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Outsourcing Security Guide

Evaluating Security Programs to Strengthen Organizational Resilience

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Contents

Introduction

Security has taken on a new level of importance in today's dynamic business environment. The rise in global violence underscores the need for comprehensive security measures, but it's just one factor driving this urgency. Rapid technological advancements and the need for specialized training and state-of-the-art security solutions are critical considerations. To navigate these challenges, exploring outsourced and hybrid security models becomes a crucial strategy for effectively managing risks and strengthening organizational resilience.

Organizations face the ongoing challenge of balancing comprehensive security measures with cost-effectiveness and return on investment. Crafting an effective security strategy that achieves these goals involves understanding various factors specific to the organization's security needs and operational culture. With these foundational concepts in mind, the following sections will delve into the specific considerations that come into play when evaluating the option of outsourcing your security program. This eBook provides tools and guidance to help you evaluate and compare security program options—whether outsourced, in-house, or a hybrid model—to maximize return on investment.

Identify Assets at Risk

People •
Property •
Core business •
Information •
Network •

Determine Risk Impact

- Areas of vulnerability
- Risks most likely to occur
- Loss potential
- Frequency of loss events
- Financial, psychological

Reassess Risk and Security Strategy

Reassess how well • strategy addresses risks

Implement Mitigation Strategy

- Identify options to mitigate risk or loss
- Evaluate feasibility of options to invest, implement, and manage
- Perform cost/benefit analysis on options

Challenges of In-House Security Programs

Traditionally, some organizations have tried to meet their security needs by keeping an in-house team. But as times evolve, they are realizing that managing an in-house security program comes with numerous challenges that can strain resources and impact operational efficiencies. These obstacles range from high recruitment and training costs to maintaining consistent standards and managing staff turnover.

⚠ **Difficulty in hiring qualified staff**

⚠ **Unfilled shifts leading to coverage gaps**

⚠ **Increased overtime costs**

⚠ **Employee burnout and overwork**

⚠ **Insufficient bandwidth to handle security demands**

⚠ **Performance issues and inconsistencies**

⚠ **Lack of specialized security education and training**

⚠ **High turnover rates and associated costs**

⚠ **Rising employment expenses (wages, benefits, taxes)**

⚠ **Inflexibility in adapting to changing security needs**

⚠ **Potential for increased liability and regulatory**

⚠ **noncompliance**

Hybrid Approach

Organizations may choose to blend their existing in-house security with an outsourced security team to balance cost efficiency, expertise, and flexibility.

In-house teams offer deep knowledge of the company's specific needs and culture, helping with immediate response to internal threats.

Outsourced providers bring specialized skills, cutting-edge technology, and the ability to scale services up or down as needed. By blending both, a company can maintain control over core security operations while accessing external expertise and resources, leading to a more comprehensive and adaptable security strategy.

Advantages of Outsourced Security Programs

Outsourcing security services offers several advantages that address the challenges of managing an in-house security program while enhancing overall security effectiveness. By transferring the responsibility of recruitment, training, and management to specialized providers, businesses can focus on their core operations. Key benefits of outsourcing security services include:

- Cost savings and predictable budgeting with fixed pricing
- Reduced total cost of ownership compared to in-house programs
- Time and energy reallocation from security program management
- Access to experienced local management teams providing fresh perspectives and recommendations
- Modernized security programs leveraging cutting-edge trends, technologies, and partnerships
- Streamlined management through client portals and 24/7 support
- Enhanced risk mitigation and liability management
- Adoption of shared best practices across industries
- Human resources management handled by the contract company
- Transfer of employer liability to the service provider

Value of Outsourcing

In today's dynamic business landscape, where organizations face mounting pressures to innovate, optimize costs, and enhance security, outsourcing has emerged as a strategic imperative. By entrusting specialized functions to external providers, businesses can unlock a wealth of benefits, including access to cutting-edge expertise and improved risk management. Among the various areas ripe for outsourcing, security stands out as a particularly compelling opportunity and the below are just some of the critical points of value outsourcing can provide.

Cultivate a Secure and Stable Work Environment

Source: Gallup Workplace Report

Outsourcing security contributes to a safer workplace, reducing internal security risks and fostering a more stable and secure environment for employees. This can lead to increased employee satisfaction, reduced turnover, and improved productivity.

A study by Gallup found that employees who strongly agree that their workplace is a physically and emotionally safe place to work are significantly more likely to be engaged and less likely to experience burnout.

Reduce Recruitment and Training Costs

Source: Cybersecurity Ventures

In a competitive job market with cybersecurity skills shortages, outsourcing eliminates the high costs associated with recruiting, hiring, and training qualified security personnel.

A report by Cybersecurity Ventures predicts a global cybersecurity workforce gap of 3.5 million unfilled positions by 2025, intensifying competition and driving up recruitment costs.

Prioritize Core Business Objectives

Source: Deloitte Global Outsourcing Survey 2022

Outsourcing security allows organizations to reallocate valuable internal resources and focus on their primary business goals, driving innovation and growth.

Deloitte's Global Outsourcing Survey 2022 highlights that organizations are increasingly turning to outsourcing to access specialized skills and capabilities, freeing up internal teams to

Optimize Operational Expenditures

Source: The Gartner Magic Quadrant for Customer Data Platforms

Outsourcing security services can deliver significant cost savings compared to building and maintaining an in-house security team.

Research from Gartner indicates that organizations can reduce security costs by up to 20% through strategic outsourcing.

Access Specialized Expertise and Advanced Technologies

Source: Contract Security Industry White Paper

Leveraging a dedicated security provider's specialized skills, knowledge, and cutting-edge technologies can enhance your security posture.

In the Robert H. Perry Contract Security Industry White Paper, it's highlighted that "The companies providing their security in-house are finding they can't keep up with what it now takes to protect themselves …The training is more expensive, and so is the investment in technology to supplement the security officer."

01 Cultivate a Secure and Stable Work Environment

02 Reduce Recruitment and Training Costs

03 Prioritize Core Business Objectives

04 Optimize Operational Expenditures

05 Access Specialized Expertise and Advanced Technologies

Critical Points of the Value of

Weighing the Difference

To determine the best approach for your organization, it's crucial to weigh the difference between managing your security program in-house and outsourcing it.

Conducting a thorough analysis of costs and benefits will help you understand the true spending involved in an in-house program, including staffing, training, and technology investments. On the other hand, evaluating what you gain from a contracted or outsourced security program—such as access to specialized expertise, scalability, and potentially lower operational costs—is equally important.
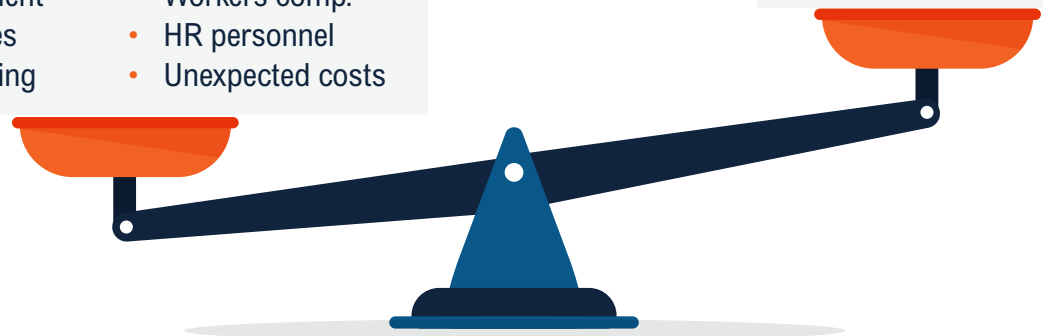
By carefully weighing these differences, organizations can make an informed decision that best meets their security needs and operational goals.

In-House Costs

- Payroll
- Full liability
- Overtime
- Taxes
- Insurance
- Medical benefits
- Vacation
- Holidays
- Retirement
- Uniforms
- Equipment
- Supplies
- Recruiting
- Compliance folders
- Post orders
- Turnover
- Call offs/FMLA
- Open post
- Background checks
- Drug screenings
- Training
- Scheduling
- Emergency staff
- Workers comp.
- HR personnel
- Unexpected costs

Outsource Savings

- Fixed budget
- All-inclusive pricing
- Time savings
- Decrease liability
- Access to expertise
- 24/7 monitoring
- Scalability
- Faster incident response
- Advanced technology
- Compliance support

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Impacts More Than Cost

In addition, there are hidden costs associated with inadequate security.

We understand that security is a significant investment, but the toll of a security incident extends beyond financial implications.

It can also damage your company's reputation, erode the sense of safety, and negatively affect employee productivity. Utilizing trained security personnel, innovative technology and expert knowledge can significantly mitigate these risks and have a substantial positive impact on your organization.

Cost Calculator Worksheet

Essential cost considerations when selecting the best security program for your organization.
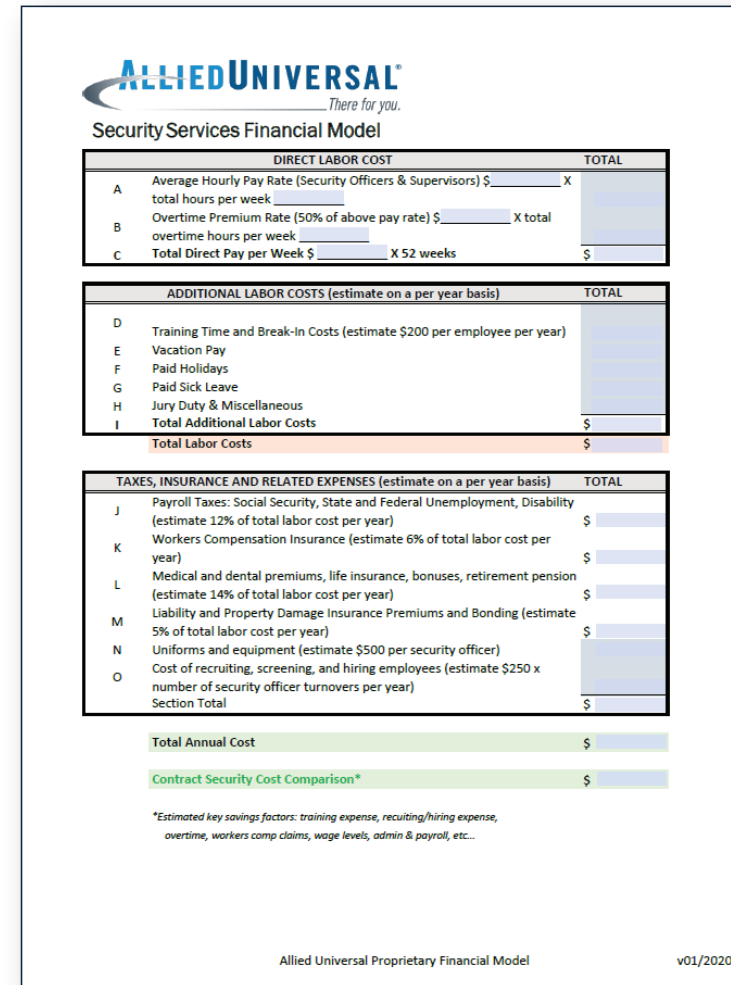
Preliminary review of some costs typically unaccounted for when running your In-House Security Program. This helps you consider the tangible and intangible costs associated with your program.

In the picture on the right, we are looking at evaluating the cost of a security program which requires a comprehensive approach that considers both direct and indirect expenses.

Review costs associated with running your in-house security program like:

- Salaries, benefits
- Training
- Overtime
- Taxes
- Insurance
- Technology and infrastructure

Make sure to consider both the tangible and intangible costs associated with your program. Conduct a risk assessment to identify potential risks and vulnerabilities that you may not have thought of before. There is a hidden cost associated with those too.

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Security Services Financial Model

	DIRECT LABOR COST	TOTAL
A	Average Hourly Pay Rate (Security Officers & Supervisors) $_____ X total hours per week _____	
B	Overtime Premium Rate (50% of above pay rate) $_____ X total overtime hours per week _____	
C	Total Direct Pay per Week $_____ X 52 weeks	$

	ADDITIONAL LABOR COSTS (estimate on a per year basis)	TOTAL
D	Training Time and Break-In Costs (estimate $200 per employee per year)	
E	Vacation Pay	
F	Paid Holidays	
G	Paid Sick Leave	
H	Jury Duty & Miscellaneous	
I	Total Additional Labor Costs	$
	Total Labor Costs	$

	TAXES, INSURANCE AND RELATED EXPENSES (estimate on a per year basis)	TOTAL
J	Payroll Taxes: Social Security, State and Federal Unemployment, Disability (estimate 12% of total labor cost per year)	$
K	Workers Compensation Insurance (estimate 6% of total labor cost per year)	$
L	Medical and dental premiums, life insurance, bonuses, retirement pension (estimate 14% of total labor cost per year)	$
M	Liability and Property Damage Insurance Premiums and Bonding (estimate 5% of total labor cost per year)	$
N	Uniforms and equipment (estimate $500 per security officer)	
O	Cost of recruiting, screening, and hiring employees (estimate $250 x number of security officer turnovers per year)	
	Section Total	$

	Total Annual Cost	$
	Contract Security Cost Comparison*	$

Estimated key savings factors: training expense, recruiting/hiring expense, overtime, workers comp claims, wage levels, admin & payroll, etc...

Allied Universal Proprietary Financial Model   v01/2020

Evaluate Your Current Security Program

The potential success of your security program hinges upon whether your goals and priorities are being met. To evaluate your existing security program, consider your objectives and then assess whether you are satisfied with your current situation. Below is a checklist to help you evaluate your security team on some of the basic requirements.

Fill in the chart below to complete your evaluation   **0 = Unsatisfactory**   **1 = Satisfactory**   **2 = Excellent**

Basic Criteria Score	
Company is financially strong	
Management experienced and stable	
Provides services to others of similar size and scope	
Third-party awards/recognition for business processes	
Local office with sufficient staff and infrastructure	
Subtotal:	
Average Score = subtotal divided by 6	

Recruiting and Screening Score	
Comprehensive applicant tracking system	
Qualified/dedicated local recruiting team	
Online application process	
Matches candidates to job functions/requirements	
A recruiting philosophy that aligns with your corporate values	
Hires former law enforcement/military veterans or others with relevant experience	
Comprehensive Background Checks	
Subtotal:	
Average Score = subtotal divided by 7	

Evaluating your existing security program gives you a clearer picture of potential risks and identifies areas for improvement.

Your Security Partner Invests in Tools and Intelligence

If outsourcing security seems like the best strategic decision for your organization, then the next step is to review security providers.

Choosing the right security partner means you can focus on your core business while they handle the complexities. By investing in advanced tools and intelligence, your security partner provides the latest resources.

Resource Center www.aus.com/security-resources	**Enhanced Protection Services**
Explore our Insight Resource Center with the World Security Report, Resilience Planning Guide and Physical Security During an Election	Enhance asset protection and comprehensive site safety with a blend of service expertise and cutting-edge technology.
AI-Powered Security Platform	**Risk360®**
Allied Universal's proprietary 24x7 platform that drives superior candidate flow, streamlines operations, and scheduling and	Allied Universal's complimentary proprietary review tool that helps organizations evaluate their security risks.
Innovative Technology	**HELIAUS®**
Look after people, assets, and reputation by leveraging trained professionals who understand the full security lifecycle and the latest	Experience comprehensive workforce management solutions with real-time status updates, predictive insights, and program transparency.

Conclusion

Allied Universal® understands the challenges of determining the best security strategy in complex environments. Effective security strategy requires a balance of risk management, operational efficiency, and cost control.

We stay attuned to rapid advancements, ongoing specialized training, and proactive measures from a security perspective, so you don't have to. With extensive industry experience, we deploy resources and technology to manage security effectively, maximizing cost control, risk management, and service excellence.

By exploring the benefits and considerations of outsourcing security, enterprise leaders, and CSOs can make informed decisions that align security initiatives with organizational goals, maximizing overall effectiveness. Whether you choose to fully outsource or adopt a hybrid approach, we act as an extension of your team, freeing you to focus on your core business while our security experts provide the support you need.

This eBook aims to provide insights into the benefits and considerations of outsourcing security, helping organizations navigate the complexities of modern security environments while optimizing resources, and enhancing protection.

Learn more about the Outsourcing Security Guide
https://www.aus.com/security-professionals

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Outsourcing Security Guide

Learn more about Allied Universal by visiting our website - **aus.com** - and exploring additional resources, tools, and insights

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