Total Cost of Ownership

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Considering the Total Cost of Ownership

An examination of the many costs involved in owning and maintaining a security system.

The often hidden, multiple costs associated with purchase, installation, and maintenence of a multi-layer security system for residential or enterprise use can be unexpected.

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EDUCATIONAL

Security Systems & Costs Involved

Consider the Total Cost of Ownership When Budgeting for a Security System

Security system ownership can come with additional costs.

Total Cost is Important

That new multi-layer security system is working great, exceeding all your expectations. Once the purchase and installation bills have been paid, it's often easy to overlook the many other expenses associated with the system's total cost of ownership (TCO). By not preparing for these extra costs, you might have to raid future budgets to meet expanding security needs or take advantage of new technology promising dramatically improved performance.

Let's take a look at some of the direct and indirect costs that should be included in factoring TCO.

Direct Costs

The biggest direct expense will be the system's purchase price. That's why it's important to ensure the equipment you buy is truly the best fit for securing your organization. Before making any system selections, have an experienced security professional, like your systems integrator, conduct a thorough risk assessment of your facilities. The process will identify security strengths and
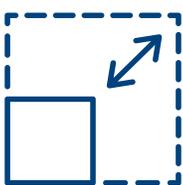
Look to "future-proof" your investment by choosing scalable systems capable of growing and integrating with legacy equipment as your needs change.

weaknesses, helping you to focus your limited resources on those areas most in need of an upgrade.

Equipment

Following the assessment, your integrator should provide equipment recommendations. This is the time to ask if your needs can be met with less expensive systems. But keep in mind that more expensive products may also be more reliable and a better investment for the long term. Check with your integrator, colleagues, and do a little online research to learn more about the manufacturer's reputation.

Don't blindly accept custom solutions requiring specialized cabling, casings, or software. Often, off-the-shelf technology provides all, and possibly

more, features and benefits required for your needs. Look to "future-proof" your investment by choosing scalable systems capable of growing and integrating with legacy equipment as your needs change. One good example is a hybrid access control reader that can be used with multiple card technologies including mobile credentialing. That will enable you to migrate to new technologies in a planned, orderly manner. The same is true of many communications systems such as intercoms.

Also, be skeptical of proprietary systems that can lock you into equipment from a single manufacturer. Manufacturers supporting open standards from ONVIF, PSIA, and the Security Industry Association allow you to confidently choose equipment based on features, performance, and price, knowing it will work with other disparate systems.

Installation

The costs of installing any systems will also be expensive. Ask your integrator to provide a firm installation estimate before agreeing to the budget. Ask questions about less expensive, yet effective, ways to get the job done. For example, it's costly to run cable to and through buildings with solid walls or located in a remote location. See if a wireless solution, with equipment linked over the organization's network, might be the better choice. Where possible, use existing infrastructure to eliminate the need to pull new

cable or wires. Then be careful in adding or replacing extra equipment once the project is underway as change orders can drive costs well beyond your budget.

Warranties, Licensing & other Fees

Don't forget to ask your integrator about manufacturers' warranties and support costs. Security professionals seem split on whether extended warranties are worth the expense. Before agreeing to one, carefully read the fine print to see what is and isn't covered. Also, you may be charged for support calls once all warranties have expired. Know what those costs may be as you go into the project. Integrator-provided service maintenance agreements (SMA) may be a good investment. Equipment failures can create a big hole in your security plan. SMAs typically promise regular system checkups and faster service calls if you do have a problem. But an agreement's cost adds to the TCO.

Many manufacturers charge for annual licensing fees and routine software updates. Be aware of these charges so you won't be surprised later. New equipment may also require staff training at an extra cost. You'll save money if your integrator and/or equipment manufacturer conduct sessions at

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your site eliminating the costs of travel and lost productivity while your people are away from their regular jobs. You may save money and space with hosted cloud-based video and access control solutions that reduce or eliminate the need for onsite servers and regular firmware and software updates.

Indirect Costs

There are many other potential indirect costs that are easy to overlook but should be included in any TCO calculation. These costs may include added floor space, supervisory, administrative, and accounting support. Remember, too, that new equipment may increase your utility bill.

Return on Investment

Now let's look at the potentially positive cash-flow side of a security system. System-generated savings and/or added revenue can be subtracted from the running total of your TCO. Here are a few ways new or updated systems may create a measurable return on investment.

Equipment connected via the network may improve employee productivity and reduce the need for new hires. System apps are a good example as they promote multitasking; a guard can remain in control of equipment while patrolling the grounds. Also, data provided by a security system assists

Reasons to Invest: Security equipment may provide proof an organization is complying with various federal, state, and local regulations.

staff to make more intelligent decisions about dispatching officers. Network-based systems can be monitored and controlled from a single location, potentially eliminating the need for satellite security operations centers (SOCs).

Consider Liability Issues

Liability issues are a major cost to many organizations.

Often, injury claims are quickly settled to avoid even more costly litigation. However, security equipment may provide evidence to debunk many slip-and-fall and false crime reports. Reductions in liability and crime issues may lead to lower insurance costs.

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Each of these costs and savings play a role in determining the total cost of owning a security system. Being aware of your system's true TCO may save budget surprises months, or even years, later. Work with vendors and integrators that also understand the big picture. That will help you to create a safer and more secure environment that benefits all members of your organization.

About Aiphone

Since 1970, Aiphone has been selected by companies in multiple industries as a trusted security and communication solutions provider across North America.

Offering a breadth of reliable products – ranging from simple to comprehensive – Aiphone can accommodate the needs of a single building, as well as the demands of a large campus.

When you choose Aiphone, you get more than parts and equipment. Backed by quality assurance, you get local support to make sure the products you invest in have longevity and continue to meet your standards.

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Then there are intangibles that are difficult to assign a dollar value. These include convenience, greater safety, and a general peace of mind for everyone within an organization. That may help a company attract and retain better employees. Security equipment may provide proof an organization is complying with various federal, state, and local regulations.

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