



Ignition Interlocks

Industry Overview

Device

Description

- An ignition interlock device (IID) is a breathalyzer that connects to a vehicle and prevents it from starting if the driver is under influence of alcohol
- Tests are required before starting a vehicle and at random times during its operation
- IIDs are typically required for people who have been arrested for driving under influence (DUI) typically called “offenders”



Software and Peripherals

- In addition to breathalyzer, IID systems may include peripherals (camera and /or modem) and reporting software
- Camera is intended to ensure that the tests are taken by the offenders and not someone else
 - Modem transmits data to the monitoring software as opposed to being manually downloaded at a service center
 - Software allows monitoring authorities (courts, probation officers, etc.) to access offenders’ alcohol test results

Business Model

- IIDs were commercialized in 1990s and enjoyed 10% annual growth rate in 2010s as a result of favorable legislation in the U.S.
 - On average, ignition interlock devices are about \$70–150 to install and about \$65–95 per month for monitoring and calibration
 - IIDs require professional installation which can be performed as a dedicated location or an automotive service center
-

Industry Analysis

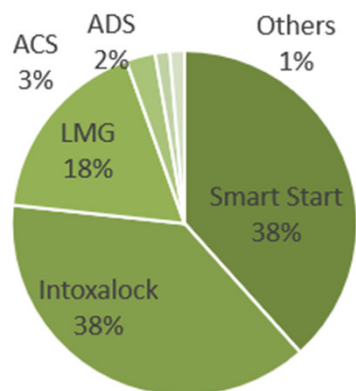
Opportunities

- Strengthening of legislation
 - All offender legislation in the remaining 16 states
 - Refusal to take alcohol test
 - Compliance-based removal of interlock
 - No “wait-out”
- Commercial use case
- International adoption
- Value –added monitoring services and data analytics

Threats

- Decline in DUI arrests
- Advanced driver assistance features in vehicles (ADAS)
- Reduced travel and social activity due to pandemics
- Ride-sharing and shared mobility
- Alternative technologies (passive alcohol testing)
- Increase in cannabis and drug use vs. alcohol

Market Share

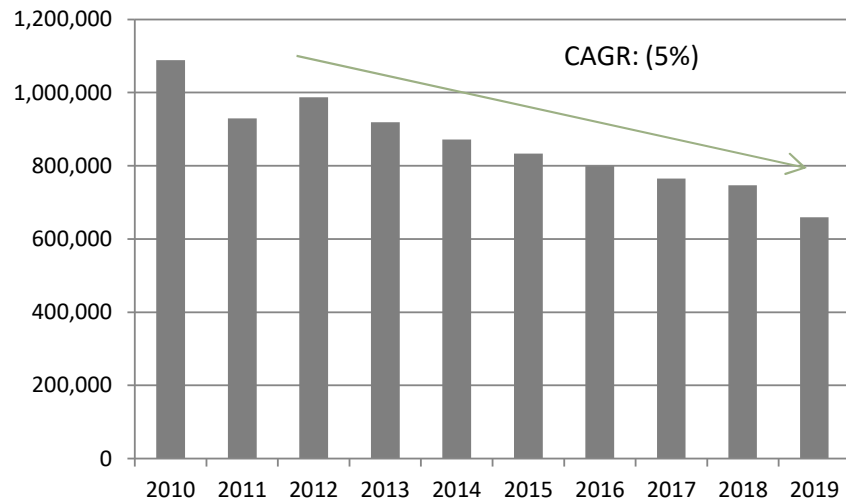


Recent Events

- Sale of Smart Start to Apollo by ABRY in November 2021
- Acquisition SCRAM Systems (leading wearable alcohol monitoring provider) by Riverside / LMG in May 2021
- Wearable alcohol monitoring product launched by Smart Start in January 2021
- Smart Start acquires US business of Draeger in 2020
- Intoxalock acquired SR22 insurance company Breathe Easy in 2018

Industry Trends

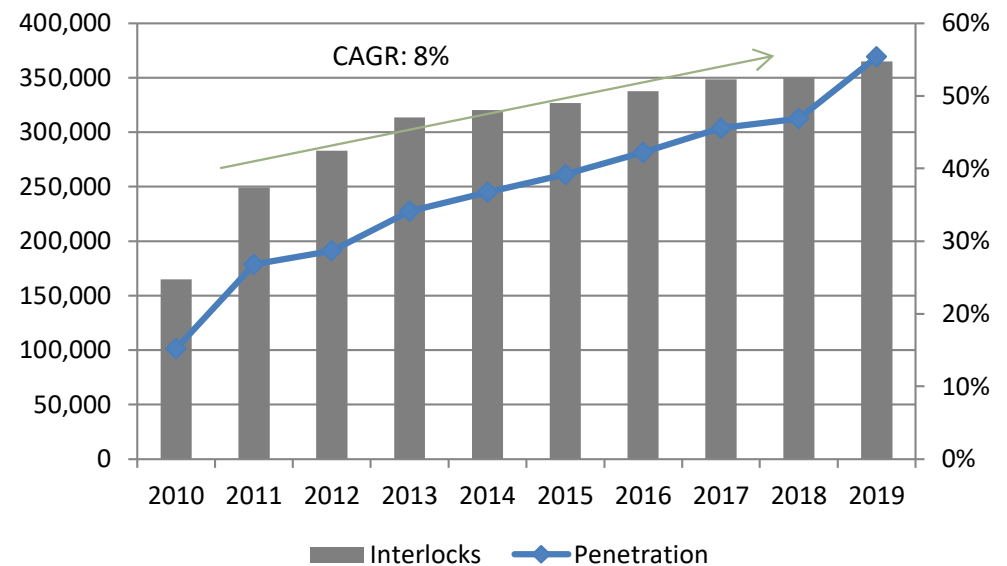
Arrests for Driving Under Influence (DUI)



A steady decline in DUI arrests is a result of the public policy, including adoption of IIDs, weaker police enforcement, advanced automotive technologies and changing consumer behavior

Source: Federal Bureau of Investigations, Uniform Crime Reporting, Table 42

Ignition Interlocks



Ignition interlocks enjoyed steady growth in the past decade as a result of favorable state legislation

Penetration is the ratio of installed interlocks to arrests and shows that every second DUI arrest results in a IID install

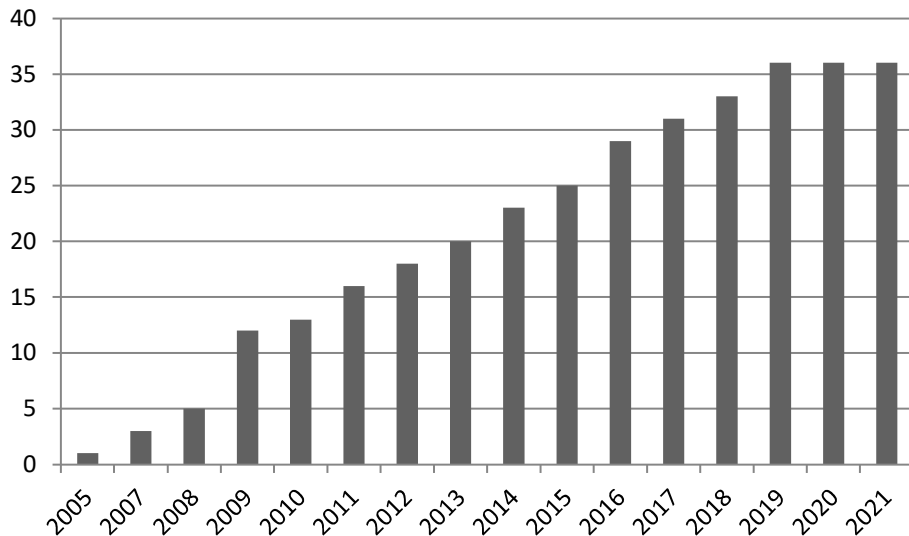
Current market size is estimated at 365,000 IIDs

Source: Transportation Injury Research Foundation (TIRF), Dr. Roth

Regulation

Number of States with All-Offender Laws

Introduction of new DUI laws and strengthening of the existing laws has been the main driver for the increased penetration of ignition interlocks



- All-offender DUI law requires that interlocks are installed starting with the 1st DUI offense
- 15 states have no or weak all-offender laws (California, Florida, Georgia, Indiana, Massachusetts, Michigan, Minnesota, Montana, North Carolina, North Dakota, South Carolina, South Dakota, Vermont, Wisconsin and Wyoming)

Types of State Legislation

Ignition interlocks are required for

- 2nd and subsequent offense (48 states)
- High, 0.15 or more, blood alcohol content (45 states)
- All offenders, including 1st time (36 states)
- Refusal to take alcohol test (31 state)
- Compliance-based removal of interlock (28 states)
- All drivers irrespective of time passed or “wait-out” (8 states)
- Drugged driving (3 states)

Federal Certification

- Manufactures of ignition interlocks are certified by NHTSA
- Creates a barrier to entry for new entrants and foreign manufacturers

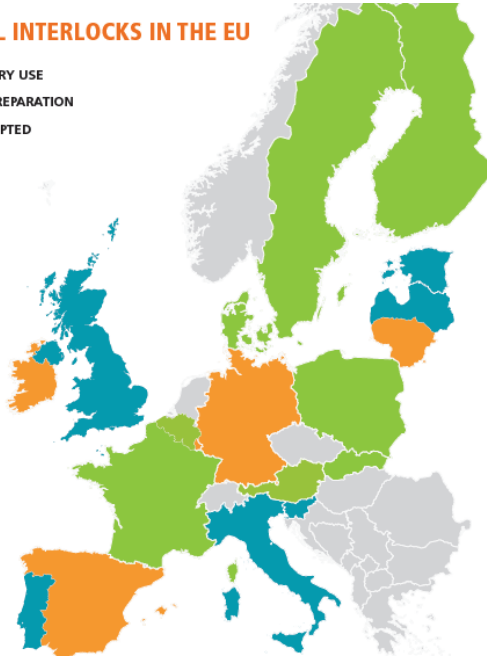
International Landscape

Europe

- U.S. style “offender” laws have been passed mainly in Sweden, Finland and France
- Unlike the U.S., Europe has a developed “commercial” or voluntary use market

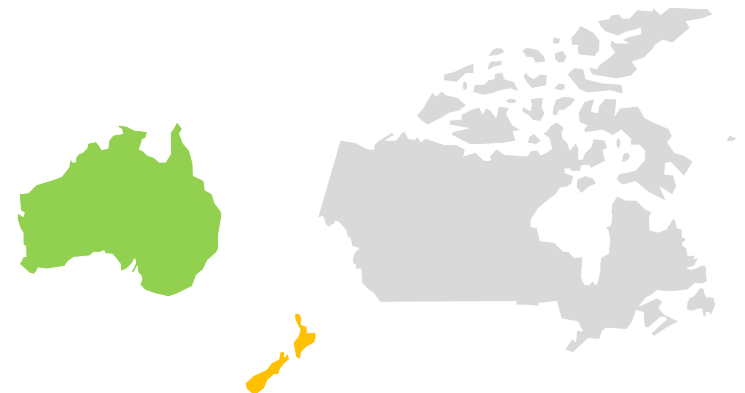
ALCOHOL INTERLOCKS IN THE EU

- VOLUNTARY USE
- LAW IN PREPARATION
- LAW ADOPTED




Rest of the World

- Canada, Australia and New Zealand are the other major international markets for ignition interlocks
- There are grass-roots interlock projects in developing countries (Mexico, Chile, Brazil, Taiwan)



Key Players

Company	Location	Owner	Year Acquired	States Covered	Inter-national	Empl-oyees	Service Stations	IIDs
	Dallas, TX	Apollo	2021	46	yes	600	2,000	140,000
	Des Moines, IA	Welsh Carson	2017	46	no	500	2,500	140,000
	Blue Ash, OH	Lineage Capital	2010	40	no	300	-	65,000
	Toronto, ON	Owner owned	n/a	13	yes	-	-	10,000
	Windsor Mill, MD	Directed / Charlesbank	2018	25	no	-	400	5,000

Other smaller players include : Skyfine, Blow&Drive and Sensolock and several others collectively providing 5,000 IIDs

About the Author - Art Baker

Experience

Chief Strategy Officer at a leading ignition interlock company
Manager, Strategic Initiatives at AAA
Corporate Development, General Motors
Investment Banking

Objectives

Full-time role in strategy, finance or corporate development
Consulting services for private equity or venture capital
Speaking engagements
Networking opportunities


Education


MBA, University of Toronto
B.S., Oklahoma City University
B.S., Moscow State University
Chartered Financial Analyst (CFA)



Contact Information

 www.artembaker.com

 artem.baker@gmail.com

 925-997-5733
