

Security Industry Trends

Anticipating the Key Drivers and
Developments of the Security Industry
(Santonen, 2014)

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Prime Mover

What is foresight(ing)?

- ▶ Foundations for future studies were established after World War II (Bell, 1997; Slaughter, 2005)
- ▶ **Foresight(ing)** = a pragmatic version of futures studies (Kaivo-oja and Stenvall, 2013)
 - ▶ a systematic
 - ▶ participatory
 - ▶ future-intelligence-gathering
 - ▶ medium-to-long-term,
 - ▶ vision-building process
 - ▶ supporting present-day decisions and mobilising joint actions (For Learn, 2013).

Vision(s) of the future

- ▶ Identifying alternative futures, which might, but not necessarily occur.
- ▶ Includes also unlikely options, which according to existing understanding seems impossible → Wild cards, weak signals
- ▶ **Things we know and do not know**
 - ▶ Known knowns and Known unknowns, Unknown unknowns (Donald Rumsfeld, 2002)
 - ▶ Black swans (Nicholas Taleb, 2007)
 - Responsible for the greatest societal change

How far ahead we should be looking?

- ▶ The time span is typically from medium to long
- ▶ Concept of time is relative to topic and industry
 - ▶ Technology 3 to 5 years: “Obtainable technology”, a shift from R&D to a tipping point in the market
 - ▶ In more stable industries time span typically 15 to 20 years

Strategic Foresight

- ▶ Crucial to competitiveness and organizational success in rapidly changing environments (Kaivo-oja, 2012).
- ▶ Decreasing risks by understanding key uncertainties, identifying key possibilities and threats in markets, networks and decision environments (Kaivo-oja, 2010).
- ▶ Strategic foresight → one can prepare and influence on the future with their own active actions/selections

Foresight as a research method

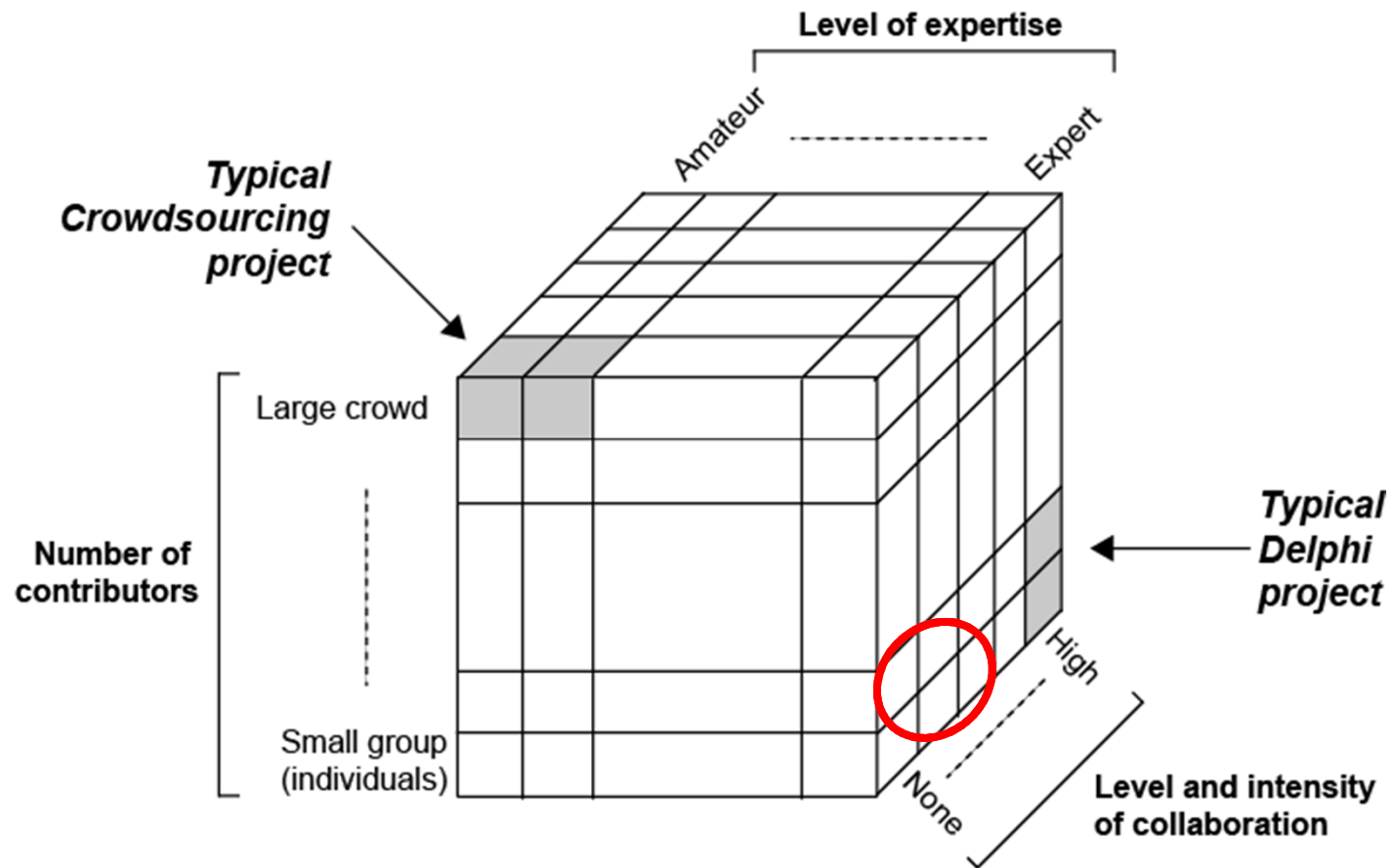
- ▶ Using different methods (typically 5 or more, favouring qualitative) and including following fundamental capabilities (Popper, 2008)
- ▶ **Creativity** = referring to inventiveness of individuals
- ▶ **Expertise** = linked to the skills and knowledge of participating actors relating to the selected topic area
- ▶ **Interaction** = associated with collaboration among foresight project participants
- ▶ **Evidence** = grounded on the support of reliable documentation and appropriate analysis which are usually utilized in a form of quantitative methods

Crowdsourcing Delphi

(Kaivo-oja and Santonen, 2012)

- ▶ **Delphi** = a limited number of carefully selected experts, which have superior performance and expertise in the given topic (Delbecq et al., 1975; Ericsson and Smith, 1991).
- ▶ **Crowdsourcing** = a large diverse crowd of independent strangers (Simula and Ahola, 2014) which expertise can vary significantly (Brabham, 2012)
- ▶ **Creativity:** More is better → Quantity should lead to quality (Darwinian view of creativity, Simonton, 1999; Rietzschel, 2005)
- ▶ **Participants diversity** → a greater likelihood for producing more quantity and variety of ideas, yet increases also task conflicts (Santonen, forthcoming 2015)

Crowdsourcing Delphi



Identifying security scholars

(Santonen and Paasonen, forthcoming)

- ▶ 272 Security Journal (SJ) publications from 1999 to 2012
- ▶ 17 countries → USA 45 %, UK 35 % and Australia 11 %
- ▶ 237 organisations → 84% one or two author entries
- ▶ 413 authors → 87% published 1 paper
→ Only handful of active scholars
- ▶ Empirical studies → 33% of all studies
- ▶ Sample size → “a hockey stick” profile (median 161)
- ▶ Response rate → mean 46%
→ Comparable to other scientific journals

Who were interviewed?

Editors

- ▶ **Gill Martin (UK), Fisher Bonnie (USA), McCrie Robert (USA):** Security Journal editors
- ▶ **Nalla Mahesh (USA):** International Journal of Comparative and Applied Criminal Justice editor
- ▶ **Kostanoski John (USA):** Journal of Applied Security Research editor

Authors

- ▶ **USA:** Clarke Roland, Eck John, Feldmann-Jensen Shirley, Groff Elizabeth, Hayes Read, Malm Aili, Ratcliffe Jerry
- ▶ **UK:** Beck Adrian, Button Mark,
- ▶ **Australia:** Prenzler Tim, Sarre Rick

Interview methods

- ▶ Among the most active SJ publishers (or had editorial role)
- ▶ Had published 44 SJ papers: 16 % of all papers
- ▶ Network coverage: 16 % of all SJ community
- ▶ August to December 2013
- ▶ 16 interviews (avg. 96 min)
- ▶ Covered topics:
 - ▶ Industry key drivers and weak signals/wild cards (2025)
 - ▶ Education
 - ▶ Research

Key drivers

- ▶ Regulation and liability
- ▶ Political will and trends
- ▶ Privatization and outsourcing
- ▶ Technological development
- ▶ Globalization
- ▶ Research methodologies and analyse methods
- ▶ Skills, capabilities and collaboration of security personnel and managers (same for criminals)
- ▶ Image of the private security industry
- ▶ Industry concentration to large multinationals

Wild cards and weak signals 1

- ▶ Large scale cyber attacks or technologies which enable easy to execute cyber attacks by any user
 - ▶ **Heartbleed** → 17% of the Internet's secure web servers
 - ▶ **Target**: 70 million Black Friday shoppers
 - ▶ **Keylogging software**: 2 million accounts various sites
 - ▶ **Sony Pictures Entertainment, 2014**: Company's inner workings completely exposed
 - ▶ **NSA, Edward Snowden (2013)**
 - ▶ **Wikileaks, Julian Assange**
- ▶ Total collapse of government or economy, which will paralyze a stable social order
 - ▶ Arab spring, Ukrainian crisis

Wild cards and weak signals 2

- ▶ Different kinds of **protests** relating to environmental or economical issues:
 - ▶ Most recent: 27th March: Montreal, 18th March: Frankfurt
 - ▶ Occupy Wall Street (2011)
- ▶ **Substantial** terror or bio terror attack, event or risk which will cover large geographical areas or otherwise has large scale effects
 - ▶ Cuba-USA aircraft hijackings from 50s → X-rays to airports
 - ▶ Natural disasters: Fukushima 2011; Iceland volcano, 2010
 - ▶ 2008 Chinese milk powder scandal

Wild cards and weak signals 3

- ▶ Substantial changes in the regulation or legislation
 - ▶ Terrorist plot → Liquids rules in airport (2006)
 - ▶ 9/11 → Grenade blast proof doors → 24th March 14: Germanwings crash (Dec97, Oct99, Nov13) → At least 2 persons must be in cockpit
- ▶ Growth of dissatisfaction of among young adults
 - ▶ Piracy in Somalia
 - ▶ ISIS recruits around world → Fighters coming back to home
- ▶ Significant growth of the organized crime and the transition to new domains.
 - ▶ Wildlife smuggling

Technology

- ▶ Significant investments have been made on technology
→ Technology companies are powerful actors
- ▶ *”More security with technology” AND ”reduce cost by replacing manpower with technology”*
- ▶ Technology itself is now cheaper and better
 - ▶ Scientific evidence that technology prevents or reduces crimes is minor
 - ▶ Technology is invisible → Criminals are not afraid solutions which they do not see or understand
- ▶ From technology orientation to behaviour orientation

Technology management skills

- ▶ Security personnel and their education is not able to provide skills to manage security technology
- ▶ Ability to acquire the most suitable solution
 - ▶ Technology and manpower individually or combined
- ▶ Supervise that you are getting what you are paying
- ▶ Complexity increases when security technology is integrated to other systems and multi-channel operations

Technology risks

- ▶ Can change rapidly and are depending on distribution channels
 - ▶ Mobile payment, self-service checkout,
 - ▶ Online world is under attack all the time
- ▶ Technology is also causing crimes
 - ▶ small, easy to steal and sell, expensive, desirable product (e.g. smart phones)
- ▶ Fully secure environments can be made
 - ▶ Privacy issues

Privatization

- ▶ Continues and grow, but possibility have weaken by security industry own mistakes → Varies by countries and industry
 - ▶ Industry is not well prepared for increased responsibility and volume
 - ▶ London Olympics → G4S security fiasco
- ▶ Public sector can offer private services (Off-Duty police)
 - ▶ Public sector would like to get rid of certain activities
- ▶ Pub/private combination is effective, better integration needed
 - ▶ Forensic investigation, frauds, mass events

Privatization and outsourcing

- ▶ Cost effectiveness and better service are the claimed arguments
 - ▶ Questionable argument, must be verified → Not obvious outcome
 - ▶ Costs should not be the only factor
- ▶ Outsourcing: reduce costs and focus on core activities
 - ▶ Will distance the security operations even further than now
 - ▶ Weakens the security management possibilities to influence

Skills of security personnel/managers

- ▶ Previously former police and military
 - ▶ The best ones did not migrate
- ▶ Demographic change has occurred
 - ▶ Replaced by "up through the ranks"
 - ▶ Recycling manager within organization → New ideas
- ▶ Increasing education criteria
 - ▶ Might compromise cost effectiveness vs.
 - ▶ Professionalism of industry requires education
- ▶ Security not top priority of top management

Skills of criminals

- ▶ Traditional crimes the biggest trends
 - ▶ Old fashion methods are providing results
- ▶ Balance between getting the criminals but not complicate ordinary people life too much
- ▶ Part time or full time criminals
- ▶ 1) To see, 2) to understand and 3) to fear getting caught

Methods

- ▶ What are the measurable benefits of security
- ▶ Lack of measurement of effectiveness
 - ▶ Private security companies doing well anyway
 - ▶ Measurement not enough demanded by customers
 - ▶ Argue sec operations as part of other business operations
 - ▶ Cheap assets vs. expensive security
- ▶ High demand for empirical research/evidence
 - ▶ Best law enforcement methods are not implemented to private sector
 - ▶ Development has not been based on critical evidence
 - ▶ "Copying and benchmarking others"
 - ▶ Should be more open to collaboration with others

Regulation

- ▶ Country and operational environment specific models
 - ▶ Also affected by other related regulations (Labour Code)
- ▶ Regulation changes slowly, but environment faster
 - ▶ Causes challenges for daily operations
- ▶ A need and demand for regulation, yet difficult to define a models in which all actors are satisfied
 - ▶ Minimum criteria for companies and personnel
- ▶ Fundamental idea “standardization”, not effectiveness

Political trends and intentions

- ▶ Increase or decrease regulation will depend on political will: Currently increasing trend in some countries
- ▶ After 9/11 in USA → Privacy issues and civil rights will be highlighted → Transparency needed
- ▶ Politics understand that public law enforcement is not enough → Restrictions due bad incidents (e.g. London Olympics).
- ▶ Many cities have prevention policy which has references to private operators
 - ▶ Security improvements by (ineffective) technology

Globalization

- ▶ Traditional crimes are still valid thread
- ▶ Globalization affect differently in various regions
- ▶ Private operators have challenges to understand how globalization influence in their operations
 - ▶ Private sector role in cross-border crimes unsolved
- ▶ Due easy communication bad news spreads fast
 - ▶ Raises security risks which necessarily are not as valid in certain areas

Globalization: Non-western countries

- ▶ Developing countries
 - ▶ High risk of polarization of population
 - ▶ Trusting more on private security than police
 - ▶ Markets are growing in developing countries
 - ▶ Manpower cheaper than technology (how long?)
- ▶ Post-war/conflict and war/conflict areas are markets for private security

Industry concentration to large multinationals

- ▶ The strict regulation leads to the dominance of large companies (Santonen and Paasonen, 2014)
- ▶ Small and medium size companies (SMEs)
 - ▶ Has resource restrictions
 - ▶ Cannot fully compete with large multinationals
 - ▶ Invest technology at the same magnitude
 - ▶ Yet are more flexible and faster to do changes
- ▶ Multinational corps (MNC) want global solutions
 - ▶ Increasing the dominance of MNC security corps
 - ▶ Might cause tension with local government when entering non-western countries

Imago problems

- ▶ Industry have significant imago and respect problems
 - ▶ Status weaken after 9/11 and Y2K boosts
- ▶ Awareness increases when something big happens
 - ▶ *"Why we should invest since there is no security problem"*
- ▶ Recognition of private and public sector complementary roles
 - ▶ Going beyond "protecting assets" mentality to support also crime prevention

Interested in research cooperation?

Scientific methods can be applied to improve the effectiveness of security management

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