

Physical Security

Dealers provide a look at this diversification strategy

by: Brent Hoskins, Office Technology Magazine

Increasingly, office technology dealers are embracing a new diversification strategy — physical security, by way of surveillance cameras, access control systems, etc. Following are profiles of three dealerships that are helping clients protect people and property. Perhaps the comments they share will provide some welcome guidance.

iTech Advanced Alarm

It was a little over three years ago that Mike Williams ventured into physical security to help diversify his business. As founder and president of what is today iTech Advanced Alarm (www.itechwv.com), based in Parkersburg, West Virginia, his primary focus had been on placing Xerox imaging devices. “When we first started in the [physical security] business, it accounted for about 20% of our total revenue; it’s now more than 40%,” he says. “In a year to 18 months from now, it should be bigger than our imaging business.”

The venture began when a friend, who had recently acquired a small alarm business and was subleasing space in iTech’s historic 35,000-square-foot downtown building (built in 1896), asked Williams if he had an interest in becoming a partner in the alarm business. The friend was looking for help managing his day-to-day routine. “I really didn’t want to do a partnership, so he said, ‘Why don’t you just buy it from me?’” he says, recalling his acquisition of his friend’s business. “My first thought was: ‘I don’t know anything about the security alarm business, but I am interested in diversifying.’”

That was then. Today, what was a three-person alarm company is now “11 employees on that side of our business and we’ve tripled the revenues,” Williams says. “We do residential and commercial alarms. We have around 1,300 clients altogether and it’s about half residential and half commercial ... The security world is much bigger than I ever thought it was ... For every 10 inbound leads that we receive right now, about eight of them are for the alarm business.”

Williams uses the word “alarm” given the nearly 40-year heritage of the business he acquired, known as an alarm



company in the Parkersburg area. He notes that the company name will likely ultimately be changed to iTech Security Services. Today, iTech’s physical security offerings extend beyond alarms to also include fire, access control, property video surveillance, and even lock and key services.

Through partnerships with such physical security vendors as AVYCON, i-PRO, Mircom and Kantech, iTech installs systems across the business spectrum. “Currently, we are finishing up

on a large month-long access-control job for the City of Parkersburg,” Williams says. “We have a lot of cities, courthouses and county government in rural America as clients. Last year, we finished up the local county 911 center. We also do a lot of medical facilities, churches, apartment complexes and new construction; we even have our contractor’s license.”

In addition to the up-front revenue from the installation of security systems, Williams says there is recurring revenue as well. “We sign customers up for monitoring contracts where they are getting billed every month or every year,” he says, noting that iTech outsources the 24/7 monitoring to a third-party monitoring company; if there is a break-in, fire, etc., the third party notifies law enforcement or the fire department. “Plus, the fire alarm business is fantastic because it is legally required that someone inspect the systems each year; that’s recurring revenue, because we’re doing the fee-based inspections ... Recurring revenue equates to about 50% of our total revenues [for physical security].”

The margins are good, too, Williams says. “You buy the alarm surveillance systems as you would copiers,” he says. “You are going to pay X amount of dollars and then turn around and lease or sell the equipment. We typically see profits of about 60% on the equipment and services. It’s a very profitable but labor-intensive business.”

In addition to physical security and imaging devices, iTech offers managed IT services. In fact, Williams says he sees IT services as a prerequisite for physical security, given that today’s cameras, etc., are connected to company networks and, often, to the cloud. “If we did not have IT, the [physical

security] business would not be a good fit for us,” he says, encouraging other dealers who offer IT services to take a look at the physical security business through acquisition opportunities. “A lot of baby boomers are starting to transition out of the security business. They are not network tech savvy [with today’s security systems] and they are looking for exit strategies.”

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— Mike Williams
iTech Advanced Alarm

headlines, we recognize that everyone needs solutions that provide protection and peace of mind. Capitalizing on emerging technologies, LDI Connect specializes in both net new and upgrades to existing systems. With the advent of IP and AI [artificial intelligence] in security solutions, many of our customers are updating their analog solutions to newer technology.”

Carson shares an example

LDI Connect

Based on his more than 40 years of experience in the physical security business, Todd Carson can attest to the promise of the market opportunity. “During that time, with the exception of maybe one or two years, I have seen year-over-year growth,” he says. “We see this as a tremendous growth opportunity for our organization.”

That organization is LDI Connect (www.myldi.com). Earlier this year, Carson joined the team as director of sales at the dealership after serving the previous seven years in sales leadership at Axis Communications, a leading vendor of video surveillance systems. LDI Connect is a 25-year-old dealership based in Jericho, New York, with a second New York location in Manhattan, two locations in New Jersey, one in Connecticut and one in California. In addition to physical security and Canon, Xerox, HP, Sharp, Toshiba and Brother imaging products, LDI Connect offers document automation, managed network services, cloud communications and professional audiovisual.

“The LDI Connect security offering predates my arrival at the company, but they have been doing it well for a number of years,” Carson says, noting that LDI Connect offers both surveillance camera and access control systems, with all sales reps empowered to sell them, assisted by subject-matter experts. “Our focus is very simple. We want to partner with the best manufacturers and be experts in their technologies.”

Among those manufacturers is Axis, which Carson describes as “a world leader in IP security solutions.” In addition, he says, LDI Connect works with Hanwha Vision, “a massive company that is very well respected in the security space,” along with Verkada Inc., “a newer company that is taking the security industry by storm,” for which LDI Connect is a Gold Partner. “They are a very innovative company with cutting-edge technology.”

Where does LDI Connect see opportunity for the security systems it offers? “We see opportunity everywhere,” Carson says. “We concentrate primarily in the commercial B2B space. In a world that has an increasing number of concerning

of how the security industry has changed since the analog-only days. He cites the benefits of systems that are integrated with AI. “Consider the benefit to a school where, perhaps, there have been some challenges with a family; maybe the parents are estranged or there is a restraining order,” he says. “The school can have a license plate number of a parent — or anyone for that matter, a suspected threat — fed into its system. [With an AI-enabled surveillance camera] the school is notified the instant that car enters the property.”

License-plate-reading cameras are also commonly used in purely positive situations as well, Carson says. “For a building that is secured with a gate, all of the employees’ license plates can be entered into the system so that the gate camera will recognize their cars, open the gate and allow them to enter,” he says. “Another example is the use of the technology for casinos, so when a VIP arrives on the property, it will send a notification so that someone is there to greet the VIP at the valet.”

Carson shares some simple, yet critical advice and makes a generous offer to dealers with serious intent to pursue the physical security opportunity. “I would caution anyone considering this to make sure they fully understand it,” he says. “We would be happy to consult with any dealers considering this and share our experience with them.”

Usherwood Office Technology

Seven years ago, Usherwood Office Technology (www.usherwood.com), a third-generation Canon, Xerox and HP dealership based in Syracuse, New York, with 18 locations across seven states, entered the world of physical security. “We selected security and surveillance because it’s a \$130-billion global industry and it’s growing,” says Ken Stinson, president of Usherwood. “We felt it complimented the work we’re doing in imaging and managed IT services, which are our two biggest business units. We felt that we’re already securing people’s cyberenvironments. It is a natural foray to secure their physical environments as well.”

Usherwood does so through a range of products, including

Physical Security for the Workplace

21% of resellers reported that physical security products offer the greatest revenue opportunity beyond print.

Proximity cards, the most popular type of building-access security systems, can also be used to control and track usage of MFPs equipped with compatible card readers.



AI has revolutionized the field of **video surveillance**, providing advanced capabilities such as:

 Object Detection and Tracking

 Facial Recognition

 Behavioral Analysis

Wireless technology means the most time-consuming and expensive aspect of providing alarm systems (the installation) can be a thing of the past.



Source: Keypoint Intelligence Research

“We see opportunity everywhere ... In a world that has an increasing number of concerning headlines, we recognize that everyone needs solutions that provide protection and peace of mind.”



— Todd Carson
LDI Connect

surveillance cameras, door access controls and various monitoring systems, such as environmental, sound and motion monitoring, Stinson says, noting that the dealership’s two leading security vendors are Axis Communications and Verkada Inc. “Historically, Axis has been a very strong provider of surveillance cameras — ‘bulletproof’ systems when you want to spend a reasonable amount of money and have the cameras last a long time,” he says. “Verkada offers cloud-based camera systems with lots of great bells and whistles. They are powered over Ethernet, so it’s a little different set-up. The companies offer two different models, but both fit in various environments very well.”

Because of the robust capabilities of today’s physical security equipment, upgrade opportunities are commonplace. “There have been so many advancements in technology, ranging from low-light capabilities to IK capabilities, which is the durability of the cameras,” Stinson says. “In addition, there have been improvements in the distance and angles cameras can now see. Plus, there are sensors available, such as vaping sensors or noise sensors. There are so many new technologies available that even if somebody has a camera system — and most people do — it is outdated.”

It is not simply a process of swapping equipment, says Stinson. “It’s never a like-for-like replacement when we go in, but rather is always a newly architected solution that meets the customer’s needs,” he says. All Usherwood “sales professionals” sell the solutions — and “own the client relationships” — working alongside security and surveillance experts the dealership has on staff, he says. “The sales professional uncovers the opportunity, creates the interest and then brings in the proper resources to make sure we conduct a solid discovery to understand what the client is trying to accomplish, which is an incredibly important part of this particular line of business.”

The selling process is not unlike that of the other six lines of business at Usherwood, focused on “creating interest, bringing in experts and conducting a great discovery,” Stinson says. “But there are nuances that are very specific

to security and surveillance. You have to have a high level of expertise; you can't go in cold and unknowledgeable. You have to acquire the right assets, gain the right training and have the right certifications [which vary state by state] so that you can do this correctly."

Stinson encourages other dealers to take a look at the physical security opportunity. "Security, in general, is a winning conversation — a key conversation starter — for us as an organization with any business owner, whether it is virtual security via your IT infrastructure or it's physical security via surveillance cameras, access control and managing those environments," he says. "I see this business [physical security] growing exponentially over the next 10 years."

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Usherwood Office Technology

For dealers who plan to be around "for the next 25 years, I think it is safe to say that they have to diversify," Stinson says, emphasizing the importance of first "having every process and procedure nailed down" on the imaging side of their businesses before pursuing anything else. "Our goal is to always grow in imaging, but we're going to do so with an extremely strong IT business, unified communication busi-

ness, and security and surveillance business wrapped around that." ■

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