



This quarter's investor update includes insights into our approach to M&A, a topic of interest from many investors given our recent history of acquisitions. Over the last seven years, we've deployed over \$5B of capital to acquire more than 30 companies. Acquisitions and their successful integrations into our business have played a major role in shaping the three key technologies that form our public safety and enterprise security ecosystem.

Raj Naik, senior vice president, Strategy & Ventures, and a member of our executive committee, has been instrumental in our inorganic expansion, and I know you will find it interesting to hear his perspective on our acquisition journey.

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### Our Acquisition Journey



Acquisitions have been a big part of MSI's transformation, and I recently enjoyed discussing our acquisition thesis and the impact of our investments on the business with our head of Strategy & Ventures, Raj Naik.

[WATCH VIDEO](#)

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When I think about our M&A playbook, I consider three factors to be critical to our success in acquisitions:

#### **Disciplined focus on strategic value**

We do not pursue acquisitions as a means of just supplementing our organic growth; rather, we believe they need to enhance our core business strategy and bring strategic value. This includes adjacencies in public safety, the addition of enterprise security, like Video Security & Access Control, and assets that complement our capabilities and enable integrated solutions. For example, the acquisitions we have made in the command center space, from call taking to

computer-aided dispatch and records management, enabled us to launch public safety's first "911 call to case closure" integrated Command Center Software suite. And other acquisitions provided us with complementary R&D that enabled us to rapidly deploy cloud capabilities in Video Security & Access Control, with many of these talented leaders also now leading broader portfolios in our business to support our goal to gain share in video.

### **Prudence in business case and projections**

We closely govern our approach, pre, during and post each acquisition. Our M&A Strategy team, in collaboration with our business and finance teams, is diligent in establishing business cases that represent commitments to accelerate growth, optimize efficiencies and deliver financial returns above our rate of return thresholds. The business teams that develop the projections remain accountable to delivering the synergies they signed up for. And the financial performance of our acquisitions is regularly measured and evaluated versus the original business case with the company's executive leadership team and Board.

### **Dedicated post-close execution and integration**

Our focus on quick and effective integration helps us realize synergies in a timely fashion. A great example is when we first entered the video space in 2018 with the acquisition of Avigilon. At that time, Avigilon's government-related sales were minimal, but we quickly leveraged our go-to-market government team and established sales channels - while expanding the opportunity with a number of mobile video acquisitions - and in just a few years we have amassed \$400M in video sales to government. We have also dialed-up our investments in our enterprise-focused video sales channel, making our video sales team now the largest sales team in the company, notably in less than five years after our first video acquisition.

Finally, we don't view acquisitions from the sole lens of spreadsheets and financial returns. Some of our strongest talent, from hardware and software engineers to executive leadership, joined MSI with acquisitions, bringing us fresh perspective, diversity and energy.

### **Looking ahead**

We continue to update financial assumptions in light of the increases in interest rates and cost of capital and will continue to be the stewards of capital demonstrated over the past few years. We remain committed to our capital allocation model which allocates 50% towards M&A or share buybacks. Our strong balance sheet and resilient business provides the flexibility to be opportunistic as well.

In closing for the last newsletter of the year, I wish you a happy holiday season with your families and loved ones. Stay safe.



Jason

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## DID YOU KNOW?

More than **one-fourth** of our **20,000+** employees joined us through acquisitions.

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