Frost & Sullivan’s Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company’s research philosophy originates with the CEO’s 360 Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2011 European Growth Leadership Award in Intrusion Detection Systems to Visonic Group.

Significance of the Growth Leadership Award

Key Industry Challenges Addressed by Increased Growth Leadership

The intrusion detection systems market is mature, with new innovations taking a relatively long time to enter the market. This means that companies have less time to innovate in order to increase their market share and stay competitive on the market. The intrusion detection industry has several challenges across different applications.

From a first responder’s perspective, there are challenges, which include lack of situational awareness, high volume of false alarms, and by-law requirement of alarm verification. Central monitoring stations are constantly trying to reduce costs, and trying to trust the effectiveness of the wireless technology. The key challenges that need to be addressed by a company participating in the European intrusion detection systems market are the ability to verify false alarms, reduced expenditure and offer better situational awareness. Intrusion detection systems have faced technological challenges, such as compatibility with other systems, time and cost of installation, on-site maintenance and energy savings.

Best Practice Award Analysis for Visonic

The Frost & Sullivan Award for Growth Leadership is considered to a company that has demonstrated excellence in achieving one of the most consistent growths on the market.

Visonic’s Performance in Intrusion Detection Systems

Visonic is the first company to have introduced a wireless intrusion detection system in the global market in 1982. This early innovation has helped Visonic achieve a strong market presence controlling 16% and 12% of the wireless sensor and panel market respectively in Europe. At present, the company is growing
at a substantial rate compared to other companies in the wireless intrusion detection market. Visonic, focusing primarily on wireless systems has grown a stable 10 per cent in the past 10 years. The compounded annual growth rate CAGR of the Europe, Middle East & Africa (EMEA) wired and wireless intrusion detection systems market is expected to be around 2 per cent (2011 – 2017) with wireless technology increasing its importance.

**Key Performance Drivers for Visonic**

Frost & Sullivan recognizes Visonic’s success, and the three main factors that have been a vital component; Innovation to keep up with market trends, Customer Service to provide customers tailored solutions and Quality to battle strong market competition.

**Factor 1: Innovative Excellence**

Since its inception in 1973, Visonic has demonstrated four decades of pioneering innovation. In 1975 Visonic introduced the world’s first solid state control panel, based on CMOS technology. In 1982 the company introduced the world’s first wireless intrusion alarm system. The fact that this was the industry’s first wireless system positioned Visonic on the market as an expert in wireless technology. Since then, Visonic has been continuing its innovation not only in terms of technology and products but also in production methods. In 1985, Visonic was the first in the industry to deploy Surface Mount Technology (SMT)-based manufacturing. In 2000, the company pioneered Just in Time (JIT) Kanban Production. 2009 was another hallmark year for Visonic’s innovations, as the company introduced the industry’s most advanced wireless outdoor detector that is based on a patented technology and virtually eliminates the possibility of false alarms. In the beginning of 2011, Visonic introduced its revolutionary new PowerG wireless technology, and has since released the PowerMaster family of alarm systems with numerous PowerG-based panels, detectors, and solutions. Visonic designed and developed the PowerG technology to address the many challenges created by the industry’s rapid shift to wireless: The performance of conventional wireless security systems is obstructed by collisions, interferences, and jamming. Furthermore, security standards require higher immunity to interferences and to message substitution, correct message identification and very fast supervision. Security standards are also now stricter with regards to the alarm systems’ ability to withstand intruder attempts to hack the system. In addition, labor costs are increasing worldwide. Central monitoring stations are looking for ways to save on installation cost and time. The need for reduced on-site maintenance demands technological tools that enable intrusion systems to be managed remotely. Finally, innovative technology is required to support advanced applications that address the high volume of false alarms and lack of situational awareness.

**Robustness and Reliability Enable One Solution for All Types of Installations:**

PowerG employs Frequency Hopping Spread Spectrum technology with which the signals continuously hop between channels in a random sequence, avoiding interference and jamming. TDMA communication ensures RF collisions are eliminated. The PowerG network also employs the proven AES-128 encryption algorithm, protecting the system from code grabbing and message substitution by hackers and other attackers. Therefore, PowerG systems are suitable for noisy environments that are dense with radio energy. The PowerG-based PowerMaster alarm system range is by far the largest in the industry today:
measured unobstructed line-of-site transmission range of 2000 meters (6500 feet) at 8 meters (24 feet), 750 meters (2500 feet) at 2 meters (6.5 feet). The value for installers is that they can use a single Visonic system to cover virtually any premise regardless of its size, and they do not have to deal repeaters or hard wired devices to extend the range. Installers have an answer to every installation need with a single and simple solution.

**Reduced Time and Cost:**
Due to huge range to cover, installers can save on installation cost because the entire premise can be covered with wireless devices (there is no need to install hard wired devices in remote locations within the premise). As a result installation in the entire premise can be fully wireless saving time and money. Furthermore the PowerG full two-way uplink and downlink data communication provides installers with powerful tools that save time and money on a daily basis. The toolsets include: quick and easy installation with built in link indicators; cost saving on-site and remote diagnostics-the system continuously diagnoses the RF environment and interferences at the site and provides (locally and remotely) meaningful information to help understand and resolve problems; remote real time testing and walk testing of the system.

**Less On-site Maintenance Visits:**
The PowerG supports battery life up to 8 years in most of the devices. The installers need not replace batteries as often. Also many maintenance functions can be performed by installers remotely, avoiding the need to do “House Calls”.

**Energy-Saving Network:**
Each device continuously measures communication quality and automatically sets its transmission power to the minimum required for reliable communication with the panel. As a result the system is “greener”, transmitting less and there is less “air pollution” of wireless “noise”. Furthermore, less battery replacements also contribute to saving the environment.

**Support for Advanced Applications:**

PowerG was designed to handle a substantially high bandwidth, enabling the network to transmit large amounts of data in a short time to support advanced applications. One such application is RealAlarm—Visonic’s Visual Alarm Verification solution that delivers real-time images of alarm events enabling central stations to gain better control over intrusion monitoring. RealAlarm is an ideal solution for dealing with false alarms and increasing situational awareness.

These innovations have helped Visonic position itself as the leader in the wireless intrusion detection systems segment, apart from playing a lead role in innovating technologies that have resulted in increased acceptance of its wireless technology worldwide.
**Factor 2: Customer Service**

Visonic delivers customized modules to suit individual end-user requirements. Based on the need of the customer, Visonic is able to address needs for customization, ranging from colors, designs and features to the prompts and voice language that are programmed into the panels. Furthermore, Visonic responds to local and specific product feature requirements, and to the variety of needs arising from different segments in the market, different countries, and different business cultures. The fact that Visonic can customize these solutions to suit the specific needs of any customer, worldwide, has increased the satisfaction level and trust of customers and helped position Visonic as a company that is focused on the needs of its customers.

**Factor 3: Quality**

Visonic is committed to its customer satisfaction with a special emphasis on the quality of its products, the services and their continuous improvement. Each employee is personally responsible to ensure that the product quality and the customer service will be always in the highest possible level.

Visonic products are designed, developed and manufactured in accordance with the highest quality standards and are produced under ISO9001 Quality Management System certified procedures since 1995. In addition, Visonic products comply with worldwide regulations that include security, electromagnetic compatibility EMC, environment, radio and safety standards and directives.

The Company employs the latest technologies and processes in its manufacturing plant, like Kanban-based JIT (Just in Time) and DFT (Demand Flow Technology). Through predicting the demand of the market Visonic is able to limit its work in progress. In turn, by limiting WIP manufacturing problems are easily found and eliminated, improving efficiency and customer satisfaction.

All Visonic products are tested before delivery to customers using advanced testing technologies.

The Company constantly reviews itself and its processes in order to improve the quality of products and services that are provided to the customers.

Visonic considers safeguarding the environment as its prime value. This includes reducing as much as possible the use of consumable natural resources and minimizing the negative environment impact of business activities, development and production and from the products themselves during the entire product lifecycle. The company ensures its activities meet RoHS (Restriction of Hazardous Substance), WEEE (Waste Electric and Electronic Equipment) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulations.

**Conclusion**

Visonic has developed an extremely strong market presence for itself as the first mover in the wireless technology space in the early 1980’s. The company’s focus on technology and the needs of its customers have helped increase the rate of adoption of its products over other competitor’s products.
in Europe. The trust that Visonic has created amongst customers has increased its customer base with their CAGR at a level of 10 per cent. The key differentiator that Visonic possesses is innovation, its high quality and professional customer service. These are the main factors that allow Visonic to excel in the European market.

The CEO 360 Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360 Degree Perspective™ model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan’s global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The CEO 360 Degree Perspective™ is also a “must-have” requirement for the identification and analysis of best-practice performance by industry leaders.

The CEO 360 Degree Perspective™ model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies’ growth strategies. As illustrated in Chart 1 below, the following six-step process outlines how our researchers and consultants embed the CEO 360 Degree Perspective™ into their analyses and recommendations.

Chart 1: How the CEO’s 360 Degree Perspective™ Model Directs Our Research
Critical Importance of TEAM Research

Frost & Sullivan’s TEAM Research methodology represents the analytical rigor of our research process. It offers a 360 degree view of industry challenges, trends, and issues by integrating all seven of Frost & Sullivan’s research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

Chart 2: Benchmarking Performance with TEAM Research

Impact of Growth Leadership Award on Key Stakeholders

The Growth Leadership Award is a prestigious recognition of Visonic’s accomplishments in intrusion detection systems. An unbiased, third-party recognition can provide a profound impact in enhancing the brand value and accelerating Visonic’s growth. As captured in Chart 3 below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, Frost & Sullivan hopes to inspire, influence, and impact three specific constituencies:

- **Investors**
  Investors and shareholders always welcome unbiased and impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is the best and most credible way to showcase an organization worthy of investment.

- **Customers**
  Third-party industry recognition has been proven to be the most effective way to assure customers that they are partnering with an organization that is leading in its field.
• **Employees**
  
  This Award represents the creativity and dedication of Visonic’s executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of growth leadership for Visonic.

**Chart 3: Best Practices Leverage for Growth Acceleration**

---

**About Visonic**

The Visonic Group (TASE:VSC.TA), founded in 1973, is a leading developer and manufacturer of cutting-edge home security systems and components that provide people around the world peace of mind and safety in their homes. Building on its decades-long position at the forefront of home security innovation, Visonic is today leading the drive to expand the boundaries of security, offering advanced solutions to the full range of residential safety needs, from securing the house and contents to safeguarding the health and comfort of the people who live there.

Visonic’s offerings include a wide variety of home security systems, personal emergency response and safety systems, and a market-leading variety of peripherals. Visonic is headquartered in Israel, where it operates a development center and manufacturing plant. Its sales and marketing subsidiaries in the USA, Germany, UK, Poland and Spain are supplemented by a worldwide network of distributors, serving a growing installed base that spans around 100 countries. For more information visit: www.visonic.com
About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best-practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.

Emily Bailey  
Frost & Sullivan  
DDI: +44 (0)20 7915 7869  
Email: emily.bailey@frost.com  
www.frost.com