



Guarding Faces a 'Watershed Moment'

By **Ed Finkel**, Contributing Writer

From mergers, to robots, to the need for greater education, the security officer profession is not standing still.

Dave Droster, director, global security for Briggs & Stratton, has been able to shrink the number of security officers by employing technology, including the RAMSEE product from Gamma 2 Robotics, in its warehouses.

Consolidation, technology, training and partnerships are among the watchwords for security officer firms and their clients as the calendar turns toward 2017.

Mergers and acquisitions, and the growth of artificial intelligence, have become increasingly disruptive forces in an industry characterized for years by small to medium-sized companies offering lightly trained personnel to their customers. These forces have boosted the need for greater education and a more conscious effort to build partnerships.

Tory Brownyard, president of guarding insurance firm the Brownyard Group, says that demand for security officers remains steady with spikes as high-profile tragedies play out in the news media. "Security officer firms are being called in to replace police or law enforcement, [in scenarios]

where previously it had been a law enforcement role,” he says. “Whenever there is an event like Sandy Hook, or a movie theater shooting, we get a tremendous amount of calls from firms in that industry.”

Security Officers By the Numbers

The security officer industry is a \$43 billion industry, \$23 billion of which is comprised of outsourced contracts, according to a white paper released in July by Robert H. Perry & Associates. The overall domestic outsourcing marketplace contains 8,000 firms that employ a total of 800,000 security officers.

The three industry leaders – Allied Universal Security, Securitas North America and G4S Security Solutions USA – make up \$10.4 billion in revenues, about 44 percent of the total, the white paper says. Those three companies are growing about five percent per year, slightly above the domestic industry average of four percent.

Fewer firms describe themselves as providing “guarding” or even as “contract security,” preferring broader terms like “security solutions” that indicate a wider and more technology-oriented focus, the white paper notes. In addition to more traditional offerings like standing security officer and vehicle patrol services, special event security and alarm services, these firms increasingly offer menu items like drones, security robots and cybersecurity.

The U.S. Department of Labor estimates that as of May 2015, about 1.1 million Americans were employed as security officers at a mean hourly wage of \$13.68 and a mean annual wage of \$28,460. Nearly three-quarters (74.3 percent) were employed in general investigation and security services, while other industries with high concentrations included event promoters (8.0 percent), facilities support services (6.9 percent), and spectator sports and drinking establishments (6.0 percent each).

Allied Universal, based in Conshohocken, Penn., and Santa Ana, Calif., represents the most prominent recent example of consolidation, with the \$2.5 billion Universal Services of America and \$2.3 billion AlliedBarton Security joining to become a firm with \$4.8 billion in revenue for YTD 2016, and now the industry’s largest ahead of Securitas, Chicago, at \$3.7 billion; G4S, Palm Beach Gardens, Fla., \$2.2 billion; and U.S. Security Associates, Roswell, Ga., at \$1.4 billion, according to figures contained in the Perry white paper. The latter was birthed with the merger of

ABM Security Services, which had revenues of \$393 million, and FJC Security Services, \$250 million.

Consolidation and Growth

Perry, president of his namesake firm, predicts growth will be stronger than five percent in the years to come. Among the reasons for this will be the threat of terrorism in public venues that municipalities can’t combat through their police forces alone for budgetary reasons, insurance company discounts to public facilities like malls



Tory Brownyard, president of guarding insurance firm the Brownyard Group, says that demand for security officers remains steady with spikes as high-profile tragedies play out in the news media. Photo courtesy of Tory Brownyard

and warehouses if they hire an outside security firm, and bad publicity for the federal Transportation Security Administration that has led some airports to opt for private security instead of the TSA.

Perry describes the Allied Universal merger as a “classic ‘B’ school case study” that combined two companies of virtually equal size, geographical footprint and customer mix. “The end result, on paper, shows a company stronger and more profitable than its nearest competitors,” he says.

The benefits Perry sees have included stronger branch offices, a better matching of volume to office overhead, a more efficient footprint that means less need for subcontractors and “the benefit of eliminating a lot of redundant costs such as duplicate rents, duplicate IT systems, etc.”

The merged company has been able to redeploy personnel more efficiently based on where their talents are needed, he says, while emphasizing the strengths of both companies – the electronics secu-

urity of Universal and the newly developed AlliedBarton program aimed at smaller, rural accounts.

Perry envisions a “good news, bad news” scenario for smaller competitors. The good news is that some customers “will not want to do business with an ‘impersonal’ mega company,” he says. “They are used to the more personalized service and will take their business to the smaller security provider.”

On the flip side, Perry says, the new company will offer a wider menu of services, “thus winning many of the larger customers away from the smaller ‘used-to-be’ competitor that does not have the resources to offer these services the customers are demanding.”

Brownyard believes mergers and acquisitions will be advantageous for larger clients with needs in multiple states. “A Fortune 500 company operating in many states wants to deal with one security guard firm in all their different locations,” he says. “Large national organizations are going to be in demand and in a more advantageous position than local or regional firms.”

Robert McCrie, professor and deputy chair of the department of security, fire and emergency management at City University of New York, notes that guarding historically has been a very fragmented industry. “There’s been enormous consolidation in our industry, largely highlighted by Allied Universal,” he says. “Now there are strong companies emerging because of the interest in national accounts.”

Jack Shaughnessy can attest. When he became vice president of security and business continuity at Wyndham Worldwide Corp. a decade ago, one business unit was employing 39 different security vendors. Shaughnessy developed standards for Wyndham’s physical security and solicited bids from vendors, ultimately hiring Universal Protection Service in July 2014 to provide security to 121 properties in the U.S., Canada and the Caribbean.

“Wyndham needed to partner with a guarding company that could clearly demonstrate a value proposition and a return on the company’s investment in deploying one guarding company across the entire portfolio of properties,” he says. “This is something that was not previously done. Since partnering with Allied Universal, we have been able to create a standard and consistent security program across the diverse portfolio of hotels, resorts and vacation ownership properties that also helps drive our culture of hospitality.”

Technology

Advances in technology continue to impact guarding in numerous ways, perhaps none of them more profound than the advent of artificial intelligence robots, like the RAMSEE product from Gamma 2 Robotics, Denver, that have begun to replace human beings.

Gamma 2 Robotics customer Dave Droster, director, global security for Briggs & Stratton, has been able to shrink the number of \$11 per hour security officers by using



Allied Universal provides its officers deployed at Wyndham resorts with security officer training, and the companies then partner to provide the type of specialized customer service and hospitality training that Wyndham needs to instill, says Jack Shaughnessy, vice president of security and business continuity at Wyndham Worldwide Corp. This includes participation in daily staff meetings and classroom or interactive training “along with our associates to help foster a better relationship and sense of teamwork,” he says. “This provides not only security training to our associates, but also a high level of customer service and hospitality training for Allied’s officers to better ensure their success.” *Photo courtesy of Jack Shaughnessy*

technology as a “force multiplier,” and he thinks that trend is only going to accelerate.

“There’s a watershed moment coming,” he says. “We’re taking big steps right now to go a completely different direction. That’s where we get into the whole robot idea. ... I look at a model we’re getting ready to adopt here at one of our warehouses in Milwaukee, a human-robotic program, where we have one officer and his partner is a RAMSEE robot. I do that for a fraction of the cost, less of the human resources headaches – staffing and sick days – and potential political mistakes or verbal gaffes that can create issues.”

By the latter, Droster is referring to “wrong things said” by guards in stressful situations that can lead to liability issues. “What I’m seeing not only with RAMSEE but with the world of artificial intelligence and automation overall, it’s

going to hit us and it’s going to hit us hard. It meets what we need right now. It’s a perfect match for us.”

Larger security officers firms are watching such technology closely, “but their whole business model is built around the human being,” Droster says. “Whatever company embraces that technology first, proven technology that works, it’s going to be like anything – think about when DVD first took over VHS – early adopters, and then explosion.”



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Droster hopes the larger security providers “don’t miss the boat on it, and all of the sudden somebody says, ‘I’m going to make an investment, and here we go,’ and now you only have one provider,” he says. “We’re not going to avoid this. We’re not going to make a conscious decision not to take this technology. We know it’s going to explode. They might as well start taking a look at it now.”

Brownyard recalls that when he first attended the annual ASIS trade show more than 40 years ago, the exhibit floor was 99-percent private security officer firms. Now, exhibitors are 95-percent technology-related companies and “actual physical security guard firms are hard to find there,” he says. “We’re constantly amazed, especially recently, with the trends in automation for the industry.”

Security robots that provide video feedback from a certain locations and other

technology like drones and cameras help customers’ bottom lines through savings on wages, health insurance and workers comp, with a potential added benefit when it comes to liability insurance.

In settings like healthcare and K-12 education, guards have come to be seen as a particular liability risk, Brownyard says.

“We’ve recently seen an increase in the frequency and severity of claims in the healthcare industry, where either a guard is trying to break up a fight in the ER and gets injured, or injures someone and [is accused of] excessive force,” he says. At a school, “having an armed guard every day increases the hazards. And someone really intent on creating havoc ... they’re going to catch even a good security guard at a school by surprise.”

McCrie sees an “amazing technological transformation” with particular impact in two areas: access control, where technology can aid protection of the environment through visual analytics that “might identify someone who is allowed to come onto the premises better than a security guard with a good memory for faces;” and communications centralization through a control center that watches closed-circuit TV feeds.

State-of-the-art technology such as surveillance cameras and alarm systems was uppermost on Shaughnessy’s mind in choosing Allied Universal, along with the company’s performance standards and financial soundness.

“Allied Universal has been able to deploy cameras with analytics that alert when an anomaly is detected,” he says. “Allied Universal’s remote monitoring system allows their monitoring center to then communicate directly with the officers on site via smartphones. The arrangement enhances the overall security operation while allowing Wyndham to explore technology solutions that can create greater operational efficiencies.”

Wyndham also has been able to use technology systems in remote locations where security is unable to patrol, or where it simply makes more sense to dispatch an officer when analytics are triggered, Shaughnessy adds.

Matt Lyons, vice president of global security for Expert Global Solutions, Inc., which contracts with G4S, sees video analytics as a game-changer. “We know that a certain group of people at this particular time of day are not supposed to be entering the site,” he says. If the janitorial service is only supposed

to send three people, and the cameras pick up 15, a company knows something is amiss. “Voice and video analytics have been a very, very big part in closing a lot of the [security] gaps that in the past have not been able to be closed,” he says.

Training

All of this new technology has meant that many organizations may need fewer – but still, well-trained – security officers. One indication of this is that the International Foundation for Protection Officers has seen increased enrollment from

contract security service providers who want to bid on contracts that require third-party training initiatives, says Sandi J. Davies, executive director. As recently as five years ago, Davies says, corporations did not consider security officer training necessary.

“It seems that the dynamics of this profession are changing, with more emphasis on first responders and the need for highly educated security personnel,” she says. “Tangible proof of education via a professional certification is also a liability avoidance strategy. Blended training is becoming even more popular, where the

students either enroll in the traditional correspondence program or the online platform, in addition to their corporations supporting classroom training for practical, scenario-driven exercises.”

McCrie believes that overall, the picture on training remains mixed, with unfortunately slow movement in the direction toward more training. He notes that police departments often require several hundred hours but guarding can involve as few as eight hours pre-assignment, “provided by a shoddy organization where you come in, sign up and give answers.”

14th Annual Top Guarding Firms Listing

Company, Head Office	Offices	Employees Full-time unless otherwise noted	Revenues (USD) 2015 unless otherwise noted
Allied Universal, Santa Ana, CA	180	150,000	\$4,800,000,000*
Securitas North America, Chicago	600	105,000	\$3,700,000,000
G4S Secure Solutions (USA), Palm Beach Gardens, FL	160	57,000	\$2,177,000,000
US Security Associates, Roswell, GA	165	52,000	\$1,326,000,000
National Security Alliance, Dayton, OH	109	14,000	\$360,000,000
Walden Security, Chattanooga, TN	17	5,400	\$225,000,000
Covenant Services Worldwide, Bolingbrook, IL	30	4,100	\$225,000,000
SOS Security, Parsippany, NJ	40	5,600	\$201,000,000
Whelan Security, St. Louis, MO	40	5,700	\$182,100,000
SecurAmerica, Atlanta, GA	40	6,000	\$160,000,000
Command Security Corp., Herndon, VA	29	5,300	\$134,337,000
St. Moritz Security Services, Pittsburgh, PA	32	2,800	\$80,230,000
United American Security, Raleigh, NC	23	2,544	\$64,881,000
CPS Security Solutions, Gardena, CA	10	1,683	\$52,522,000
Per Mar Security & Research, Davenport, IA	23	2,044	\$52,014,000
DSI Security, Dothan, AL	26	4,100	\$51,600,000
Master Security, Hunt Valley, MD	4	940	\$50,700,000
APG Security, South Amboy, NJ	10	1,805	\$49,200,000
Titan Security Group, Chicago, IL	3	1,250	\$46,000,000
Sunstates Security, Raleigh, NC	19	1,639	\$45,400,000
Elite Investigations, New York City	38	1,300	\$42,300,000
Madison Security Group, Lowell, MA	15	2,465	\$34,864,000
Monterrey Security Consultants, Chicago	3	1,500	\$30,200,000
Vinson Guard Service, New Orleans	20	1,125	\$29,100,000
Cambridge Security, Ft Lauderdale, FL	9	1,000	\$29,000,000
Arrow Security, New York City	12	1,100	\$25,000,000
Monument Security, McClellan, CA	8	950	\$22,500,000
United Security, Red Bank, NJ	10	700	\$21,400,000
Security Solutions of America, Newport, NC	8	625	\$15,600,000

* As of September 2016, and with the merger with Allied Barton, and including acquisitions of Apollo International, ABM Security Services and FJC Security Services. Data courtesy of the Security Letter, 166 East 96th St., New York City, N.Y.

And McCrie is not confident that will change quickly. “That’s not on the industry’s hot list to resolve,” he says. “The consolidated businesses are more interested in dealing with the terrific internal adjustments that they have with bringing their computer systems into harmony, payroll and reporting of hours and so on. That can take months to do. None of these companies, not one of them, is saying that the reason we’re doing this is because we believe we will now be able to go back and provide more training for our employees.”

Droster says that with the technology Briggs & Stratton has begun to employ, he needs a more technical skill set with computer savviness, the ability to think quickly and to use technology under stress.

“Trying to find these people in the current pool has been challenging,” he says. “When we do find them, we need to keep them. We’re seeing a lot less need to do the tours with a human being. With properly deployed technology, you can do a lot of things virtually and provide guard services from regional locations.”

These newly tooled guarding employees should be able to, for example, manipulate the user interface for a closed-circuit TV or access control system, Droster says. “Every security officer that works for you has to have a level of technological capability,” he says. “They should be able to write an articulate incident report. ... The skills we need are a solid understanding of the chain of command, communications skills, the ability to think well under pressure, and the discipline and esprit de corps of being part of a team.”

Brownyard underscores Davies’ point about training being a

liability issue. “A well-trained security force is the best way to reduce liability,” he says. “We want them to receive training for the industries they service. There’s a big difference between a large healthcare facility and a local office. We really push our clients to have situational training, to give officers a chance to practice in real-life situations, to allow them to be better prepared.” He adds that he would like to see national training standards for guarding put into place.

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Port Everglades, another Allied Universal customer, updates its training programs and incorporates the life-cycle replacement of security systems and infrastructure in keeping with a facility security program mandated by the U.S. Coast Guard says Sam Harvill, security manager.

“A big effort we’re looking at next year is to step up training and exercises,” he says. “That’s a big effort to start doing threat scenarios and training people on how to deal with them. We’re also looking at our staffing levels, and do we need to increase or decrease them, based on credible threats.”

Partnerships

To guide the guarding industry through the waves of consolidation, new technology and concomitant training requirements, it’s more important than ever that security officer firms establish good communication and functional partnerships with their clients.

McCrie is of two minds on what it makes most sense for guarding clients to put into place. “The large corporations feel it’s logical to support a small number of vendors who will service them on a national or international basis,” he says. “There’s opportunity still for quality companies everywhere, but the desire of having a simplified strategy in terms of contracting out is something that appeals to the purchasers of services at these large organizations.”

Having said that, some clients do not feel well-served by larger contract companies, McCrie says. “If you ask clients how the consolidation changed the [partnership] dynamic, some are bound to say they depend on relationships at the local level, and that they feel disenfranchised by this trend,” he says.

G4S has partnered well with both Expert Global Solutions and with local police forces in areas where the company’s facilities are surrounded by crime-ridden neighborhoods, Lyons says. And G4S provides excellent communication, he says.

“Working in security 20 years, we normally would find out about incidents hours later, maybe even days later, from our local sources,” he says. Now, with 175 locations in 18 countries, “I’ve got an account manager calling me almost instantaneously as a situation is happening, giving me real-time updates while I’m on the phone.”

G4S solved one problem for Expert Global at a large call center with about 2,000 employees that had 1,200 to 1,500 cars in its parking lot at all times, which experienced 46 thefts in one year,

including 20 in the same month. The company put up barricades at the parking lot entrances aside from the main entrance, forced traffic through that main entrance, set up roving patrols and scattered the times those patrols took place. Incidents all but vanished.

Briggs & Stratton deploys its remaining contract armed security officer force in corporate headquarters and its 24/7 global security organization, Droster says. "They're kind of our eyes and ears, almost like an intelligence center," he says. "That's the hub of our crisis communications for the globe... We have a smaller uniformed guard force operations at locations around the United States."

Port Everglades has experienced considerably better communication and overall partnership since hiring Allied Universal in 2005, Harvill says. To protect the port's assets, ranging from more than one million containers to more than four million cruise passengers in 2014, the company provides access control by vetting those who seek entry. "If you just want to come watch the boats, that's not a reason, so we're going to turn you around," he says.



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Wyndham needed to partner with a company that could provide a consistent product and level of hospitality service "across a very diverse portfolio of properties ranging from rural resorts, [to] beach front properties and urban hotels," Shaughnessy says. "The overall theme is that you find a good partner. There needs to be a little flexibility; there's a little give-and-take like in any relationship. You find a good fit and leverage it across the portfolio."

Part of what has made Allied a good fit for Wyndham is the company's combination of tech-savvy younger workers and experienced employees, often veterans of the military, police or fire departments, who provide leadership, Shaughnessy says. "It helps provide a diverse workforce and one where individuals can learn from one another," he notes. "In the security industry, the trend of utilizing more technology will continue, but when the guarding industry meets the hospitality industry, there also needs to be a personal touch and an emphasis on delivering a great guest experience. By hiring a diverse workforce, companies can achieve a balance." §