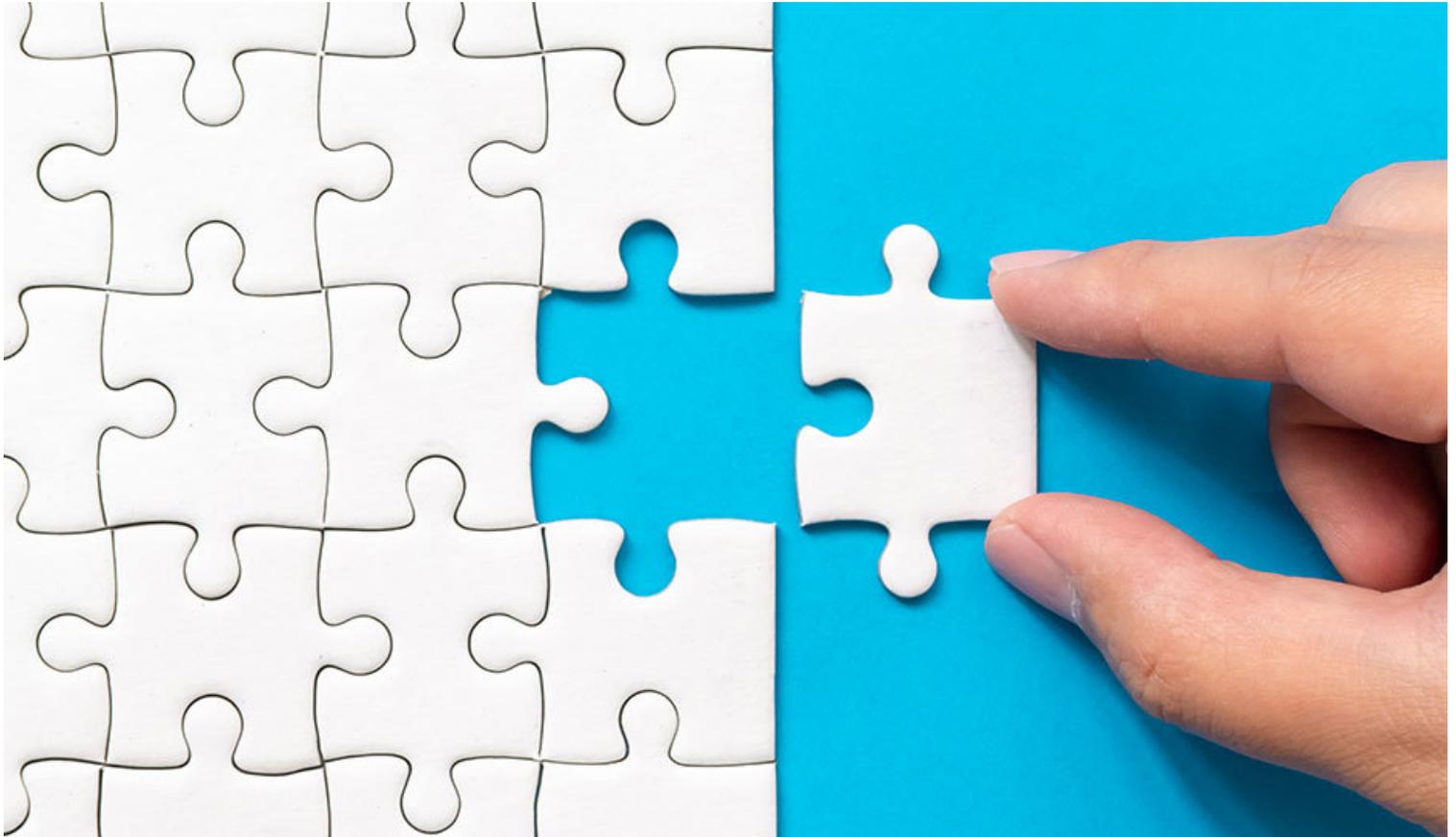


## A Busy Year: Rapid Mergers & Acquisitions Suggests More To Come In 2019

*Published on 17 Jan 2019*



A rapid string of merger and acquisition (M&A) transactions as 2018 passed into 2019 suggests the physical security industry may be on the verge of a busy year of companies buying other companies. Observers have noted a large amount of investment capital currently available to be invested in security M&A, and plenty of entrepreneurial companies are looking to be acquired.

Joe Grillo, CEO of ACRE, previously hinted at upcoming M&A activity for his company by the end of 2018, foreshadowing ACRE's late-year announcement to acquire access control company Open Options

, Addison, Texas.



The VaaS cloud-based image capture platform includes fixed and mobile license plate reader cameras driven by machine learning

Just days later, in the midst of the holiday season, [Qognify announced its plan to acquire](#) On-Net Surveillance Systems Inc. (OnSSI) and sister company SeeTec GmbH. Then came an even larger announcement: [Motorola has acquired VaaS International Holdings Inc.](#), a data and image analytics company for \$445 million.

The VaaS cloud-based image capture and analysis platform includes fixed and mobile license plate reader cameras driven by machine learning and artificial intelligence. Most recently, ADT announced yet [another acquisition, Advanced Cabling Systems](#), a technology integration company in the South, thus continuing consolidation on the integration side of the business.

## Continuation Of The Trend

In the case of the Qognify and Motorola deals, Jon Cropley, Principal Analyst, Video Surveillance & Security Services, IHS Global Limited, sees them as the next chapter in an M&A trend going back several years. *"I think this is a continuation of what we have been seeing in recent years of video surveillance software vendors being acquired,"* he says.



In the face of intense price competition, vendors have found it increasingly difficult to compete based on hardware features"

*"In the face of intense price competition, vendors have found it increasingly difficult to compete based on hardware features and are looking at software to offer unique competitive advantages." In short, he sees it as a continuation of a trend that previously saw [Canon acquiring Milestone Systems](#) and [Briefcam](#), [Panasonic acquiring Video Insight](#) and [Tyco acquiring Exacq](#).*

*“There are likely to be further mergers and acquisitions in the video surveillance supply base in 2019,” adds Cropley. “However, a spree of large-scale mergers and acquisitions is not expected.”*

Memoori, another market research firm, forecasts that the value of acquisitions could actually decline marginally in 2019 in value terms but increase in number. This observation is based on Memoori’s charting of physical security deals over the last 18 years.

Jim McHale, Managing Director of Memoori, says there have been four cycles of increase and decline in activity, often exaggerated by billion dollar deals in one year such as the [merger of Johnson Controls and Tyco](#) of \$165Bn in 2016.



Access control when combined with identity management is punching well above its weight, and this trend has continued

## Access Control To Open Systems

“ Only time will tell whether the new year pattern of M&A activity is a

## “ coincidence or a harbinger of a busy M&A year ahead

*“It may be too early to make judgements on the future based on the last four weeks, but there are some interesting points that can be made when compared with our 2018 analysis,” says McHale. “Access control when combined with identity management is punching well above its weight, and this trend has continued.*

*“Acre has been a major contributor and has completed some 10 acquisitions. In general, the access control business has been slow to move to open systems, and hopefully we can expect this trend toward openness to continue as it will give additional growth to the business.” For more commentary from Memoori, see their report [“Major Trends in the Global Access Control Market 2018”](#).*

Only time will tell whether the new year pattern of M&A activity is a coincidence or a harbinger of a busy M&A year ahead. While past trends may provide a glimpse of what’s coming, there are always new variables.

It’s a sure bet the overall trend toward consolidation will continue but predicting the pace and timing of individual transactions is almost impossible. In any case, it will be interesting to watch how 2019 unfolds on the M&A front, among other factors in a changing industry.

## Author Profile



**Larry Anderson**

**Editor, [SecurityInformed.com](#) & [SourceSecurity.com](#)**

An experienced journalist and long-time presence in the US security industry, Larry is SecurityInformed.com's eyes and ears in the fast-changing security marketplace, attending industry and corporate events, interviewing security leaders and contributing original editorial content to the site. He leads SecurityInformed's team of dedicated editorial and content professionals, guiding the "editorial roadmap" to ensure the site provides the most relevant content for security professionals.

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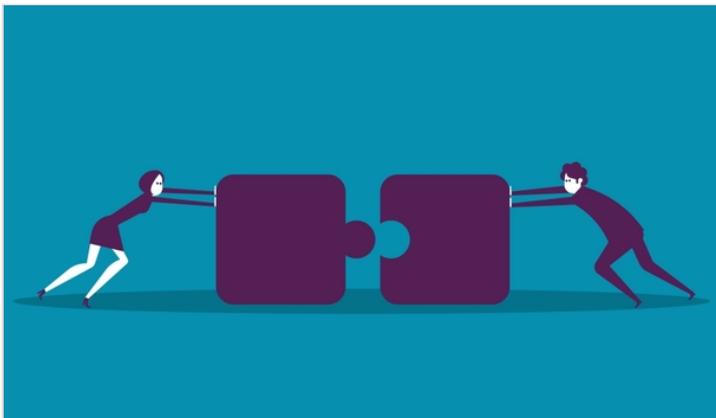
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