

*The Voice of the
Channel*

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**SECURITY DEALER
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The Money Issue

From building
RMR, to
selling
technology,
to sales,
marketing and
beyond, get the
skinny on running
a more successful
and profitable
security business

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New Avenues of RMR



Take a look at some new services and offerings that your fellow integrators are deploying to increase recurring revenue

The changes in the systems integration industry over the last several years have been mind-boggling. But any consternation over what's happening can, with a little imagination, be turned into new avenues of recurring monthly revenue (RMR).

It is not just the traditional systems integration industry that has been affected. Every low voltage discipline — from contractors who play in the residential sound space, to IT providers who focus on network controls and infrastructure — is facing dwindling hardware profit margins.

The good news for those who can realign their way of thinking is that there are more ways than ever to boost monthly cash flow. Whether you want to call it Internet as a service, security as a service, software as a service or something else, the bottom line is that *services* will set you apart.

From Boxes to Technology Service Provider

Having steady streams of RMR on the books is critical, and today they are not just coming from monitored accounts. Every system that

an integrator installs has evolved from a plain box component to hardware that requires regular maintenance or can be extended beyond security.

Being able to provide proactive, preventative maintenance for anything that rides on the home network is a great way to boost RMR. That's exactly what Henry Clifford, owner of Livewire LLC, Richmond, Va., found out. He realized that his home security and interactive services customers (he's a Honeywell Total Connect and alarm.com dealer) wanted to be assured their networks were up and running and modems and other connectivity devices were humming away.

He began installing what he calls a "black box" from a manufacturer (ihiji) that enables him to remotely and proactively assess the customer's network as well as the health and well-being of devices. The beauty of the offering is that it allows him to offer support and the ability to diagnose and assess the system's network health remotely. The majority of problems are quick fixes that can be accomplished without a technician and a truck roll, which industry consultants peg at about \$250 per dispatch on average.

Livewire's service is branded as Invision, and Clifford gets on average \$49 per month for the small piece of hardware which sits on the customer's network and is cloud-based. The customer's premises is provided with power surge strips which can be cycled from the web via the IP address.

Clifford says the company gets alerts on a dashboard and can fix problems before the customer even knows they exist. "That lets us change from a reactive to a proactive service provider," he says. It also makes the customer stickier, he adds. Clifford and Livewire recently received a 2013 Best Practices Award in the RMR category at the 2013 CE Pro Summit for this residential integration/RMR approach.

Think Total Solutions Selling

What's also important in the move to services and more RMR is a focus on total solutions selling. Customers today want

business intelligence and additional data, and that's what they can get with their connected devices.

Steven Paley, president and CEO of Rapid Security Solutions LLC in Sarasota, Fla., has been focusing on low-voltage connectivity services for customers. He recently began offering Internet communications, and will parlay that into additional interactive services. Paley recently morphed his traditional hourly service plan into a preventative care program, providing various levels of service for a monthly charge. He's also toying with the idea of providing additional systems instruction courses to customers, although basic training is included in system installation. *Rapid Security Solutions is ranked No. 13 on the 2014 listing of SD&I's Fast50, ranking America's fastest-growing systems integrators — read more about the Fast50 at www.securityinfowatch.com/sdifast50.*

"It's not just about the equipment, but what the equipment does for the customer," Paley says. "It's all about managed services."

Paley has been focusing heavily on providing business intelligence through cameras with video analytics — a great way to collect data for customers such as retailers, who can use that information for people counting, store dwell times, cash register exceptions, heat mapping and other valuable criteria for business management. Video analytics has matured, allowing it to mine data more efficiently. It has also become less expensive to cull data as technology continues to improve.

Not every camera needs to incorporate video analytics, but instead, certain cameras can target specific areas of the store or protected premises, Paley says. "Most customers are not using analytics on all cameras, but instead, on select devices, usually two to three cameras depending on the type and size of the business and the nature of its operations," he says.

Depending on the type of camera and its analytics, whether basic or advanced, Paley charges on a per-camera basis anywhere from \$10 to \$40 per month. Preventative maintenance agreements for video surveillance



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— Andrew Schonzeit,
Idesco Corp.

equipment are offered/sold at additional cost and vary with regards to level of support and price per camera, but range from \$9.95 per month for free labor and material as well as other variables at standard rates, to about \$27 per month for a higher level of service that includes an annual or semi-annual preventative maintenance equipment review and free labor and material on replacement for ordinary wear and tear of equipment.

Integrators can also generate RMR by providing detailed reports to the end-user on camera activity and also, for programming changes, upgrades or other management functions.

Managing a Host of Services

Today, every part of the protected premises can reap the benefits of web- and cloud-based security services — which means more RMR. Managed access control has been a mainstay of the systems integration industry for decades, with central stations handling customer requirements. With just about everything now on the web, there’s a new buzz surrounding these services and their ability to provide RMR while lowering the client’s total cost of ownership.

Managed security services provide an additional source of recurring revenue to security dealers while offering peace of mind and superior value to customers, says Andrew Schonzeit, chief executive officer of Idesco Corp., a security systems integrator for 71-plus years. The company, based in New

York City, recently introduced Cloud-Based Managed Security Services to offer powerful security features for a fraction of the cost of a traditional access control system.

Idesco’s web-based platform provides real-time monitoring and administration of a security system. The customer’s data is stored at redundant hosting centers and managed by IT security professionals. This innovative cloud-based approach enables users to grant access, print badges, open doors, set schedules and see who is in a building through a single web-based administrative interface, with no additional software required. “Offering managed services helps us create value for our customers while adding a source of recurring revenue to our business,” Schonzeit says. “Our customers look to us to not only install the best security solution, but to manage it effectively. We have capitalized on our strengths and added cloud-based security solutions to make it easier for any organization to implement a secure security system.”

Idesco monitors live or event-related videos of facilities through a single, centrally managed account — at a fraction of the cost of traditional hardware DVRs (see chart below).

With no up-front computer hardware purchases, and lower operating costs than traditional solutions, Idesco’s managed services are designed to lower the total cost of ownership for security management. The software-as-a-service (SaaS) architecture eliminates the need for dedicated servers, software installation, backups, archiving and disaster recovery.

It also lowers operational expenses such as IT staff time, electrical and cooling costs, and rack space and telecom expenses. Plus, there are no server licensing fees or software maintenance agreements.

“With our managed services approach, peace of mind comes at a low cost of ownership,” Schonzeit says. “Our

Single-Site Total Cost of Ownership Comparison

Expense Category	Period of Expense	Traditional Access Control	Web-hosted Access Control
Up-front fees and expenses	One-time	\$10,500.00	\$3,300.00
Recurring annual fees	Annual	\$300.00	\$960.00
Recurring operational expenses	Annual	\$1,418.00	\$0.00
Recurring IT expenses	Annual	\$3,039.00	\$0.00
The Bottom Line	5-Year TCO	\$34,285.00	\$8,100.00

customers know that they can rely on a team of certified professionals to manage their system and service any issue that they may have at any time.” He adds that in order to be successful in the security industry, security integrators must “look ahead and see where they can add value for their customers.”

Services: Beyond the Traditional

Terry King, vice president for Securadyne Systems South Region — ranked No. 4 in the Fast50 — says it will ultimately be the service offering that defines the systems integrator. “We are keenly focused on expanding our offerings beyond traditional service and maintenance to new areas — be it through the maturation of our access control/video hosted and managed service packages, or through the development of an IT-Centric Professional Services Team designed to provide higher level application support. The definition of and how we apply services is expanding.”

Kings says customers want — and in some cases are mandated to provide — ongoing service and maintenance of their security systems. “However, in many instances, customers do not fully understand the highly technical and latent system needs, and we must be both insightful in our understanding of a particular customer’s business and creative in how we apply our service delivery in order to provide the highest level of value,” King says. “Determining these solutions can be a challenge, but it is core to our values and to our overall charter. Our customer-centric service offering may include the management of all off-site security applications hosted in a third-party environment, monitoring of a customer’s network for the quality of service impact of the video management system, or the hosting of all security data within a fully redundant data center environment.

“Every customer represents a new opportunity and a unique potential for service delivery,” he adds.

King says it is extremely important for systems integrators today to evolve into services, rather than stay hardware-specific in their approach. “There can be no arguments that as technology improvements reduce the



overall cost of hardware manufacturing and deployment, this component of our business becomes more and more commoditized. Integrators who want to differentiate themselves must be focused on the expansion of their service offering. We must look for ways to improve the customer experience through back-end service engagements and through the provision of effective hosted and managed solutions,” he says. ■

Securadyne’s service offering includes management of all off-site security applications hosted in a third-party environment, network monitoring, and the hosting of all security data within a fully redundant data center.

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Set Your Sights on More Cash Flow

Here are some ways to generate more RMR

- Remote network management
- End-user training services
- Video analytics for data collection
- GPS technology
- Proactive service & maintenance agreements
- Fire systems inspections and tests
- Managed/hosted access control and video services
- Video verification, with audio
- Digital signage and content management
- Industrial process, energy management and critical temperature monitoring

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