

## The ROI of security solutions

When you're selling an electronic access control solution to a commercial or institutional client, you are inclined to discuss the products and technologies—and their many features—that comprise the overall solution. While that's important, it's usually not the most important factor in securing a sale.



“It's not products and features. It's how they work together to provide benefits that translate into dollars and cents,” says Rachel Young, Account Manager, DataVox. “Ultimately, that's what the customer is after. In fact, the higher the rank of the decision-makers, the less they care about technology and the more they care about how the solution impacts their bottom line.”

The initial cost of an EAC solution is just that—your initial cost. Ongoing maintenance, operating costs and future upgrades all add to the final cost. That dollarized outcome—the impact on their bottom line—can be found by subtracting the product purchase price from the dollarized economic value. What remains is the true net customer cost.

**Dollarized Economic Value - Product Purchase Price = True Net Customer Cost**

This principle can be easily illustrated to customers by comparing cars:

In many companies, the decision to implement, upgrade or extend electronic access control is driven by budget so being able to demonstrate a reliable return on investment is critical. A proposal with ROI metrics could very well mean the difference between receiving and losing an order.

Securing the safety and security of employees and visitors is likely one of your clients' top priorities—right along with managing the fiscal realities of the business. So, while they want to invest in the best possible system, they need to find a solution that provides a good return on investment for years to come.

	<b>Car #1</b>	<b>Car #2</b>
Price	\$20,000	\$25,000
Maintenance	\$1,500	\$500
Fuel Consumption	\$8,500	\$5,00
Insurance	\$6,00	\$5,000
Resale Value	(\$10,000)	(\$16,000)
<b>Total Cost</b>	<b>\$26,000</b>	<b>\$19,500</b>



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### Value is a number

As an integrator, it will be important for you to have a dollarized value proposition that you can share with clients. You may develop a general one to start, and as you learn a client's business, you'll be able to help them tailor it even more to their specific situation.

For example, begin the "value" conversation by relating the solution to how it can:

- Increase revenue
- Reduce or eliminate costs
- Reduce risk of catastrophic events
- Understand financial impact and trade-offs of substituting products

Here are some questions below to engage the decision-makers in a discussion about the true value of an access control system:

- How does your business protect its assets?
- How much security is appropriate?
- What is the financial impact of inadequate security to your business?
- On average, what is the cost of financial losses without adequate security?
- What is the worst-case scenario of financial loss without adequate security?
- What types of security measures are needed?
- What impact will security have on the productivity of your employees?
- How will longer lock life help you reduce maintenance?
- How many more breaches might you avoid?
- What is your cost per repair?
- What are the consequences of preventable breaches?
- What might be the consequences of not improving your security?
- Would you agree that a longer life-lock is important in reducing costs?
- If you had the choice to deploy a system that is technologically adaptable, or one that puts the entire installment investment at risk, which would you choose?

### Ways to increase ROI

There are many elements that can produce an ROI.

- **Design an open platform system.** This provides the end user with many options now and in the future, rather than locking them into a proprietary technology that forces them into a specific product or brand—and a significant investment (again) if they want to make changes.
- **Propose a wireless solution.** Wireless solutions often allow end users to expand the number of openings that can be secured within the same cost parameters as a wired solution because eliminating the need to run wires to each opening dramatically reduces labor costs.
- **Choose locking systems that combine the electrified lock, reader, door position and REX switches together into one device.** Combined locking systems simplify installation as well as the connection to the access control panel. And because they are modular, they make future upgrades a simple matter of component replacement.
- **Recommend smart credentials.** Approximately the same price as a proximity card, they provide a higher level of security, more convenience and far greater functionality. Smart cards not only access physical locations, but also an organization's computer networks and logical access control system making them convenient for payments at the cafeteria or vending machines.

### Finding the total cost of ownership

Any analysis of a proposed expenditure should include the cost to purchase, support and maintain equipment, programs or technologies. This gives you a Total Cost of Ownership (TCO)—that is, the total of all the expenses associated with deploying, maintaining and troubleshooting the system and its components over time.

**TCO = Cost to Buy + Cost to Install + Cost to Operate + Cost to Maintain**



Important issues to consider in your TCO analysis include:

- Hardware
- Software
- Infrastructure
- System planning
- Implementation and deployment
- Training (initial and ongoing)
- Maintenance
- Support
- Upgrades
- Staff costs
- Asset management

#### Direct and indirect benefits

You also need to assess the direct benefits of your proposed investment. For example, a proposal to automate or consolidate a security system into a single workstation may result in reduced space needs, savings in wiring and communications infrastructure, automated system maintenance and upgrades.

Broader coverage, elimination of key and lock replacements and centralized equipment are all examples of direct benefits.

Indirect benefits are equally important factors in a proposal. For example, the addition of surveillance cameras deters illegal actions and reassures personnel that security measures are in place—in turn, upping productivity as employees can focus on value-added work. Upgrading to a networked security system can result in many indirect benefits, such as reducing the manual labor involved with replacing or re-keying locks and assigning new keys, assigning access privileges, revoking access privileges, preparing compliance and regulatory reports, maintenance and emergency communication and notification.

#### ROI: The key to your success

Showing your customer how you can provide a system that safeguards their people and property is certainly a first step in making a sale. But demonstrating the long-term return on investment—the real value of a security solution—will set you apart from your competitors.

Our Allegion integrator sales consultants are available to help you prepare your proposal and bid. These experts can really help you showcase the extra value you bring to the project.

If you want an Allegion integrator sales rep to assist your client, contact us today [online](#) or by calling **888-758-9823**.

## About Allegion

Allegion (NYSE: ALLE) creates peace of mind by pioneering safety and security. As a \$2 billion provider of security solutions for homes and businesses, Allegion employs more than 7,800 people and sells products in more than 120 countries across the world. Allegion comprises 23 global brands, including strategic brands CISA<sup>®</sup>, Interflex<sup>®</sup>, LCN<sup>®</sup>, Schlage<sup>®</sup> and Von Duprin<sup>®</sup>. For more, visit [www.allegion.com](http://www.allegion.com).