Strategize in order to succeed

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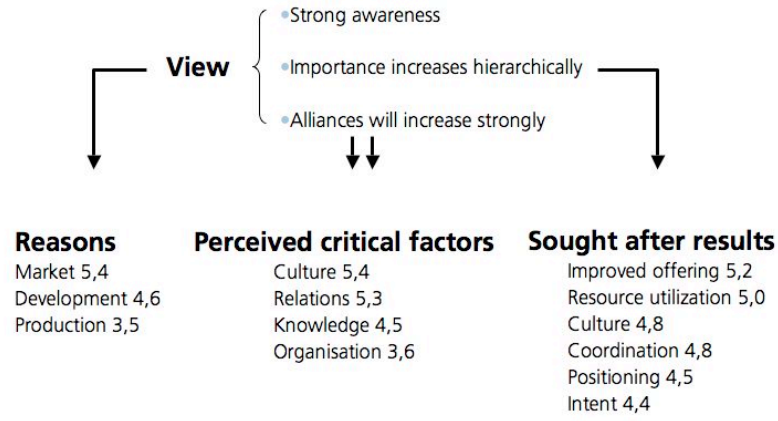
Executive synopsis

The memo is a short summary of the impressions that have come out of the LUSAX research to date from an alliance perspective. The main focus is on the lack of clear vision of intended goal or target within the industry. The end conclusion being that companies that wish to succeed need to formalize a strategy with a clear goal and a positioning towards that goal, with explicit intent and coordination of resources.

During 2008 the alliance track of the Lusax project has been focused on theoretical foundations, alternative ways of viewing alliances and partnerships as well as generalizing the knowledge and interest of alliances within the security industry as such. 20 interviews were carried out during the ISCWest show in Las Vegas in late March. This session gave somewhat surprising results, in comparison to previous work done. The fall and winter survey of alliances, shown in the figure below, showed a strong awareness of alliances, and that they would increase strongly over time. There were very solid indications that the reasoning behind the alliance work was strongly driven by the market, as well as a need for new development and production. The end result should be, among other things, an improved offering, better resource utilization as well as better positioning and coordination. This would be achieved through an even mix of knowledge utilization, company culture and organization and finally control of relations internally as well as externally.



The industry as a whole seems to be a long way of this vision of alliance and learning. The awareness and drive for significantly increasing alliances is not more present now, comparatively than two years ago. Comments such as: "*We need to stop being an industry and start being a profession*", "*The challenge with building up the business is that the industry it self is new to IT. Even the ISPs are not ready. We need to fill the knowledge gap*" represent an undercurrent of troubles that are not openly discussed, but are

most evidently there. Key stakeholders seem to be at a loss envisioning where the industry is going or how a potential vision should come to pass. The apparent absence of clear visions is somewhat strange going by previous work done by the Lusax team where sought after results and perceived critical factors involving alliance building where quite clear and significant, which indicates a vision of an intended goal or target.

During the last 5 months the Lusax team has been involved in a larger survey focused on identifying factors that drive or hamper the knowledge required to be successful in IP surveillance. To date more than 700 Security- and IT- integrators have responded. Three key elements were identified as crucial for success within the industry.

- Knowledge: Baseline knowledge you bring to the game, educational as well as practical. E.g. are you coming from the IT side and need to learn Security and vise versa. It is also the formal level of education you and your company has amassed coupled to practical business knowledge of the field.
- Culture: What is the culture like? Is it focused on learning and development of employees as well as customers, or is it business as usual?
- Organization: Are there goals in and around convergence, are they set and measurable? Has the organization realized that IP is a strategic matter i.e. there needs to be strategies for it.

Two major asymmetrical knowledge gaps where identified in the survey, which give different players different advantages.

- ICT (Information and Communication Technology), requires IP knowledge which is typically both tacit and explicit and within the IT players realm of business. We foresee that this will be a base line, or hygiene factor, to do business in the future and the question is only if it will be 3 or 8 years down the line.
- Customer relations, and understanding the business, is a tacit knowledge that can be mapped down to an individual level within the security industry. It will be very important for security players to retain and there needs to be a will or motivation for IT players to attain it.

This means that Security players, as well as IT players, need to have a strategy on how to move forward that caters to their strengths and minimizes, or negates, their weaknesses. It is interesting to notice that intent and positioning are viewed as important factors in order to succeed, since they are also recognized as important factors to control in order to be successful with alliance work within any industry.

Why then, is the security industry so often failing to set intent and positioning with its' alliances? Many believe that there is a genuine lack of process control within the security industry, where companies have failed to identify key elements in order to document core processes, as well as key success factors, within the industry. This potential lack of documentation of processes makes for a situation where it is hard to understand what work needs to be done or how it should be done, going back to the need to strategize and increase control of processes. In an environment without clear

strategies and intent it is hard for any manager to exercise good judgment and foresight. One example of this lack of intent, and also view of positioning, is something Bob Heyes of Security Executive Counsel (SEC) calls "security roulette" where upper management keeps hiring people from different walks of life into the CSO position. The new CSO has to reinvent the wheel every time since there is little or no information about proven processes to build upon. According to SEC 75% of security programs are being remade every 5 years due to this lack of process control, which inherently also leads to a need to redo, or reaffirm, all alliances. Another way of putting this is *"In the converging space it is easy to talk about technology, but often the business model is missing and people don't really know where to start, that is where is the starting point and the finishing point?" Gary Klinefelter, VP Strategic Innovation HiD*

End Note

It would seem as if the industry needs to set an agenda, right or wrong, to adhere to. This agenda needs to be framed with intended strategies. Companies operation within the industry need to secure an organization that has a culture that foster learning and knowledge sharing. Finally this needs to be coupled to an ability to keep experienced personnel even though the company and its' culture will change over time as IT and Security companies become more and more homogenous.