

Bundled versus Single Service Security: A Discussion

A Security Research Initiative Report

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The findings, including all the views expressed are exclusively our own.

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SRI Members



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Executive Summary

The research identified a range of FM outsourcing options, although the use of terminology to describe these is varied and inconsistent. Generally speaking single service outsourcing is acknowledged as the least complex and as the number of services increases, under a range of different models/arrangements the delivery management becomes more complex. But much depends on the skills of those involved and the extent to which arrangements in place are supported by a well thought through strategy.

Clients said they outsource their security because:

- security companies are experts at security
- it is more cost effective
- security contractors offer flexibility
- it enables them to offset at least some of the liabilities of doing business

Clients said they preferred to keep security in-house because:

- security contractors are not sufficiently competent in their areas of need
- they do not have expertise in sub-contracting work
- they like to keep control of security because it was deemed important

The reasons why clients and suppliers said they preferred bundling is because:

- it offers cost savings
- it entails less bureaucracy and provided a single point of contact making it easier to manage
- it provides for greater efficiencies in delivery and in some cases a better security service
- it facilitates innovation
- it offers efficiencies in terms of the opportunity to multi skill and motivate staff, and raise standards
- it facilitates the integration of technologies
- it enables clients to benefit from an emerging expertise suppliers were developing
- it provides an opportunity for standardisation delivery at a higher level across sites/locales

The reasons why clients and suppliers said they preferred single service is because:

- it enables best in class and does not risk diluting the importance of security as a specialism
- it maintains the importance of security to the organisation
- it is more cost effective when assessed against risks

- it is easier to manage than the complex interface between security and facilities management
- it avoids poor risk management associated with bundling in putting all (or too many of) one's 'eggs in the same basket'
- clients and suppliers are not ready for bundling and it frequently fails
- single service has a longer tradition and a more proven track record of success
- the benefits of bundling can be achieved by 'partnerships' and 'joint working arrangements' without diluting expertise

The context in which decisions about which approach to service delivery to adopt are characterised by:

- the lack of a consistent, structured, measurable or analytic approach to the decision (which at least in part reflects its complexity)
- a lack of common language to describe the options (although some suggestions are offered and we have coined a new term 'bundled security')

Key influential factors in determining an organisation's approach to bundling or single service delivery (or a combination) and whether it worked are:

- the extent to which clients were clear about the reasons for their chosen model and had the ability to deliver it
- the existence, influence and flexibility of a policy determining how security and other FM services should be provided
- the presence, influence and role of security compared to procurement and facilities management
 - as a general rule facilities managers favoured bundling and security managers favoured single service with some notable exceptions
- the status and importance of security within the organisation
- the role of the security function (and the level of oversight over and amount of interaction with suppliers)
- the skill sets of clients (generally the more bundling involved the more complex and the more skills and experience were deemed necessary)
- the skill sets of suppliers
- the nature of the contract and the level of autonomy/direction given to suppliers
- perceptions: while some saw bundling as the future others saw it as having been tried and failed; while some saw bundling as cost effective others saw equal advantages in single service; while some saw single service as the home of security expertise, some saw bundling as offering at least as good security via integration (especially technically) and multi skilling

In summary:

- the jury is still out on the types of service provision that best benefit different types of organisations/sectors, and whether the popularity of bundling in some places is a sign of new and better ways of working or a cyclical change brought about because in current times cost is often a priority over risk
- the views expressed are mostly not evidence based highlighting the need for more work, not least on the real and potential cost savings that can result from different approaches
- the work here is further evidence of the importance of developing a well articulated strategic approach to security

Preface

The aim of the study on which this report is based is to better understand the benefits and drawbacks of providing security either as a single service or as part of a bundle with other Facility Management (FM) services. It is an area where there is very little research; indeed what discussion there is about different forms of outsourcing rarely includes a focus on security.

The report commences with a review of work on the delivery of facilities management (FM) services. In the review attention is paid to defining FM, and the ways in which a range of different types of FM services are delivered. Some of the advantages and disadvantages of different models are considered.

Then the findings on first clients' perspectives and after suppliers' perspectives are reported. This is based on both a small survey but then in-depth interviews with respondents from around the world. The aim is not to show that any form of delivery is better than the other – that was not the remit - but to better understand what is offered and why, not least to identify why different models are favoured and rejected. Not only were a variety of practices in evidence, there were also varying degrees of commitment to them based on a variety of reasons. Some of these may surprise some readers. Certainly in some cases the distinct nature of security and all that it involves marks it out for special treatment compared to other FM services, but only in some cases.

The final section collates the evidence. It suggests that the ways in which security is procured and managed is changing. There are opportunities to lead the market but it appears ever important to understand the current trends and the implications, for clients and suppliers, they are likely to be very real in their consequences.

Section 1. Single and Bundled Services in Context

- 1.1 This section aims to provide a context to the study by considering different types of outsourcing arrangements. It begins by defining what is meant by ‘facilities management’ (FM) outlining the ways in which it sometimes relates to and includes security. It moves on to discuss the process of outsourcing and then consider the different ways in which outsourcing is provided. A number of frameworks are described. These have been developed from studies of other types of FM services, most notably relating to information technology and facilities management services although typically not including security. For that reason the next part assesses how these approaches might relate to security. There is also a consideration of concepts that imply different types of cooperation (implicit in bundling), specifically ‘convergence’ (‘physical security information management’, PSIM), ‘integration’, and ‘partnership’. What is clear is that both the process of outsourcing, and attempts to integrate different types of facilities services and different security provisions are complex.

Defining facilities management

- 1.2 Defining Facilities Management (FM) is crucial to understanding the wider landscape that security operates in, not least because, as Pickard (2010:1) states, ‘*security is one of the biggest service areas covered by facility managers*’. The definition of Facilities Management given by CEN, the European Committee for Standardisation, and ratified by BSI British Standards is:

‘Facilities management is the integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities.’

- 1.3 These services are also often described as being either ‘hard’ – relating to the physical structure of the building, such as energy and water management, and HVAC (heating, ventilation, and air-conditioning) – or ‘soft’, which refers to services such as cleaning, reception and grounds maintenance.
- 1.4 The scope of services covered by FM is wide ranging. The BIFM (2012a) has produced categories to structure the understanding of the scope of the field. These are:
- Physical asset management
 - Land

- Buildings/Property
- Workplace
- Information & Communications Technology
- Fleet Management
- Decommissioning & Disposal
- Services Management
 - Reception
 - Post & Messengers
 - Waste Management
 - Catering
 - Cleaning
 - Laundry
 - Security
 - Information & Knowledge
 - Library & Document Archive
 - Reprographics, Printing & Stationary
 - Travel Booking
 - Stores
- Process Management
 - Human Resources Management
 - Consultancy
 - Customer Service
 - Financial Management
 - Procurement, Project & Contract Management
 - Health & Safety Management
 - Quality Management
 - Performance Management
 - Risk Management

1.5 Some of these categories can be broken down even further; an expanded list can be viewed on the BIFM website.

1.6 The BIFM (2012c) see FM, perhaps inevitably, as being '*vital to the success of an organisation*' by providing '*a safe and efficient working environment, which is essential to the performance of any business – whatever its size and scope*'. Waheed and Fernie (2009) have argued that facilities management as a discipline needs to be redefined as a '*knowledge based core competency*' rather than as a support service. Certainly the lack of research around what facilities management is and how best it can be positioned to maximise benefits is a limitation (see, Chotipanich, 2004; Chotipanich and Nutt, 2008). Yet, a study by KPMG (2011) looking at real estate facilities management (REFM) concluded that outsourcing and facilities management are focus areas for buyers and that demand '*remains strong and continues to grow*'. It is perhaps significant that the BIFM website notes the significant role that outsourcing has had on the development of FM, as well as the move towards consolidation of outsourced services, something also noted by KPMG.

- 1.7 Indeed, services can be provided either 'in-house', by employees of the company, or they can be outsourced and provided by an external company (or a combination of the two). A recent survey of 130 facility managers by Interserve and Sheffield Hallam University (2012) found that 34 percent¹ outsourced over half of their FM services and 38 percent outsourced 26-50 percent. So a combination of in-house and contract services is not uncommon. In some industries there is also a type of service provision called 'insourcing' whereby the service is managed internally (as with in-house provision) but skills are bought in temporarily to fulfil an operation need. Insourcing happens in security too (Lippert et al, 2013).
- 1.8 The main focus of this research is not to address the question of whether security and other services should be provided in-house or outsourced (this has been the subject of previous research and discussion both for security specifically and for other services generally (see Button and George, 1994; Button and George, 1998; Deloitte Debates, 2009; Stanley, 2009; and Ballard et al, 2010)); this has been covered by way of setting a context to the work. Rather the focus is on the key decision to be made: whether to procure security as a single FM service or together, in some package or combination, with other FM services, and to better understand the pros and cons of each from those working in the sector.

A background to outsourcing

- 1.9 In practice there are a variety of approaches to outsourcing. The frameworks that have been developed, which provide a helpful reference point, have evolved from a consideration of a wide range of services although security services have generally been little more than a marginal consideration.
- 1.10 The client decision as to which outsourcing method to use is a decidedly complex one. As Willcocks and Craig (2010:11) note '*outsourcing is not a goal in itself but a management technique to achieve a wide range of business goals*'. There is much discussion about the importance of a procurement strategy² to guide outsourcing and there are dangers that await a poor procurement process, for both the buyer and the seller. This includes the buyer being influenced by what a sales person has to offer rather than what the organisation needs (BIFM, 2007; 2007b), and the supplier being burdened, amongst other things, by what Willcocks et al (2007) term the 'winner's curse'. This is when a supplier makes a bid for a contract that it cannot realistically fulfil without making a loss. As Willcocks et al (2007:17) note:

¹ There were a total of 130 participants; the majority were managers/directors working in facilities or property & estates.

² See, Martindale, N. (2013) Creative Cleaning. *FM World*, 14 February, pp 23-25.

Successful outsourcing is not about getting the lowest price at all costs. It is about getting the lowest price for a sustainable solution under a fair contract from a superior service provider.

1.11 In their work on outsourcing and offshoring Oshri et al (2011:47) distinguish three overarching models for managing outsourcing:

- *Total outsourcing*, which refers to transferring more than 80 per cent of a function's operating budget to external providers
- *Total in-house sourcing*, which refers to retaining the management and provision of more than 80 per cent of the function's operating budget within the organization (so less than 'total' as the name would suggest)
- *Selective outsourcing*, which refers to sourcing selected functions to external parties while managing 20 to 80 per cent of the function's operating budget internally

1.12 Outsourcing is not an 'all or nothing' choice and the relative balance between the different types of provision needs to be determined by the requirements of the organisation. Indeed, Willcocks and Lacity (2011) note that it is up to the client to ensure that it is ready for outsourcing and that it is capable of managing it correctly. While this may sound like a statement of the obvious, the problem is that there can be a tendency to underestimate the complexities of a bundled model, and therefore not do it well:

'Outsourcing is unlikely to succeed where there is no detailed, meaningful comparison with internal costs and processes... client companies also need to fully understand their own internal processes – including their complexity, interdependencies, and exceptions – before requesting supplier bids.'

1.13 The complexity extends to wording the contract, selecting the provider, deciding the scope of the project, agreeing pricing, setting up governance and measurement mechanisms, and staffing its internal capability to run the deal. Unsurprisingly expertise is available to offer consultancy and legal advice.

Outsourcing frameworks and approaches

1.14 There are a range of frameworks for understanding approaches to outsourcing describing a variety of configurations or setups for dealing with the procurement and/or management of services. There are two that offer helpful insights although neither has been developed specifically for security. The first is derived from work on Information Technology while the second looks more widely at FM services (and security falls within this). Both can be applied to security procurement

and each provides a way of understanding and categorising the range of approaches on offer.

- 1.15 Willcocks et al (2007:10) (also Oshri et al; 2011:95) identify four configuration options for choosing outsourcing suppliers, which they term sole supplier, prime contractor, best-of-breed and panel.
- Sole supplier: In this configuration '*a single supplier provides the entire portfolio or deal*'. One provider is accountable for all services. This model has grown in popularity '*stimulated by better-integrated supplier capability and client moves to rationalize and reduce their multiple-supplier bases*'.
 - Prime contractor: In this configuration one main contractor is responsible for the whole contract but subcontracts part or all of the services. This allows the main contractor to bring in subcontractors with relevant areas of expertise which it lacks.
 - Best-of-breed: '*Also known as multi-vendor, multi-sourcing or selective sourcing, the organisation has a number of suppliers and thus is in effect the head contractor itself*'. This has been identified as a low risk and prevalent outsourcing model.
 - Panel: In this configuration a panel of preferred suppliers regularly compete for contracts or work orders over a set time period.
- 1.16 Meanwhile, the British Institute of Facilities Managers (BIFM) offers a different set of outsourcing options and in so doing places greater emphasis on how the services are managed, albeit there are some overlaps.
- 1.17 In its FM Procurement Good Practice Guide (BIFM, 2007) it identifies five main sourcing strategies. Two straightforward options that are more commonly managed internally:
1. Single service supply. In FM terms this is procuring one service line from one supplier under a single contract. It is essentially the same as the 'best-of-breed' configuration mentioned above although without the rather semantically weighted nametag. This approach is discussed in more detail below.
 2. Packaged service supply. This refers to a small and/or uncomplicated package or bundle of FM services that can be managed internally, this may be for services that are strategically less important for the organisation or even important services for a small organisation that doesn't require additional or complex management structures. This strategy is very similar to the managing agent model below although the client acts as the direct manager as opposed to the agent.

And three more complex options that more typically utilise external service management provision:

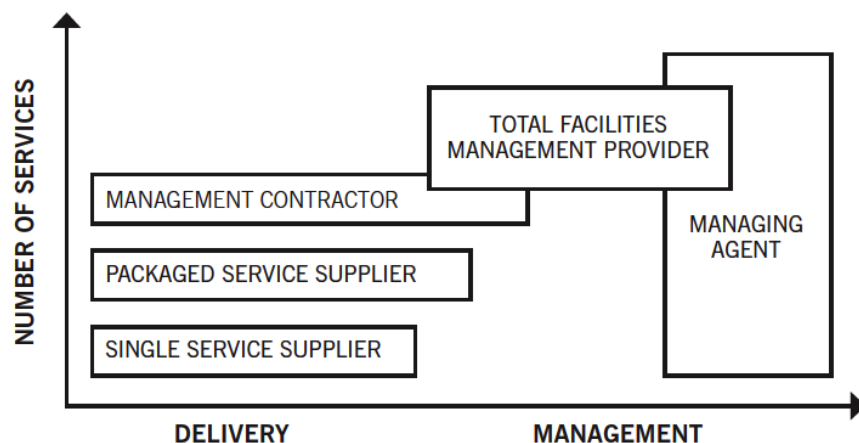
3. Managing Agent. In this model an external organisation or individual is appointed to manage a number of single or bundled service contracts held between the client and the providers. A suggested

benefit of this method is that all parties can be selected ‘*on the basis of [individual] competitive tendering*’, therefore allowing the client to select the best candidate/organisation for each role, allowing it to make the most appropriate choice at the procurement stage. The alternative is having the management structure of the service organised by the contractors themselves.

4. **Managing Contractor.** In this model a contracted provider of multiple services under a single contract manages all the services it provides, including any that it may be sub-contracting. This is the same as the prime contractor sourcing configuration discussed earlier. On the client side this theoretically allows a significant reduction in administrative duties of managing the contract as the burden of management falls on the contractor; it also means the client has a single point of contact for multiple services.
5. **Total FM provider (TFM).** In this model a single TFM provider holds responsibility for all services required which is covered by a single contract. This is the same as the sole supplier sourcing configuration mentioned earlier. The TFM provider is responsible for ensuring that the service provision of the contract is met. This can be accomplished through sub-contracting or in-house provision. Again this allows the client to dramatically reduce its administrative duties.

1.18 Figure 1 from the BIFM illustrates the range of FM outsourcing options described above on a matrix of number of services against complexity of delivery management. It shows single service outsourcing being the least complex as it falls at the bottom of the scale for delivery management – i.e. it has potentially the most simple management structure – as well as being at the bottom of the scale for number of services. As the number of services increases you see packaged service supply or managing contractors, but this also makes the delivery management incrementally more complex. As both services and delivery management requirements increase you are more likely to see Total Facilities Management or Managing Agent strategies:

Figure 1: Sourcing strategies and FM options (BIFM, 2007: 4)



- 1.19 Both the BIFM (2007) and Willcocks et al (2009) in their frameworks note that single service provision is towards the simpler end of organisational outsourcing policy and that as an organisation matures and its experience of managing suppliers increases, so its opportunity for more ambitious forms of outsourcing become possible. Indeed, bundling is a form of procurement that organisations may progress to when they understand any potential benefits to their organisation and have built up the skills and structures over time to make it work (see, Willcocks et al, 2009).

A more detailed look at the distinction between single and bundled services

- 1.20 Single service provision is relatively straightforward; it means that a purchasing organisation procures a single FM service (see above for list of services) from a single supplier under a single service contract. In the context of IT this approach has been described by Willcocks et al (2009) as 'best-of breed' outsourcing although this does not guarantee that single service suppliers will automatically be able to offer the best service. When applying this approach to security the waters can be muddied even further. In security, single service provision could mean either procuring a single security service (such as guarding, or CCTV, or access control etc.) from a single security provider or it could refer to more than one security service being procured from a single supplier (although this could be considered a 'packaged service supply' or security bundle).

- 1.21 One thing that is clear is that bundling can add complexity. Pickard (2012) defines bundling as '*a single outsourcing contract covering the delivery of a limited number of related services*'. Willcocks et al (2009b) define bundled services as:

'a mix of business process and/or information technology services purchased separately or at the same time from the same supplier where synergies and efficiencies are sought in end-to-end processing, governance, relationship management, cost and performance.'

- 1.22 In essence it is any combination or package of services beyond a single service provision as outlined above. A bundled FM service provision could refer to one service contract for, for example, the provision of cleaning, catering and security services.
- 1.23 It is also possible for a client to utilise a hybrid approach; outsourcing is not an exclusive strategy and neither are specific outsourcing approaches. In a large organisation with multiple sites or various business needs there may be a blurring of the lines in approach. Some facilities may be bundled and some may not with variations by site. Or

one or more service lines may be taken out of a TFM package and kept separate. The procurement and management processes may also follow different lines; a service may be procured under a single contract but managed in a bundled way. i-FM (2011) used one example that is a hybrid of single service provision and the managing contractor model outlined above. In this case two separate specialist single service providers (security and front-of-house) were procured as a package, with the security company acting as the main contact holder providing a blend of managing contractor and single service supply.

- 1.24 When outsourced services are being provided as a bundle the contracted provider may either fulfil the different service requirements using their own employees or, sub-contract one or more services to another provider. In this case the contractor holds responsibility for the procurement, management and organisation of the sub-contracted service.
- 1.25 Total Facility Management (TFM) is largely synonymous with Integrated Facility Management (IFM) (see BIFM, 2007; De Toni and Nonino, 2009) although somewhat typifying the use of terminology in this area, while for some the terms are interchangeable for others they are quite distinct. Masterton (2011) contends that IFM involves integrating more closely with the client organisation in their FM strategy, their targets, timescales and business needs than does TFM. Yet i-FM (2011) see IFM referring to the integration of soft FM services or hard FM services and TFM referring to the integration of both soft and hard services. Pickard (2011:1) offers one explanation for the different definitions as service providers attempting '*to differentiate their Total FM offering by reference to their methods of delivery*' in order to stay ahead of their competition.

Determining the importance of bundling

- 1.26 One feature of a successful bundled service that emerges from a review of the available evidence is client readiness. In their work on bundled service provision that looked more specifically at IT and business process outsourcing, Willcocks et al (2009) developed a matrix for informing the decision as to whether bundling should be adopted by a client. The decision matrix identified five categories with each one given a weighting:
 - client factors which were deemed the most influential (and therefore weighted the highest at 40%),
 - cost effectiveness factors (weighted at 20%),
 - supplier and outsourcing market characteristics (weighted at 18%),
 - relational factors (weighted at 12%), and
 - client market forces and characteristics (weighted at 10%).
- 1.27 Once the matrix has been used to calculate a score that score can be used to guide the decision on whether an organisation should be

moving towards bundling or not bundling its outsourcing. A score of 33 is their 'tipping point' for unbundling and a score of 66 is their tipping point for bundling. Anything between these two scores will require a more in-depth analysis. An assessment would need to be made on which factors merited closer consideration because of their strategic or tactical importance to the organisation. There is no suggestion that this could be adopted for security but it offers a starting point for those who wish to consider this.

1.28 Another feature of an outsourcing strategy³ concerns the core capabilities of suppliers. Oshri et al (2011:102) expand on the work of Feeny et al (2005) and Willcocks and Lacity (2009) in identifying twelve core supplier capabilities divided into three key competencies that should be taken into account when choosing suppliers:

- *Delivery competency*: the supplier's ability to respond to the customer's ongoing needs.
- *Transformation competency*: ability to radically improve quality and cost of service.
- *Relationship competency*: the supplier's willingness and ability to align its business model to the values, goals, and needs of the customer.

1.29 Once again, to-date there has been little research on security suppliers' capabilities in these areas.

Organisational Maturity

When referring to the maturity of an organisation in a business sense it is not a reference to age or experience. Wademan et al (2007) created The People Capability Maturity Model (People CMM) to '*bring discipline to the people side of management by promoting a structured, repeatable, and predictable approach for improving an organization's workforce related processes*'. This model was based on the original Carnegie Mellon University Software Engineering institute's Capability Maturity Models (CMMs), which dealt more specifically with software processes. A number of other CMMs have also been developed for other areas such as systems engineering and integrated product development. The People CMM identifies five levels of maturity; the initial stage is characterised by '*inconsistently applied, non repeatable workforce processes*' while the final stage is '*based on the higher levels of competencies, and the performance and innovation realized, the culture is characterized as one of continuously pursuing ever higher levels of product, service, and performance excellence*' (Wademan et al, 2007: 103). The model identifies twenty-two process areas divided into four themes or 'threads' on which the maturity (or capability) of an organisation's processes can be rated.

³ There is much confusion in the wider FM world about the use of strategy. For example, see, *FM World*, 14 February 2013, page 5. This is also the case for security as previous research has shown (see Gill, et al, 2007).

How does this apply to security?

1.30 Based on the above information there are a number of discernible approaches that can guide security outsourcing. It can be provided as a:

- single (FM) service procured by a client.
- bundled under the managing agent model, with a management structure external to both the security supplier and the client.
- bundled under the managing contractor model, with the security supplier providing the management for security and other services.
- bundled under the managing contractor model, with another service in the bundle providing the management for security and other services.
- bundled under the TFM model, with the TFM provider supplying security.
- bundled under the TFM model OR the managing contractor model with security as a subcontracted service purchased by the contractor.

1.31 Clearly, these need to be tested by more research, not least in determining the ways in which security relates to other FM services. There are at least two important pressures here evident from the literature. The first concerns the status of security management alongside other facility management services. As Pickard (2010) states not only is security one of the largest services facility managers deal with, it is also becoming *'increasingly complex in pace with the changing nature of work and the development of new technologies'*. Despite this the BIFM (2007b: 4) note:

'changes in budgetary constraints have seen many of these positions [dedicated security managers] become subsumed into the portfolio of the FM. By its very nature security management is not a perfect science. The challenge for FMs and all others with responsibility for security management is to allow themselves to be creative and imaginative when proposing security solutions.'

1.32 This raises at least two contradictory implications for security services. The first reflects the growing complexity of security with new technologies needing to be assessed for their security effectiveness and usefulness in ever challenging environments suggesting a need for greater security expertise. The second is the potential for a diminution in the role and status of security in organisations by bundling it under the management of a non security expert. To set this in context, when corporate security managers were asked for the relative importance of facility management to security management in the organisations they worked in more said facilities management was higher than lower (Gill

et al, 2012). One other factor here is the trend, identified by Infologue, that '*the growth of the bundled security providers continues*'.⁴

- 1.33 The second point relates to the role of technology. The high costs associated with some types of security where approximately 75 per cent (and sometimes more in the case of guarding) is for personnel (BIFM, 2007c: 9) lends itself to the integration of technology, in some cases at least. So whereas bundling is sometimes noted as a way of reducing costs, the use of technology potentially offers another method. Part of the difficulty here is that in many organisations responsibility for technology sits outside the responsibility of the security function and manned security services and technology are tendered separately.

Working together: terminology used in describing a co-operative approach

- 1.34 In looking at relationships between organisations certain terminology is used to describe methods and ways of working that imply different types of cooperation between functions/companies. This section provides a brief discussion of some of these key terms. The purpose is not to provide an analysis of the rights and wrongs of different definitions, that would require a quite different project and is beyond the scope of the one reported here, rather to provide a context for understanding some of the complexities of engaging different entities in collaborative working and to guard against the danger of using any term uncritically.

A note on 'convergence'

- 1.35 Convergence in security is defined by Slater (undated) as '*formal cooperation between previously disjointed security functions*', and particularly to physical and cyber security. Distinctions can be made between security personnel services, technical security solutions to protect a range of assets, and information security. Hunt (2010) identifies three types of convergence relevant to physical security:
- Convergence of physical security with IT (computers, software and networks). This is where security suppliers and end users make greater use of IT systems in their work, such as using digital over analogue video recording.
 - Convergence of physical security with IT security (e.g. event logs, alarms, output from environmental sensors, etc.).
 - Convergence of physical security people and processes with IT security people and processes, the bringing together of two security teams under a single management.

⁴ www.infologue.com/top20/uk-top-regulated-sector-security-companies-2012/

1.36 There are perceived to be a number of advantages to a converged approach, this includes the fact that it overcomes the silo mentality associated with single service (PricewaterhouseCoopers, 2010: 2), after all threats rarely take account of traditional organisational structures (Wagner, 2011). Moreover, it recognises the importance of a joint approach and not least with IT, which is now core to business. For example, Brink (2007: 4) researched the convergence of logical (IT and software) and physical security in 140 organisations from a variety of industries and concluded that:

'Best-in-Class companies [top 20% based on number of security incidents] are nearly two-times more likely than Laggard organizations [bottom 30%] to view the convergence of logical and physical security as an integral part of their overall security governance and risk management strategy.'

1.37 A converged approach by these criteria then is an important indicator of quality (See Willison and Sembhi, 2012; Wagner, 2011; & CSO Roundtable, 2010). Brink (2007: 11) suggests that convergence brings a number of benefits:

'The selection of specific logical/ physical security integration opportunities, and the policy, planning, process, and organizational elements of implementation are critical success factors in the ability to realize the business benefits of better security, sustained compliance, lower cost, and improved collaboration.'

1.38 Yet the approach is not uncomplicated. Ravinet (2011) in describing security convergence as *'the grouping and sharing of human thinking, communication, processes, tools and all resources towards better security in our businesses and organizations'*, identifies key steps necessary to move towards convergence, which starts with leadership commitment to the process and includes:

- A common lexicon to clarify terms used by different departments
- A common shared methodology for security risk management
- Possible restructuring of the security department

1.39 In a similar way, Slater (Date Unknown) identifies a number of issues and barriers that need to be considered when implementing a convergent approach:

- It is necessary to have some high level support from company directors to initiate the change.
- There can be cultural differences with people in physical and information security potentially coming from different backgrounds and ideologies, which can cause friction.

- By merging different departments there could be people unhappy with either the change itself or the new people they are working with or under, which can lead to ‘turf battles’.
 - Getting different security functions to share information can be a difficult prospect, this is problematic for management and organisation.
- 1.40 Beyond being difficult to achieve, others have argued that the bringing together of different functions and this includes physical and technical security is old hat and the term ‘convergence’ confuses. Campbell (2010) argues:

“Convergence” must by now qualify for the past decade award for the most overused word in the security vocabulary. How is it that we invent a word that convinces professionals that something old and established is new and unique?

- 1.41 Indeed, in a recent survey Dorey et al (2012) note that even when companies were not converged many reported that they worked with other functions, sometimes via formal committees and others via varied reporting lines.
- 1.42 There is perhaps one other point that needs to be mentioned in the context of latest developments in convergence and that concerns PSIM, which brings together events from a potentially diverse range of sources to enable personnel to more effectively respond to events. It is attracting more attention, especially amongst practitioners, where it is viewed as advantageous because it provides for ‘increased control, improved situational awareness, and management reporting. Ultimately, these solutions allow organizations to reduce costs through improved efficiency and to improve security through increased intelligence ... if established correctly, is that it solely presents information that needs to be acted on.’ (Forsyth, 2013). In a different way it is viewed as important for attracting talented people back to the security industry because of the challenge in integrating security with legacy and new systems and recognizes the key role played by humans in proving effective back up (Doe, 2013).

A note on ‘integration’

- 1.43 Convergence is often strongly associated with ‘integration’, indeed Willison et al (2012) in their discussion of convergence with regards to facilities management note:

‘From a facility management perspective convergence is about process integration and the search for effective collaboration between mental, physical and virtual facilities and facility services ... As ‘integration’ is at the

core of what a facility manager does, security expertise and safety was included in every next grown step.'

- 1.44 Integration can though be used in slightly different contexts (BSIA: 2007), not least where it involves more than just physical and IT working together; Integrated Security Management Systems (ISMS) can involve the whole management process of an organisation's security service. These are usually justified in terms of efficiency by reducing '*cost and provide a return on investment by eliminating costly manual processes*' (BSIA, 2007⁵). As De Toni and Nonino (2009) note, integration is a specialism of facilities management companies providing services in an '*integrated and coordinated way*'.
- 1.45 Sometimes 'integration' is used interchangeably with 'interoperability', although others make clear distinctions between the two, not least when they are used to describe technical systems. One advice document to consultants issued by a major integrator describes the differences in the following way:

an integrated solution is one that not only allows a series of products to talk to each other in their current state, but also provides backwards and forwards compatibility with future versions of each product. In contrast, interoperability reflects a more immediate form of functionality between different products. Whilst a set of interoperable systems will work together in harmony in their existing state, future upgrades, developments or improvements to any of the products can cause interoperability to cease. Put simply, interoperable systems work together now, integrated systems work together full stop.

- 1.46 Clearly care is needed when these terms are used.

A note on 'partnerships'

- 1.47 De Toni and Nonino (2009) view partnership as a key feature of integrated facilities management with an emphasis on a partnership rather than employer/employee relationship. Long ago Varcoe (1993: 11) argued that while outsourcing facilities management services was inevitable and desirable,⁶ the complexities of managing these effectively should not be underestimated. Part of the difficulty, and this has evolved from research in welfare issues, is that there has been more focus on process issues in terms of how well the partnership members work together rather than outcome issues such as the impact or the success they have (see Dowling et al, 2004). This has certainly been the case in facilities management too, and in part is a reflection of

⁵ Please note the claim for reduced costs is not supported by independent research.

⁶ And spurred on by the recession,, see, Martindale, N. (2013) *FM World*, 25 April, pp 20-22.

the relative youthful emergence of facilities management as a defined service function and certainly as a distinct area of study (see Jensen, 2008).

- 1.48 Within the world of security management 'partnership' is a much discussed word although subject to relatively little evaluation not least in terms of impact and cost effectiveness. Recently, Prenzler and Sarre (2012) have reviewed a range of partnership arrangements in the security field and noted that often benefits are not realised and proof of cost effectiveness is frequently lacking. They argue that ingredients of good partnerships include: a common interest; effective leadership on both sides; mutual respect; information sharing undertaken with trust; formal communication mechanisms; and preparedness to experiment (see also Sarre and Prenzler, 2011). In other areas of security, for example, supply chain management, partnerships have been deemed to be crucial to the effectiveness of security arrangements (see Yang and Wei, 2012), which is not to suggest that they are easy to achieve.
- 1.49 The main point being made here, in this brief review, is that although partnerships have been discussed in a range of contexts, between sectors, between and within organisations, including the broader facilities management field, the reality is that they all too often remain an aspiration, and commonly insufficient attention is paid to ensuring and enabling that they work, although when they do they can have a significant positive impact.

Conclusion

- 1.50 Services are often provided as a single service but in some areas at least there has been a move to bundling some types together, which are then managed in different ways. FM covers a broad range of activities, typically referred to as 'hard' and 'soft' but in practice involving 'process' too. The process of bundling implies some type of joint working, although there is very little independent research into its effectiveness. Although it is suggested that bundling is an expanding area, as clients seek efficiencies in dealing with fewer contractors and under a TFM model, there is little independent evidence to verify or dispute this claim. It is argued that it avoids a silo mentality and enables organisations to combine services to match risks that are diverse and draw more easily on information, intelligence and expertise across the organisation and amongst suppliers too. Most importantly it is perceived to be cost effective especially as both clients and suppliers become more expert at managing services effectively.
- 1.51 Yet it appears the process of bundling, at least achieving the benefits that bundling affords is a complex task. It may involve a change strategy and a commitment to a different way of working that can be disruptive in the short term and will need to take account of a range of working practices and cultures across organisations. As others have

found in other contexts, sharing is complicated in practice. Moreover, bundling implies less control for clients and this needs to be balanced against the importance of the service and the risks that may result from bundling.

- 1.52 It is clear that there is no single 'all purpose' approach that stands out as being superior to others; and views about what is best vary with organisational needs, experiences and aims. Indeed, each approach or sourcing strategy has suggested strengths and weaknesses, and it is to this issue we now turn.

Section 2. The Advantages and Disadvantages of Different Approaches to Outsourcing and Different Types of Bundling

- 2.1 Although the security world has often discussed different methods of outsourcing without reference to experience in other areas of facility management, the previous section highlighted key points from the wider literature where research has been more developed, and where a variety of frameworks are in evidence. In this section, the focus is on some of the advantages and disadvantages that have been presented. It should be stressed that these points should be considered with a health warning and for at least three reasons. First, it is not evident that all the pros and cons and the reasons for them have been fully and independently evaluated. The relative youthfulness of the study of facilities management has not allowed time for extensive evaluation and indeed the trail blazed by a relatively small number of scholars in this area has achieved considerable progress in a short time. Second, the application of these pros and cons to the different areas and types of security may not be appropriate, or only in some cases or only with caveats. Third, the extent to which an approach works or fails will depend on a broad range of factors, including the skills sets and experience of both the client and provider.
- 2.2 Given the importance of cost as an issue in deciding which outsourcing strategy to adopt, comment is made on this first. This section then moves on to consider the advantages and disadvantages of different approaches as derived from previous studies.

The issue of cost

- 2.3 In the current financial climate cost attracts a special importance. The BIFM's FM Procurement Guide notes that one reason for moving towards bundling is to recognise '*greater economies and efficiencies*', while Interserve and Sheffield Hallam University (2012) note that integrated or bundled services offer '*reduced costs, management of risk, access to technical expertise, improved management information, and value for money*' in comparison to in-house service provision. The relative benefits in comparison to a specialist provider or an integrator merits consideration too.
- 2.4 Certainly the findings from a survey conducted by FM World in 2012 supports the importance of cost savings in strategic decisions about how best to manage services.⁷ It found that 83% of respondents claimed financial savings were the reason for outsourcing, even though

⁷ See, <http://www.fm-world.co.uk/news/fm-industry-news/outsourcing-falls-short-survey-finds/> (viewed on 4th March 2013)

just two thirds claimed that the savings targets were reached. The survey report suggests that one explanation may be clients wanting unrealistic savings. Similarly, the 43% of those who outsourced because they wanted greater innovation often found that the targets were not met; while 56% of those who outsourced to improve management of information systems argued that their expectations were not met. This evidence would suggest that the experience of outsourcing often failed to live up to expectations.

- 2.5 In their bundled services decision making matrix Willcocks et al (2009) – who give cost effectiveness factors the second highest weighting - note that suppliers encounter problems in demonstrating financial savings, from both production costs (such as technical synergies) and transaction costs (such as reduced management structures). It is an important, but not unusual point, that one of the key determinants of what makes outsourcing attractive is difficult to assess.
- 2.6 The difficulty of measuring cost effectiveness in security provision has long been recognised (see Gill et al, 2007; Challinger, 2006). Often, therefore, effectiveness is judged on more than a financial equation. i-FM (2011) identified an example of a bundled service that offered opportunities for the development of improved relationships based on greater trust, and better opportunities to take on additional services over time. The issue of trust is important, and has recently been highlighted as a key, and much under valued component of good security (see, Schneier, 2012). The supplier was able to demonstrate the on-going value of the bundle partnership through the continued provision of a quality service and by a relationship characterised as *'you share any pain, but you also share the success'* (i-FM, 2011: 23).

Listing the advantages and disadvantages of different approaches to outsourcing and some of the implications for management

- 2.7 It is possible, for each of the approaches identified in the last section, to highlight some key advantages and disadvantages and this is presented in Table 1. For the most part comparisons are drawn with the different approaches to 'in-house' sourcing unless specifically stated otherwise.

Table 1: Advantages and Disadvantages of outsourcing strategies compared to in-house sourcing

Outsourcing Strategy	Advantages	Disadvantages	Management Issues
Sole supplier/ TFM/ IFM	<ul style="list-style-type: none"> • Sole accountability • Potential to pass on economies • Streamlined contracting costs and processes • End-to-end key performance metrics ^a • Lower bid prices • Minimal headcount • Fixed Price • Risk transfer • Single point of contact for the customer • Clear delineation of responsibilities • Reduced administration ^b • Client is larger and more important to provider thus making the provider more responsive ^c 	<ul style="list-style-type: none"> • Monopolistic supplier behaviours • Compromise quality where the supplier is not best of breed (in services, industries or geographic location) ^d • Major changes and effort required in educating and starting up new Contracts periodically • Inflexible, 'all or nothing' • Danger of getting standard offering • Client organisation may require support in administering the Contract • Is totally dependent upon trust and a 'partnering' ethos to succeed ^e 	<ul style="list-style-type: none"> • Extensive contract flexibility rights due to the dependence on supplier • Interdependent expertise to avoid solution channelling and ensure value for money (quotes are market values) ^f
Prime contractor/ Managing contractor	<ul style="list-style-type: none"> • Single point of accountability • Allows best-of-breed subcontracting • Streamlined, but a bit more complex, contracting costs and processes • End-to-end KPIs ^g 	<ul style="list-style-type: none"> • Prime must be expert at subcontracting (selection, management, disengagement) • Client may desire different subcontractors 	<ul style="list-style-type: none"> • Contract ensuring various rights over the subcontracting (access, selection, veto, etc) • Compliance auditing

	<ul style="list-style-type: none"> • Lower bid prices • Minimal headcount • Fixed Price • Risk transfer • Single point of contact for the customer • Clear delineation of responsibilities • Reduced administration ^h • Client is larger and more important to provider, thus making the provider more responsive ⁱ 	<ul style="list-style-type: none"> • Client often required to resolve issues between the prime and subcontractor/s • Primes and subcontractors often encroach 'territories' ^j • Major changes and effort required in educating and starting up new Contracts periodically • Inflexible, 'all or nothing' • Danger of getting standard offering • Client organisation may require support in administering the Contract • Is totally dependent upon trust and a 'partnering' ethos to succeed ^k 	<p>ensuring the prime passes obligations to the subcontractors</p> <ul style="list-style-type: none"> • Oversight ensuring all parties are operating as an efficient and united front ^l
Managing Agent	<ul style="list-style-type: none"> • Separate appointments with no interdependence • Transfer of risk from the client organisation • Introduction of specialist expertise • Enhanced flexibility through individual tailoring • Independent viewpoint, no conflict of interest • Can work with a combination of in-house resources and outsourced 	<ul style="list-style-type: none"> • Possible gaps between work packages • Greater reliance on capability of MA • Some risk remains with the client organisation • Client has no direct relationship with service provider • Possible loss of in-house expertise ⁿ 	

	providers ^m		
Best-of-breed/ Single Service	<ul style="list-style-type: none"> • Greater operational control • Flexibility to chop and change • Promotes competition and prevents complacency ^o • Better value for money (than in-house) • Improved management information ^p • Mitigates risk of reliance on any single supplier ^q • Market expertise of client ^r • Supplier may operate in a niche market • Can fulfil a need if a bundle is already in place that does not include the single service required 	<ul style="list-style-type: none"> • Attracting the market for small 'slices' of work • Keeping suppliers interested, giving management focus and allocating staff • Interdependent services and contracts • Integration complexity • Tracing accountability ^s • Cracks between services, security issues, hidden costs due to continued monitoring and renewal of contracts, and possible replacement • Increased transaction costs as clients manage more suppliers ^t 	<ul style="list-style-type: none"> • Designing interdependent contract between independent suppliers • Multi-party interface and handover management • End-to-end process management is more difficult • Multiple life cycle management ^u
Panel	<ul style="list-style-type: none"> • Buy services and assets when required • Promotes ongoing competition • Prevents complacency ^v 	<ul style="list-style-type: none"> • Attracting the market when panel is a pre-qualification and does not guarantee work • Adding new panel members or wanting to use suppliers not on the panel ^w 	<ul style="list-style-type: none"> • Panel bidding process for work. Ongoing ranking of panel members based on performance • Managing and evaluating the total program ^x

- ^a Willcocks et al (2007: 11)
- ^b BIFM (2007: 5)
- ^c Willcocks et al (2009)
- ^d Willcocks et al (2007)
- ^e BIFM (2007)
- ^f Willcocks et al (2007)
- ^g Willcocks et al (2007)
- ^h Willcocks et al (2007)
- ⁱ Willcocks et al (2009)
- ^j Willcocks et al (2007)
- ^k BIFM (2007)
- ^l BIFM (2007)
- ^m BIFM (2007)
- ⁿ BIFM (2007)
- ^o Willcocks et al (2007)
- ^p Interserve & Sheffield Hallam University (2012)
- ^q Willcocks et al (2009)
- ^r Willcocks et al (2009)
- ^s Willcocks et al (2007)
- ^t Willcocks et al (2009)
- ^u Willcocks et al (2007)
- ^v Willcocks et al (2007)
- ^w Willcocks et al (2007)
- ^x Willcocks et al (2007)

2.8 Such a table is useful as a heuristic device, and as reference point for those assessing strategic options (although for the latter purpose in particular would no doubt be considered sketchy). Our aim in collating information in this way, from a variety of sources, is to provide a reference point for knowledge in this area and to set a context for assessing the pros and cons of different methods in the world of security. As stated previously the context in which services are outsourced will impact on their success and failure (see, Willcocks and Craig, 2010). Indeed, it is possible to identify a range of drivers or mechanisms that determine whether what is chosen works, this includes the following:

- The correct identification of the types of outsourcing that is going to work best
- The quality of the procurement process that is used to help identify the best supplier(s)
- The experience of the buyer in providing the type of sourcing chosen
- The experience of suppliers (and/or in-house sources) to provide the required service to a high level
- The extent to which this can be achieved cost effectively (not least compared to alternatives)

Discussion

2.9 This section has sought to highlight the real complexity and the structural dynamics involved in understanding the relative merits of different types of outsourcing and the circumstances and conditions in which they are likely to work most effectively. In this next section we report on findings designed to better understand how these issues are experienced when security services are being outsourced and in some cases bundled with other facility management services.

Section 3. What Clients Say

With a lot of FM bundle packages there is rarely someone with a security specialisation and a management background. We don't want security to be an afterthought here.

Head of Security, broadcast telecommunications

Single service is a pain to manage – more headaches, more people to deal with, more admin, more invoices

Head of Property Management, property management company

- 3.1 The sample of clients interviewed included both security managers and facilities managers⁸ (albeit sometimes with different titles), and other functions were represented, including procurement. As will be shown a variety of approaches were in evidence and influenced by a diverse range of contexts in which security needs to be provided, this extends beyond the risks and security threats faced, it also takes account of inter and intra country and region differences; what is available on the market, given that in some countries state and quasi state agencies are available for purchase and not just different elements of private security; the characteristics of the areas, Canadian and Australian interviewees in particular highlighted problems in servicing isolated and largely lowly populated areas; as well as different regional and sector regulatory requirements.
- 3.2 In practice a wide variety of arrangements were in evidence. Sometimes security was bundled and sometimes different security services were purchased from the same supplier or different suppliers and sometimes there was a mixture of in-house and contract rather than just one or the other. Clearly contracted services have to be managed by an in-house resource, although this was only sometimes a security specialist and this has profound implications for the type of security that results. Even the process of bundling some or all security with some or all FM services varied greatly, from still quite separate lines of delivery under one management function to integrated services which was sometimes called TFM or IFM although definitions here were not the same. One multi-national company driven by the need for cost reductions and standardisation decided not to bundle but reduce the numbers of contractors by procuring suppliers who could operate internationally and consolidate contracts that way. Sometimes there are variations within companies where different combinations of in-house and contracting and different types of bundling exist in different sites, building or locales. These differences need to be borne in mind, and because of both the complexity and the purpose of the research we have organised arguments around the pros and cons of outsourcing and bundling. The aim is not to show what is best, rather to highlight some of the key issues that have been experienced by those on the front line in purchasing, implementing and managing the different

⁸ A discussion of the methodology is provided in the Appendix.

approaches. For this reason there has been a focus on presenting a lot of data from the interviews.

- 3.3 Specifically, our aim was to identify some of the key issues that emerge in the ways security is purchased and managed and the reasons for any approach adopted. In many ways the comments made by security managers on the one hand and facilities managers on the other were similar. This section begins with a discussion on the reasons why clients stated they outsourced security or kept it in-house, and moves on to consider their attitudes towards providing security either as a single service or as part of a bundle. In each case the arguments for and against are explored. The main factors which determine an organisation's approach are discussed, with a note on partnerships.

What is meant by bundling and other terms?

- 3.4 One clear finding from this research is that, amongst and between clients and suppliers, there is a wide variation on what bundling means, and for that matter what TFM and IFM mean. Some saw bundling as the bringing together of some services of the same type say security guarding and security technology, others as the bringing together of soft or hard facilities management services but not both which if it occurred one interviewee saw as integration. Others disagreed. Not all saw bundling as involving integration beyond perhaps a single point of contact although some did. Some saw TFM and IFM as the same thing by a different name, others saw distinct differences not least implying a level of integration in the latter not present in the former. As two interviewees summed up:

Even from an end user point of view many of us have a totally different understanding of it and from a suppliers point of view they have different understandings of it. Outside of the end users technical area the procurement people will have a different understanding as well.

Head of Business Resilience, energy company

Wrapping services isn't necessarily bundling. Not every buyer is an intelligent buyer or has access to a mature procurement function or mature industry people or a good agent to work with. Because bundling is so loose people assume they know what a bundled service will mean. It is a lack of clear definitions that causes a lot of the problems. The principle of bundling is usually driven by cost. The initiator is cost and if you drive it by cost it doesn't mean it is an effective bundled service. Saving in the short term isn't great.

Physical security manager, savings and investments

- 3.5 In the survey respondents were asked for their views on common terminologies used to imply different types of collaborative working. The numbers are small here, so caution is needed in the emphasis

placed on the findings but as Table 2 suggests, they do confirm the belief that there is confusion.

Table 2: Clients were asked whether or not they felt there was confusion in the industry over the following terminology (n=37-39)

Terminology	Yes (%)	No (%)	Not sure (%)
Synergy	64.1	30.8	5.1
Convergence	63.2	31.6	5.3
Interoperability	61.5	28.2	10.3
Bundle	55.3	34.2	10.5
Integration	55.3	44.7	0.0
Total Facilities Management	47.4	50.0	2.6
Partnership	34.2	63.2	2.6
Single service	27.0	73.0	0.0
Sub-contracting	18.4	81.6	0.0

3.6 Over half of the small number of clients responding confirmed that commonly used terms were confusing.

3.7 In this study we have used bundling to mean the process of providing at least two services under contract where there is some sort of management oversight. In many cases it may refer to the bundling of more than two services. We are principally concerned with the bundling of security with the bundling of FM, principally 'soft' services but also 'hard' services. And we also discussed the bundling of different types of security. For our purposes bundling may involve integration of some type, but this is not a prerequisite for a set of services being considered 'bundled'.

Why outsource?

3.8 There are four reasons why outsourcing (of some type) was favoured. They revolved around the expertise of security companies, that it offers a cheaper option, that contractors are more flexible, that outsourcing enabled companies to off set at least some of the liabilities of doing business.

3.9 First, and a major reason for outsourcing security was that it was viewed as an area of specialist expertise, or at least was not the core expertise of the organisation, and so it was seen as better to outsource to those who were specialists. Some typical comments included:

Because they are not core functions of the business and they are we believe better done by external experts in

each relative speciality, it is what they do for a living, they can support them and run them more cost effectively.

Head of Security, bank

It's not core to what we do – want to focus on law. We want a specialist to come in and do that for us – better than we could ever do ourselves.

Procurement Manager, law firm

Logic – it's not the banks business to develop this type of expertise so (the) rationale (is that it is) more efficient and cheaper to buy from specialists. 10 years ago company had in-house – had guards in-house and Cash in Transit but decided better to outsource. (It is) not the bank's business to be specialists in security.

Head of Security, overseas bank

- 3.10 One head of property management noted that he spent £200 million per annum on facilities management services, including security, and would like to have kept the services in-house, but the need for specialist expertise within his organisation drove an outsourcing programme.
- 3.11 There were a number of dimensions to the nature of the expertise. Some noted the ability of security companies to deal with specific types of threats such as animal rights activists, some pointed to the contacts that security specialists have locally and globally that can be useful when the need is there, some drew attention to the fact that they could be trusted to do the job leaving the organisation free to focus on its own business. One strong advocate of outsourcing security to security companies articulated the advantages over in-house provision in this way:

With in-house get a very stagnated work force – don't get adequate training and development from security industry point of view – they are part of the organisation rather than part of the security industry. Very little knowledge of changing threats and risks. With outsourcing there is more focus on training and development.

Head of Security, finance company

- 3.12 In a middle eastern company, security was sometimes outsourced to the state because its services were better equipped to deal with some of the higher risks the company faced (in Petroleum Exploration and Production). Some low risks areas were outsourced to security companies sometimes because there was an obligation to employ locals and this was viewed as the most effective way of facilitating this.
- 3.13 A second major reason for outsourcing, and probably the most commented upon, is that it is cheaper principally because personnel could be employed on less advantageous terms and conditions:

Cost – cheaper to outsource - if someone is directly employed by the company they get benefits etc which would be a lot better than those typical to the security sector.

Procurement Manager, law firm

- 3.14 There are two points about the savings. The first is that some felt the savings on a large budget could be significant, while others, often on smaller budgets felt they were slight.⁹ And this overlaps the second point, that there were risks to deploying staff on less favourable conditions since that would typically mean the personnel were less able and/or motivated to do a good job:

There are savings to be made by outsourcing (e.g. min wage + 5% in security industry) so we would get reasonable savings from a 5 million pound budget but the savings balanced against potential risks aren't something that anyone has an appetite for at the minute.

Head of Security, university

I wouldn't say there is much cost savings having outsourced as opposed to insourced. But they cover sick leave and things so it is easier.

Head of Security, broadcast telecommunications

- 3.15 A third reason why sub-contracting security was favoured was because contractors were felt to be more flexible. One head of building services for an institute noted they needed extra staff from time to time to cover additional events and a flexible arrangement with a supplier facilitated that, and a security advisor for an energy company noted that he required the contractor to have a contingency of staff available for use in certain circumstances. A security manager for a train operator noted that using contractors '*allows you to make decisions quickly as (the) contract is flexible.*' In short, it was easier to change and redeploy staff and call on more when needed:

Flexibility, we can say move this guy, transfer this chap, and remove this guy, and it is difficult if you employ them.

General Manager, security, shopping centres, Australia

- 3.16 A related issue was that by outsourcing it meant the organisation had a lower head count, and in organisations where there was a block on recruitment the flexibility suppliers offered was another advantage. In any event, outsourcing was seen as less administratively a burden since day to day management issues of staff were passed on to the contractor:

We decided to outsource as we didn't want the headache of managing the staff force, sickness, holidays, welfare etc. We thought it easier to outsource to a range of KPI

⁹ It was also noted that some services, and kidnap and ransom was an example, were expensive to procure. The issue was one of how often they were needed and whether this could justify an internal appointment.

and SLAs than do in-house ... In-house you have trade unions and rights and things, holiday rosters and annual leave.

Security manager, train operator

Being an American company we are precious about head count – as a result the way profit works and we are marked on, on the stock exchange, means we want a lower head count – profit looks better divided by less ‘employees’.

Senior Director, Global Operations – FM, Pharmaceuticals

- 3.17 Moreover, and this is important, it was argued that it meant that the organisation could focus on the discipline of achieving good security rather than getting bogged down in routine issues, ‘you can manage security, whereas when it is in-house you can get lost managing people’.
- 3.18 A fourth reason why some preferred to outsource, and only sometimes was this a secondary reason, was that it enabled the organisation to transfer liability for some risks, and this includes personnel under performing on to contractors:

Liability, if security officer violates guidelines then we can put that on the security company, so you limit liability in a litigious area of security.

General manager, security, shopping centre, Australia

We use to have everything in-house, and the most important factor for moving to contract services was to reduce the company liability. So cleaning and security were done in-house, the problem was that we were directly liable for slip and falls or wrongful arrest, so by contracting out we have reduced the liability. The objective was not to save money, but did we? Yes and no, on salary we did not save money but we reduced obligation to pay benefits.

General manager 2, property management company, Canada

Why not outsource?

- 3.19 There were principally three reasons why interviewees felt that sub contracting was not a good idea. These were that security contractors were not perceived as sufficiently competent; that the organisation did not have expertise in contracting work; and that the organisation liked to keep control of security because it was deemed important and therefore merited being kept in-house.
- 3.20 Some interviewees felt that contractors operating in the security sector were not sufficiently competent to be trusted. They pointed to the fact that guarding companies suffered high levels of turnover with negative consequences for service delivery. One interviewee pointed out that on a very diverse university campus where in an emergency students and

emergency services may need to be directed quickly and accurately, a lack of familiarity with the geography could result in safety being compromised. Others noted that security companies paid their staff low wages, employed them in adverse working conditions, management was slight and often not competent. One security advisor for an overseas energy board noted that it had decided to transfer security in-house in no small part because of the inconsistencies in the service of contractors. Another interviewee reported that her employer had wanted to sub contract security as it had other services but was unable to find sufficiently trustworthy companies:

I would go out to the market if I could, because we are not the experts ... to have an external team would be brilliant ... Our electricians are contractors, but they are here everyday and they do a brilliant job.

General manager, property management company, Canada

3.21 However, not everyone who compared in-house with contract was comparing like with like, for example where guards working for contractors on minimum wage are compared to in-house staff on better terms. In one conversation where a FM for a medical sales company lamented the turnover of contract guards on minimum wage and was arguing the need to bring the service in-house, the interviewer asked why he did not make provision for contract guards to be paid well within the budget, the response was '*that is their responsibility*' and felt justified in insisting the KPI to reduce turnover was a reasonable way to proceed.

3.22 A second reason why some companies preferred not to sub contract is that there was not the corporate expertise in being able to do so well. Here interviewees focussed on their own organisational limitations rather than those of security companies.

3.23 A third major factor was that of control. As one interviewee noted:

If we outsourced that then we wouldn't have the assurance. By doing it in-house we can be sure the controls in place meet the risks of the business.

Head of Physical Security, retail banking

I think we like the fact that when we have in-house they are a little more vested in the property ... part of the group/crew, part of the team.

Senior Property Manager – property management company

3.24 In some cases it was felt that certain aspects of security, if not the whole security function, were too important to be trusted to others. One interviewee felt that 'revenue protection' work fell into this category:

I would be very reluctant to outsource that side of it because you take the ownership away ... I would be uncomfortable with outsourcing so that would make bundling more difficult.

Security Manager, train operator

3.25 Similarly, another interviewee noted:

It is a confidentiality and a brand issue; ensuring that our brand is not damaged, and the other reason is that if we do it in-house then we retain control of corporate investigations, with any incidents we may not want to publicise it or take it any further, it may result in in-house disciplinary action or it may go to the police or whatever but we want to keep control. So a brand reputation issue really.

Security Advisor, property management company

Bundling in perspective

3.26 In the survey clients were asked to state their level of agreement with a range of statements about the potential advantages and disadvantages of working with security as a single service, and security as part of a bundle alongside other FM services. Some of the key points that emerged are highlighted below. This data is supported by that derived from interviews, where questions were open ended facilitating more detailed and varied discussion.

Why bundle?

3.27 The advantages thought most likely to be gained by bundling security with other FM services, highlighted by the 50 respondents to the on-line survey were:

- Joined up FM service provision
- One individual with sole accountability for FM services
- Reduced administration for client
- Streamlined contracting costs and processes
- Economies of scale

3.28 Similarly, when asked to highlight the advantages of single service provision, the advantages least likely to be identified as arising from single service provision mirrored those above seen as the main advantages of bundled services, these were:

- Joined up FM service provision
- Multi-skilled employees
- One individual for sole accountability for FM services

- Economies of scale
- Streamlined contracting costs and processes

3.29 Perhaps the key point to make is that any potential benefit that can be derived from bundling will depend on the effective management of the operation. This was reported as fundamental. Many interviewees noted that there was a skill set, on both sides, buyer and supplier, to maximising the benefits of bundling. With this caveat in mind there were principally four overlapping reasons why organisations said they favoured bundling and reflected very much the points made in the survey, these related to cost savings, greater efficiencies, that suppliers were now developing an expertise in bundling, and it provided an opportunity for improved management and standardisation.

3.30 Many interviewees highlighted that one of the principal and most visible advantages of bundling was a cost saving, and in some cases this was viewed as being significant:

Price, with single, this is a really big issue 15% is probably the average that you would have to pay more for manned guarding from a specialist supplier than from a TFM or whatever.

Security Advisor, property management company

In 3 shopping centres we did bundling, security with cleaning ... saving a 1% reduction by bundling with cleaning, well we make quite a saving, we have to look at it.

General Manager Security, shopping centre, Australia

Sometimes (we) bundle security with FM, security and cleaning ... That brings economies of scale ... in the management, one account manager managing both. (it is) easier to manage with less contractors than more. Also (it) cuts down on invoicing ... but we don't just bundle because of saving, they have to have a track record of providing each service to a high standard ... With site meetings you don't have to sit down with all the separate contractors – it reduces management time and dealing with them all. That is a benefit.

Senior Regional Facilities Manager, property management

3.31 In addition to cost saving it can also provide financial flexibility:

Actually I would say there is a benefit to bundling that gives you more financial flexibility, so if you have an 80 million contract you will have a degree of contingency for managing stuff, so say 10%, 8 million pounds. If you have an 8 million contract there is a lot less.

Head of Physical Security, retail banking

3.32 There are a number of ways in which bundling was perceived to save money. Interviewees spoke about having a single point of contact, less

insurance and legal costs, less overheads and profit for each company (as would be the case for single service), and dealing with one account team and in some cases with a single profit and loss account to focus on. There may also be a need for less management or supervisory personnel in the contracted service but also potentially internally:

Cheaper approaches are the integrated services without a doubt as (the provider) would be looking to have a flatter management structure over the services by bundling their own management.

Security advisor, property management company

One of the primary drivers is a SPOC ... You deal with one account management team (you lessen the dangers of the) murky world of people blaming each other.

Security and Operations Manager, event centre

- 3.33 In the survey the 'economies of scale' advantage was attributed to 'security only' by just 20% (n=10) of clients, versus 60% (n=30) for 'security with FM'. This raises two points (which will be discussed later in this section). The first is that cost savings was not an exclusive advantage of bundled, although primarily this is the case. Second, clients feel the benefits of economies of scale are more likely to be achieved through a bundled approach than a single service security approach, although a large-scale single service security provider would achieve some economy of scale.
- 3.34 Additional cost savings, and this is a second point, can be derived from more efficient working. Given the diverse range of services that are relevant here, the way this might occur varied. Several interviewees spoke about the advantages of bundling secured manned services with technology, where typically technology was used instead of manpower offering greater efficiencies and reduced costs. More specifically, and slightly differently, one security advisor for an energy provider in north America pointed out that his company had always purchased various elements of security separately, and specifically guarding, concierge and first aiders. However, a development in the supply market, and the ability of suppliers to offer more than a single service had encouraged the company to think differently. As a consequence, they tendered for a security guarding service where the guards were also trained as concierges and first aiders. The savings were derived from less management, less staff, but also from improved integration.
- 3.35 Another interviewee, based in Australasia noted that his company had piloted bundling security alongside cleaning. The interviewee reported that this had initially floundered because of the incompetence of the companies in question, but further work had indicated progress:

Cleaners can be on the look out for any problems and help reduce crime by noticing who should not be in places. So you can create a culture of teamwork and keeping watch. Generally cleaners are happy to do this.

On the security side, guards pick up papers as they walk around. They can identify slippery services and protect us against slips. We tried security officers clearing up and it worked, but security companies said if they did this they would then be liable and their insurance would go up. But we have a company that have said they will do it and we will try it. But it needs managing.

General Manager, security, shopping centres, Australia

- 3.36 Another Australian FM reported that his company were moving from in-house to a TFM solution, principally because it offers greater efficiencies, specifically because driven by a variety factors:

Ideally I am looking for one company to offer an almost total solution, that is one managed service that can cover hard and soft services, with just a few things left outside such as stationery. One of the main motivations is a lack of resources internally, and this will create resources without increasing head count, at the moment we are trying to do too much. It is hoped we generate cost savings, but the intention would be to increase service quality, be compliant with legislation, and so if we save money that is good, and if it costs the same that is acceptable. The company I would outsource to manage facilities like this; it is their business, so they would be able to provide me with supervisors, account mangers, and ensure that we are compliant, that we are sustainable. Currently I have 20 sites with 20 cleaners and 20 electricians and I don't have resources to deal with them, and with one person overseeing everything I can say get that sorted ... Security will be included in this, I will expect the outsource facilities company to provide reassessment of services and I would expect them to manage security, they would need to recruit a security company, they would provide me with recommendations, they would not make decisions about who we select.

Facilities Manager, oil and gas sector, Australia

- 3.37 The point about integration will be discussed more in the next section, but the potential efficiencies gained from avoiding a silo mentality, and the difficulties encountered in getting separate suppliers to work together was a driver for bundling and integration. One interviewee from a Canadian property management company noted that it had tried to cross train security staff and cleaners to provide 'twice the amount of eyes on the property' but 'we are not really geared up for it'. A related issue here was that having one overall FM supplier company offered flexibility:

The downside (of not bundling is) less flexibility, an integrated provider has a bigger workforce to choose from. Although (it) might not be trained licensed security ... they can flex the workforce more, whereas single

security can't be as flexible as they only do security. They may be able to move people around contracts and things.

Security Advisor, property management company

(There are) economies of scale in teams helping out in other areas, multi – cross skilling, if done right, with the right training and skills (means you can) utilise labour better.

Security and Operations Manager, event centre

- 3.38 One other point, relevant here but discussed later, was that one of the main weakness of bundled or TFM services in particular is that it may not deliver the best in class. One interviewee felt that this disadvantage could be controlled by a good procurement process and effective management, and thereafter the benefits outweighed the potential negatives:

There was some internal debate about whether we were comfortable about including security in a TFM contract – concern about capabilities of TFM companies – lots of good cleaning companies that do a bit of security. This is a huge security contract ... we took the decision to test for an integrated solution in the market. (we) built specific measures and questions around capability to flush out issues around security (via the) PQQ process and formal tender process.

Security and Operations Manager, event centre

- 3.39 Indeed, this overlaps a third reason why some companies decide to bundle; they have suppliers with the expertise to lead them:

Actually opportunity is the biggest factor here. I have a provider able to provide the solution that drives this largely and were my contractor not providing this solution we wouldn't have adopted it. We didn't appoint them because of this model but it was developed with them.

Head of Security for a bank

- 3.40 A number of interviewees made the point that expertise at bundling FM generally, and certainly with security was relatively new, and had a supplier not led the way by setting an example, either for the client or a rival, then it might not have occurred. Often what evolves is viewed as a partnership between buyer and supplier, but it starts with the premise as one interviewee noted, 'we aren't caterers, we don't do security or cleaning, so why try ... get the experts in.'

- 3.41 A fourth reason for bundling was that it provided an opportunity to standardise practices and thereby improve management practices. This went beyond the easier administration and management time required through having either a single or less points of contacts it also enabled more streamlined management. As one interviewee noted, 'having one way of doing things is much more efficient, even it is actually less efficient itself. It is more efficient than having bits and

pieces'. Indeed, in some cases the drive to bundling was inspired by the belief it provided both a standardised approach and was more efficient:

We buy as a bundle. It used to be decentralised, and each (department) did their own thing. Property got their own contracts for security and so did another department, now we are going centralised, because of efficiencies of management, standards of service delivery because we can ensure everyone uses the same methodology and we can easily measure that, we call one person about a topic and get one reaction ... One of the trends, security provides were one trick ponies, just guards or cameras or intrusion alarms, more and more companies are becoming a bit of a supermarket, they are moving from specialism to master of trades. So it makes sense one source for all or most of services required.

Security Advisor, energy provider, UK

- 3.42 For some companies, not least those that worked across sites and regions the benefits of having one approach, instilling a company way of doing things, was seen as especially advantageous.

Why not bundle?

- 3.43 In the survey respondents were asked to consider a range of advantages and disadvantages of different types of services. The six advantages most commonly attributed to 'security only' were that it provided:

- Expert security knowledge
- Expert management
- Specialist expertise
- Clear delineation of responsibilities
- Greater client control of services
- Reduced risk

- 3.44 As might be expected three of the five advantages most commonly attributed to security provided with other FM services, overlap with those least commonly attributed to 'security only' or single service security. This situation can also be seen in the advantages least attributed to security with FM, these were:

- Expert security knowledge
- Reduced security risk
- Best in class delivery
- Expert management
- Specialist expertise
- Clear delineation of responsibilities

- 3.45 These points were very much developed in the interviews where the principal reason why interviewees said they preferred not to bundle was because they viewed security as a specialism, and more precise reasons were given as to why management was perceived to be better; it reflected in a different way the belief that security was a distinct area of expertise and needed to be presented that way for the benefit of the organisation. Frequently, where the interviewee was the security representative of an organisation, bundling could be viewed as a mechanism for undermining his/her position, and in at least two ways. First, if security was part of a FM bundle it signified that it was not important or not as important. Second, and following on from this, if security could be managed by a non specialist security supplier, was an internal specialist needed? Unsurprisingly then, a major reason why interviewees were against bundling was because they saw it as diluting the security offering and as a consequence placing the organisation at greater risk. Other reasons, discussed below included the belief it more often than not divorced the security expertise in the client organisation from the security supplier; that managing the interface between security and facilities management was a complex one (and may be the same for managing different security services); that the market did not offer what they needed; that it entailed putting all one's 'eggs in the same basket'; that the skill sets for managing bundling did not exist in the client organisation; and, interestingly because bundling generates additional costs rather than makes savings.
- 3.46 First, some interviewees noted that security had been a part of Facility Management, either internally headed by a FM specialist or subcontracted as part of a FM package, and this had served to undermine the security offering. One interviewee noted that when he joined the company the management of guards rested with FM but he successfully argued it needed to come under his domain because security officers were undertaking other FM roles and this distracted them from their security work:

There wasn't any understanding by the FM organisation and the business of what was needed. So I sought to put it all in some sort of order and take away the need for the FM organisation to worry about it.

Regional Director EMEA information technology company

- 3.47 Others made similar points, and we have quoted extensively here to highlight the beliefs:

Also FM is not specialist in security and there is a lot that happens in security, threat levels change and those that are dedicated to security keep abreast of these, provide more accurate information that sort of thing. It is quite specialised ... Security specialists have more expertise, and really that is the point. Within security specialist organisations you find people who have a security

background, and they understand the difference that expertise brings.

Head of Building Services, institute

We want a best in class solution, by best in class people – so we separate the service lines and get that service from the best in class providers – go to dedicated specialist renowned for that element rather than one provider that can provide everything. Our guarding provider does have provision to do everything, but their strength is manned guarding so we only procure that from them.

Head of Security, risk and insurance broker

I was never sold on the bundling strategy – 6/7 years ago our head of FM came up with the strategy – but I was opposed to it – I wasn't convinced security can be bundled – if you believe it's a specialism, why would you bundle with cleaning and catering? I pushed back hard on it but was overruled. I didn't work though.

Head of Security, finance company

No we only buy security alone, we consider security to be a specialist function. I had a senior person from a supplier say when being interviewed during the tender that he was interested in our cleaning and asked whether that was possible. We felt that they saw their role as supplying people, but we want security expertise not a manpower provider, because of the legislative requirements.

Senior Security Advisor, oil company

- 3.48 A second but related issue, is that by bundling security professionals perceive that they lose control of the security function with negative consequences for the company. In practice this is not always the case (see below), in some cases a bundled security service can still be accountable to an internal security manager, but often bundling signified a move to greater FM involvement. Some argued, that if the organisation had decided a distinct security position was necessary to protect the company, diluting it made no sense. Several points were made here, including that the more the security professional was distanced from the security delivery the greater chance there was that things could go wrong and the more difficult it was to identify shortcomings and correct them, and it lessened the opportunity to exercise control over security because it was always linked to something else:

First and foremost it retains the independence for the security department to monitor what is going on in other parts of the business, that independence to keep an eye on things. Follow this up with getting specialist providers.

Head of Security, broadcast telecommunications

You will get dedicated security expertise. Whereas with a bundle you may get a diluted level of attention from their

in-house security management team because you will be one of a number of contracts they are looking at. You have the total freedom to make strategic decisions on a directly managed security contract. With bundled you are always part of a bigger contract so you will need to make strategic decisions alongside other services.

Head of Physical Security, retail banking

- 3.49 This view was not held by all. It was also noted that since security was a part of the business, it was better managed by business units rather than security:

Once the provider is selected the business in question would look after the security ... I see this as an advantage. I write the policy and procedures and the business lines then run the show, and the security supports the business. After all the business line knows its business and how security best fits in. Any management at a refinery contract rests with the refinery.

Senior Security Advisor, oil company, Australasia

- 3.50 A third point raised was that in practice the process of managing the link between security and other bundled services was a complex one. One interviewee noted that when things go wrong 'there was a lot of finger pointing between them', and another noted that one 'can have issues with contractors not supporting each other'. This is more acute when a purpose of bundling is to provide synergies by some form of joint working. Some argued that there was a real issue of distraction if one type of FM service, be that security or any other, was asked to fulfil another function. And that each function had a specific skill set which if done well could not be undertaken by someone not fully trained and not fully engaged. A typical comment here included:

If let's say for instance a FM department buy a bundled service provision from a supplier saying they can do virtually all front of house work for them, including mail, cleaning, security, chauffers, gardening, etc when it comes down to them delivering on their promises there is the risk that they will beg steal and borrow from those different areas to deliver on an individual service. If for whatever reason they run out of cleaners they might use mail room staff/security to cover. They would see their pool of resources as one big pot and moving staff around which reduces service levels. I think this has a big impact on service levels (20-30%)! It is always security that ends up getting doubled up in these roles. It gets put in the area of value added service. It dilutes the effectiveness, by going for bundled.

Head of Business Resilience, energy company

- 3.51 A fourth reason why some organisations were against bundling was because the market did not offer what they needed. Some of those interviewed from overseas indicated that in their countries bundling was

undeveloped or under developed. Some interviewees noted that in some countries there was a tendency to sub contract work and this was difficult to control and it was more difficult to ensure that adequate minimum standards were maintained:

Here we don't have a range of providers who provide the holistic approach. So I felt specialist was better than a generalist. You can get efficiencies but I think the cost is outweighed by the expertise you get.

Operations Services manager, blood service (overseas)

- 3.52 Concerns were expressed even when just security services were being discussed:

They don't have experience in these wide areas, they tend to only have experience in their own field ... We have different companies for different areas of security, manned guarding, cctv installation, they are different. We buy different services from different companies because of expertise, we don't normally buy two different security services from one security company.

Physical Security Officer, Petroleum Exploration and Production Company, Middle East

First in (this country) we don't have companies who have the same knowledge of two or more services such as security; these companies are good at everything but not excellent at anything. Also if I am happy with security and my colleague is not with cleaning, then what do we do? We have to stay because of the broader contract but after three warnings you are still stuck.

Strategy & facility services, Insurance/banking, Europe

- 3.53 The fact that some providers were limited in what they could offer, and may try and fudge their skill sets or sub contract areas where they were weak, concerned some interviewees. In another way, one interviewee felt suppliers favoured bigger clients:

My experience of FM providers is that as a small company we don't always get treated seriously.

Head of Building Services, institute

- 3.54 A fifth concern about bundling was that it entailed 'putting all your eggs in one basket' and some argued that was poor risk management. If the supplier failed to deliver, or went out of business, the organisation could find itself in a tricky position. The security representative from a university noted that a key component of successful bundling is a good relationship with the supplier representative, and if this was poor or became adverse it could undermine the quality and effectiveness of what was provided.

- 3.55 A sixth issue, was the concern that the skill sets for managing bundling did not exist in the client organisation. One interviewee warned that

there was a danger that an organisation could end up with bundled services or TFM by default:

Can see TFM happening, as contracts come up the FM contractor will want to tender for security or whatever and if they win it then they will be in TFM by the back door. It wouldn't be a straight buy of a TFM but it would be a sort of back door way to doing it.

Security Advisor, NHS Trust

- 3.56 A seventh and final point, and one that receives little attention is that bundling actually costs money rather than generates a saving. One interviewee argued, 'it just gets lost in numbers and there is no saving'. Several pointed out that the labour costs involved in managing bundled services are more than is sometimes apparent:

In a bundled bid – someone is responsible for the P&L [profit & loss] of the entire bid – and they have to engage with 4 or 5 people to see if we can rob Peter to pay Paul. So single provision – saves time and energy and allows you to be very proactive – rather than an internal bun fight in FM until someone is brave enough to decide.

Head of Security, risk and insurance broker

FM is not (our) core business so it has been presented as an area where they want cheaper, cheaper, and I say no, let's think. If the supplier has a good contract and you have built something with them why change? In this climate procurement is becoming more powerful, they don't look long term, low fees mean suppliers don't do so many things, so we have a contract that is not what we need and suppliers who are not happy, in the longer term this costs money.

Strategy & facility services, Insurance/banking, Europe

- 3.57 In one case a FM service was seen as too expensive and a company was in the process of terminating the contract of the FM supplier. It had decided to manage the contractors directly:

We tender for a range of FM services for all 6 cemeteries. Security was one, road sweeping, air conditioning, audio maintenance, fire hydrants, waste management, hygiene cleaning, generator maintenance, filtered water, pest control, cremator maintenance, gutters and downpipe cleaning, electrical. We appointed one FM contractor, who then sub contracted the individual services, and they are meant to be go between. They add 10% as a management fee on each subcontracted service. But we are so dissatisfied with the service offered and the cost we are getting rid of the agent and plan to manage the contractors ourselves ... In 2 months time we will be managing 100 per cent of them. My team are doing it any case because we are paying a FM contractor who is not

doing the work. So we will manage the FM contract direct ... It will improve communications and avoid the delays and costs inherent in having a third party. I will get a more timely response because I don't have to ring a FM area manager who then rings the security company who then calls the guard, I will cut out a link in the chain, 10% saving on cost. It saves my time, it improves speed of response.

Coordinator Planning & Projects, in charge of cemeteries for local authority overseas

3.58 Others felt that potential savings were illusory:

For cost – a bundled solution would potentially give efficiencies on budget, but when you drill down – when I need something to happen now I can do it without incurring too many costs. In a bundle everything additional is chargeable – there's no flexibility in the contract. If you want to swop something / change headcount – it becomes a chargeable service and all your extras negate any 'savings'.

Head of Security, finance company

If you have thought of everything and it is covered within the quoted price then good and if you haven't then you are going to be charged for it and if you haven't planned for it you could be kicked around the yard for it.

Regional Director, information technology company

3.59 Others pointed out that the extra costs that can be incurred by an activity not being in a budget, and therefore charged as an extra, or in a budget but facilitating additional revenue, adds up to make a contract less financially attractive.

The influences on the procurement decision

3.60 The reasons why organisations decide to outsource or not, and whether to bundle or not are influenced by at least six key factors, these include: tradition; the existence of a central policy; the existence and influence of procurement; the status and importance of security; the status of the security lead; and the role of the security function.

3.61 A first and major issue often appears to be 'tradition'; that is the way it has always been done and there is either insufficient inertia, or a lack of conviction or commitment to making a change. A second factor concerns the existence or not of a central policy dictating the ways things need to be done; this could be a strategy of outsourcing and bundling or not. Some companies have a strong commitment to bundling or providing a single service and as that is the ways things are done services are procured in that fashion. In some countries or regions the market, and the lack of a certain type of supplier will influence what options are possible. During the period when interviews were being conducted for this research one region of Australia was

suffering from a loss of skilled workers to a boom in another region and so companies were changing their strategy of a reliance on contracting and moving in-house. Sometimes there is an inbuilt resistance to adopting a particular strategy. For example, sometimes public bodies, and a representative from a University made this point, are sceptical about the use of the private sector and this can be difficult to change. Often practices within an organisation may vary not least where it engages in a range of different businesses. For example, a library may include a museum, an art gallery, cafes and restaurants, a football club may include conference facilities, a shop, bars and eating places and these may put in place – by tradition or design - very different arrangements.

- 3.62 However, even quite significantly sized companies will leave the decision to local or divisional units to decide what is most appropriate. This does not mean that procurement will not be involved, but that involvement will not be to influence a specific central strategy. For example:

There's no business policy to determine the approach. As the service owner I'm responsible so have a certain level of autonomy along with procurement to put the best thing forward.

Head of Security, finance company

We have a policy – but we can and do change it 3 times a week if we want – it's not foisted on us. We have a steering group – we've got to react to change. Danger in our sector, every site we manage is different, every client is different – we've got to be able to adapt.

Head of Property Management, property management company

Each business stream is responsible for their own profit and loss so they make their own decisions as to whether to bundle it or go direct ... Driver for change would partly be culture and partly operational efficiency.

Head of Physical Security, retail banking

- 3.63 One interviewee highlighted two key points about its procurement strategy. The first was that as it was decided by the Board, this took away the opportunity for specialists to try and argue an exception to the policy because their area was different. The second was that it was very specific in terms of what was required. This enabled the company to overcome concerns that by buying via an FM company the security may not be as good as it would be from a specialist security supplier:

I had some concerns about (the supplier's) capability to deliver security. There are other bigger security companies out there that may be better placed to deliver. We flagged the concerns and made sure through the selection process that there was robust enough clarity and measure to ensure we would address that. The strategy was to get the integrated solution, single P and L

and accountability (which is) easier to achieve with a single contract ... We were very specific in our specification – clear on what we expected and what we want – helps tendering and ongoing contract management.

Security and Operations Manager, event centre

- 3.64 Others noted that it was vital that any approach taken was clear, well researched, effectively procured and backed up by an effective implementation plan with operational support. For example:

It depends on their tender document etc. How tightly written up and clear their parameters are set out initially. The tender process needs to be strong. If you are going down the bundled route you need to be very clear on what you want and what the companies can actually provide. Be clear in service level agreement what the instructions relating to security are.

Regional security director, manufacturer

90% of problem solving is understanding the problem you are trying to fix. If you get that the procurement of solutions is a lot easier. Problems are getting hamstrung with a suite of services or a contract that you don't actually need.

Security and Resilience Manager, energy company

Bundling a whole raft of services you need to ensure that the structure allows each service to operate on their own so there is no confusion in who is dealing with it.

Physical security manager, savings and investments

- 3.65 A third factor which merits comment here is the nature of the contract with the supplier, the ways in which it defines deliverables and the extent and ways in which these are well thought through and effectively monitored. A related issue here is the extent of the autonomy given to suppliers. A FM in Australia planning to bundle his FM with a contractor was acutely aware of the issues to be considered:

I will specify those sites with these services I want managed, we would be setting the scope and minimum required levels of service, the audits that need to be done on plants, on maintenance schedules being put in places, I will want budgeting done and I will include incentives on savings ... It is their job to get security for the scope that I require, if I let them downgrade security it is me who has not managed security, anyway we are in a first world country and the security measures here are different to Africa, there are no armed guards, the requirements are basic. The point is that it is not up to FM provider to state what we need merely to manage it. They would have to be compliant or there are penalties.

Facilities Manager, oil and gas sector, Australia

- 3.66 A fourth factor is the role of procurement, and where this exists, the purpose will be to ensure the best deal (although interviewees from some Canadian and Australian companies indicated procurement was less influential). If security (in particular) and FM personnel sometimes lamented procurements involvement in focussing on price at the expense of quality it was also the case that they were seen as offering an alternative and important expertise, and one that had to be taken account of, and where it prioritised price over expertise, managed:

So I build up the business case and there are discussions on it. So the key people are procurement, so as long as they understand your point of view. Another thing to remind them is that I am the only person with a qualification in security ... You kind of need to let people know you view them as experts and they do the same for you ... whichever route you go depends on your business and your building and the individual head of security and how they put their case forward. And if you don't have that relationship you won't get your way.

Head of Security, broadcast telecommunications

Procurement people are not as important as they want to be and used to be. Four or 5 years ago they wanted things as cheap as possible and I had told them you had to invest in services for them to be better in the long term. If a supplier company gets a decent fee they can actually do more because they make good decisions and advise us. It works.

Strategy & facility services, Insurance/banking, Europe

- 3.67 Indeed, some warned about the dangers of getting things wrong at the procurement stage. As one interviewee noted:

It is about us asking for the right thing. Getting the right people in the project team to see what information we need from a PQQ to allow us to get the best people, sorting references and that kind of thing. Asking the right questions at the ITT stage. If there is a gap in maintenance proposals then that is a problem. I know another area procured a lot of machinery but didn't put a maintenance agreement in place so the company can basically charge what they want, and it is bound to come and bite them in the ass later.

Parking and CCTV manager for a local authority

- 3.68 There is little doubt, according to feedback from interviewees, that the development of procurement expertise as a corporate function in its own right has been an important element and has represented a key change in the way contracting is undertaken. What it involves is a corporate expert, and an important one at that, evaluating 'cost' and 'value' and having to be engaged on how corporate money is spent.

- 3.69 In the survey clients were asked what factors limited their flexibility in determining what type of mix of service options they wanted and the most commonly cited was the organisation's procurement process (41.8%, n=18), followed by financial constraints (38.1%, n=16).
- 3.70 A fifth factor is the status of the head of security (and whether one exists) within the organisation, and his or her status compared to that of the head of other business functions, not least procurement. Elsewhere it has been noted that security directors within organisations see procurement (as well as other business functions) as more important (Gill and Howell, 2012). Sometimes an approach is influenced by a manager/director with strong views and he/she is able to influence decision makers as to what he/she thinks is best. A head of security for another overseas bank made the point that where there is an internal specialist there is a tendency to favour a specialist provider, reinforcing the point that security is a specialism.
- 3.71 A sixth influence is the role of the security function in the organisation. To a certain extent the decision about whether security is suitable for bundling will be affected by how the organisation views security compared to other FM functions, here again views varied. There were some companies where a particular FM service was deemed to be crucial, power was highlighted by one manufacturer, and the supply of filtered water in another. Many noted, that all the FM services were important, and there was always a problem when any one of them went wrong, that they all sometimes did, and the impact would depend on the scale of the problem. As noted above, where there was a regulatory requirement to provide a service in a way and that faltered it would be a greater cause for concern, and this sometimes applied to security in that in some industries security was regulated, and some types of security services in the UK are regulated (and abroad practices varied). A Parking and CCTV manager for a local authority noted that security and FM services are all unique. For him the real issue about security was that it involved dealing with the police, managing data protection issues, and with surveillance there were always some people who don't like to be filmed. It was noted by some respondents that if security went wrong then the consequences can be more serious, that is where security played a more critical role in support of the organisation. For example:

If a wastepaper bin doesn't get emptied it can wait but if a security guard doesn't turn up or an alarm isn't responded to then it is more of a problem. Making sure the guys are there is maybe more important but not honestly that different from the other services.

Security Advisor, property management company

Depends on definition of importance. We need the building to be secure and it is of paramount importance, but if our security contractor walked out tomorrow we could quickly get another solution in place – so it's not

something strategic. Some other services are more business critical – if e.g. a data centre stopped working, the entire firm can't work. We have a scale of 1 to 4 for contracts – 1 being critical – catastrophic effect on business, 2 is if service goes down disruptive – can manage in short term, 3 – where security sits – if goes down some disruption but doesn't immediately impact the business, 4 – no notable impact. Security is category 3 – it's not going to stop the lawyers working if there's a problem.

Procurement Manager, law firm

They are all important, you can't take cleaning away, nor leasing nor accounting, they all have a spoke in the wheel. It would be more critical if you took security than administration away; security and cleaning you would notice within a day or two, not so administrators.

Property manager, property management company, Canada

The implications can be different if it goes wrong. If a security guard does not turn up you would need to respond to it immediately, if pest control does not turn up today, then you find out tomorrow and you worry about it the next day.

Operations Services manager, blood service (overseas)

- 3.72 Interviewees also noted that security can be more important at certain pinch points, a major threat or crisis for example:

It comes to the forefront when there are issues ... security is an enabling function. When the threat level is higher we are that much more added value.

Security Advisor, overseas, national energy board

- 3.73 The tendency though was to argue that beyond this security was not much different to other functions. It was noted that people, staff in particular were more likely to lament and complain about a lack of power, or being cold, or a malfunction in the canteen, than they were about feeling unsafe:

People will forgo a fear about walking down a dark alley, but will complain if they are too hot. So on complaint gauge security may not be too important. Few complain about not being safe at work, but many do if they are too hot.

Security Advisor, energy provider

- 3.74 Sometimes the importance of security to the organisation and compared to other functions was reflected in either the amount that was spent on (sometimes as a percentage of the whole facilities/contractor spend), or whether it was kept in-house or sub contracted. For example, a security manager for a train company noted that in the his company security was less important than FM because the cost of the FM contract was greater, other interviewees noted:

The corporate functions are all core activities – whereas security is an outsourced contract – so in one sense security is no where near as important, but in another it is important to ensure people aren't getting in the building etc. Security would never feature on top table management discussions. But it's important to have an effective operation. We source it and then they take care of it for us.

Procurement Manager, law firm

The way organisations view it is different, they tend to see clean buildings, functioning lights, are more important, because security does not impact directly. It depends on the make up of the building, and whether there is a requirement for security, have you got access control issues? That is important. If you need guards what for, is it a serious threat?

Project officer, FM, housing department (overseas)

- 3.75 In some organisations security was deemed to be not important at all. This is an important finding, there tends to be an assumption that security is always of some importance, but this was clearly not the view of two of our interviewees;

It is considered a non-entity and a hindrance. In particular physical security ... everything is more important than security ... The incidents that have happened in the past means we can't do anything at all. I would need a bomb going off at the front of the building, that is what would need to happen to prove to them the value of security

Head of Physical Security, overseas based bank

It is fair to say that our parent organisation still regard it as a cost to the business and when I say cost in inverted commas you could say hindrance rather than benefit.

Regional Director, information technology company

- 3.76 Some interviewees noted that perception varied around the company:

Depends on who you ask. If you talk to the director of property he would argue strongly that he sees security as one of if not the top priority and security has to be got right. In reality security if it is good you rarely see and people don't recognise it, you don't notice it if it is working well. You do notice dirty toilets and canteen not working. On a day to day basis that is what is important to the employees. So it depends on who you ask as to the importance of security. The ordinary employee of the company they would say yes of course it is important but that is as far as it would get. It is not the top of their agenda though.

Head of Security, telecommunications

- 3.77 So what factors make security important? One interviewee from a pipeline supplier in the gas and oil industry noted that attacks or the threats of attacks to the supply of energy had heightened interest in security, and others noted that when there was a crisis of some kind it heightened interest in security, at least in the short term. Some said that it depended on the security function itself and whether it had shown that it added value to the business by being effective at identifying and preventing threats in a helpful but successful way. Some noted that in particular sectors there was an appreciation of security, because of the prominence of threats that a security function was there to counter. Where there was regulation of the security function, as is the case in some industries, then that heightens the importance of the role of security, while some noted that because contracted staff (in the UK) had to be licensed that heightens the importance of security compared to other functions:

Security department is quite vocal, we have had some big issues in the past. People tend to listen to what we say ... there is a higher level of appreciation of security, due to counterfeiting and animal rights etc. So it is very strategically important. So as an industry security is very important.

Head of Security, pharmaceuticals

Important, the most important is IP in the medical field that is everything, so we do maintain that. Security is a very visible presence, they are not staffing the front desk but they are right there. Not the most important but high importance ... We have 4 key areas we focus on, engineering, employee experiences, space planning and the last is safety and security. The IP issue drives the interest in security.

Senior Manager, facilities, medical systems company

- 3.78 A security manager for a train company noted that in the rail sector security was deemed important and this was reflected in passenger surveys, while an interviewee from a finance company noted it was 'important for clients to see we are protecting their interest'. One local council which retains 24/7 CCTV monitoring argued that this was important for the 'blue flag award' for visitor safety, and that major incidents, such as quick response to fire setting have been crucial.
- 3.79 One other – related to the importance of security – manifested itself in the ways some companies assessed the ability of the supplier to relate to and reflect the culture of the organisation in the way it conducted businesses. Typically this was referred to in a strategic sense including the need for the supplier to relate to and align itself with the business of the client, but on a tactical level some clients want their suppliers to present it as if they were employees, this included wearing company logos rather than supplier logos on uniforms:

The security provider needs to speak the business of the client and needs to understand the unique requirements of the client and the business language of the client and I don't see that being any different for other FM services really.

Security Advisor, overseas, national energy board

That has challenged them a bit to get autonomy from their wider business. (We) want them to be part of our business – not to do things in the way their company wants to. They wear our uniforms (no supplier logo). We were upfront in the bid process that they would be part of our family, we see them as our services.

Security and Operations Manager, event centre

- 3.80 One other point merits comment here and that is the reason why clients change their approach. In the survey 22 respondents gave explanations and the major driver for change was cost, eighteen of the twenty two clients that had changed approach cited cost as the sole (n=4) or partial (n=14) reason. The most common alternative motivators for change were a change of need (n=8) and dissatisfaction with the previous approach (n=6). For the thirty four clients who had not changed their approach in the last four years the most common reason was satisfaction with the provider (38.2%, n=13) or approach (52.9%, n=18) and that their needs were being met (38.2%, n=13).

A note on partnerships

- 3.81 As noted earlier in this report, 'partnership' is a commonly used word, and interestingly it was seen as crucial to making outsourcing work even with a single supplier approach and to making bundling work, and many involved in the research drew attention to both the importance of effective partnerships and to the difficulties encountered in generating and maintaining them. This involved both getting people, sometimes in different organisations working to slightly different agendas although sometimes in the same organisation too, and also getting technology to work effectively with people, a massive topic in its own right. Indeed, the nuances of all that can be involved were summarised in an interview conducted with a security advisor and a facilities manager from an energy company who when interviewed together drew attention to the dynamics of getting synergy between the various elements of technical integration, then security elements being integrated with each other, then relevant FM elements being integrated with each other, and then all with security.
- 3.82 At a seminar attended by the research team a representative from a multinational discussed how it had decided to consolidate its FM and moved from over 30 suppliers to just 5. At the same time it changed its approach from one that focussed on keeping a watch on what they were doing, to forging proper partnerships. In addition to changing the way the company viewed suppliers it also changed the way that it was structured. For example, the company created Performance Managers

looking retrospectively month on month, working collaboratively with suppliers to build a supportive culture and generate a 'spirit of co-operation'. The managing directors of suppliers came together to see how they could help bring about the benefits of TFM without the negatives. The latest development was a commitment to producing longer term strategic goals to support their collaborative model.

- 3.83 In a different context, where a client was committed to a single service model, the importance of a commitment to working collaboratively with a supplier was highlighted. For example:

We have found suppliers that we have long term working relations with and we have moulded the suppliers to what we want, for the last 7-8 years ... That makes it harder to go to tender to find the same service ... We have invested a lot of time and effort in the suppliers we use ... Nothing is going to be perfect straight out of the bag. No one is going to know your company the moment they arrive on site; you have to train them up to do that ... even the systems we use are completely different to somewhere else. And same our end, you need that drive to improve in the client organisation too.

Head of Security, broadcast telecommunications

Discussion

- 3.84 There a number of points that help to set the context for exploring approaches to the ways security services are provided. First, is to recognize that practices vary widely, and they don't lend themselves to easy classification. As has been shown the skills sets and specialism of the person in charge of the contract, in addition to whether that person is employed in-house or on contract, and the relationship between the various parties involved can have a fundamental influence on the ways security is provided. Second, some issues were seen as advantages and disadvantages of both the decision about whether to outsource and to bundle. For example, some argued against outsourcing because of the lack of expertise of suppliers and sometimes in favour because suppliers were perceived as experts. Similarly, with the decision to bundle, this was seen as more cost effective, but not by all who, given the link between cost and risk, felt single supplier was a more cost effective option. The cost issue is a major consideration although it is far from clear from the viewpoints of those interviewed in this study what the relative cost benefits of in-house over single service over bundled services are, and given the range of factors that would need to be considered this would most likely be difficult to prove. On the other hand there was a clear distinction in what overall were the principal advantages of single service over bundled and vice versa and this was guiding decision making, this will be readdressed later.

- 3.85 From a buyer perspective there was no universal agreement as to the best way of supplying services, be that single service, bundling of

security with some FM services to TFM or IFM. Indeed, there were supporters and detractors of each model, sometimes because of direct experience and sometimes because of organizational approach. There were those who hailed TFM as the way of the future, and those who felt it was the past having been proven not to work.

3.86 As one interviewee noted:

We as buyers have the biggest part to play in this as service providers will give you whatever you want.

Head of Business Resilience, energy company

3.87 From a consideration of buyers' views, the next section considers suppliers and their views, where there are some similarities and also some key differences with the points reported here.

Section 4. What Suppliers Say

If you have the best of the industry delivering their best then that just can't be delivery by bundled.

Managing Director, manned guarding company

Single service providers will say that single provides best in class, I disagree with this outright.

Security Director, FM supplier

- 4.1 This section begins by reviewing key issues identified by suppliers in the ways in which they provided services, either as:
- a single security supplier operating just 'soft' or personnel security
 - a single supplier offering just 'hard' or electronic security
 - a single security supplier where single includes both 'soft' and 'hard' services
 - a single security supplier (however defined) but as part of a FM company either operating as an independent security business (and therefore functioning to win security business alone)
 - subsumed within a FM company

It then moves on to review the key arguments presented in favour of bundling security and what this means, or can mean both for people and systems.¹⁰ The section then moves on to consider the benefits of single service (sometimes the opposite arguments to why a service should be bundled). The final part of this section identifies some of the key factors that determine whether stand alone or bundled services are effective.

Suppliers in perspective

- 4.2 Different types of suppliers, those who provide a range of FM services including security, security suppliers of different sorts including just electronic security, and just manned guarding and those that provide a mixture of different types either alone or with partners, as well as a manufacturer of security are represented in the sample that was interviewed. The main aim of this section is to discuss issues that emerged from the supplier's side.
- 4.3 To start though it is important to be clear about which model of FM is being discussed and used. There are five key points about a supplier's role that emerged from interviews with them. The first concerns the reporting point of the supplier, and whether the company overseeing the contract is the main reporting point and whether there is a direct relationship with the security function within the client organisation. Indeed, as will be shown, some suppliers said that being a single service deliverer or being part of a bundle was much less of an issue if they were reporting to or at a minimum had direct contact with an effective and influential internal security function. The second and

¹⁰ A discussion of the methodology is provided in the Appendix.

related issue is the status and role of the security expert, these varied such that some were advisors to the company or business units and not directly involved in the running of contracts. Sometimes the person in charge of security was also responsible for other functions and was not always a security expert.

4.4 A third consideration for a supplier involved in a bundled contract is the extent to which there is a requirement for integration, which some saw as a dilution of expertise and others as a commercial opportunity to innovate. A fourth issue relates to bundling security functions together; some suppliers want responsibility for all of a clients' security and argue economies and efficiencies in so doing, others set out to be experts in just one type of security (or a limited number of areas) and sought clients who valued that type of security and were prepared to pay for it. Fifth, some FM suppliers had their own security arm which would most often provide security as a single service to clients as well as part of a bundled FM service where required. It seems that the security element is more distinct and a greater priority in some FM organisations compared to others, and so too the extent to which it is recognised as a function with security expertise. Sixth, where a stand alone service is required, this could be for one type of security, or it could mean for security services of a range of different types. If the latter is concerned then integration may well be a key part of the attraction – and typically more of a priority than integrating security with other FM services. Seventh, where security was needed to be integrated with FM, there were often different issues – problems and opportunities - in integrating the 'soft' side of each and the 'hard' side of each. All in all there were a range of arrangements in evidence.

4.5 Some single service suppliers had forged links with others providing other types of service – that is other security as well as with broader FM - which could take the form of a formal partnership or a much looser association. Sometimes suppliers of multiple services would need to partner where a client wanted a service they did not offer. Some saw advantages of sub-contracting in facilitating the drawing in of expertise, others saw it as potentially more costly and more difficult to control and in some cases a potential dilution of the overall service. Some made a point of offering just their service line, albeit that some were prepared to sell into a third party although that was rarely preferred. One group of small security companies had come together to form an alliance and the representatives spoke of the advantage of being able to offer more as a collaborative whole than alone. For those that offered more than one specific type of service, be that security or broader FM, the award of a contract offered the opportunity to offer other services to the client, sometimes incrementally and by being better placed (as an existing client) to bid for work in other areas. Some said they had tendered under these conditions but not always successfully. One supplier of security to a client had tendered for post room duties for example and failed to win it.

- 4.6 Suppliers noted that their job was to offer what clients wanted, sometimes this would be dictated in tender negotiations with sometimes an opportunity to suggest alternatives. Some suppliers said they would normally seek to submit a non compliant tender response because that offered the opportunity to differentiate from other suppliers, and to show expertise and versatility.
- 4.7 In some countries, and France is a case in point, bundling is problematic for legal reasons, and in France there has been a tendency to bundle security with fire prevention and fire maintenance, while in Canada they commission such services as snow clearing. It seems from the interviews conducted for this research that bundling is generally less developed in many overseas countries and especially outside the big cities. In the UK, some argued that bundling was the future, and some argued that it was the past, which, as noted in the previous section, was also the view of clients. There was more agreement that a commitment to bundling varied by sector.
- 4.8 Amongst the interviewees there were committed suppliers of security as a single service. One bid manager for a catering company felt that if catering was being bundled, typically with cleaning and then security, it was evident that the customer did not see any of these services as a priority for them. One facilities manager supplier to a bank noted that his company managed all types of facilities but not security because it was seen as important not least in managing sensitive information about clients and staff. There were also committed TFM suppliers and many who operated in between either by offering some FM services or collaborating where necessary with other service providers. There was a general feeling that the buying and provision of bundling is not mature and buyers are still learning how to manage it, not least where it involves security. An indicative comment here was:

We have a range of options – it comes down to what the client wants and we model around that – otherwise we would never win the business. We are specialists in the market so we will guide clients if we think they are going down the wrong route – but you can't always do that, so sometimes we work on that once we have won a contract and work is underway. We do find that some clients will start with e.g. cleaning and then add on security afterwards, it just depends ... so for us our approach is all about being flexible at the end of the day.

Operations manager, FM supplier

- 4.9 There is one other point that sets the context for understanding suppliers' perspectives, and it is that they, like clients (as noted in the last section), felt that there was confusion and a lack of clarity in the use of a range of words or terms used to describe different types of relationships. Although there was a limited response and so the findings should be treated with caution, the message that emerges from the following Table was supported in interviews.

Table 3: Suppliers were asked whether or not they felt there was confusion in the industry over the following terminology (n=52-53)

Terminology	Yes (%)	No (%)	Not sure (%)
Convergence	75.5	11.3	13.2
Bundle	67.9	32.1	0
Interoperability	64.2	20.8	15.1
Integration	63.5	32.7	3.8
Total Facilities Management	62.3	34	3.8
Synergy	59.6	32.7	7.7
Partnership	45.3	54.7	0
Sub-contracting	34	62.3	3.8
Single service	28.3	69.8	1.9

Why bundle?

4.10 In the survey 83 suppliers of different types of security services were asked to feedback on the advantages gained from single service security ('security only') and bundled security ('security provided with other FM services'). The advantages most commonly identified as arising from bundling security with other FM services were perceived to be:

- Joined up FM service provision
- Reduced administration for client
- Economies of scale
- One individual with sole accountability for services
- Multi skilled employees

4.11 There was certainly some overlap between these and those statements that were least commonly identified as advantages of 'security only', these were:

- Reduced administration for client
- One individual with sole accountability for FM services
- Economies of scale
- Multi-skilled employees
- Joined up FM services provision

4.12 Interviewees were also asked to discuss the advantages of bundling. This was especially easy when they were suppliers of or engaged in bundled service provision. Where they were committed to single service provision they were invited to discuss what they perceived to be the disadvantages of bundling (and why they did not engage with or offer this service). This was the same in the case for single service which is discussed later. The main reasons why suppliers said

companies bundle – and showing considerable overlap with reasons noted in the survey – was because it can save on costs principally by the need for less staff; as a consequence it facilitates innovation; it also offers efficiencies in terms of the opportunity to multi skill staff; and also the integration of technologies generating a range of benefits.

- 4.13 First and predictably, one of the main advantages of bundling was perceived to be cost savings compared to single service provision, there were more comments on this than any other issue. The key factor was to determine why it was cheaper, and to identify precisely where savings could be made, and there were a number of recurring themes: principally less management was needed (potentially on both sides); less insurance and legal costs; and it meant there was less administrative burden from a refinement of systems and needing just a single point of contact (and often just one invoice). Some typical comments here included:

Straight away you will get economies of scale, you won't be getting margin on margin or management on management. I think it is around either multiskilling to reduce cost (getting security to do more, which may mean either we employ less people or it frees up someone in client organisation to do something else) I also think that if you have more services you can start to see the overlap of the services and take them out of silos, either you can take a process out to make it more time efficient or you can possibly cross those tasks over.

TFM Director, Facilities Management

It is a cost driver, that is the main reason. You don't have two managers for say cleaning and security, you have one, and so you get rid of overheads and you get rid of the profits that are needed from different providers, you benefit from a single point of contact, it is much easier to get collaborative working via one provider, it provides for streamlining in their own operation because they only get one invoice, that sort of thing ... Cost is always important. In fact nobody is special or different in this respect, the driver for change is always cost, always, I have never ever met a client that did not want to save costs.

MD FM services, FM supplier

I would say that the main benefit to them is that their overheads would be reduced through using one organisation. You really save on the management. Cost is a major driver, one point of contact, consistency, especially nationally.

General manager, FM supplier offering security, working with healthcare provider

The people I deal with will try and get whatever is best for them, call me cynical but it always comes down to cost.

Director, small manned guarding company

... there is a tendency for bundled supply preference now. It is driven by clients' needs for cost savings, if you have three suppliers each requires a management fee, so taking that away saves money, and you need less people internally too. I can tell you from experience I did not get paid more for taking on all three services from when I had just one. Also taking account of the economy, clients are becoming smarter and procurement is becoming better and they are becoming more skilled as to how to make savings.

National account manager (with major city corporation), FM company

Integrating what does that mean? Let's take bundling, say let's take food, security and cleaning, they can be offered in silos but there is also the integrated approach, silos are the best in class, that is, the client wants the best of each service, buying integrated says I don't want best in class but more than adequate and I want to drive costs down. It means that instead of having three managers, one for each service, I can have just one. There is not always a reduction in quality but it is likely there will be some small dilution.

MD Support services, FM company

- 4.14 Another interviewee noted that there were additional opportunities for savings in a bundled programme – more than would be possible in a single service operation - by virtue of the type of deal that a company can offer:

The economies come from how we drive savings with the client – we have an open book contract – it's a 5 year contract with an option to run for a further 2 years – it's 'gain share' – any savings we make we share with them and some of that goes in to a staff pot to reward the staff. We have a brilliance award e.g. if cleaners get good feedback they get recognised for that – collect points during the year – and that can turn into prizes.

Operations, FM supplier

Looking at my P and L, 90% of the cost is labour. Now I say to the client do you want to pay the minimum wage to your security officer? If you so then people leave, so if you want me to pay minimum wage, then why do I want the business? The reason I do is that we can procure well. Let me explain, if a uniform costs £100, I can buy at £90, because I buy more than most. Also where you can generate a margin I put it at risk based on performance. I am happy to do this. My stand with a client is, reimburse my price, I will be open this is what I pay, reimburse for these costs, now I want to make 5% so I will put that at risk. If I deliver everything I will get my money if not you the client doesn't have to pay me my margin.

MD Support services, FM company

- 4.15 There was another twist as to why bundling was cheaper, and that relates to the way each service can be costed. It was noted that providing more than one service may enable a provider to reduce profit margins/overheads. Some noted that in a bundle one service might be charged out at cost in order to generate a profit in other areas. Manned guarding was seen as a prime contender here because the margins were so slight some wondered whether there was a future for a manned guarding service in the absence of a change in buyer's behaviour:

Cutting supplier margins is not sustainable in the long run, nor is it the best way of going about it. A much better approach is to look at how much you have to spend and decide the best way of delivering what you need but maintaining a margin for a supplier to do a good job. If margins keep being cut, and suppliers continue to accept work as loss leaders companies will go out of business. We need to communicate this much better.

Chief Executive 2, security company (security only)

(there is a) margins issue (with a single supplier), that you can't cut back on security as that is all you have whereas a bundled supplier theoretically can do this, having security as a loss-leader.

Executive manager, small security company

Some of the biggest hooks – bundling the service – bigger players will offer one of the main two service streams at cost to generate greater revenue from another service model so a lot that drives customers to a bundled offering.

Associate Director of FM company (and security consultant)

- 4.16 A second benefit of bundling was that it facilitated innovation. One interviewee noted that in some elements of security margins are tight and so the opportunities for innovation were slight. Technology offered one possibility, but bundling provided further opportunities for driving out costs and generating innovative approaches:

We talked about the margins earlier, they are very tight for security if a customer is going for a 336 (336, hours per week, specified) then every response will be that number of hours in the specification. Beyond the hours there is very little going into that, a little on uniform or whatever, so there becomes very little difference in terms of cost and (it) comes down to what extra you feel you are getting. It is easier to differentiate in bundling. So (there) are more options and more that can be done. Clearly the margin pressures are also pushing some companies out of business.

TFM Director, Facilities Management

(with) bundling ... (you) can drive change and get innovation. Driving more savings (for) customers and in exchange we want longer term contracts.

MD FM services, FM supplier

- 4.17 A number of interviewees noted that bundling security services, and seeking integration between them offered innovative ways of improving security and reducing cost:

If it is a single standalone security contract then there is very little you can do to be creative around your response, but you have to be able to do it. We would do the whole range, if they just want security we can do that and sometimes after site visits we may make suggestions to expand what the security is offering. Right up to a full TFM offering of which security might be one of those services.

TFM Director, Facilities Management

The greatest driver for change is innovation, and single service lose out, they don't have the mindset to thinking differently, because if you take security or cleaning or catering what happens is that the internal lead throws a ring fence around it and keep it outside bundling arguing it as a special case, but only they say that.

MD FM services, FM supplier

- 4.18 Similarly, the head of a security company within a FM provider, and who preferred to see security purchased and operated as a single service, noted that bundling had inspired innovation:

There is no doubt there is a move towards FM market where security is being bought under FM, but I am not that worried because I am able to do both. Buyers are generally driven by reducing the spend, if they are working on a 4% margin you cant save them money, so you have to go for (a bundled security) specification ... That is one good thing about bundling, (clients) have to reduce spend but they are more supportive of innovation than if (internal) security departments were left to themselves because they will all go for the default way of doing things, but with the procurement influence we have all had to be more creative. Procurement people are trying to deliver a number and I don't like them but the one thing is they have driven security to think alternatively, so we don't do the same things.

Chief Executive, security company that is part of a FM company

- 4.19 Some interviewees saw this as more than just an innovation; it was also a crucial way of protecting suppliers' margins in that by looking at a clients' risks, there was an opportunity to reduce the client spend but provide a more imaginative, and they argued better, solution.

- 4.20 A third benefit highlighted was that bundling services afforded the opportunity for efficiencies. A key point made here was that single service provision encouraged providers/functions to act and think in silos, whereas bundling provided the opportunity to break down barriers. To be clear not all interviewees thought this was the case. One individual noted that even if the services were provided in-house there would still be a need to collaborate if not integrate, and the same is true if services are contracted whether as a single service or part of a broader package. Discussing the two approaches, of single service or bundled an interviewee noted:

(They) are equally important – even as a single service we would have to work with other contractors and form a strategic alliance – even if only providing one service still need to work with other partners – so we would try to achieve the same result as we would from TFM.

Operation, FM supplier

- 4.21 On the people side integration typically involves multi skilling personnel, or at least in engaging them with a more varied set of duties.¹¹ This was advanced by some suppliers as a key way forward. The two principal arguments about why it was more efficient were it saved on costs by requiring less personnel, but also offered benefits for staff including the opportunity to build teams, provide more varied work, and retain staff which resulted in less turnover. There were some strong advocates of the approach:

Having spent 20 years in security, and then 10 years in FM I am sure there is no loss of security expertise, the guys who manage FM, they have wider vision, a wider span of skills and expertise and more knowledge of different types of controls, and some security expertise as well they can call on, but overall they are better equipped, they have a broader understanding of how others are thinking because they deal with more situations, know more people and this has to be helpful. Cleaners who are low paid may think it is ok to steal but managed by someone who is also in charge of security can help stop that, and as I say, you can get cleaners looking for security risks when they are led by a manager who has oversight. Also one multi disciplinary team is much better than 5 or 6 separate teams.

MD FM services, FM supplier

Generally there is usually some area where we can add value so security guard on night-time rounds checking water machines or filling photocopiers with paper or whatever ... More and more we are looking at multiskilling so you get some reduction in your workforce size, so

¹¹ While some interviewees felt multi skilling was a form of integrating, others did not, some argued that this was a normal part of contract work.

clearly reduced price, most of what we do is labour based so less bodies is less cost ... you aren't taking time out of security issues, you are using dead time. Additionally you are extending patrol time so they are out on the premises more and getting more time looking around and involvement etc. When you start to get involved with multiskilling you get some teamwork benefits so sickness and holiday cover is less of a problem and moving all of that out of your organisation to one company you can start to see some huge benefits, you don't have to worry about recruitment or management. And yes I would argue that this is what we do and therefore we are experts in these fields. And so know more about regulations and requirements about these services.

TFM Director, Facilities Management

I am wanting the security officers, cleaners and caterers to merge as one team. I don't see a problem, in fact many more benefits, including to myself so that I have more cohesion. Currently they vie for attention or play political games, the security officer tells stories about the cleaner and so on and vice versa. I have already started to plan introducing the teams to each other so by drawing people together I am hoping we will offer a more cohesive service.

National account manager (with major city corporation), FM company

My strongest point is that I would argue totally against an integrated provider not being able to provide best in class service.

Security Director, FM supplier

- 4.22 There is another advantage raised by suppliers, and that involves raising the quality of work of the weakest team/individuals to the level of the highest performers. One interviewee took this a stage further highlighting how the benefits and discipline of a regulatory regime in security being used to apply higher standards to other areas of FM:

I think two of my sectors, cleaning and catering benefit from the way security is regulated. I apply security rules to them all, so we can force other areas like cleaning to become more structured and professional.

National account manager (with major city corporation), FM company

- 4.23 Certainly some interviewees saw benefits for staff in a more varied job role, more engaged with other parts of the organisation. This applied to management too in being able to take on new opportunities with greater responsibility than might otherwise exist:

Bundling can give people other strings to their bow – e.g. developing people in to a management roll. From a single service the pyramid is bigger so there may not be the

same opportunities. So the opportunities can be greater from a staff perspective in bundling.

Associate Director of FM company (and security consultant)

From a personal perspective, I had accomplished all I wanted to do in my role, that was when I was just doing security, and then I took on the others (cleaning and catering) and that was good for my development and my interest. Understanding how to put together a successful restaurant operation, and understanding the sales mix in catering, and having budget control is different, whereas when I just did security the budget was all sorted in advance.

National account manager (with major city corporation), FM company

- 4.24 It was noted in people oriented businesses facilitating opportunities for staff was an important issue.
- 4.25 Fourth, a number of suppliers identified the potential for systems to provide for better integration, and specifically for security systems to enable the better functioning of other systems, more cost effectively and with more benefits than if the services were provided separately. As one interview noted:

(We are) seeing a lot more IT focused businesses – distributors or FM companies wanting to bring IT in to their business offering. Recessions force people to look at the products they are offering and how they can deliver more value to persuade customers to pick them. It forces innovation which is good for the end user. They have got less to spend on security but if it interfaces with heating, lighting etc and can save money on electricity – they are going to want to look at those options – it's the spend to save argument.

MD, Electronic security manufacturer

- 4.26 Indeed, it was argued that the integration of technological systems, security with non security, and security technology with security people and others, facilitated true innovation, and there were some good examples of effective practice here:

There are a range of areas we get involved in, guarding reviews, the way the estate is managed, the technology deployed, and then how security technology and guarding can be used as a wider tool to help other functions. We may be involved in streamlining business processes. For example, at a university we have integrated payment systems with access control. So we have said if you have not paid your fees you will not be allowed access to the library, so we can show that we can deliver on security but benefit other areas; if you have not completed H&S training we can stop you going into areas where you need to have that training as a pre condition for undertaking the

work there ... In retail now we are looking at CCTV, measuring the footfall, assessing the attractiveness of promotions, and linking what we find with EPS data to see if the footfall translates into sales. We are also looking at queuing times, at customer service and where people are, so you get more than just a security benefit.

MD, security consultancy

- 4.27 Part of the difficulty was getting companies to change habits. The same interviewee saw the tendency of security managers to stick with what they knew rather than learn about new areas; suppliers to chase short term profits rather than long term partnerships, and procurement to chase a better price than the best solution as barriers to further innovation.

Why not bundle with FM services?

- 4.28 There were arguments suppliers proffered in favour of a single supplier model, although as noted above a discrete security function within a FM provider could be a single security supplier to a company. Here the single security supplier advantage sometimes rested on a single supplier being able to integrate a range of security services (so effectively in being able to bundle security). Indeed, some argued this was the only key way security could be innovative and cost effective.

- 4.29 In our survey of security suppliers, the principal advantages noted of single service delivery was that it offered a better quality of security service and thereby contributed more to reducing the risk to the client. The most commonly cited advantages were:

- Expert security knowledge
- Specialist expertise
- Expert management
- Best in class delivery
- Reduced security risk

- 4.30 Looking at the advantages that were least commonly attributed to bundling security with other FM services revealed some striking overlaps, these were:

- Best in class delivery
- Reduced security risk
- Expert management
- Expert security knowledge
- Specialist expertise

- 4.31 Unsurprisingly then advantages of single service provision that emerged from the interviews focussed on the expertise that comes from a security specialist providing for less exposure to risk; that it is

more cost effective; it means the client is more likely to retain specialist expertise; and it is much easier to manage and so is more effective.

- 4.32 A first and primary reason for supplying and buying security as a single service was that it enabled the purchase of the best in class; it was argued that FM providers cannot be best at everything and that diluted the effectiveness of the lower performing services. Some argued that there is a specialist skill set to security, and it comes with regulatory requirements (a breach of which can result in brand damage), and given that a security malfunction can have lasting consequences there are benefits in having experts involved in protecting organisations and reducing the risks they face:

We don't provide FM services. We say we won't do your cleaning, we won't do your catering. A typical client for us is one for whom security matters. That doesn't mean we won't work for an FM company who is looking for a security expert. And there is scope for partnerships

Chief Executive 1, security company (security only)

If sourcing from a specialist supplier the end user will know they will get services that are at the cutting edge, tailored exactly to their needs rather than some elements that may be compromised in an overall FM offering because they may be subject to cost trimming. The onus there is on the security industry themselves to educate end users of the value of those things that some may want to trim to make savings – need end users to ensure FMs don't countenance cutting XYZ – but there is a lot of education needed to make that happen.

MD, Electronic security manufacturer

I think you have to concede security suffers, bundling automatically means that there is less security because as a manager I may not know the answer and I will have to go and look it up or refer ... Then the loss of skill, you have jack of all trades rather than subject matter expert. That is not appreciated and it may come through as a problem, it has to, it depends to an extent on the quality of back up functions to support front line workers.

National account manager (with major city corporation), FM company

You can see the attraction from a purchaser's point of view for bundled stuff, but they overlook, there is a dilution of services ... If FM outsources security then over the years they set down criteria for you to tick boxes, and then this is incremental, there is a squeezing.

Executive manager, small security company

(there is a) misconception that it is better, they just all have different management challenges. Security specifically, provision can be downgraded as a result of going for bundled Misconceptions that multi-skilled

security staff can do it all. Don't call it one thing and ask it to do another ... Facilities managers don't understand the risk and securities procedures. So this is a problem ... Security might be under someone who doesn't really understand security.

Director of Risk, FM Supplier

- 4.33 Some suppliers noted that not only is security left out of some bundled FM packages, on some occasions it is later taken out because companies later see that security is a different type of service that merits a different treatment. This is what led some suppliers to argue that bundling security with other FM was a tried and failed approach. One Australian facilities manager provider felt that the quality of people they were able to recruit in cleaning prevented them from integrating cleaners with security staff:

I don't believe security can do cleaning, I would not pair security and cleaning just because the tradition of the people they employ over here as cleaners isn't very good, and security is about communicating things in the right way and where you have cleaners who don't speak the language so you don't want them as a security liaison, and also a lot of security is dealing with electronics so combining the two isn't practical.

Senior facilities manager

I think, my biggest concern about bundled service approach is about how it undermines security as a whole, you are implying to a buyer that anyone can deliver security. The general FM providers have a strong cleaning base and the cleaners and secondly caterers go into the sector and tack on security alongside their other services such as cleaning, post room, etc. The fact that they are doing that in a way undermines our industry. As it makes it look pretty easy, when obviously it isn't.

Managing Director, manned guarding company

- 4.34 Some suppliers noted that finding good partners, especially for established and/or clients with whom there is a lucrative or otherwise attractive contract can be challenging. Interviewees spoke of the 'commercial realities' that can come into play:

I made an attempt to provide a bundled service to a potential customer about 6 weeks ago but it was the cleaning company I was looking to partner with (and) at the 11th hour they just pulled out and I was in a difficult situation with the potential contract I had. So I asked them if the bundled was what they required, and they were willing to go just with me as a single supplier, but it left a sour taste in my mouth. I am not adverse to it but I have had a bad experience.

Director, small manned guarding company

4.35 One other point is important here, the Director of a large security company that just provided manned guarding noted that one of the problems for all suppliers was that margins were being squeezed. He noted the influence of procurement as a specialist buying function, combined with e-auctions were driving prices down. Also, that one effect of bundling was that it showed companies they could pay even less for security and they were able to refer to bundling pricing when negotiating for a single service. The consequences he felt were two fold. First, some contractors accept a contract as a loss leader noting that they will under deliver in order to make a profit or not make a loss/ and/or they will try to make alterations to the contract and try and/or charge for extras to make the contract viable. Second, some companies will go out of business. Overall there would be a drive down in the quality of security.

4.36 A second reason why single service was advocated was that it was more cost effective, most notable in the long run cheaper than a bundled FM service:

If you have a generalist manager then you can save a few pounds, but that is only in year one, the problem I see with that is we can make incremental savings by being more efficient so in the long term the real cost of our services drop. Generalist might cost less initially but it will go up as they can't be best in class in every service. So weakness is year one savings will be better for bundled. But in the long term it doesn't work out that way. Single can improve value for money, either enhanced service or lower cost service, we having nothing else to look at so all our time and efforts go into security. That is our raison d'être. And we aren't selling on price.

Chief Executive 1, security company (security only)

There is a perception that bundled brings huge cost benefits, because it takes away the inefficiencies of multiple managers, sharing back office resources, economy of scale etc. This is a misconception because on larger contracts if customer works with you you can make savings over the time of a contract ... (you) can save cost on single if provider works innovatively with customers.

MD, security company

4.37 Interviewees noted that having experts had the additional advantage of being better able to assess risks, to reducing risk, which can result in a big saving if things go wrong and security is needed to respond. It was also noted that a security expert will update and modernize its processes offering greater value than a less focused or competent supplier who would not do that. One interviewee noted that his employer had combined different security contracts within the group to offer one good and cheaper security service for the client. Some pointed to the advantage of being able to bundle or integrate security

services, especially manpower and technology, which when undertaken by experts could result in better security at less cost to the client.¹² Another Chief Executive queried the premise on which the lower price of bundling was premised:

I don't get costs saving. If you take out management, are you saying there were not necessary in the first place? Or how are you saying you did need them before but not now? Was going for a FM solution the only or best way of sorting the problem? ... If you say by bundling you get cost savings, I say if you mean by integrating services I make cost savings then they must be marginal ... The question I would ask if they can do that, could I not have done it even better as a single supplier? If there is scope for costs savings I wonder how often we could do it as security experts? My point is there was probably a problem in the first place ... Some say by going to facilities management you can save 15%, but only in the first year and there will be less input to things like research and development ... So if you take over all the facilities how can you save money? You can re-procure, which is a way of bashing suppliers, you can re-specify so that you get less of something, or you can reorganise which will reduce internal costs. That is how you save money. But what did you have before and how can you get the best deal without reducing quality? That should be the aim.

Chief Executive 2, security company (security only)

- 4.38 On this issue much depends on the ways in which profit is accounted for. Where each company within a group has to make a profit requiring one to be a loss leader can be problematic, not least because, beyond the financial reasons, it identifies it as potentially being a poor relation. Moreover, another important issue is the internal competition between different elements of FM companies which can undermine co-operation and a unified service. This is not just about profit and loss, cultures and personalities play a part too. One single security service provider felt it was a reliable partner in any bundled service because it was not in competition with other service providers for any of their business. There is further discussion on internal competition below.
- 4.39 A third advantage of single service delivery, identified by suppliers, was the advantages for specialists in client organisations. It was noted that sometimes when offering a bundled service to a potential client there was concern that it would result in lost jobs, indeed this is the reverse argument of an advantage of bundling that it can save the need for

¹² A problem here noted by some interviewees was the practice of tendering one aspect of security (e.g. manned guarding) separately from another (e.g. technology), and this complicated offering a better more cost effective service.

layers of management, and subject specialists in client organisation, as well as amongst suppliers:

Bringing security and cleaning together, reducing invoicing, one point of contract, but they are still nervous as they are going through organisational change, the FM's know they are top heavy. They are nervous about going TFM. We have a good relationship with them, but when we discuss cost savings the problem is that they could cut a lot internally.

General manager, FM supplier offering security, working with healthcare provider

- 4.40 The point is more important than saving jobs; it was argued that both the status and the effectiveness of security in organisations is enhanced where there is a security specialist or expert on both the buyer and supplier side. Some argued that it was the only way of delivering the best security.
- 4.41 A fourth point, a disadvantage of bundling, and de facto an advantage of single service, is that managing contracts can be difficult when bundled, not least when they have a national or international focus:

Main difference is with a single package you know what you are getting ... Single is more simple to understand and operate.

Director, security systems installation company

Some areas we are minimal on the ground whereas if you are a single service provider then you would be looking more selectively at what you go for so you can strip out the areas that wouldn't work by not bidding for them. There is a problem of expectation sometimes, being a bundled service national provider.

General manager, FM supplier offering security, working with healthcare provider

Do we make a perfect job of managing security? No. Do cleaning company specialists make a perfect job of managing cleaning? No. So how can you manage more than one service better?

Chief Executive 2, security company (security only)

- 4.42 Others noted that working with a FM provider who is not a specialist in security can cause conflict:

It becomes adversarial, it is not a partnership ... (they) throw as much as possible at the supplier and they try and throw it back ... (and) concentrating on not getting beaten up rather than actually delivering the service.

Managing Director 2, security, in national FM company

- 4.43 Other interviewees also highlighted problems for suppliers providing multi services, this included the realities of getting different elements working together and also internal competition:

(Our) systems team doesn't talk to the manned guarding team .. And we are not joined up – so how could we give more benefits to clients with other service streams that we don't do ourselves? ... In some areas it is like trying to get turkeys to sell Christmas. Our manned guards sales people aren't going to want to replace them with our cctv.

Business development, security function part of a FM company

Party politics. They want the whole train set but other people have control of parts of the track, it is all egos not just operational reality.

Director of Risk, FM Supplier

- 4.44 As noted above some services could be offered as a loss leader enabling the winning of business for more lucrative areas. The extent to which this was possible depended on the nature of relationships between separate divisions or companies within groups and how they operated and how financially independent they were:

In some organisations using one element as a loss leader is problematic. Here though all the companies report to me, and I have a single P&L, so it is not really a problem, one may show less profit but that is not an issue because all companies look to the single P&L. It does depend how it is structured otherwise why should someone give a lower price for say security, lose money, while everyone else makes?

MD Support services, FM company

- 4.45 And just as integration and multi skilling is viewed as an advantage by some, it was typically recognised as a challenge and difficult to achieve for at least two reasons. The first, it was difficult to find competent individuals capable of managing (overall and within) integrated services. The second because security staff (in particular) were resistant to change, but also because of different perceptions about what the role of security is (a point addressed below):

There is a misconception that there is an abundance of multi skilled, multi competent individuals that can oversee and manage (separate) services. Clients think if its cleaning, security etc, one man can manage it. It is true if you find the right person or you are given time to develop those individuals.

Managing Director 2, security, in national FM company

We find it really hard to get security people to do any cleaning, it is a problem with the sector. They do replenish photocopies and tea points and leaflet drops ... and we get defaulted money if it isn't done, but we have resistance from the old guard ... They just don't like change, they were with the other security company for 8-

9 years and change is hard. (There is) more resistance from security than from cleaning or whatever.

General manager, FM supplier offering security, working with healthcare provider

Security officers may not be used fully as they do their own security thing; night times are a time when this is really clear. And then you get odd behaviours in those silos, where people try to protect their role and become resistant to change and do what they want to do rather than what the organisation needs. So odd behaviours. It is one of the biggest attitude issues and problems we face; people not grasping that security is about more than just security. We have had some serious resistance to say filling photocopiers or doing value adding tasks ...

TFM Director, Facilities Management

- 4.46 Others made the point that a move to bundling can be a major upheaval, and will often involve a major change management programme. Then there is the need monitor the individual service lines, especially if they are not managed by a specialist:

Always the risk that another element of the FM contract is going to swamp the delivery of some of the individual components of the FM offering. End users have to be careful when drawing up a contract to make sure individual elements of FM are not compromised – rather than a general SLA – they need to keep in mind that each element needs to have a specific metric or KPI that the contractor is driven to achieve ... For end users – there are advantages to bundling but they need to be careful in how contracts are drawn up – doing due diligence to understand fully who is providing what service and what the overall costs will be.

MD, Electronic security manufacturer

If you are de-skilling your corporate management by bundling, internally and externally, you had better get yourself a good supplier.

Chief Executive 2, security company (security only)

- 4.47 And because a principal advantage of bundling is one point of contact, a good relationship between the client and that contact is crucial, where it fails it can be undermining:

If the person who holds the relationship is not competent that can undermine the whole process. If you have three arms and one is weak for whatever reason then in that eventuality it poisons the waters for the other two services ... it is like having three children who are all different and need to be treated the same.

National account manager (with major city corporation), FM company

If it isn't working well bundled is the hardest to fix ... with a single provider you are probably more on your toes because you can be chucked out straight away.

Managing Director, manned guarding company

- 4.48 A more general point made was that the whole process of buying, managing and operating bundling was immature:

a bundled, integrated solution from a customers point of view is simpler to manage, offers greater flexibility, but it is probably more complex to procure, as you need to procure many different service lines. It is what the customer wants that will determine which is better.

Security Director, FM supplier

FM and bundling FM are still quite young, and also under valued by building owners, and under valued by large companies who run multiple sites because they really don't see the benefits in it, they think anyone can do it.

Senior facilities manager. (overseas)

- 4.49 Similarly, another interviewee questioned whether any benefits from bundling on the small scale could be secured on a larger scale:

Is IFM or TFM a scalable model? You are putting the emphasis on the people to make it work, so can you really have a replicable model that works? You need to take account of different people, different technology, and also customer requirements. It is a lot ... I get how FM provides you with a SPOC (specific point of contact), I can see how that is an advantage, it is when you start to integrate, IFM, that I have a problem with.

Chief Executive 2, security company (security only)

- 4.50 Part of the problem, as the same interviewee noted, was that showing effectiveness is often problematic:

The difficulty for those arguing against integration of services as a form of improvement, is that you can assess costs, you can see you are paying less, but it is more difficult to see that you are increasing risk or that you are losing quality, that comes about when you get a decent disaster.

Chief Executive 2, security company (security only)

Making bundling/single service work

- 4.51 There were four key and overlapping factors that were prominent in determining what sort of supplier model was appropriate and worked. It will be recalled from an earlier section that there are models that can be used to determine this, here responses suggested that the key determinants were the skill sets of the client and the suppliers; the background, perspectives and orientation of the person in the client organisation responsible for initially awarding and then managing the

contract; the attitude of the client towards security; the status of security within the company; and the extent to which clients were clear about the reasons for their chosen model and had the ability to deliver it.

- 4.52 It has long been recognised that there is a skill set involved in managing contractors well, ensuring they are focussed on the aims of the organisation and procured and managed with a clear remit that is achievable and is cost effective. The general view was that placing contracts in the hands of a facilities management company to manage services on behalf of the organisation, and then ensuring that the contractor bundled (and integrated) effectively was a challenge. And just as only some contractors were skilled at the task, so this was true of only some organisations:

There is still more to do in organisations in changing the mind set needed for bundling. The mindset of offering bundling requires a different way of thinking, and obviously a much higher calibre of person because they need to run 2 or 3 services instead of just one, and there are a whole load of people issues. Then there are systems issues too, IT systems are constantly needing to be developed to develop service lines, there is also new ways of thinking, innovation, continuous improvement. Organisations have still got more to do to get ready for that.

MD FM services, FM supplier

You can get an amateur or professional. E.g. amateur buyer with no security specialisation, or you might deal with a professional buyer, and same with management, we have some security managers who are very experienced and some that are not at all. And we could be dealing with those of all kinds.

Chief Executive 1, security company (security only)

Purchasing is a function that some organisations invest a lot of money in to, and their people are skilled negotiators. Sometimes they can be low level or graduates ... Sometimes they know their stuff, have done their research. Others, I wouldn't put them in charge of 10p.

Business development, security function part of a FM company

Buyers are procurement people (they) don't care if security is black or blue they just want it for £X ... Because buyers don't understand security they just look at the numbers.

Director of Risk, FM Supplier

- 4.53 In some cases the need to integrate of very different types of individuals with a broad range of types and levels of skills was seen as a challenge which only a few suppliers were able to do well:

It is rare to find a good TFM provider as the hard service elements provision are manned by engineers who are well educated, work in small teams, project based and tend to have a very technical bias. They self-motivate. In a soft-service area we have large worker populations, not as well educated and leadership and management required is a totally different experience. Many managers in soft service have come through the industry and therefore there is a slight schism in management styles. Generally hard services see themselves as better qualified and better able. A provider needs to break down this barrier. In my experience it is about people and making sure you have the right level and capability of manager. There is no reason from my perspective why a hard service manager can't manage soft services. They need to be properly prepared, trained etc obviously.

Security Director, FM supplier

- 4.54 A second and similar issue that emerged from interviews referred to the person in charge of the contract; suppliers were clear that different types of heads favoured different approaches:

It is interesting when you meet clients, they are expecting me to be an expert and relate to their needs. When you report to procurement, they want you to be responsive rather than being able to answer specific questions, expertise is less important to them. If I report into security, it is all about assignment instructions, and they will (go on) for ages (about the fact) that you dropped on a shift, but the same level person in procurement will say, is what happened within the Service Level Agreement? And if it is that is good enough. My point is that expectations about what is expected of you vary across the organisation.

National account manager (with major city corporation), FM company

There are three main places security is located, either with the security function, or in FM, or property, usually it is one of the three. If I am working with their corporate security specialist then it is largely irrelevant whether I am part of a bundle. If I am put in with FM it will be difficult because they don't understand or they are not interested. And if they put me in property they are worried about the cost per square foot, rather than the risk. So for me who the client is and how interested it is, is crucial. If you are with security or risk then there is more rigour around security.

Chief Executive, security company that is part of a FM company

- 4.55 Security suppliers generally favoured contact with a security specialist within the client organisation, even, and perhaps especially when there was a FM company managing their service. A relationship with, or management by a security specialist, ideally with status, was seen as a key differentiator between a good service and a less than good one:

We would change but the only problem with that, working to a third party is that you don't get the full picture of what the client wants. Your picture isn't presented to the client in the proper form.

Director, security systems installation company

If we are placed under a security person it should make the security for the organisation simpler, they fight a better battle for funding for the services provided. Under a bundled person he chooses which one to focus on and has to divvy the money up between his split focuses. It depends on where the organisation puts its focus.

Director, security company

- 4.56 This was not a universal view though. One interviewee, who lamented what he saw as corporate security managers lack of business acumen to better understand the benefits that accrued from integrating security systems with business ones, viewed FM managers as having a vision for the potential of integration to generate a range of benefits. He noted:

FM managers are really keen and they want to know more, but often security managers we get to say we have spent 25 years in Metropolitan police so sod off. For us, FM, estate managers, they are more open-minded, security don't want a challenge to their authority or anyone saying you could do the job better.

MD, security consultancy

- 4.57 What was clear was that there was a range of skills, even a distinct skill set, needed for dealing with a range of suppliers offering a range of different, and sometimes unrelated (or only broadly related) services:

If you go down the bundled route you need to be careful you are getting the right people for the right job, the people with the right skills ... If the FM doesn't have the right skills this will lead to despondency in the ranks, people looking over their shoulder and worrying about their manager, people leave, big personnel turnover. More people to train, etc.

Regional Security Director, manufacturer

- 4.58 A third factor, and this applies even when there is a security oversight of the contract, is the attitude of the organisation towards security:

Much then depends on the nature of that relationship. Is the idea that the contractor will save the client money? Are there SLAs and KPIs in place? Are these closely monitored? Is the focus on saving money or on ensuring quality delivery? Does the budget reflect the aspirations?

Chief Executive 2, security company (security only)

- 4.59 Some interviewees spoke about having to work with clients who tried to avoid the implications of security licensing:

In our experience saying no to a package is bad so if it were asked we would look into it, we have contacts we would use ... They won't pay for the security though. It has happened where the licencing issue comes in [that guards are licenced and concierge aren't], and the concierge isn't licenced but the client doesn't care, they just want the job done ... There is one case where the security does a caretaker type role, luckily the guards in question don't mind doing this but the client has blurred the boundaries.

Executive manager, small security company

- 4.60 A fourth reason focussed on the status of security. There was general agreement that the importance of security to the client depended on the nature of the client business, and the extent to which they saw security (or for that matter any other FM service) as critical or sensitive. Interviewees noted that the consequences of security going wrong, can sometimes be greater (but this will depend on the business), and the 24 hour nature and regulatory aspects to providing security made it distinct. One Australian facilities manager provider that did not manage security at a bank because it was deemed too sensitive to outsource noted that while there are differences between FM services 'they are not vast'. He noted that a malfunctioning control room can result in ATM machines across a region not working, the air conditioning failing in Summer resulting in people not being able to work. Other comments included:

A cleaner is on a minimum wage, but not a security officer who is generally in a more trusted position or that is how it is seen and your reaction to events may reflect that. A cleaner caught sleeping is not as bad as a security officer sleeping on duty because the risks associated with a cleaner are much less. Security is also highly reactive, you tend to wait for something to happen, whereas catering and cleaning is more on going, it is routine and you know what you have to do, make bread, then sauces, clean these rooms and then Hoover that one, but in security this is less the case, so I worry about it more, I keep thinking are they on the ball?

National account manager (with major city corporation), FM company

Every service is different, engineering is by far the most technical, that is also most complex. Security is distinct in that the licensing and legalities apply to people, whereas in other areas the legalities relate to buildings and equipment.

MD FM services, FM supplier

Depends on the type of the end user – someone from the utilities sector – or someone managing or owning a piece

of critical national infrastructure or IT data centre or large commercial organisation, for example a pharmaceutical company, or organisations with a lot of employees who are subject to attack, then security is at the top of their agenda – very very high. (At) a general industrial organisation/factory it may be necessary to understand and prevent theft, but it's not mission/business/critical. They would be far more likely to potentially bundle security in an overall FM contract and not be too bothered about it.

MD, Electronic security manufacturer

- 4.61 One interviewee felt that the general perception of security was that it was not that important. He lamented the lack of business acumen amongst corporate security managers, but also the tendency of designers and those working in the construction sector in particular to treat security as an afterthought. He felt this was particularly the case in system design:

Suppliers don't think business, security does not understand strategy and value, and procurement is preoccupied with the cheapest possible system ... Security is still seen as cameras, locks and those chaps who sit in a hut at the front gate ... Security remains the only technical part of a building where design is not done by a specialist, it is left to the whim of an installer, they think we will have 4 cameras on every floor of the building because that is what we have always done, but there are many better ways.

MD, security consultancy

- 4.62 Sometimes there was clear recognition that security was either a low priority or an unwelcome cost:

They see it as an unnecessary cost. The only reason they take on security is that they have to have it, mostly for insurance purposes or to comply with the law. If they didn't have to do security then they probably wouldn't.

Director, security systems installation company

The problem with security industry in general is that service provision, cleaning/catering/security then security is at the bottom of the pile as it is a grudge purchase, cleaning and catering you get something in return, a clean office and a good lunch, with security you don't get that visible benefit and people don't like spending money on security. That is why they are lumped together because they are seen as the cheapest options.

Director, small manned guarding company

- 4.63 Clearly, where security is a low priority it is less likely to be nurtured or appreciated within the organisation, and for suppliers that increased the risk it would be purchased as a commodity, on price rather than quality:

If you took security out, how much risk would you be left with? ... It is Ok to say you want to bundle because security is not important, OK, but make sure you are sure. If security is not important why do you need it in the first place?

Chief Executive 2, security company (security only)

Security has got to work with all the other departments in the company. There's a danger that if security is separate and not integrated with the business aims – it's seen as a grudge purchase. Got to be careful that security is not seen as something that is not supporting the overall business needs.

CEO, security association

- 4.64 A fifth point, leading on from this was the nature of both the relationship (including the alignment of strategies) and the contract between the client and the provider. Suppliers pointed out that a good relationship with a client was crucial on a personal and professional level and that where this was good it facilitated flexibility and innovation. This typically had to be backed up by three other factors, the first was a clear and unambiguous approach from the client about what it needed and wanted from its relationship with the supplier, the second was an infrastructure to bring that about and third, a contract that reflected the needs of both parties. Some indicative comments on this issue included:

I think one of the big challenges for a customer is that their procurement policy and operations requirements are aligned and it is more of a people issue, if the procurement and operational community aren't as one the procurers procure a solution that the operators aren't happy with. I have often seen procurement efficiencies dictate a route that the operational facility isn't happy with and this creates problems with the supplier. The customer needs to understand what they want and how they are going to deliver their outsourcing strategy.

Security Director, FM supplier

It depends on their tender document etc. How tightly written up and clear their parameters are set out initially. The tender process needs to be strong. If you are going down the bundled route you need to be very clear on what you want and what the companies can actually provide. Be clear in service level agreement what the instructions relating to security are.

Regional Security Director, manufacturer

- 4.65 These issues were deemed important whatever model of delivery was preferred.

Conclusion

- 4.66 Suppliers discussed a diverse range of opinions on what sort of outsourcing model worked best. Specialists in security included those that were expert at one type of security provision, at several types, and those that operated as a separate company/division with a predominantly FM company (but offered a single service security provision). One interviewee representing the latter, preferred single service and was not against bundling providing security was kept as a distinct service and he was against integration.
- 4.67 In looking then, more generally, at what were the advantages of bundling a key issue that emerged was that it was cheaper. The key factor was to determine why it was cheaper, and to identify precisely where and how savings could be made. There were a number of recurring themes, principally that less management was needed (potentially on both sides); it provided for multi skilling of personnel so less staff were needed; it afforded an opportunity to integrate services or at least provide for co-operation between them as they were removed from a silo mentality; there were more opportunities for the integration of systems both security and broader FM systems; and it meant there was less administrative burden from a refinement of systems and needing just a single point of contact (and often just one invoice).
- 4.68 There were those favouring single service provision who disagreed with these advantages (and/or the emphasis placed on them). They highlighted the importance of security as a specialist field of expertise that can sometimes (but not always) be lost when bundling; they argued that it was more cost effective in the long run and certainly when threats were persistent and/or risks were high; they felt single service was more likely to ensure that security was viewed as a priority in the client organisation and protected and enhanced the role of security specialists employed by the client; and it was easier to manage and therefore generate savings and offer a better service.
- 4.69 Whatever approach was taken the level of skill sets of the client organisation (in procurement and management) and those of the suppliers (not least in collaborating effectively where this is appropriate) that are appointed will be crucial in determining the type of security that is ultimately delivered. Where organisations have a security expert then in most suppliers' accounts that can help ensure security remains a priority. Whether there is a security specialist or not the attitude of the client towards the role of security is crucial, is it about protecting the organisation or is it about saving money? A big issue here is the importance of security to the organisation.
- 4.70 There are perhaps three other points that are important here. The first is that where security is a low priority, where risks are low, then the case for a cheaper option is more clear cut. As suppliers noted though,

if a client decides it needs some security then it is unwise to do it badly, and there were arguments that both single service and bundled were cheaper (although many more in favour of the latter, especially with reference to actual costs). Second it is important not to see security as an isolated case. All FM functions play a role and will be deemed to be important by specialists, as the following catering example highlights:

I would say it is a mistake, bundling generally, specifically in catering ... a good catering operation can drive the nutrition and dietary choice of the workforce. Treating catering as just another soft service drives you to a decision that is based on cost not (an) operational agenda. And the first thing that goes at that point is nutrition and health and informal communication between staff. Our view as a business is that clients doing that are missing a trick over their competitors.

Bid manager, catering company

- 4.71 The third point is the concern that some interviewees had about the ways security specifically as well as FM services generally were being procured, as a commodity where, because of the recession in particular, price was a bigger influence than quality driving down margins and also the status of the sector. Only some were seeing the potential for change:

I think we are the bottom of the curve ... the cut backs have been too deep, service is being affected, in the next 12 months, organisations are seeing green shoots and will start to put resources back into their organisation ... Costs are really low, margins are tight.

MD Support services, FM company

Section 5. Discussion

- 5.1 This research has generated a range of new insights that help to better understand current trends in outsourcing. Despite the clarity in conceptual models outlined at the beginning of this report, the terminology used in common parlance confuses many people. For example, 'single service' may refer to a specific type of security, of soft or hard security services compared to electronic or technical, or to all security together. While 'bundled' may refer to the joint management of just two services or all FM services (and sometimes the integration of them), although sometimes the latter may be called TFM, and this is only sometimes differentiated from IFM typically where a form of integration takes place, but some reserve this for a discussion of certain types of FM services. Some representatives from suppliers noted that even when security was provided as a single service, there would be some type of co-operation or in some cases partnership working with other service lines, even if these were provided in-house, so there was often little difference in reality between the quality and type of services that evolved from single and bundled arrangements. However clear definitions are presented in official documents practice is more fuzzy.
- 5.2 This report has focussed on the provision of security services. Sometimes interviewees spoke about different types of security as if it were a single thing, sometimes because it was all internal or all managed by a single company or single point of contact. Some spoke about bundling security (rather than security with FM) and in so doing recognised that there are different types of security. So we have coined the term 'bundled security' to distinguish those that supply just one type of service as opposed to several types.¹³ Sometimes security services are retained in-house because organisations see security as too important to outsource, or they have a negative view of what is available on the market (although not necessarily an informed one), and sometimes because the organisation does not retain the skills to outsource. Often organisations outsource security, principally because it affords an opportunity to buy in expertise, is more cost effective, involves a lower head count and offers flexibility and a chance to offset some of the risks of doing business.
- 5.3 Where it is outsourced the decision as to whether to buy individual security alone or as part of a FM package becomes poignant. There

¹³ Even this merits further discussion and refinement. It is possible to think of single service security as the combination of similar types of security, some noted that concierge work was a variation of manned guarding and others saw this as distinctly different, but all would agree that this was different to security alarm installation. So there is a case for talking about 'bundled people/manned security', 'bundled technical security' or 'bundled physical security' but in all cases there would need to be a definition provided. Here we are making a more general point so we have refrained from confusing the discussion further and used 'bundled security' in a generic way to reflect the point that there is a distinction to be made in different types of security provided.

were a variety of models in evidence and these can best be described as follows:

- *in-house*: security provided in-house
- *single service security*: just one type of contract security provided
- *bundled security*: different types of contract security provided
- single service security supplied with a limited number of FM services
- bundled security supplied with a limited number of FM services
- single service security supplied with all other FM services
- bundled security supplied with all other FM services
- single service security supplied with a limited number of FM services with integration between them
- bundled security provided with a limited number of FM services with integration between them
- single service security supplied with all FM services with integration between them
- bundled security provided with all FM services with integration between them

5.4 The further down the list one reads then potentially the more complicated the delivery model. Yet this classification says little about the ways that services are managed, and the different approaches to security can result in a variety of practices, some of the pertinent issues impacting on their effectiveness are:

- the status of the client manager
- the level of expertise of the security lead
- the status of the security lead compared to other functional heads (not least to procurement and facilities management)
- the importance of security to the organisation (actual and perceived)
- the level and type of oversight of the security lead over the security suppliers
- the number of contractors and the number of managers overseeing their work (and how effective they are)
- the skill sets of the client for overseeing/operating the model they choose
- the skill sets of the client in delivering on the contract they have been awarded

5.5 The sample was clear that there were benefits and drawbacks to both approaches. Taking the advantages of bundling first, both clients and providers saw benefits in cost savings. This was more than just a reduction in overhead costs including the need for less staff and bureaucracy, it was also about facilitating more efficient ways of working, and clients in particular pointed to the benefits of multi skilling and the opportunity this provided for generating a range of benefits including increased staff motivation. The drive for cost savings required innovative approaches, and if technology was seen as a good way of achieving this in security, bundling was frequently cited as the other

main method, and of course sometimes bundling and technology together. Moreover, bundling afforded an opportunity to ensure there was a consistent level of delivery across contracts and locales. In addition, a single point of contact rendered management easier and for some better. Indeed, some clients recognised that some suppliers were becoming better at bundling and this they found attractive, and a reason to feel comfortable being led by the market. Some interviewees, particularly from overseas were attracted by the idea or principal of bundling but were unable to find suitable suppliers suggesting the potential for the development of bundling beyond the shores of the UK.

5.6 Although this report focussed especially on bundling security with soft FM services, it was the potential for technological integration that was widely heralded as affording a wide range of advantages. Integrating security with other technological systems (or the other way around) offered benefits to all the parties/groups involved; security and non security. There are barriers though including legacy systems or ones incompatible with new technologies sometimes borne or compounded by a lack of an overall strategy; the existence of silo thinking and departmental or devolved budgets which can sometimes be the enemy of integration. Also, there is a lack of awareness about what is possible.

5.7 There was also a range of benefits sighted to support the case for not bundling and to provide security as a single service (sometimes just one type of security and sometimes several types 'bundled' together) and keep separate from other service lines. Some of the points made in support of single service replicated those made about the disadvantages of bundling. Sometimes arguments that were made in support of one were made in support of the other. For example, both clients and suppliers argued the case that single service was more cost effective, and not least when it was felt that a bundled service meant a diluted one; a service that was less good inevitably increased exposure to risks. Indeed, organisations where security was a recognised threat, and or where there was a powerful internal security representative seemed particularly concerned about the dangers of diluting the security offering by bundling. There are at least three points here. First, it was noted that bundling can save on staff costs, and if there is less of a need for security as a specialist service amongst suppliers, so then the same may be true within the client organisation. Arguing the case for single service (or keeping security services separate) may be a prudent form of job protection for corporate security personnel. Second, in some arrangements the process of bundling and with it a single point of contact divorced the internal security expert from the external ones. This was not always the case, it depended on how bundling was structured. And some organisations purposefully designed their security this way so that the security contractor was accountable to business units who offer the best ways of managing and integrating security to optimal organisational advantage. Third, bundling was seen by some as bad for risk management at least where it entailed placing trust in the skills sets of just one contractor.

5.8 There were other important points made and one may amount to organisation readiness, or the lack of it for bundling compared to single service. Some clients admitted that they did not have the skills to manage contractors let alone bundled services, which is not to suggest that they could not sometimes see merit in contracting and/or bundling. Moreover, some of those who might have been persuaded to consider contracting and/or bundling were thwarted by what they saw as a lack of availability in the market of an organisation to meet their specific needs. There is little doubt that managing the interface between security and other facility management services was a difficult one; both clients and suppliers said so. Here again though is an example of a point that was used to support the case for both bundling and single service. If bundling made management easier by affording just one point of contact, it complicated it because it required an oversight by someone not skilled in all areas, and where any form of integration was required, that added additional complexity both to operationalise and to evaluate.

Factors that determine the approach and its effectiveness

5.9 It is always the client who determines the type of services that it wants and the ways in which it wants them provided. In some organisations this was determined by tradition as much as anything else; it was the way things had always been done and in the absence of a convincing reason for change would continue in the same vein. Sometimes there was a strong central policy from the Board or senior management which determined a specific approach or a favoured one since in some cases this was flexible. This could argue the case for TFM or IFM, or for bundling or single service or in-house or some combination and many were in existence.

5.10 A key issue for the type of security services delivered was the relative power of certain key players, this might involve the CEO and the finance and other directors but specifically those in charge of security, procurement and facilities management emerged as important.

5.11 Some corporate security personnel noted that they had argued the case for security being seen as a special case compared to other service lines. The role and influence of procurement in an organisation was also cited, by clients and suppliers, as a key factor in the types of services that emerge. The procurement specialism in an organisation appears as a growing focus of expertise. According to our interviewees procurement specialists were often seen to be the driver of lower costs, which poses problems for security because sometimes arguing what one gets from a good and more expensive security supplier as opposed to a less good and cheaper one is problematic especially in value terms (Gill et al, 2007). Suppliers were particularly negative about the role of procurement often seeing the process as one of getting what was cheap as opposed to what was good. Therein lies a challenge for

security generally. To be clear, some corporate security specialists noted that their procurement colleagues were an important source for guidance; it depended on status as well as the functions fulfilled and roles played. Facilities managers could also be influential, not least where the FM led security or had oversight of it or wanted influence over it; most often security was not the specialism of the facilities manager.

- 5.12 Security suppliers favoured working to an internal security director/manager, preferably one that carried influence. From the supplier's viewpoint someone who understood risks and the value of security, and whose own position depended on security working effectively was better than the alternatives. Indeed, the relative influence of the internal security expert, where he or she existed, was a major influence on the type of security that evolved. For many suppliers this was the most important factor. Even if the security contractor was a single service provider operating under another contractor's management bundle (and therefore accountable to its FM), this would not necessarily be a negative if there was some accountability to an internal and influential and knowledgeable security leader and/or the internal structure and approach was supportive of the role of security.
- 5.13 Many suppliers noted that the influence of the corporate security lead was but one factor; the way that the client reaches its decision about the type of security it wants is also crucial. A key factor was the strategic importance of security to the organisation. This could not always be determined by factors such as sector of operation; while security is important for most banks, as has been seen this was not always the case. Although where threats were seen to be high and constant, where there had been some high profile or high impact security event either against the company, against a competitor, against a similar type of business or occurred locally then that raised security up the agenda although sometimes only in the short term. That some security operations are regulated (in the UK at least), and in some sectors security activities are subject to additional regulation this can heighten the importance of security compared to other FM services (where they are not also regulated). It is interesting again that sometimes where risks are high organisations choose to keep security in-house, while others make the opposite decision, to subcontract to bring in experts.
- 5.14 The perceived importance of security can affect the decision as to whether to bundle or not. As had been noted above some have argued, clients and suppliers, that to bundle is to dilute, while some say it renders security more effective. There appears to be some important issues that determine what emerges with regards to process rather than strategy. Some clients noted that they had consulted widely amongst internal staff as to their security needs, assessed their risks and their likelihood, and developed a structure for specifying what was required, procuring what was wanted, and managing what was

procured. These simple to write steps are in practice hard to do yet how well they are done will have an important influence not just on the type of security that will exist but on its effectiveness.

5.15 The approach and skill sets of both clients and suppliers are important. Clients decide the approach and the skills sets dictated what was possible. The skill sets of suppliers were important in shaping the market. It is striking to note that some corporate interviewees claimed their approach, both to bundling and away from it, had been influenced by the capabilities of suppliers. The skill sets of suppliers in being able to bundle, with other security and more importantly form this study's focus with FM, had encouraged organisations to change their approach. Some admitted that attempts at bundling had failed and they had changed tack as a consequence, sometimes to a reliance on a single service model. Suppliers too, noted that there were a range of factors that could influence how well they performed. From their perspective there was far less concern that they would not be able to meet the skill sets of the contract they were tendering for, more often their concern was agreeing a price for the work that enabled them to make a profit. Using manpower imaginatively, combining different types of security services, using technology and bundling all offered the potential, on paper at least, to meet a client's security requirements at a lower cost but maintaining a margin that enabled them to deliver a good service and make a profit. Sometimes a barrier to a company delivering FM services effectively was internal competition and all its manifestations; this was true for clients as well as suppliers. Clients recognised that they needed to be good at talking the language of business, and forging good relationships and delivering in a way that at least met high expectations. To summarise, some key questions are:

- How clear is the client about the threats it faces?
- How clear is the client about the priority attached to each threat and the strengths and weaknesses of its current mitigation?
- How much internal work has been undertaken to determine these answers including with the organisational hierarchy and key internal and external stakeholders?
- How effective is the specification of these requirements?
- How much opportunity is there for a supplier to propose alternatives and have them considered and assessed?
- How effective/flexible is the procurement process to ensure they have suppliers who can meet their needs?
- How knowledgeable is a client about security solutions per se and what suppliers can provide?
- How competent is a client at determining good security from average security or bad security? And what about adequate from inadequate security?
- How good is a supplier at winning the confidence of the client in responding to the tender and in offering alternatives?

- How good is a supplier at relating to the strategic, operational and tactical requirements of the organisation?
 - How able are the contractor and the client to deliver on contractual obligations? What about an aligned strategy, relevant skill sets, combatable cultures, and structural focus?
 - How able are the contractor and the client to form an effective operational partnership?
 - How effective is the contract?
 - How clear is the understanding of what is required of the contract? (Does 'bundling', 'integration', 'interoperability', 'partnership', 'cooperation' mean the same to all parties?)
- 5.16 This list is not intended to be a comprehensive check of all that is required, that is beyond the remit here, rather a summary of factors that help determine what type of security is procured and whether it works or not.
- 5.17 In the findings there was a clear tendency for corporate security directors to favour single service and facilities managers to favour bundling, and on the supplier side, specialist security companies generally favoured single service and clearly facility management companies favoured bundling, but this was not a hard and fast rule. For example, representatives from security functions/companies sometimes argued that security was a specialism within FM, and some corporate security managers saw bundling as offering advantages of better (integrated) security. A different study with a different methodology would need to test the relative significance here.
- 5.18 There was a tendency for clients and suppliers to highlight different features. So while clients said they favoured bundling because of cost savings, efficiencies in delivery, the growing competence of the market and the opportunity for standardisation across sites, suppliers focussed on cost savings, but then innovation, the benefits of multi skilling staff and the opportunities for technology. This evidence would suggest that there was more to be done to bring clients' attention to potential benefits.
- 5.19 With regards to single service, clients highlighted the value of security as a specialism which should not be diluted, the greater ease and experience of managing single service, it was a more efficient form of management and a less risky one, and it saved costs in terms of incurring less risk. While suppliers largely agreed also noting that a focus on security as a specialism also protected internal jobs.
- 5.20 There are of course many factors that impact on organisations that determines their priorities and their approaches to meeting them, and this is no less the case when security is being considered. Certainly the context in which security operates is changing. For example, the cut backs to policing may place additional burdens on organisations to police themselves; insurers competing for business may be prepared to

insure on lower security requirements; fire services in some areas are not responding to fires until they have been verified and this may involve a different role for security. The general economic environment may result in more crime and that may place more requirements on security, all in a period of cost cutting. This is unquestionably a period of change.

- 5.21 Yet, characterising the debate about what is best in terms of single service or bundling, is too simplistic to be meaningful. So too to generalise that bundling is about cost savings and single service is about retaining expertise. As has been shown, while many clients and suppliers held these views, there were those who noted that single service managed well could also provide many of the benefits of bundling and that bundling managed well could match the benefits of single service. What is clear is that a variety of arrangements are in evidence that complicate classification; that different models are working and failing; that new models involving new ways of using manpower, technology and combining even integrating services offer different ways of offering security and other facilities management services. Yet, these are relatively new. It is difficult to determine whether bundling (and for that matter which type) is becoming more popular. If it is, the extent to which this is due to an economic climate where cost is a high priority than risk – and therefore maybe cyclical - remains an open question. It is likely that what will emerge in the future will depend in part on recording the pros and cons of different models carefully and subjecting them to scrutiny. If this is to be meaningful this report should be just one small step, and we hope one that will be heeded.

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Appendix One: Methodology and Sample

The approach

The topic is an under researched area, so we began by reviewing work on outsourcing in different sectors, on facilities management, and on the advantages and disadvantages of bundling compared to single service as well as issues that determine effective outsourcing and service delivery. Most often previous research did not discuss security, but the review was helpful in identifying the issues that were to form the focus of the study.

There were two main aspects to the research. The first involved a survey to help identify attitudes towards and experiences of some of the key issues that evolved from both the literature review and discussions with a range of experts and individuals working in different aspects of security and facilities management. In addition to personal contacts we were fortunate in being able to arrange a focus group discussion with senior security personnel, which was organised by ASIS international in the US. The second approach involved one to one interviews with a range of personnel. The two approaches are discussed in a little more detail below.

The survey

The aim of the survey was to target a wide group of both clients, and specifically security and facilities managers, and suppliers, providing both single service and bundled services. As there is no sampling frame, that is there is no defined population listed or recorded anywhere, the sample was self recruited. This means that it is not representative. Actually the aim was to help us identify the key issues. An attempt was made to publicise the survey widely this included via participants from previous research who had elected to be contacted for future research; a link in the Perpetuity newsletter and via Perpetuity social media; announcements made at conferences and other security events; and a range of organisations were contacted and informed of the survey and invited to publicise it and pass on the details to their members, these included:

- ASIS (UK Chapter)
- ASIS International
- Security Industry Authority (SIA)
- Security Institute (Syl)
- British Security Industry Association (BSIA)
- British Institute of Facilities Management (BIFM)
- International Professional Security Association (IPSA)
- Association of University Chief Security Officers (AUCSO)
- Higher Education Facilities Management Network (HEFM)
- British Retail Consortium (BRC)

- Institute of Hotel Security Management (IHSM)
- Infologue
- I-FM
- Professional Security Magazine
- Counter Terror Expo (CTX)

We cannot be sure that all groups disseminated relevant information to all audiences, but most helped for sure. However, the response to the survey was low, and at least a part of the reason was a lack of familiarity with the subject being surveyed. The findings did help identify the importance of various issues from a broad range of people. The data though have mainly been used to provide a context to, and help frame the major part of the work, the interviews; this is reflected in the emphasis placed on the survey findings discussed in the report.

There were 145 eligible responses. The slight majority (57%, n=83) were directors or managers of companies supplying security services. The remainder (43%, n=62) were clients; specifically security managers (47%, n=29), procurement specialists (11%, n=7), or some other role involved in the purchasing of security services (15%, n=9) or were facilities managers involved in the management of security services (27%, n=17).

One to one interviews

The approach in this work was to identify a wide range of individuals to help understand the key issues involved in single service and bundling which involves security. A snowball sampling strategy was used. This involves using contacts and word of mouth to identify relevant people to take part in the survey. In fact, primarily two distinct routes were used; personal contacts and contacts of personal contacts; and individuals who volunteered to offer more details after taking part in the survey (which was a further benefit of the survey work).

An advantage of this method is that it allows access to members of the population who may be difficult to identify and engage by other means. Obtaining the sample in this way allows for potentially more valuable responses as those taking part are more likely to be knowledgeable about the research. Indeed, one of the early findings was that knowledge about the benefits and drawbacks of providing single service or bundling security was limited. The interviews typically lasted thirty to sixty minutes and detailed semi-structured interview schedules were used. The schedules were based on the information taken from the literature review as well as previous research and points highlighted by the survey. An advantage of a semi-structured schedule is that it gives the flexibility for interviewers to probe the issues raised.

In all 72 individuals took part in telephone interviews: 44 clients (of which 27 were security managers or similar, 14 were facilities/ property managers, 2 were consultants and 1 was a procurement specialist), and 28 suppliers (of

which 10 predominantly bundled their services, 9 supplied predominantly single services, 7 supplied a combination of both single and bundled services and finally 2 were involved in an advisory role) – mostly from the UK, but also from Australia (7), Canada (4), Europe (3) and a representative working in the Middle East.

About Perpetuity

Perpetuity Research is a leading social research company with a wide area of expertise. Our core focus has been on crime and security, and this remains a key specialisms. In addition, we have an excellent track record in the areas of health, education, transport and market research.

Our mission statement is "committed to making a difference". For us at Perpetuity this means producing research that helps inform theory and practice.

About the Authors

Professor Martin Gill: Director

Martin Gill is the Director of Perpetuity Research and Consultancy International. He started the company in 2002 when it was formally launched by HRH Prince Michael of Kent. Martin is also a Professor of Criminology and for over two decades has been actively involved in a range of studies relating to different aspects of crime and its prevention.

He has a particular interest in business crime and the security sector. The types of projects he has been involved in (with Perpetuity colleagues) includes the causes of false burglar alarms, why fraudsters steal, the effectiveness of CCTV, the effectiveness of security guards, how companies protect their brand image, the generators of illicit markets and stolen goods, to name but a few. He has also launched and led the Security Research Initiative which was short listed for a Security Excellence award. The SRI engages leading associations and leading companies in the security sector and topics covered so far include the procurement of security, and the value of security. The findings have led to the establishment of a Best Value for Business Campaign aimed at highlighting how security can enhance organisational performance.

Martin has published widely (13 books including 'Managing Security' and 'CCTV' published in 2003, and the 'Handbook of Security' published in 2006) and is editor of Security Journal. In 2002 the ASIS Security Foundation made a 'citation for distinguished service' in 'recognition of his significant contribution to the security profession'. In 2010 he was recognised by the BSIA with a special award for 'outstanding service to the security sector'. In 2013 IFSEC placed him in the top 40 most influential fire and security experts in the world.

Charlotte Howell: Researcher

Charlotte Howell joined Perpetuity in January 2009 and currently works as a Researcher, managing and delivering research contracts. Charlotte's knowledge and experience spans the range of our areas of expertise - including crime prevention and community safety, security research, and the social aspects of health research (such as substance misuse, obesity & weight management and smoking cessation).

Charlotte is involved in the delivery of Perpetuity's annual Security Research Initiative - a three year programme of research with a separate study each year evaluating topics that are of importance to the security world. Charlotte also manages the running of the Secured Environments accreditation - a police accreditation run by Perpetuity on behalf of the Association of Chief Police Officers.

Charlotte has experience in a variety of research skills. Her quantitative skills include analysis of datasets such as survey responses, client data and performance data. Her qualitative research skills include undertaking literature reviews and undertaking consultation through interviews, focus groups and street surveys. Charlotte has consulted with a range of individuals, including stakeholders (such as individuals from the police, local authorities, teachers and service commissioners and staff), offenders (both in prison and in the community), and clients accessing services (including children and their families) such as weight management services, drug and alcohol treatment services, domestic abuse services and support services for sex workers.

Charlotte also acts as book review editor for the Safer Communities Journal - a quarterly publication that looks at practice, opinion, policy and research.

Prior to working for Perpetuity, Charlotte graduated from the University of the West of England with a first class LLB (Hons) in Law in 2003. Following this she received an MSc in Criminology from the University of Leicester in 2004. After graduating, Charlotte worked for the Leicester Criminal Justice Drugs Team, analysing and reporting on Class A drug misuse and treatment information, to maintain and improve performance.

Thomas Horton: Research Assistant

Thomas Horton joined Perpetuity in July 2012 as the newest member of the team. In his role as research assistant he works with the research team on the delivery of research, promotion of the company and providing administrative support.

Thomas has been involved with a range of projects, including undertaking a literature review and stakeholder interviews for work on our Security Research Initiative. He has also drafted survey questions for work on financial investigation, undertaken analysis of survey data as part of case study

analysis of work in schools and conducted research and written reports on shoplifting.

Prior to working for Perpetuity, Thomas graduated from Loughborough University with an upper second class BSc (Hons) in Criminology and Social Policy. Following this he received an MRes in Social Sciences Research, also from Loughborough University.



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