Direct sell doubts

It is understandable that some manufacturers are looking again at the direct selling model, but the way to achieve successful security solutions is through closer alliance with the installation channel, argues Colin Rogers, global solutions marketing manager for Xtralis ADPRO…

EVER SINCE 'SECURITY' EMERGED FROM the shadows of the electronics sector to create its own 'industry', there has been an accepted way of doing business: manufacturers have sold product either through distribution or direct to the installer and worked closely with these channels in delivering best value and a better solution to the ultimate customer.

Recently, however, there has been some disruption to what has long been considered the accepted 'norm'. Some manufacturers have orientated their offer to sell not only through recognised channels, but also direct to the end user, causing quite a stir along the way.

So why would a manufacturer wish to sell direct, and what advantages could there possibly be in doing so?

There are potential advantages both for the smallest sites and those at the top end. For the smallest sites – perhaps a local corner store or business that requires little more than a few cameras and a DVR – one could argue that buying direct is the preferred option.

Why involve an installer with all of the perceived additional cost if such additional cost is not required, especially if you can do the job yourself? The ADSL analogy and the prevalence of 'plug and play' technologies, combined with the commoditisation of certain product groups and the cheap influx of product from the Far East, have all fuelled the debate still further.

There is a different, but no less outwardly compelling, argument for major sites. Major customers are geared towards procuring technology – especially IT – direct, and see little difference between one technology type and another. Multiple sites, such as fast food outlets for example, often use generic security templates, with 'standard' product. Since this might involve buying many hundreds of units across several territories, the temptation to buy direct from the manufacturer and command the best price for a volume order is obvious.

Indeed this is largely where the main driver to buy direct comes from: major end users are looking for a global price deal that they believe will mean an ultimately lower cost. The principal argument for buying direct, therefore, is to buy 'cheap'; what it fails to recognise, however, is that the 'cheapest' option often ends up costing more.

For those that are convinced that DIY is the way forward there are some obvious pitfalls. How, for example, does a shopkeeper know where a camera should be installed to be effective and to ensure it is not in breach of legislation?

Does he know how recorded images should be stored so that they are viable evidence should an incident occur? If off-site monitoring is required, does he know how to liaise with third parties?

How does a self-installed system affect his insurance and/or his current and future liability in terms of protecting his staff? It seems somehow at odds that a business owner, protecting probably his most precious asset, would not then entrust the protection of that to professionals, those with the skills to provide peace of mind.

The same question could be levelled against the major end users. A major business would never let an untrained, unskilled amateur – however well meaning – anywhere near its IT infrastructure, so why would it feel differently about its security? It should be looking for the same levels of competency and certification among its installers as it would its IT engineers.

The problem with warranties

But perhaps the biggest argument against not buying direct is the issue of warranties and service. Imagine a scenario on a site using three or four disparate technologies all with different warranties ranging from one to three years.

How can such a scenario be properly managed? What happens if one of the elements falls down and needs replacing? Where does the responsibility lie? Why should an installer, who has had no part in either the specification, design or installation of the system feel in any way obliged? Has the product failed or has it been installed incorrectly? And what of the reputation of the manufacturer if it is their system that is perceived to be at fault?

Some major end-users may feel inclined to negotiate their own warranty and maintenance terms with a manufacturer. This might prompt manufacturers to move into the area of on-site support (indeed companies that sell direct also often install). Neither seems a practical option.

The customer effectively becomes his own installer and the cost to managing multiple relationships will probably far outweigh any potential savings on the initial purchase price.

Installers are there for a reason. They add value to the design and installation of every security system they touch. They provide the advice, the technical competence and expertise needed, and such expertise should command a premium.

Installers, of course, cannot have technical knowledge of every system available. This practical need to specialise and an installer's leaning towards one manufacturer over another gives end-users proper choice. The manufacturer's role is to provide the installer with the level of technical training and support they need to deliver high-end, integrated solutions.

Installers provide vital feedback

The basic premise, from a manufacturer's perspective, is that we invest in the installers who have invested in us. Manufacturers work with installers in major tenders, pooling collective expertise. Installers also provide vital feedback into how the technology performs and how easy it is to install and configure.

The key word that some in the industry appear to be ignoring is 'solution'. Sophisticated requirements demand sophisticated systems, integrated as one 'solution'. Unpicking such a 'solution' in order to buy individual 'product' more cheaply does not work. Ironically, it fails to take into account the buying power that many major installers working across multiple sites already have. It also tends to ignore the basic truth that installers have to be profitable. Take away his ability to make margin on product, and the cost of design, installation, service and maintenance will simply rise as a result.

Installers have to make money to survive. It is understandable that some manufacturers are looking again at the direct selling model. There is an economic imperative, but it is wholly wrong.

When times are tough, the most important thing is to provide customers with well-engineered solutions to meet specific risk. There is one way to achieve this, and that is through closer alliance with the channel, installers and integration partners, pulling together to meet the combined need to the end-user and the consulting community.

Selling direct creates noise, and it creates debate, but it also creates uncertainty and devalues the service that professional installers provide.

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