The Merger of Allied Barton Security Services and Universal Services of America has Created the Largest Security Services Provider in North America

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CEOCFO: Mr. Jones, it has been about two years since we have spoken. Would you tell us a bit about the merger?
Mr. Jones: It has been an exciting and eventful two years. We made several acquisitions during that time while continuing to grow our business organically. In May of 2016, we topped off that momentum by putting together a merger with Allied Barton Security Services, a strategy the former CEO of Allied Barton and I had been discussing for several years. We thought there was a tremendous amount of industrial logic for bringing the two companies together. It was a great fit from a service delivery and offerings standpoint. The two companies mirrored each other in many ways yet each brought a unique approach to the business. Allied Barton brought a mature financial practice with their SOX compliance and other processes while Universal brought a whole new technology component to the equation. The merger was finalized August 1, 2016, and the company now stands at about $5.1 billion in revenue and is the largest security services provider in North America. I believe the new organization is now poised to seamlessly integrate new acquisitions into the portfolio and realize synergies and expanded capabilities for faster ROI.

CEOCFO: How did you work through some of the challenges in merging two companies?
Mr. Jones: I would say any merger of this size is challenging. We had two CEOs who had been running their respective businesses for a long time. We had to work through two different corporate cultures and approaches to the business to determine where the specific functions would best be situated for efficiency and success. We had to make key leadership decisions from the CEO on down. The financial aspects of the deal and the industrial synergies were pretty black and white. You can
look at it on paper and say this deal made a tremendous amount of sense. We believe that we can deliver a wider service offering in an expanded footprint with an incredibly robust back office to support not only the new Allied Universal but the new business expansion efforts we expect to continue.

**CEOCFO: Would you give us an idea of a typical solution you provide as well as something more customized?**

**Mr. Jones:** Our typical solution provides security professional services to corporate America whether it is a manufacturing facility, high rise office complex, hospital, college campus, retail mall or residential community. This solution consists of the men and women who patrol these facilities and control the entrances—ingress and egress on an everyday basis. We offer manned guarding and lobby ambassador services all the way up to operating a company’s entire security function including armed patrol and high security clearance services. We are excited to integrate our security professional services with the latest technology to bring our clients even greater visibility and control of their facilities. Whether it’s our CyCop® app that our security professionals use while on patrol to provide clients with real-time data about their property to around-the-clock remote monitoring and surveillance at our Global Security Operations Center (GSOC), we offer many solutions. For instance, our managed and hosted access control, remote video monitoring and real-time video analytics provide clients with enhanced intelligence and situational awareness through our Monitoring and Response Center. We also offer state-of-the-art robots to act as force multipliers and take on routine surveillance tasks.

**CEOCFO: Do you find that most of your larger customers take advantage of the full range?**

**Mr. Jones:** I would say we are in the early innings with most of our customers. Our larger customers are very excited and interested in the new technology offerings and have been our early adopters. Many are looking to us to deliver integrated solutions that add value and improve efficiency while maintaining a safe and secure environment. They are beginning to outsource more of their security department functions and looking for an integrated security solution. As offerings continue to increase, we expect to see more large clients incorporate more and more of our services into their footprint. We anticipate a similar path for mid-size and smaller companies as they too can take advantage of these services to manage costs and resources.

**CEOCFO: How can you keep up with all the threats of today and stay ahead of the technologies?**

**Mr. Jones:** The security threats we encounter change on a daily basis. There is probably an act of workplace violence or an active shooter event occurring every day in the U.S. For instance, a recent FBI study shows that active shooter cases have been on the rise since 2000. The perpetrator who walks into a retail shop or corporate office, may or may not be known by those on the premises. We work with our clients to identify those individuals who pose a threat and manage accordingly. It becomes more challenging when an unknown suspect penetrates the property, and we are managing an active situation to ensure public safety until law enforcement officials can engage.

We proactively seek to employ former law enforcement and military personnel who bring their years of service and acumen to further enhance the guarding experience. Add to these boots on the ground, our state-of-the-art security operations center where we are constantly monitoring and analyzing data feeds from a myriad of public, government
and law enforcement agencies as well as the video feeds from our clients' facilities. Since the tragic 9/11 attack, our company has taken the lead in professional training and preparation. Our security training curriculum now includes over 200 programs and all of our security professionals are trained in counter-terrorism, active shooter, emergency response and many other programs.

CEOCFO: How do you attract security professionals?
Mr. Jones: We canvas thousands of potential applicants each and every day. Less than 10 percent of those candidates will make it through our intensive interview process which includes background screening and drug testing. This is probably the biggest challenge facing our organization. If you look at all of the micro and macro factors in the job market today with low unemployment rates, our first hurdle is finding quality people to do the job. The next hurdle is to attract them in the typical wage rate category of our industry. That is significant since many times those wage rates are similar to other entry-level service industry jobs, yet we require significantly more professionalism, attentiveness, responsibility and discipline than many other positions. This is an area where we continue to work with our clients to educate them on the importance of security professionals and what we do. This includes making sure we are recognizing them with fair compensation and benefits and offering meaningful career development opportunities.

CEOCFO: How do you impart that you stand behind your security professionals if they have to use force?
Mr. Jones: It starts with training. We have numerous training programs that every security professional must go through including use-of-force and power of arrest training. Those two programs in particular are absolutely critical and mandatory so that every security professional knows what he or she can legally do and not do. We also conduct management of aggressive behavior and de-escalation programs to teach our security professionals how to diffuse a situation.

CEOCFO: What is the acquisition strategy?
Mr. Jones: The acquisition strategy has evolved over time as we have consolidated many companies throughout our industry. We now have a strong national footprint and are looking to expand in Canada where we have a presence and will look at large and small regional companies as we continue to grow up there. Across the U.S. we are mainly focused on regional and smaller companies where we fit a niche, vertical market or segment of a market where we would like to gain resources and expand our service capabilities. We are evaluating new opportunities on a daily basis.

CEOCFO: How do you spend your time as CEO?
Mr. Jones: I run at a fast pace from early morning to late at night. We now have over 200 branch offices supporting 150,000 employees so there is a lot going on. I spend my day typically engaged with our regional presidents who lead our operations as well as work closely with legal, finance and HR teams to continue to refine and enhance our business. I am out in the field as much as possible spending time with our clients and with our employees. Critical to the success of running a company this big is to make sure you are able to connect with so many people spread out across our service areas, which cover 20,000 customer sites, while sharing the vision of what our company is all about.