

## Technical article

### Return on security investment

#### How investment in security can increase a company's value

Investments in security not only protect companies from break-ins and theft but also monitor and improve critical processes, such as the availability of communications networks or the power supply. Further, such security technology can ensure the trouble-free operation of a complete supply chain. Through the intelligent integration of systems management tools a latent wealth can be added to companies. That is why more and more companies make use of these.

If insufficient security measures are taken, the reputation of a company or a brand name can be endangered. That must be avoided because a brand name is one of their most valuable assets and protecting it has the highest priority. This means that companies must always deliver products and services to their customers punctually and with consistent quality. A negative change, either through manipulation or other influences, or failed deliveries can lose customers to alternative suppliers. In addition, the image of the brand name would be tarnished. Of course, companies must protect themselves in advance against damage from theft or vandalism. However, the most benefit does not lie therein, but in the combination of security aspects with other operational processes. The added value available can only be appreciated by security managers when they look more closely at the various business activities of their company. Then they discover possible synergies between security applications and other business processes.

If these are combined correctly, they can significantly affect a company's value, according to a study by Knights und Pretty. Companies were examined in which there had already been major security issues. Those that had taken adequate security measures could raise their company value by an average of 30 % within one year of the event; by contrast the company value sank by an average of 20 % in those firms that had not invested in the appropriate measures. Francis

D'Addario, member of the Security Executive Council and Principal at Crime Prevention Associates, a US consulting firm dealing with the minimization of security risks, sees the objective of a "Layered Security Support Mission" in making the processes and the supply chain of companies more secure, in addition to providing security for personnel and assets, thus enabling companies to execute all operational processes without interruption.

### **Remote status and control**

Competitive pressure is particularly strong in the telecommunications industry and network operators ensure that their network is always available, otherwise there is a danger that customers will look for another provider. The network providers must also constantly reduce their operational costs. Therefore leading companies in the industry, such as Vodafone or Wind, combine modern theft or vandalism protection at their unmanned antenna sites with other processes such as surveillance, remote diagnosis and control as well as optimization of the power supply or air conditioning. In this way they improve the availability of their networks by 1 or 2 %, which not only makes happy customers but also brings more revenue and reduces network operation costs. Overall the network operators achieve a very good return on investment.

For this they use a solution developed by Siemens called Intelligent Shelter, an integrated security and operations solution for remote operation of unmanned cellular network antenna sites. It monitors and controls not only the security elements such as access control, video and alarm systems and fire protection but also operational elements such as the power supply, emergency generators, batteries, aviation warning lights and climate control. So most of the necessary tasks, in the event of an alarm, technical failure or preventative maintenance, can be carried out from the control room. When work is being carried out on site, the system informs precisely which technician found which sub-systems in what condition upon arrival and how he left them, so every service visit is well audited. Depending upon the topographical situation, the local road infrastructure and also the salary scales, combining security technology with network operations enables running costs to be reduced by up to 40 % and a return on investment obtained within two years.

### **Securing the supply chain**

Years ago it was not possible to track the shipping routes of goods from dispatch to their final destination. Today, technologies such as RFID and video surveillance enable perfect monitoring of shipping paths and corrective action should this become necessary due to unforeseen circumstances. Delayed shipments or damaged goods can be detected early so that adequate countermeasures can be taken, making certain that the customer will receive the goods on time and in perfect condition.

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Starbucks is one of the leading buyers, roasters, suppliers and marketers of coffee. They successfully piloted integrated operational guidelines with advanced security technologies to ensure risk mitigation in priority trade lanes. One of Starbucks' main concerns is that coffee beans reach their destination in perfect condition, an important quality assurance criterion since the taste of coffee should never change. So all persons and processes along the path of the coffee beans from the plantation – often in highrisk countries – through the supply chain stakeholders as well as companies supplying the technical equipment and all traders and shippers right up to the coffee cup are monitored and protected. Risks that threaten the production process or could adversely affect the coffee taste are minimized.

Containers, security installations and customs documents are monitored, enabling the company to satisfy compliance guidelines, such as C-TPAT (Customer Trade Partnership against Terrorism), ISO standards, Customs Video Compliance, and Process & Goods Authentication.

### **Enormous added value**

This consistent security-related optimization of the supply chain has resulted in every process being redesigned for cost optimization. In particular, the amount of manual intervention could be reduced. Conversely it is the application of security technology such as RFID, access control or video surveillance for operations optimization that brings the deciding customer benefits. Francis D'Addario demonstrated that benefits resulting from a 7 million US-\$ investment amounted to 14.36 million US-\$, returning 2.04 US-\$ for every dollar invested. As a result, profits rose by 20 % from 35 to 42 million US-\$ in a business sector characterized by low margins.

Security managers are able to achieve enormous added value for their companies by understanding a "Layered Security Support Mission" that sensibly brings security applications and other business processes together.

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