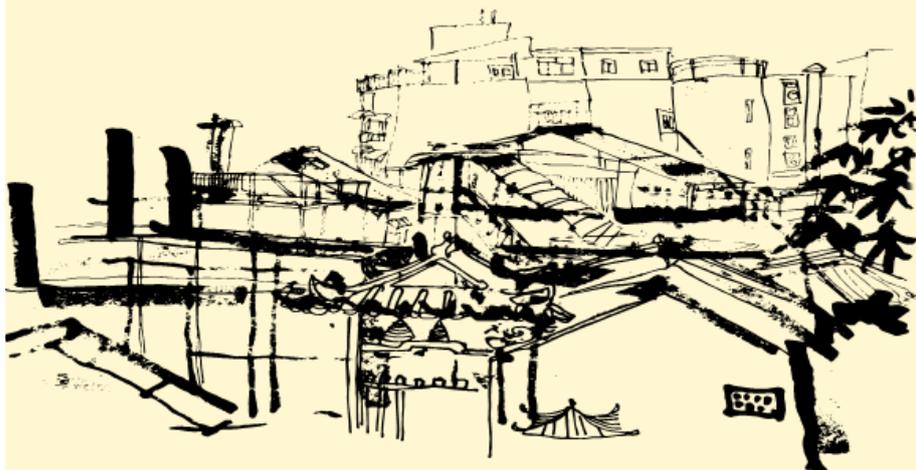


Security Newsletter

FEB 2018 | ISSUE 6

OUTSOURCING SECURITY IN MACAU



With around 45 government-approved licenced security companies, a diversity of services and a security market estimated to be worth over MOP 1.8 billion annually, clients in Macau have never been in a better position to outsource their security needs to a reputable, user-focused partner. Specialisation, flexibility, economies of scale and bespoke solutions are all on offer in today's highly differentiated security environment. So why do so many companies still manage security in-house? In this feature, we highlight some of the misconceptions, and discuss factoring and finding the right service provider.

Lack of awareness

Even with the proliferation of private security options in Macau, some companies simply haven't considered outsourcing, while others are still not aware of the possibility or benefits.

Concerns over control

Some companies have taken a look at private security options but been wary of ceding control to an outside partner, or feel uneasy having personnel on their premises who haven't been through their own recruitment process. One Macau based gaming security executive stressed "he would not be comfortable having an out-sourced security company manning his property entry/exits for fear of losing control".

Belief they know their business best

Others might think they understand their own security needs better than a third party ever can, or believe there's a conflict of interest – that third-party partners' drive to keep margins down results in lower standards of service than they'd get by keeping security provision in-house.

Worries about cost

The implementation of mandatory licencing for private sector security officers has raised vetting controls, standards of training and service delivery throughout the industry. However, it's also brought significant wage inflation. Some businesses, such as retail, residential and commercial buildings, are choosing to stick with their own unlicenced security operatives because they don't want to take on these extra new costs.

A Way Forward...

Option and expertise

It is true there is not much public information related to private security in Macau. But the fact is, there's never been more specialisation or greater competition in security provision or, given the proliferation of threats and challenges, more need to bring in expert help.

Reassuring clients they'll stay in control

Clients need to be reassured that delegating a task to experts does not entail loss of control. The key here is constant communication. Clients need to understand that today's outside providers listen, learn and create bespoke solutions, using technology for audit, transparency and accountability rather than apply an industry template that might not suit individual needs or budgets.

Understanding client needs

If a company entrusts its security needs to a reliable outside provider, it's buying in expert advice and a professional service. Today's security industry is more regulated, and a crowded market has had the user-friendly effect of creating competition between providers. The result is differentiation, specialisation and a willingness to work around the individual needs of every client.



Competition among security vendors are immense

Providing bespoke solutions

Specific areas of operations require careful security planning, training and the right people. A professional security service provider can tailor its service to meet the needs of specific clients. Does a client need security for a five-star hotel? A solution would be to bring in well-trained security staff with a hospitality background. For security in high-end retail, it's to provide security staff with accolades in customer service who can blend in with the sales team and perform their security role inconspicuously.

Leveraging experience

Defining and implementing customer needs is key to successful collaboration, and external security providers bring vast experience to this process. Having worked across a huge range of industries and services, third party providers are aware of challenges, risks and possibilities that client companies, however specialist in their field, may not even have considered.

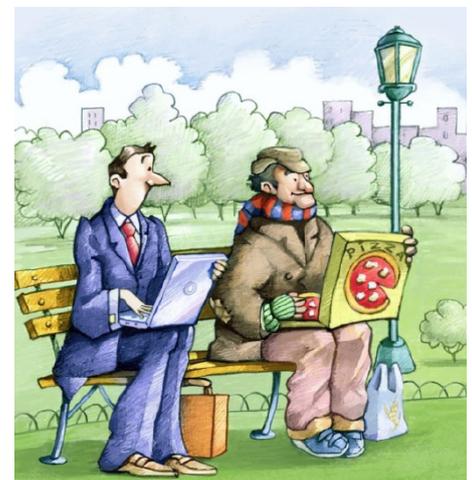
Specialist resources allow rapid response and adaptation

The security landscape never ceases to change, and it is our job as security providers to stay abreast of developments. Where an in-house security department will struggle with the constant adaptations required by such a landscape, a specialist provider has the resources to stay on top of changes in risk advice, manpower, technology and training and all the other security requirements – and pass on its constantly updated expertise.

Flexibility and scalability

Outside providers can draw on the knowledge and personnel of an organisation, delivering experience, training, flexibility and genuine scalability that in-house provision sometimes simply cannot match. Security needs can change fast and often: a one-off event or sudden threat, for example, may necessitate a sudden expansion of specialist personnel which an outside provider is in a better position to supply.

"Macau Special Administrative Region (SAR) law 4/2007, Article 27, specifies that "it is a violation to operate without a licenced security permit."



Concentrate on your core business

This is one area that I cannot emphasise strongly enough: entrusting security needs to an expert partner allows companies to concentrate on their core business – the things they know how to do best.

It makes financial sense

Not only does outsourcing security free up time better spent elsewhere, but external security providers can also leverage economies of scale which are not available to in-house security departments.

Yes, in-house unlicensed operatives can cost businesses less than licenced ones but companies should beware of false savings.

Moreover, the costs of running training courses, buying uniforms and establishing an effective infrastructure can be prohibitive for individual businesses, whereas for third party suppliers they are part of the business model.

Communication, communication, communication

Constant, clear communication is vital. The client must be convinced that the provider is technically on top of the ever-changing world of security provision, that it is passionate about delivering excellent service, and that it has understood the wider needs and culture of the company. Then we can win the clients' trust.

About the Author

Ekraj Rai is the Founder and Managing Director of OMNIRISC. Since 1998, He has held senior management positions incorporating physical security, asset protection and risk controls in corporate and gaming industries in Macau.