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Steve Baker, other industry vets launch GHS Interactive Security



LifeLine Security is acquired as platform for growth, Topspin is equity partner, Barnes Associates advised deal
 by: [Martha Entwistle](#) - Wednesday, May 22, 2013

SACRAMENTO, Calif.—Industry veteran Steve Baker, who has served in executive roles at ADT, Monitronics and Westec, announced May 22 that his corporation, GHS Interactive Security, has acquired LifeLine Security and Automation as a platform for growth.

LifeLine uses a year-round door-knocking sales model and is formerly one of Monitronics' largest dealers. The company has 60 employees who have remained with GHS. Based here, LifeLine also has an office in Emeryville, Calif. GHS has an office in Dallas that is expected to be up and running by the end of June.

GHS will retain all accounts. The plan is to "build a world-class customer service, field service, monitoring service and operating infrastructure," according to an email from GHS principals. The company plans to expand in existing markets as well as "adjacent geographic markets."

In an email interview, Baker told *Security Systems News*, "We can begin with state-of-the-art processes and equipment and go from there. All of our customer accounts will be new, sold and installed by us, and serviced with the best technology and processes available."

Baker formed GHS recently for the specific purpose of acquiring LifeLine and building a business along with Gordon Johnson and John Fox, the principals of LifeLine.

GHS was formed with equity capital backing from Topspin Partners, which is run by former Honeywell executive Leo Guthart, and [recently made an investment in View Systems](#). GHS declined to disclose the amount of Topspin's investment, which was led by Topspin partner Steve Lebowitz. GHS also has a \$20 million loan facility from the Barclays Private Credit Partners Fund.

Besides Baker, who will serve as president of GHS, the executive team includes Johnson and Fox, who will oversee sales as division presidents; Craig Weingartner, CFO; and John Bergher, VP of marketing and customer care. All members of the executive team are investors in the company.

Michael Barnes, a partner in the consulting and advisory firm Barnes Associates, which specializes in the security alarm industry and co-sponsors the Barnes Buchanan Conference, advised Baker and Topspin.

GHS principals point out in the email that this transaction takes a non-traditional approach to building a company by "acquiring the growth engine and building (rather than acquiring) the infrastructure needed to own and service the accounts."

Baker called LifeLine an "ultra-high-quality account originator" that operates its year-round sales model with precision. GHS plans to leverage what Baker calls LifeLine's "sophisticated, high-quality approach to door-to-door sales."

He also said that LifeLine has "deep roots" in its geographic markets. As GHS expands, it plans to continue with this level of "commitment to the communities served."

Johnson said that he and Fox "have always had a long-term vision of building a company that both originates new alarm customers and provides them with the long-term services. That is the GHS model."

Fox said that working as an originating dealer for seven years "has allowed us to be exclusively focused on perfecting the sales and installation side of the business. We have it down. Not only the mechanics of the process, but also how to target our efforts for the best result. ... We are ready to roll out our

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capability into additional markets.”

“As a Monitronics dealer, we were also well schooled in the rigorous quality control and documentation requirements associated with generating quality accounts. This understanding and capability will be very important to GHS moving forward.”

GHS’ challenge, according to Bergher, will be to “build the infrastructure necessary for providing the ongoing services.” He said the team that Baker has assembled is up for that challenge. “We also have the capital necessary to build the best company,” he added.

Les Gold of Mitchell, Silberberg & Knupp, which advised Baker and other buyers on the deal, told SSN that he has “great confidence in Steve Baker and the finance folks who are involved in the deal.”

Barnes said Baker is “the right guy, at the right place, at the right time.” Having GHS’ growth engine in place provides “a much more certain and lower-risk mechanism for generating investor returns than most models.”

Barnes also has a small stake in the business. “I asked Steve Lebowitz if we could take a portion of our fee in shares of the company. Not enough to create any conflicts, but something that would allow us to benefit from what we are sure will be a great success. Luckily, he said yes.”

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