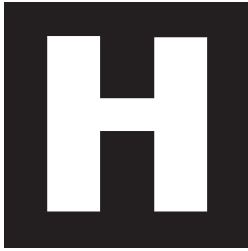# 4 TRENDS SET TO TRANSFORM SECURITY PROPOSITION

by Sandra Jones

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Historically, security was often undervalued by end users as it was an expenditure that was rarely needed or used. There was no compelling argument to invest in security, but that is finally changing. I'm not sure exactly when it will happen, but I think we are rapidly approaching a tipping point in the security industry. Security is finally being sold, accepted and budgeted as a management tool. And like any good business software or communications technology, it is an investment management values as it allows them to focus on their core business and bottom line.

Access control has moved to identity management and is still evolving toward payment solutions and management. Video has shifted from just providing evidence to business and information management. Guarding has shifted to visitor and employee management; distribution to material management; intercom to emergency management; and, well you get the idea. The wheels are fully in motion to make the transition.

Not only has the security market moved to adding value to customers' organizations but also to refining their own businesses. Security company owners have become better managers focused on profitability and value creation. While they still have to perform magic by blending technologies, they now also devote more of their time to refining business plans to reduce attrition, create unique service offerings and make their businesses more resilient to the peaks and valleys of an uncertain economy.

Nowhere is this more evident than in some of the transactions, due diligence and research we have recently conducted. Here are four key trends:

No 1 **Security is no longer a grudge purchase** but an investment end users are willing to make for better business profits and customer service.

No 2 **Traditional systems integrators are learning and leveraging IT,** enabling them to shift to adding several forms of recurring revenue. An increasing percentage of their businesses are no longer being measured in EBITA but in RMR. This improves cash flow and operations, plus increases their valuation.

No 3 **The channel is partnering to increase profits,** create efficiencies and deliver better results to the end user. Not all activity in the industry is through transactions; customers are getting better results through suppliers partnering with one another to provide a truly integrated vs. disparate system.

No 4 **Security is an IT business.** In 2010, more than 60% of the largest traditional systems integrators incorporated IP technology. If you attended ISC West, you know that traditional distributors and early entrants like ScanSource and Anixter have been joined by CSC Supply and Ingram Micro.

While there is change at the technology, transaction and channel level, nowhere is it as profound as at the customer level. I recently visited with Microsoft CSO Mike Howard and his technology-savvy team. They are the new breed of security managers because in addition to security their responsibility is focused on their organization's bottom line. Mike and his team have leveraged the cloud and partners to provide efficiency and safety for his organization and staff all over the globe. Their Global Security Operation Centers (GSOCs) are as advanced and efficient as any ops center I've seen.

The transformation of the industry is far from over because strategic buyers and private equity firms will be seeking more IT, guard and communication companies for transactions of scale. Not everyone is changing or has to, but for those of you who are or aspire to be industry leaders, we have finally made security an operations and information management business.

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