenti said. "That's not the case here. Our DIY product is fully movable, so the preprogramming that's in our DIY units can be taken anywhere in the country, so if you live in Iowa and you move to Alabama, it doesn't matter. They own the equipment and the monitoring can be performed from anywhere as soon as they get hooked up on the Internet." He said the offering is fully IP-based and "preprogrammed and ready to use." SAFE also has "a YouTube marketing piece that demonstrates everything that people need to know to be able to have a quick and easy installation."

SAFE was also in the news recently because of its purchase of 24,000 accounts from Orem, Utah-based Pinnacle Security—a summer-sales-model company the select assets of which Protection 1 [recently purchased](#). SAFE's deal with Pinnacle represents \$1.1 million in RMR, the company said.

What attracted SAFE to the accounts?

"It was RMR we had experience with before in two previous acquisitions and we had done very well with those acquisitions in terms of stabilizing the customer base," Sargenti said. "We felt very confident that we could structure a transaction with Pinnacle that made a great deal of sense for us and we're very pleased with the outcome so far."

He declined to discuss financial terms but said "it was a fair deal for both the seller and the buyer." SAFE also bought Pinnacle accounts in 2010 and 2011, he said.

Sargenti said the most recent account acquisition allowed SAFE to expand its presence from 44 states to 46. It doesn't have brick-and-mortar offices other than its headquarters here, but the more than 270 dealers in its network provide services for SAFE nationwide, he said.

Sargenti also declined to reveal details of SAFE's acquisition in December by ICV Partners, a New York-based investment firm focused on lower middle-market companies. But he described the transaction as "a significant recapitalization in terms of both equity and debt" for SAFE.