In recent days, plenty of scrutiny has been cast on how effectively emergency services communicate with one another during disasters and conflicts. Institutional investors who were prescient enough to participate in the mid-August secondary equity offering from EFJ, which provides wireless telecommunication solutions to the emergency and public service sectors, have enjoyed the ride. The company’s stock is rising, thanks to the anticipated growth in demand for its services.

Sources close to the $48.3 million transaction, executed on Aug. 19, reported strong interest from institutional investors for the small company’s offering. Underwriters A.G. Edwards, Needham and C.E. Unterberg Towbin exercised their over-allotment option thanks to the demand, resulting in a total sale of 6.9 million shares at $7 a pop. At press time, EFJ was trading up at $8.87.

“We’ve come out with voice over IP technology and we’re focused on the smaller users,” said CEO Michael Jalbert, whose business competes against the likes of Motorola and Ericsson. “We have differentiated ourselves by being flexible in offering features. Because we’re in a digital world, a lot of our features are driven by software.”

EFJ’s client list at the federal level includes the Department of Defense, Department of Homeland Security and Department of the Interior. EFJ also provides all the radios for emergency services in South Dakota and does business with the states of Washington and Alaska, among others.

Some of the net proceeds from the stock offering are aimed at expanding EFJ’s existing business, including potential acquisitions, said Jalbert. While he declined to identify specific targets, EFJ could look to expand beyond its current voice-centric technology. “We will get a lot of organic growth out of our current business opportunities, but there are also technology opportunities out there that will help us fill what we call the homeland security umbrella,” said Jalbert. “There’s data out there, video out there—communication opportunities out there that are different than what’s done today. We think we can spend that money in that area and gain good returns for our shareholders.”

EFJ operates in two divisions, one focused on wireless for public safety and public services, such as first responders, and the other housing voice encryption technology. About 85% of EFJ’s revenues come from the first responder arena, and the rest stem from encryption for government and police agencies. EFJ also operates internationally, counting the Indian and Columbian armies as clients.

The concept of emergency services as a growth segment of the technology industry first surfaced after New York City’s fire and police departments wrestled with inadequate radio systems following the 9/11 terrorist attacks. The industry also has been motivated to find better solutions by “APCO Project 25,” a set of industry standards for digital mobile radio, which were approved in August 1995. The goal is to create interoperability among public safety agencies.

“We’re going from an analog world to a digital world. The majority of first responders are still using analog,” said Jalbert, noting EFJ is positioned to capitalize on this migration.

That was a strong selling point for the follow-on. “There is an initiative not only to be alert but to respond and coordinate following any incidents or conflicts. It’s an initiative adopted by the federal government. The market opportunity here is huge,” said a source familiar with the secondary offering.

— Colleen Marie O’Connor