

Affordability of Innovation in the Manned Guarding Industry in South Africa

The private security industry in South Africa is hungry to better equip security personnel for improved service delivery, but it is unaffordable in most instances without the buy-in of the consumer. On the one hand, the electronic security sector is booming with new innovations, cloud based services closing the gaps, and entry into the Internet of Things (IoT) phase, positioning the solutions to integrate with Artificial Intelligence – those driven by capex's and once-off payments. On the other hand, the reluctance to increasing the monthly spend of manned guarding with the introduction of more updated and suitable equipment, will be even stronger after the National Minimum Wage Act (NMWA) implementation in South Africa.

In terms of the implementation of the Minimum Wage Act on 1 May 2018 President Cyril Ramaphosa has said that the introduction of the NMWA is an example of what is possible when South Africans engage in meaningful dialogue to resolve differences. The President goes on to say that this is a historic achievement that is expected to increase the earnings of more than six million working South Africans and improve the living conditions of households across the country. A major step ahead of uplifting South Africans and supported widely by many a South African business, but are we ready to contribute....

In the past 12 years, security wage increases in South Africa have been negotiated largely in the interest of security service consumers to avert strike action, with the last strike occurring in 2006. The effect was that we had higher than inflation wage increases, with many security consumers not being able to pass on the equivalent (or better) increases to their security service providers. The result of this is that nett profits have been ailing to unacceptably low profit margins. The impact of the impending NMWA on the private security sector and the users of security, is a rise in costs of between 1,4% (urban) and 22% (rural) all within 8 months from the last wage increase of September 2017. A terrible impact on the consumers of security services.

Add to that, the increase in Value Added Tax (VAT) to 15%, and it sadly leaves very little funding for improving or enhancing the manned guarding functionality to include better quality, higher level personnel equipped with newer technology and digital resources. Few (if any) security service providers can afford to include the enhancements that the market is hungry for, which would differentiate them from their competitors, and the reality is that the consumer cannot be expected to supplement these improvement costs, given the impact of the NMWA.

Measuring compliance by security services providers have now become more important – ridding the industry of the non complying companies, the users of independent contractors and those fronting independent contractors with so called learner ships let alone the more than 70% not contributing to the private security services proficient fund

Whilst we are firm supporters of raising the living conditions of our low income earners, we are also committed to offering our customers the best solutions and

latest technology. Consumers expect that their security service provider will offer the latest technology and gadgets, but realistically it would mean that the forward-thinking service providers would price themselves out of the market, when pitted against those who purely offer traditional guarding. In a commercial environment which places price as the biggest criteria, it is to the detriment of stepping up the game and taking advantage of smart security.

The majority of today's tender documents still list the standard equipment requirement: torches, handcuffs, batons. Some may be adventurous and include pepper spray, whilst others still refer to the old track stick patrol monitoring system. We live in 2018! The latest RFQ's should specify bodycams, digital radios, handheld thermal cameras, electronic OB's, real-time patrol monitoring systems, intelligence databases, visitor access scanners, robotic or electronic patrols, managerial apps, remote surveillance, drones and more.

It is concerning that security end users in South Africa have not embraced the use of access scanning systems – utilising cloud storage and minimising paper loads. We all make excessive use of smart phones and modern technology in our daily lives, yet the business world still mostly relies on the human driven systems, paperwork.

A difficult period for private security businesses continuing – it is the company servicing the quality and solutions driven consumers of security that will ride the wave - those servicing the consumers prepared to invest in integrated intelligence driven security solutions will grow as the industry leaders.