

# Fire & Life Safety

Where are you leaving money on the table? A growing market with unique characteristics, fire and life safety businesses have significant opportunity to sustainably grow margin through stronger pricing and commercial practices.



The many inputs affecting profitability for fire and life safety businesses can quickly cause margin stagnation. Increasing local competition, technology advancements, varying regulations, aging infrastructure, and significant M&A activity all impact how these businesses successfully go to market. While the industry typically sees stronger retention rates and has more resiliency through market downturns, companies are often facing growing saturation, harmful decentralization, ineffective cost-based pricing, labor / skillset obstacles, and misaligned incentives. With limited visibility to where leakage is occurring or what is truly contributing to—or detracting from—the bottom line, fire and life safety businesses are losing out on significant growth opportunities.

## Common Challenges for Fire & Life Safety Businesses

- Pricing often set as a **margin mark-up over cost**, where prices are updated only when costs change
- Often **lacking substantial differentiation** based on value of services and product specialization (skillset, region, technologies)
- **Decentralized processes** prevent alignment to a uniform strategy and can lead to low price realization
- **All-in cost to serve** related to fees, freight, discounts, warranties, etc. are often not understood at a customer level
- **Margin optimization across the customer lifecycle** is not fully understood or leveraged to better set pricing for new customers
- **Customer programs or volume-discounts** are viewed as entitlements rather than to drive desired behaviors

# Where are you leaving money on the table?

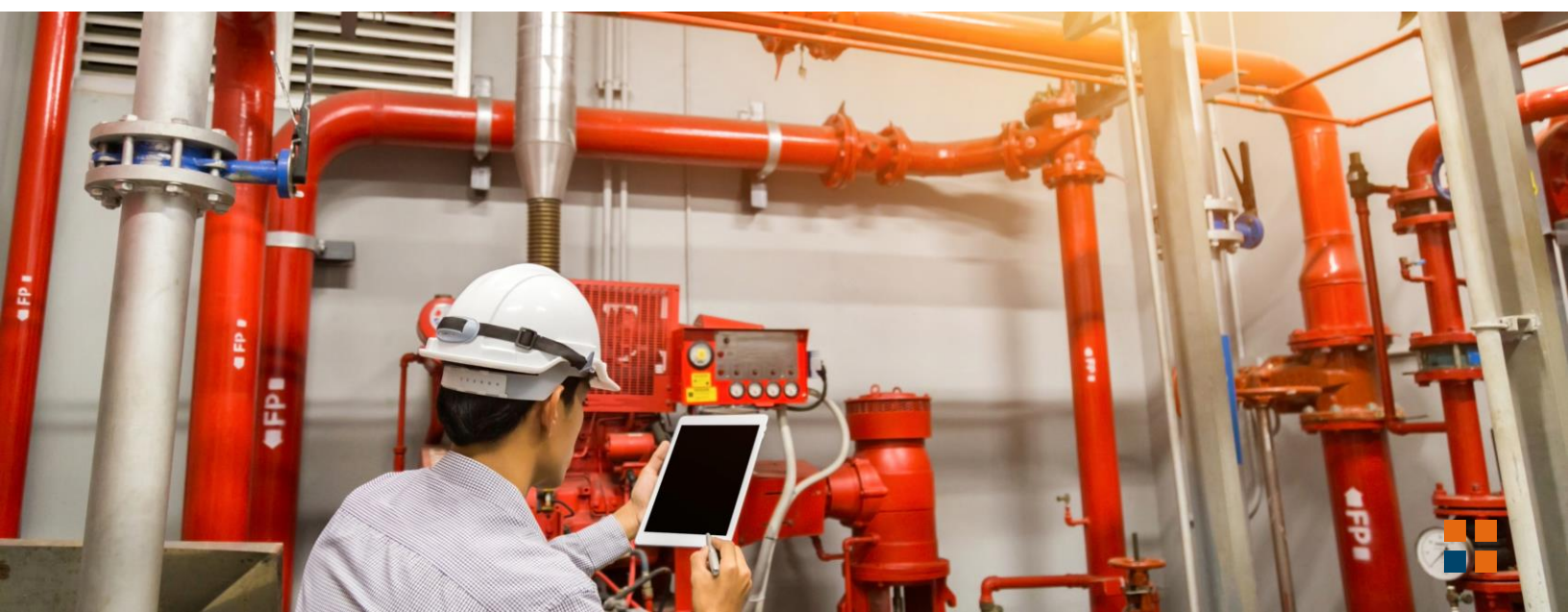
Fire and life safety businesses are focused on growth through expanded market share, expanded services, and advancing technologies. However, there is significant opportunity to grow profit that many companies may not even have visibility to.

## Market Background:

- ✓ Historically more regionally fragmented industry that has become increasingly saturated due to expanding regulation, aging infrastructure, and growing technologies
- ✓ Retention is relatively sticky as there are high barriers for customers to switch providers; however, there is a significantly higher cost to acquire new customers and risk to maintain entry-pricing throughout partnership duration
- ✓ Industry typically has more resiliency through market downturns due to operating in a non-discretionary market
- ✓ Fire and life safety component of a business's total operating cost is relatively small compared to other spend, and in some cases a higher focus on quality over price

## Business Growth:

- ✓ Growth typically occurs through expanded market share (organic & inorganic), expanded services, and expanded technologies
- ✓ An influx of roll-up businesses, which often results in significant decentralized pricing practices and autonomy
- ✓ Often a higher margin and higher realization business due to necessity of service; Could be offset by market competitiveness and saturation that makes entry-margins significantly low
- ✓ Technician-based businesses often face labor shortages and inflation-driven challenges; Cost volatility exposure due to raw material



# Critical Pricing & Profitability Factors

Most fire and life safety businesses have immediate opportunities to capture improvement quickly while building a capability for ongoing margin expansion.

## Raw Materials & Goods

- Sourcing steel, aluminum, and other metals, plastic components, electronics, chemicals, etc.
- Need to **manage tariffs** and other cost changes effectively for margin management

## Products & Parts

- Typically utilizing a **cost plus**, target margin, or list and discount pricing structure
  - Often lacking **substantial differentiation** or list prices are updated only when costs change
  - Cost plus pricing requires strong processes, especially during inflationary and tariff environments; Businesses will likely benefit from **using replacement cost**
- High amounts of **price variation** and margin outliers
- Limited savviness to 'go get' pricing and differing processes across the organization contribute to price variation and **lower price realization**
- Increasing competition means **new technologies** provide an advantage
- Often responding to project bids and RFPs

## Installation, Repairs & Recertifications

- Ideally leveraging **value-based pricing** but may not be capturing all factors
- Significant need to understand **multi-year margin across project duration** in order to manage lower margins during customer acquisition
- **Fees** may not be fully optimized or enforced with a need to update rates / policies and manage compliance
- **Commercial strategy** may shift based on the channel:
  - Large national accounts versus regional accounts
  - Project bid / RFP requirements
- The commercial team may not be **incentivized to drive margin goals**, only top-line growth
- Advanced or **unique service offerings** provide an edge in saturated markets

INSIGHT understands these challenges and can help businesses develop an approach that is best suited to **capture more margin dollars** and meet business objectives.

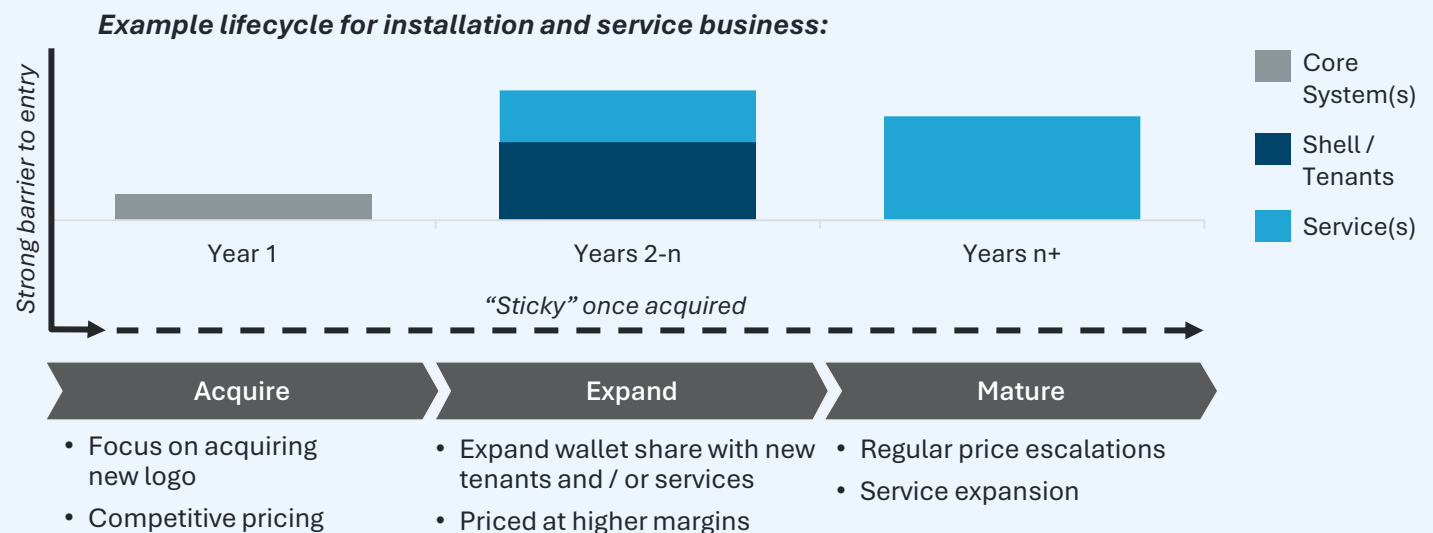


# Strategic Pricing Activities for Growth

Fire and life safety businesses can accelerate revenue and profit growth through lifecycle margin management, segmentation, and commercial efforts that balance value-based pricing with goals.

## Margin Optimization Across Customer Lifecycle

Acquiring new customers is critical for growth, yet in saturated markets with highly competitive bids, winning new customers can require low-margin entry pricing. Businesses need clear visibility to margin optimization over the duration of a customer partnership.



## Common Immediate Areas of Focus:

- 1 Identify and Reduce Unplanned Variation**  
Detailed analysis to locate customers receiving unearned pricing versus peers and adjust outliers
- 2 Address Areas of Margin Leakage**  
Common leakage: freight, warranties, fees (e.g., change orders), discounting, promotions, etc.
- 3 Differentiate Pricing Across Targeted Segments**  
Differentiate based on customer type, job type, product category, market segment, technician specialization, urgency, inventory, etc.

## Additional Opportunity Areas to Consider:

- Profitably address discount variation
- Measure price vs. cost changes alongside mix to understand if / how price contributes to growth
- Track the success of implementing price changes and improve price realization
- Centralize quoting systems, processes, and interfaces
- Grow wallet share; implement easy-to-execute cross- and up-selling strategies
- Map competitive positioning to gauge risk and opportunity for pricing and commercial efforts
- Restructure compensation and incentives to directly support business growth goals
- Ensure profitable contract management and address low-margin contracts
- Center of excellence – deploy centralized tools, processes, and analytics optimized regularly





# How Does INSIGHT2PROFIT Deliver Results?

Through market intelligence and deep data mining, INSIGHT provides fire and life safety businesses with stronger visibility to drivers of growth, gaps in existing processes, and opportunities that align with your business's unique value and goals. We then co-author and implement practical pricing programs to ensure your business is armed with the right tools and processes to enable tangible outcomes.

## Select Client Examples

### Fire & Safety Products & Services

#### 3.6% Price, Incremental to cost $\Delta$

##### Situation

- Leading fire protection provider – supplying fire hazard products and compliance services
- Business quadrupled in size in 3 years due to acquisitions, leading to disparate systems, data sources, and processes

##### Approach

- Created a centralized dataset to enable analysis and common pricing model, tuned by location
- Implemented list & discount structure with differentiated discounts by product categories
- Led hands-on training for value-based pricing

### Global Fire, Safety & Security Systems Services

#### 2.5% Price in Y1, Incremental to cost $\Delta$

##### Situation

- Provider of engineering and installs for large-scale alarm and life safety systems
- Entrepreneurial culture with high sales autonomy

##### Approach

- Built “learning” price model for quoting new and existing business by customer segment
- Implemented performance measurement and continuous improvement methodology

### Fire Products Manufacturer

#### Due Diligence: Identified 7.0-15.5% Opportunity

##### Situation

- Client was completing due diligence on the business and needed to identify and confidently quantify areas of potential pricing opportunity, specifically related to churn

##### Approach

- Completed transactional data analysis – identified price, volume, cost, and mix trends across business units, customer segments, and product groups
- Identified variation within the business to model future state pricing opportunity through correcting customer outliers



## Meet INSIGHT2PROFIT

INSIGHT2PROFIT, a DFW Capital Partners portfolio company, is a leader in driving pricing and profitability excellence, helping businesses accelerate growth and optimize financial outcomes. By integrating cutting edge intelligence, strategy, and technology, we transform big insights into real-world solutions that drive revenue, grow EBITDA, and maximize ROI.

We've spent nearly two decades helping business leaders achieve EBITDA growth. By leveraging data-backed insights, we quickly identify and validate growth opportunities that drive both immediate and sustainable profit increases. Our goal is to co-author a strategy, see it through implementation, and most importantly, realize results. Let us help you uncover hidden value and maximize your growth potential.

Headquartered in Cleveland, with regional offices in Chicago and Columbus, INSIGHT2PROFIT continues to be a trusted partner for companies looking to unlock their profit potential.

For more information, visit [www.insight2profit.com](http://www.insight2profit.com).

Contact us for a new pricing perspective.

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