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Allied Aims for UNIVERSAL SECURITY SUPREMACY

Become the dominant domestic guarding provider. Check. Become the dominant integrated security systems provider ... in progress. Allied Universal brass discuss parlaying the acquisition of Securadyne into a technology play as powerful as its manpower position. **By Scott Goldfine**

HUMANITY'S QUEST TO COMBINE people with tools, machines and technology to generate desired outcomes spans back centuries. As a basic human need, safety and security has been among the leading drivers pushing advancements forward and adopting better solutions. Allied Universal (AU) is at the forefront of that mission today. The well-established guarding and monitoring security provider has expanded its offerings by launching Allied Universal Technology Services and Risk Advisory and Consulting Services. The platform for the former was established earlier this year through the acquisition of Dallas-based integrator Securadyne Systems.

"Looking back to 2015 as Allied Barton, the strategic plan was clearly building the No. 1 U.S. provider in manned guarding services. That was goal one," says Allied Universal CEO Steve Jones. "So we ac-



The nerve center of Allied Universal's operations is its monitoring and response center, where security intervention specialists provide 24/7 surveillance. The company has become North America's leading manned security firm and now has sights set on doing the same in security technology systems.

quired several companies and quickly became tied with Universal for No. 2, behind only Securitas. The Allied-Universal merger in 2016 pushed us to No. 1 in manned guarding, then allowing us to continue our strategic plan to also focus on acquiring and growing electronic security services. All along I wanted to acquire Securadyne, based on my 20-year friendship with [Securadyne CEO] Carey Boethel and the company he built, its culture and his vision, which was the perfect platform to bring into Allied Universal.”

Under the leadership of Jones, who began his career with Universal Protection in 1996, privately held Allied Universal has grown from \$12 million to more than \$7 billion and acquired 60 companies from 2011-2019. Boethel, a longtime member of *Security Sales & Integration's* Editorial Advisory Board, founded Securadyne in 2011 and grew it into a \$73 million business with

more than 300 employees and nearly 20 locations. He was named president of AU Technology Services, with former head of AU Security Systems Ty Richmond leading the risk and consulting division as well as Allied's international business.

AU's 215,000-strong security professionals protect more than 42,000 client sites across North America covering vertical markets such as higher education, healthcare and corporate campuses. The company also has offices in Canada, Mexico and the United Kingdom.

Examples of how AU is combining the power of both manpower and technology include its just introduced HELIAUS risk mitigating, personnel management and threat forecasting platform. And those security officers are now complemented by Allied's integrated access control, intrusion detection and video surveillance system solutions. AU also operates a



Allied Universal Fast Facts

- ◆ Founded in 1957
- ◆ Headquartered in Santa Ana, Calif., and Conshohocken, Pa.
- ◆ International offices in Canada, Mexico and the United Kingdom
- ◆ Allied Barton merged with Universal Protection in 2016, becoming North America's largest security services company
- ◆ From 2011-2019, Allied grew from \$12M to \$7B in revenues and made 60 acquisitions
- ◆ Employs more than 215,000 people
- ◆ Acquired Securadyne Systems in April 2019 and launched Allied Universal Technology Services
- ◆ Manned guarding services include armed and cleared security professionals, vehicle patrol, visitor management/concierge, K-9 services and guarded touring and management software
- ◆ Technology services include access control, video surveillance, fire/life safety, alarm monitoring, emergency communications, threat management and response, and hosted /managed services via firm's Monitoring and Response Center (MaRC)



monitoring and response center where security intervention specialists provide 24/7 surveillance.

“The goal is to be the unequivocal No. 1 U.S. provider of both manned guarding services and technology services,” adds Jones. “We have an unparalleled opportunity in that we are in front of our customers 24 hours a day, seven days a week. We know before our customers, in most cases, when technology is functioning properly or not and where technology needs to be serviced or upgraded. So we can provide our customers with that one-stop solution focused on overall security solutions.”

That is a bold statement and quest in an industry that has remained mostly fragmented among several thousand dealers

and integrators — the overwhelming majority local or family run businesses with a handful of large regionals, and fewer still national and international providers. To find out more, SSI met with Jones, Boethel, Richmond and Allied Universal CIO Mark Mullison.

Was there a particular point where the lightbulb went on that you needed or wanted to reach into technology and expand out of manned security?

STEVE JONES: It goes back almost 20 years when we originally started our security systems and technology business. We were a smaller regional guarding services business and as we started to grow the challenge was how many strategies can you execute very, very well on at the same time? So we decided let's first start with the biggest part of our business, which was the security guarding side. Let's build that and then expand and roll out technology within that national footprint.

We realized we had a captive audience in our customer base that was very interested in having a security system solutions provider. But we didn't have the depth of resources across the country that we needed in technology, like we had in manned guarding. Carey [Boethel] will tell you he and I were having discussions about this possibility two or three years ago. So it's been part of our strategic objectives. But first we focused on the manned security core, and now the new core is building up these technology solutions.

CAREY BOETHEL: Technology is and has been an important part of the Allied Universal offering. Securadyne was viewed as a platform to which Allied can begin to grow a national and, eventually, an international presence in technology services. Securadyne was seen as a scalable way to really begin a strategic pivot.

JONES: What we liked about Securadyne, albeit that it was a smaller company, is that Carey did it the right way. He built out an ERP system for the business that was significantly bigger than what he needed for the size of the company, but he got everyone on the same platform. They had



“We realized we had a captive audience in our customer base that was very interested in having a security system solutions provider.”

— Steve Jones

created all the tools needed from pricing work to managing the workflow, and their cost structure through different business intelligence tools and their ERP system. Every one of their branches was up on it. It was a fully integrated, turnkey, well-run operation.

How do you see the advantage of being able to bring a solution to the end customer that has both the manned and technology sides of the security equation?

BOETHEL: We're big believers that the best solutions are those that find the right balance. Finding that balance between guarding and technology is something that very few players in this industry can do. Both of those disciplines have major expenditures for corporate security, users and public safety officials. Thinking about them together and holistically is conducive to not only a more cost-effective solution but also one that really transcends either discipline individually. It's conducive to better situational awareness. It can help speed and improve the efficiency of first response.

We have customers that, historically, had been serviced by both Allied Univer-

sal and Securadyne. We've started there, ensuring that those customers understand why the combination makes sense and our plans for the future. Then we're also communicating with existing guard customers about the virtues of adding technology to the conversation. We're talking to technology customers about why it makes sense to think about this in a more holistic fashion.

MARK MULLISON: We have been spending a lot of time talking about the future of security and come to the conclusion that, over time, the lines between physical security and cybersecurity will begin to blur. Technology will unquestionably play a huge role going forward. There are things that machines will do better than people, but not everything. The best outcomes will be from ecosystems that effectively marshal all the different resources, whether it's cameras, IoT devices, drones or security professionals. It's not about tech versus people; it's about allowing both to collaborate.

We're spending a lot of time at Allied Universal talking about how we enable that. We've made a down payment on that with the announcement of our new platform called HELIAUS. It consists of a mobile device for our security professionals and a portal that allows people to understand, in real-time, what's happening and also go back in time to do analytics for an awareness of what's been happening. More than that, we have brought to bear artificial intelligence technology that understands all this information and can make predictions about what's likely to happen, as well as prescribe what ought to be done to drive a better outcome.

All these things are coming together, allowing us to have a tremendous level of situational awareness and be able to predict and prevent issues before they occur. It's really an exciting future for us.

Do you think it's possible and feasible to be as dominant market share wise on the electronic technology side as on the manned security side?

JONES: Yes, our customers are embracing the relationship. They want us to be the experts for the security challenges they face. And in coming up with the right

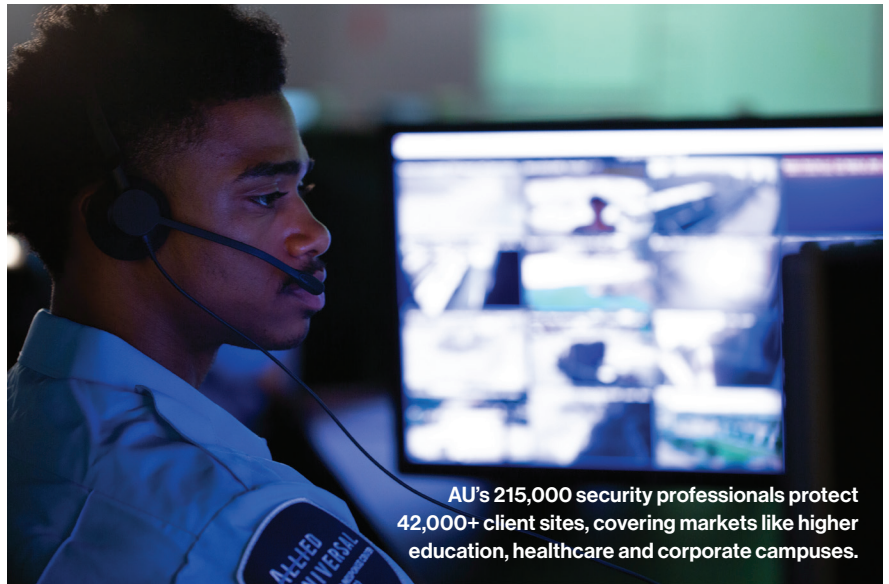
answers, a lot of it may be within technology. So I do believe that not only is it attainable, but strategically they align really, really well together. The convergence of manned guarding and technology as one total solution from the customer's perspective is already here.

They are laser focused on what's in the best interest of protecting their employees, facility, intellectual property, their product, and how do you do it in the most secure, safe and cost-effective way. So I do believe the opportunity to be No. 1 in both is real. There's a significant amount of companies out there, 3,000 or so small security systems integration and technology companies, where we can acquire a few every year and get to our goal along with internal organic growth.

One of the pushes on the technology side has been creating solutions that can act as force multipliers. Can you give some perspective on the concern or reality of technology replacing manned security versus complementing it? Do you feel it is displacing some manpower, or is it just augmenting it? Now that you have such a vested interest in both sides, obviously, you want to make them as complementary as possible, but to what extent is technology affecting those positions, if you will, or displacing manned security?

BOETHEL: Technology today, like the Cloud and to a lesser extent Big Data, allows us to do things that we couldn't do 10 years ago. Some of those things were traditional responsibilities of manned guarding but can now be done through virtual tours, interactive services or other forms of virtual guarding. We can do things technologically today that are relatively new and somewhat disruptive, but we don't think it's a zero-sum game. We think differently. We believe the two are complementary and best deployed in concert with one another. How do we bring both to bear, with an end user, in order to create incremental value, not at the expense of one or the other but for the benefit of the customer?

RICHMOND: There's going to be some degree of task transferring, if you will, but there is no doubt that the human element



AU's 215,000 security professionals protect 42,000+ client sites, covering markets like higher education, healthcare and corporate campuses.

is always going to be a part of the security model. Probably the security officer in the future is going to be even more productive, better paid and better equipped. Utilizing all of the different aspects of technology, security personnel will be a much tighter, integrated part of the solution and overall delivery system. As a matter of fact, you're creating more intelligence, more information and more decision-making capabilities in the hands of the security officers so that they become even more valuable, more responsive and more decision-making capable.

BOETHEL: As some of that task transfer occurs, it's not about the disintermediation, if you will, of the guard. It's about enablement, and it's about efficiency. Man guarding serves a variety of very unique and highly valuable functions, not the least of which is first response. I don't think anybody today is talking about technology that's displacing of guards when it comes to first response or emergency management. But to the extent that we can equip those guards with technology to provide better situational awareness and, in some instances, can be prescriptive with respect to what actions need to be taken, then we've created a much more valuable solution. It's a multifaceted solution. It's technology enabled. It's situationally aware, it's much more efficient and it's more cost effective. It's not one or the other.

MULLISON: Unquestionably, there are some things that machines will do better than people, but it won't be everything. It's going to be a long time before technology can administer CPR. It'll be a long time before technology can go get an AED and use it to help somebody in need. It's going to be a long time before technology can warmly greet somebody and make them feel welcome. Our vision is not one of replacing people as much as it is bringing people and technology together to drive better outcomes.

JONES: Given where the cost of labor is, customers are always looking to use technology to augment some manned physical personnel locations. That's been going on for the past 10 to 20 years regardless of whether we are in this business or not. Right after 9/11, the number of manned guards grew significantly. Then within a few years technology like major camera upgrades, physical turnstiles, etc. eliminated guards. So this proliferation everyone is afraid of has already happened. The balance is already there between how much technology is in manned guarding.

Certainly technology continues to improve, and manned guarding along with it. Situational awareness, risk management and threat awareness technologies are out there creating better information flows that manned guarding operations

use to provide better security services that mitigate risk within our customer base. I don't see a displacement. I see manned guarding growing at a smaller pace than technology, but continuing to grow. If technology wasn't where it is today manned guarding would be growing probably two to three times the pace. But both sides of the security spectrum are going to continue to grow. No matter what, you need people to use that technology and you need people to respond to the emergency.

If you look at the competitive landscape, what concerns you the most for the technology services business? Is it the local, regional, national or global providers? How are you planning on differentiating yourself among them?

BOETHEL: There's a few different ways we differentiate ourselves in the marketplace, one of which is our vertical market expertise. Some technology service

providers are focusing on hardware, the sale of the installation thereof and doing so in a way that really isn't all that unique, market to market. We take a very different approach. We invest in development of subject matter expertise, which you need for a given vertical. People talk a lot about that, but the extent to which it's implemented in the marketplace is debatable. We really go deep within the customer's organization, much deeper than, for example, an IT or an electrical contractor might go.

So when I'm asked if I'm concerned about new market entrants, the answer is not a great deal. We've created a pretty unique niche for ourselves. If you are an integrator focusing conventionally on the installation and service of commercial off-the-shelf products, you're going to struggle with the commoditization that comes along with that. If, however, you're really going deep into your customer's organization, with an eye towards not only risk

mitigation but actual business-process optimization, you're able to create value in different ways even if you do it through the same exact technology that you've otherwise deployed for loss prevention.

That's a big part of our strategy for differentiation. The vertical market expertise that we possess creates a different conversation. It's a different vernacular. It's a different value proposition. It's a different ROI, and it's an approach that relatively few players in our space take. If you think about which companies out there in the marketplace today can truly provide end-to-end solutions with a holistic appreciation for all the different aspects of security and safety, the list of competitors shrinks really, really fast.

There are only a select few companies in the world today who can have that conversation with a customer, bringing to bear all of those different disciplines into a single end-to-end solution. That is at the core of our differentiation strategy.

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RICHMOND: Fundamentally, we tried to create a DNA in the company that ensures that we have the right kind of integration of all of the different product and service lines. The front-end engagement with the customer, the understanding of the issues, needs, pain points of the customer, and how you bring a broader integrated solu-

tion sets to the customer is something we have been putting a tremendous amount of investment in, from an education, awareness and accountability standpoint and how we measure performance. Those attributes have been put in place and designed, and culturally are a part of who we are. I think that is going to be absolutely

critical to our success. It starts with our CEO, all the way down.

JONES: The companies that we are really in a space race with are the two big international players, Securitas and G4S. We are all approaching it by looking at the overall security capabilities and solutions provided to customers. We all know it's a combination of technology and manned guarding. We believe our size, scale and service capabilities within the United States give us a unique advantage. We will never underestimate those two organizations, but we certainly have more resources in the U.S., and our goal is to truly leverage that and build that out to get a nice lead on them.

The big challenge when you grow is remaining innovative and nimble. Is it really possible on a big scale to do that?

JONES: We certainly think so. That's actually one of our core business philosophies, being flexible and nimble and to fight bureaucracy. We believe our ability to pivot with the technology and execute on that strategy shows that we have a vision for the future, and we're able to execute on it. Our ability to expand and grow with our new Risk Advisory and Consulting Services business again shows that we act on needs we see in the industry.

We're always trying to stay one step ahead of not only the industry but trying to think ahead of what our customers need. We were one of the first to partner with some of the robotics companies and put robots in the field to determine the capabilities, the limitations and where it really works well. We've got accounts where we work with drones. We've got a castle where we're doing complete 100% managed services, and doing remote monitoring of the video and access control systems. Then we've got accounts that are just traditional manned guarding.

As we continue to look at the future of the industry, there's a lot on the horizon that could come about depending on where technology goes. We are constantly having those discussions. If the technology gets there, we want to be first to market with rolling out solutions. **SSI**

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