

**Alastair Henman** argues that government and commercial buyers of critical national infrastructure protection equipment increasingly want to single-source their procurement to improve integration, drive up standards and reduce costs

# SOLE SOURCING

The trend towards sole sourcing was established long ago, built on a drive for lower costs, quicker lead times and accelerated innovation. It began more than 30 years ago in the car industry, as vehicle makers the world over adopted the Japanese approach of building supplier *keiretsu*: close-knit networks of vendors that continuously learn, improve and prosper along with the organisation they are supplying. In a programme often known as “vendor reduction”, they slashed the number of suppliers they did business with, awarded the survivors long-term contracts and encouraged their most important suppliers to manage the lower tiers. They also got top-tier suppliers to produce subsystems instead of components, to take responsibility for quality and costs, and to deliver just in time.

I’ll return to the car companies later. But for now, fast-forward 30 years and we find that, for many businesses and governments, it did not yield the benefits they hoped. Too often, “vendor reduction” was misused by bullying buyers as a means of beating year-on-year price cuts out of suppliers rather than fostering the long-term partnerships the Japanese had in mind. We saw this most strikingly in the control wielded over their supply chain by the all-powerful supermarket retail giants.

But security, and the protection of national infrastructure, is literally too critical an area with which to play “squeeze the supplier” like this. And fortunately national governments and global utility companies have realised this and are not playing fast and loose with their supplier relationships. After all, according to a recent ComputerWorld blog, a frightening 70 per cent of critical infrastructure organisations suffered security breaches in the last year, including water, oil, gas and electric utilities. An almost equally high 64 per cent anticipate one or more serious attacks in the coming year.

The insider threat in government agencies and big companies is a known problem, with well-developed strategies to mitigate the problem, but globalisation and outsourcing have blurred the lines between insiders and external suppliers. Those strategies are less easily implemented with vendors, contractors and business partners, so partnering and engagement which fosters mutual trust is the best protection when outsiders are gaining privileged access to, or even creating the security protections for, critical infrastructure facilities.

This is the approach Zaun is happily witnessing from its own customers for its highest security systems, both within government and the commercial world. It is their desire to contract with a single company for all of their security needs – both physical and electronic – and partner with the company in an automotive style top-tier supplier relationship, that is steering its business strategy.



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Driven by this customer demand, Zaun has acquired the most respected high-security installer in the UK in Binns Fencing and the latest in CCTV and video content analysis in Eyelyn Limited. The company is combining that with collaborations with perimeter intrusion detection systems and electric fencing to be able to offer an holistic and fully integrated security solution, through design and manufacture to supply and installation.

So what are the benefits to a buyer and to the security of the infrastructure they run? Firstly, it enables a more truly integrated security solution to be designed. By sharing in confidence with trusted suppliers the full extent of the vision for their CNI facility and the security strategy, it enables the age-old security questions to be explored at the design stage. Namely: what asset base are we trying to protect – physical, human, intellectual or even reputational. What risks do or might they face of damage, theft or sabotage? And who or what might pose these risks and how might they carry out their threats?

Security specifiers are rightly demanding more joined-up physical security technology, with integration of security fencing and lighting, access control, PIDs and intruder alarms, CCTV and video analytics and guard patrols and security control rooms now commonplace. There is no better way to achieve this than through sourcing from a single supplier with whom you have worked for years. You understand how they work, get to know the people within the organisation and their particular skills and strengths, review and feed back to constantly improve design, manufacture, function or ease of installation and overall build trust in each other’s commitment to the relationship.

A great example of best practice was a UK electricity supplier that grasped its acquisition of two additional

***Sole sourcing in the perimeter security market will enhance integration, improve standards and reduce lead-times***

# ING SECURITY



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delivery licences as a catalyst for a fundamental review and improvement of its total security solution with a single supplier working alongside them. Here “integration” took place not just between different security elements and systems, but also between existing measures and new solutions across more than 600 sites – all monitored, analysed and controlled remotely from one central alarm receiving centre (ARC).

A central ARC is essential, as it is vital that head office knows who is present in the event of a security breach or emergency, and that only authorised personnel can gain access. Someone at HQ needs to know the moment the perimeter is threatened or compromised, even at the smallest substation, or if anyone is in a place they shouldn't be.

The second benefit to the buyer is that sole customer-supplier interfaces are driving the development of increasingly high standards and levels of security to cope with the evolving nature of threat from global terrorism and organised crime. Passport and security checks at borders and ports of entry have become ever more rigorous in the aftermath of 9/11 and the wave of hysteria stoked up by those al-Qaeda security breaches, but today's world of international organised crime and global terror no longer recognises such boundaries. With no single international “gold standard” or benchmark of security testing and standards recognised across the world, greater collaboration, conformity and rigour among security specifiers and buyers, suppliers of systems and independent testing and accreditation bodies is the

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only way to drive the assurance of secure installations. Increasingly, it is a combination of supplier research and development arms responding to government demands for enhancements in security alongside embedded relationships with testing bodies that are pushing back the boundaries of what is possible.

The third benefit is that partner relationships are reducing overall lead times in the design and construction of critical national infrastructure. For proof of this, it pays to look once again at the parallel of the car industry, and how the Japanese manufacturers have leaped ahead of their US counterparts by working at long term partnerships with trusted suppliers rather than "saving a quick buck". Toyota and Honda have managed to replicate the kind of supplier webs they built in Japan in an alien Western culture. As a result, they enjoy the best supplier relations in the US automotive industry, improve quality year on year, reduce costs and have the fastest product development processes. While the big three US car makers take two to three years to design new cars, Toyota and Honda have consistently been able to do so in just 12 to 18 months.

And finally, the Holy Grail in this era of spiralling debt and hard-earned recovery following the credit crunch of the late 2000s: sole source partnering reduces costs. No one needs convincing in today's scale-driven, technology-intensive global security economy that we need to "get more for less", improving our security year after year while containing or even reducing whole-life costs. Both governments and businesses are increasingly relying on their suppliers to reduce costs, improve quality, and develop new processes and products faster. The issue isn't whether they should turn their arms-length relationships with suppliers into close partnerships, but how. And long-term partnerships with a handful of trusted sole suppliers are surely the route forwards.

## Case study £250m Wrexham super prison secured by sole supplier

Construction work has begun in earnest on the £250m Wrexham super prison after the Ministry of Justice (MoJ) signed a £156.9 million contract with Lend Lease to build it. Wrexham is a new Category C closed prison with a small remand function that will open in 2017 and hold 2,106 adult male offenders. It is designed "For those who cannot be trusted in open conditions but who do not have the resources and the will to make a determined escape attempt".

Months of preparatory work has already taken place that included levelling the site, erecting the secure perimeter fence and digging foundations for the first houseblock. Previously the MoJ awarded the contract to Binns Fencing to supply and install almost 2km of prison-standard secure perimeter fencing on the former Firestone site on Wrexham Industrial Estate. Binns has just finished installing the first phase of 5.2m high perimeter made up of 750 of Zaun's HiSec security fencing panels with the popular '358' welded mesh configuration.

The fact that Binns has now been acquired by Zaun has delighted the MoJ, as it has long wanted Binns to be able to design and manufacture what it supplies and installs. This follows a trend among Binns' clients who want it to take full responsibility for fencing, from design through manufacture and supply to installation – for improved integrity of security, quality assurance and cost reduction. It also enables clients to develop suppliers' skills collaboratively, selectively share confidential information that aids better design and product development and conduct joint improvement activities.

Binns has witnessed the same pressure from other government clients, such as the Department of Health, and commercial customers too – and is now planning to target this type of work confident in the knowledge it has control right through the project. The £212m construction will provide good quality prison accommodation that reduces the cost per prisoner place. Once operational, it will further boost the regional economy by around £23m a year and create up to 1,000 jobs.