

SECURITY SYSTEMS NEWS

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Stanley to buy RFID-system developer Xmark

By L. Samuel Pfeifle - 05.22.2008

NEW BRITAIN, Conn.--The Stanley Works announced this week an agreement to buy Xmark, a subsidiary of VeriChip, which manufactures RFID-based systems used to identify, locate and protect people and assets. Its brands include Hugs and Halos, which track infants; RoamAlert, a wander protection system; and Assetrac, a hospital asset tracking system. Stanley will purchase all outstanding shares of Xmark for a total of \$45 million.

Greg Waybright, interim vice president of investor relations, said Xmark will report its finances as part of Stanley Security Solutions, Inc., combining it with Senior Technologies as a part of its Mechanical Access Solutions Group operated by its president, Justin Boswell. It will operate separately from the security integration and monitoring business run by SCSS COO Tony Byerly and president Brett Bontrager. Last fall, Stanley Security Solutions made a similar acquisition in the health care space, buying Bed-Check, a small firm that sells monitoring systems to hospitals and nursing homes.

"This fits right into that business," he said, "and expands it, because it brings with it the infant tracking and the asset tracking. It adds some scale and some breadth of product offering." He said Stanley likes the health care market in general, as it's "rapidly growing." Further, Xmark brings the RFID expertise, which "we don't have in the existing personal security piece," he said. "We think it expands our market opportunity and the team is bullish on it."

Waybright said it was unlikely that Senior Technologies and Xmark would combine with the security integration business in the near future.

The acquisition of Xmark, which should deliver initial annual revenues in excess of \$30 million, is expected to be completed during the third quarter or early in the fourth quarter following an affirmative vote by a majority of VeriChip's stockholders.