Outsourcing to manage risk: A security trend

By Jim Mustard
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Today, an increasing number of buildings and tenants are operating 24/7, amplifying the challenges of protecting employees, tenants, visitors, physical assets, critical systems and confidential corporate or client information.

Computer technology has revolutionized business practices worldwide, and more and more building owners, managers and tenants are lowering their costs, providing better security and mitigating liability by outsourcing the operation and management of their security system to experts.

Owners, managers and tenants who choose to run their security systems themselves find that they are bogged down with day-to-day operation and management of their systems.

Despite these systems' technology and the best efforts of employees, run-it-yourself security systems incur operational and technical problems that result in security lapses, property damage and large, unnecessary expenditures.

These systems generally have to be replaced every six years-not because the technology becomes obsolete, but because the systems are not being run properly.

Determining security requirements

Building owners need to control access to lobbies, loading docks and elevators, and tenants need to control access to their suites.

Today's high-tech security systems meet that need and also have the capac-

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Outsourcing security services gives building owners the ability to focus on their core business while lowering costs and lessening the building's liability. An example is the system designed by Kastle Systems pictured above.

ity to: recognize only valid access cards; detect intrusion; monitor fire, life safety and mechanical systems; process and authorize visitors; facilitate photo ID badge systems; and generate activity reports.

The management of all of these functions can be outsourced.

For most office buildings and properties, security needs can be met with a cohesive electronic system, designed to each building's requirements and correctly installed. But after installation, the most important aspect of the system—ensuring it remains functional and effective—is often the weakest link in the security chain, as becomes readily apparent when the building owner,

manager, or tenant assumes operational responsibility for the system.

The 24/7 technical and human resources needed to keep an electronic system running properly without interruption far exceed the capacities of building owners or managers, whose expertise is managing real estate assets—not security systems.

Added value

The total operating cost of a security system will be determined by whether building owners and managers choose to run the system themselves or hire an outsourced provider to run the system for them. Lower cost is only one bene-

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fit of outsourcing.

Failure to maintain appropriate security measures and systems can expose real estate investors to the risks of lawsuits such as the one brought in 2005 by two attorney tenants who contended that the lobby of the Empire State Building was inadequately secured.

Office building owners report that by outsourcing, they are able to focus exclusively on their core business of buying, managing and leasing property, which increases tenant satisfaction and leads to increased tenant retention. Outsourcing security systems operations and management to experienced professionals who pay unwavering attention to detail will keep buildings and offices secure around the clock.

How it works

Chicago-based Sidley Austin LLP offers a good example of the advantages of outsourcing security operations and management.

In 2005, Sidley Austin decided to consolidate its multiple Chicago locations into one 20-floor headquarters. To ensure the security of such a large and complex operation, the firm decided to outsource its security system management to our firm, Kastle Systems.

Ongoing system management is comprised of five vital functions: programming, operations, administration, changes and upgrades, and monitoring.

Sidley Austin attorneys and support personnel each have one card that provides seamless access to the firm's multiple buildings and locations around the country. The system is infinitely expandable and will never become obsolete.

Its components meet all five vital functions:

• Programming: The configuration of the security system is able to adapt and be properly configured to the constantly changing requirements of the busy legal practice environment.

• Operations: The security system is backed up off-premises, with a maintained database of information including critical emergency generators, redundant computers, and IT staff to run the physical infrastructure of the system.

• Administration: Cards can be added, deleted or changed; authorizers modified; and the system administered by Sidley Austin personnel over the Internet as professionals are hired, terminated or assigned new privileges. Sidley Austin's executives also have the ability to audit and control the systems over the Internet.

• Changes and upgrades: The system is run remotely, and can seamlessly implement ongoing changes and upgrades behind the scenes.

• Monitoring critical points across multiple systems: The system monitors and controls all point-of-access and critical operations for multiple Sidley Austin offices 24/7 through web-based communications that are connected to the off-premises operations center.

The outsourcing solution

The benefits of outsourcing the operation and management of a security system to experts include:

• Lower cost. On average, an outsourced managed security system will save building owners more than $800,000 in six years and relieve them of the hassles and expenses of running the system.

• Flexibility. An outsourced managed security system is adaptable to meet the varying requirements of tenants. Tenants in a building can have a customized, user-friendly security system that meets their individual needs, resulting in greater tenant satisfaction.

• Mitigated liability. Outsourcing system management lessens a building owner's legal liability.

• Investment protection. Outsourced managed security systems proactively protect investments and asset damage through monitoring of fire, life safety and other critical mechanical systems at off-premises sites.

• Better security and control. Outsourced managed security systems provide experienced security professionals with steadfast attention to detail and will keep buildings and offices secure 24/7.

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