The EAC Train Has Left the Station: *ARE YOU ON BOARD?*

By Dave Sylvester, PSP

I have written a few articles about Electronic Access Control (EAC) growth and the impact on the opportunity or the risk for the traditional door and hardware distributor. With this article, I want to share some new events. Electronic security products have become core to nearly every type of building. There will be very few solely "mechanical" security buildings built in the future, and often the number one expenditure for existing facilities is upgrading to electronic security systems.

Several significant events have happened in the last 12 months that have undeniably changed the future of the physical security industry. Those events were:

- CSI MasterFormat 2016, which moved electronic locks from Division 8 to Division 28
- A major manufacturer's recent "pivot strategy" announcement restricting sales of networked locks to its contract hardware channel partners, and directing sales through a new set of channel partners, access control software OEMs
- Hybrid opening systems companies aggressively marketing Div. 8/28 capabilities

These definitive changes in our industry will shape future opening systems providers' (door and hardware distributors) business models as either hybrid solution providers, creative partnering models, or businesses relegated to unsophisticated projects.

Locking/access control technology change has been a slow product evolution.

Electronic locking product technology has evolved over the past 10 years. No doubt new products will continue to be introduced, but the core technology platforms—wireless, Power over Ethernet (PoE) and Internet of Things (IoT) networked systems—have shaped the product infrastructure for the foreseeable future. The benefits of applying the technologies are fundamentally sound: economic payback from the application of the networked products, the convenience that comes from a networked security platform and, no doubt, the continual need to increase security at all types of facilities.

The changes in the industry over the next 10 years will be in the channel structure.

The CSI specification change was a wakeup call for many in the DHI community. DHI's Jerry Heppes wrote about the efforts to potentially reverse the changes or create a new version, and Laura Frye wrote a great analysis about why locks, as well as other life safety products, need to remain in Division 8. The fact is, electronics, and especially networked security products, are never going back to Division 8 and distribution channel

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restructuring is underway.

DHI is working with CSI through their formal process to reverse the changes in the 2016 MasterFormat edition, but realistically, the most likely outcome will be to include electronic and networked products in both Division 8 and 28. If that happens, the clever openings providers will influence how the RFP is structured from the start of the project.

Bill Trimble, AHC, was telling me that his company, Wm. S. Trimble, is evolving and adjusting, depending on the situation. In one case, Bill said their EAC competencies have allowed them to work with general contractors (GCs) as they build their RFPs and influence what products and services are packaged together in the bid documents.

In other cases, they have effectively partnered with CBORD, an access control system software provider, for large networked installations. CBORD owns the relationship with the university but sells the wireless locks through Wm. S. Trimble, and in turn, Trimble installs the locks and coordinates the EAC products with the mechanical hardware.

Allegion and ASSA ABLOY are controlling their routes to market.

The manufacturers have made a series of changes over the years to effectively get their technology to the market. Their motivation is twofold: first to the end user, when something goes wrong, the problem is simply, "the lock doesn't work" and everyone in the supply chain gets pulled in.

The second challenge is to keep the access control software Original Equipment Manufacturer (OEMs) interested. The OEMs' investment to integrate with the various manufacturers' locks is significant but not interesting if they do not profit from the work. Early steps from the OEM were simply to charge a large license fee for each device connected to their system, which often priced the system out of reach for the end user. The manufacturers' pivot decision to sell the networked products via the OEMs is a sound business decision for them, but a game changer for the majority of their current distribution channel.

One manufacturer introduced certified dealer programs several years ago and started the process of selling the networked locking products via access control OEMs with a more subtidal approach. Another manufacturer's recent announcement of their pivot strategy was a very clear line in the sand. And, like the Division 8 to 28 shift, is a clear vision of the future of the channel structure.

Recognizing the opportunity for a total solution.

Marketing 8/28 capabilities. American Direct made a bold move exhibiting at ISC West, with a booth identified as 8/28 and spent aggressively on show advertising. They also manned a booth at DHI conNextions and hosted a steady stream of interested distributors and manufacturers.

Leading opening systems providers view the changes in the CSI specification format and the manufacturers' strategic changes as opportunities to provide a higher level of service, which gives them a seat at the table with the end user, architect, GC and other partners in the total solution.

What does this mean to the traditional door and hardware distribution business model? If you're not fully EAC capable and operating a hybrid business model, you are most likely not going to be able to bid or be competitive on large projects with networked access control systems and will be relegated to small projects.

Ron Couch of Central Indiana Hardware described a recent project where early meetings with the end user, architect, GC, and integrator were struggling because of the limits in each party's knowledge of the overall situation. Ron's team was asked to take the lead because they have the Division 8 expertise, the most complicated aspect of the system, and the EAC competencies of a hybrid provider. Coordination among the parties and the lines of responsibilities was established before material was ordered or provided.

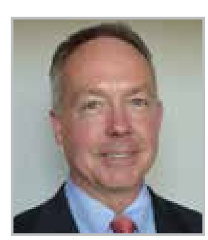
This level of pre-construction coordination was required because the project was further complicated with pre-installed hardware requirements. The owner's and architect's "intent" was shared with the group, and the team was able to collaboratively meet the security, life, and fire safety objectives of the design team.

Successful businesses in the future will have evolved in electronic security competencies and have learned how to effectively partner.

As the channel changes, in 10 years, the door and hardware systems landscape will be described as:

1. Successful businesses that have become true hybrid system providers capable of engineering, providing and servicing complete mechanical and electronic opening systems.
2. Companies that have hybrid skills but have also developed partnering skills to enable them to work with a variety of access control software OEMs, security integrators and IT services providers.
3. Traditional door and hardware providers relegated to unsophisticated projects.

The electronic security train has left the station, and it is not turning back. ■



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