

# NO MORE LIVING

## The Goal for 2008

By Bill Bozeman

# BID TO BID

If there is anything you can gain from reading this short article, I hope it would be that security systems integrators (video surveillance and access control) are beautifully positioned to take advantage of and participate in the recurring monthly revenue (RMR) cash machine that until recently was not technically feasible or economically practical.

The analogy I draw is between the early days of the burglar alarm industry and today's security integration industry. I speak from first-hand experience, as I was fortunate enough to have participated in the alarm industry in the 80s. To this day, I remain grateful to the Bonifas family, Lou Sepulveda, and the now-defunct Dictograph Alarm franchise for teaching a young CCTV contractor, who lived from job to job, the merits of recurring monthly revenue.

In the 70s and early 80s, the technology was not available for remotely monitoring video and remotely managing access control; the security monitoring business was all about burg and fire. The smart, independently-owned alarm companies quickly adapted the RMR model and switched from local alarms and tape dialers to central station monitoring. They billed on a quarterly or monthly basis and usually billed in advance. This model worked very well and allowed these alarm companies to quickly become cash cows.



Unfortunately, the more technically sophisticated security system integrator did not have an RMR model. Most integrators used the contractor model consisting of designing, installing and maintaining the system under warranty. Integrators (including me) lived from bid to bid. Recurring revenue was limited to the occasional maintenance contract.

If the integrator was not a highly skilled estimator and project manager, the company usually broke even or registered a very small operating profit. The exit value of the systems integration company paled in comparison to the less sophisticated burglar alarm companies that specialized in RMR. Technical bragging rights aside, the alarm guys had a much better business model; they went to the bank to make deposits while the systems integrators went to the bank for an entirely different reason – to borrow money.

So let me share the secret with you: It is not about how many card readers, cameras, night vision domes, biometric devices or high tech command and control centers you claim credit for. The Super Bowl ring, the Big Kahuna, the Golden Fleece – it's all about how much RMR you create.

We live in the greatest country in the world. A country where average Joes like you and me can become multi-millionaires by making a few intelligent business decisions. And what's wrong with that? NOTHING!

If you own or manage a systems integration company that has historically not been in the alarm side of our industry and your objective is to build value in your company, the scorecard you focus on should be RMR in the form of video surveillance, access control management and contracted maintenance. The window of opportunity to enter the alarm monitoring industry closed long ago. The window of opportunity for systems integrators is just opening.

In 2008, systems integrators finally have the technology tools necessary to take advantage of what many alarm dealers figured out decades ago – if you want to make the big bucks, you need RMR in your business!

Do not let this opportunity pass you by!

### About the Author:

Bill Bozeman is president and CEO of PSA Security Network, the world's largest electronic security cooperative. Bozeman has 29 years experience in the security systems integration business. In 2005, he was inducted into the Security Integration Hall of Fame and was recognized as one of the 25 Most Influential Security Executives in 2006. Visit [www.psasecurity.com](http://www.psasecurity.com) for more information on the PSA Security Network.

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