

# Let's get physical/logical: Single-credential options.

Is it too complicated? Or should you join the ranks of the big integrators and bring this to the middle market?

BY MARTHA ENTWISTLE

There's been plenty of talk in recent years about the wonders of using one card to get employees in the door and onto their computers. In this day and age, it makes sense to "treat access control holistically," says Diebold's Tony Damalas. To offer "authenticated access to all of the resources of a company: physical, logical and data" is an ideal and highly secure scenario for government entities and businesses.

The technology's been here for a while and is improving all the time. What's more, a slew of partnerships that enhance the single credential offerings have been announced in recent weeks—Schlage and SCM Microsystems for one, and XceedID and SCM Microsystems for two.

So, why isn't every integrator jumping on the single credential bandwagon? Well, the reality is that this solution is still mostly the domain of large integrators working on large-scale projects. And, the truth is, not every integrator wants or has the resources to do this kind of work.

"The customers tend to be government entities or very large enterprises," explained Bob Beliles, VP of business development at Hirsh Electronics. "It's not a short sales cycle and once you sell it there's a lot of back-end work that goes into making the system work."

However, Beliles and others say the technology's getting better, there's more standardization, and there's increased understanding of the benefits. And that's led to an increasing demand for single credentials and more opportunity for integrators.

Most consulted for this story said that integrators are still reacting to demand, more than actively selling the solution. Regardless of how the sale originates, however, there are rewards for getting into this business that include recurring revenue, service contract possibilities and customer loyalty.

John Menzel, director of business development for XceedID, a manufacturer of contactless credentials, said he sees the demand migrating to the middle market. Already, smaller companies who do business with government agencies, with Fortune 500 companies, or who deal with finance and health care are moving to single-source credentials.

"These companies typically have a lot of intellectual property associated with their assets and they have the money to spend on these types of solutions," he said.



Dan DiBlasio

There's been interest all along among integrators, but also some apprehension, he said. "The adoption of a single credential was supposedly coming for so long integrators got reticent about investing in education because they wondered if the solution would have traction," Menzel said. The wave of adoption has now started, he said. "First the government moved out, and big companies moved out and now it's gonna move to the middle market."

Randy Vanderhoof, executive director of the Smart Card Alliance, notes that any enterprise that's starting out from scratch, is newly formed, has a major reorganization or moves to a new facility will likely consider a single credential. "State-of-the-art security systems are primarily IP-based systems," he said. "If a building's physical security system is on the network, then it makes sense to have IT security on the same network."

HID Global's director, business development - Identity and Access Management Dan DiBlasio said it's his experience that "a lot of smaller and niche integrators are looking into" the single credential solution. They may not all be totally up to snuff yet with IT-centric systems, but they're growing more accustomed to the idea thanks to the proliferation of IP cameras. "They've had to look at their own IT expertise ... and make some changes to their businesses," he said.

DiBlasio's worked with integrators who contract out the IT work and who hire IT specialists to join their company. He's seen more of a trend toward building IT expertise in-house, but it really depends on a company's customers "and where they're at in their own business strategy."

Ron Oetjen, president and co-founder of Intelligent Access Systems of North Carolina, said his company has sold single credential solutions to existing customers, but "We haven't really gone out and tried to sell that solution alone." He said his company has a very



John Menzel

good relationship with the IT departments of its existing enterprise-class access-control customers, "So we went back to those guys and explained where the value would be in this kind of system."

One major selling point of the system is to boost employee morale. Some of his customers are in heavily regulated industries that have complex requirements for employees related to setting and resetting network passwords.

A single credential makes this chore go away. "You end up with a higher level of security and a happier employee," he said. "And the IT guys seem to like this approach as well."

He's also had success in the health care industry, where there's a need to comply with HIPAA. When a doctor or a nurse leaves their computer, they need to take their smart card with them to get through the door, and this forces them to remember to log off their computer, "and no [unauthorized person] can get on their computer and search through health records," Oetjen noted.

Also of note: Sales of single credentials, which are double or triple the cost of regular access control cards, bring in more revenue and the annual replacement of card due to card loss, attrition or company growth offers recurring revenue opportunities.

Oetjen has IT expertise inhouse, with his sales engineers. His sales people are not overly technical, but they work very closely with sales engineers during this kind of sale.

Beyond the revenue opportunities, Oetjen sees the sale of single credentials as a "value-add sale" that makes his company more valuable to customers. "It allows us to have a closer relationship with their IT department as well as the physical security department."

For companies who want to outsource the IT expertise necessary to deploy single credential solutions, there are many options including a company called Solera.

Thomas Tang, Solera key account manager, described the company, which has a staff of well seasoned IT experts, as "deployment experts." Solera works closely with physical security integrators from the sales phase through the installation phase and they can stay on as IT experts for system maintenance. The benefit of partnering with a company like Solera, Tang said, is that integrators "use our services, but they continue to own the customer and own the relationship ... while increasing revenues and margins and differentiating themselves from other integrators."

"It enables them to play in this [IT-centric] market at a very low risk," Tang said.

Tang believes that the time is ripe for smaller integrators to get into the single credential business for several reasons, including the fact that Microsoft now has support for smart cards built in. "The opportunity is big for smaller companies to take advantage of this now," Tang said.

Diebold is one of the big integrators who plays in the single credential market. IT expertise is key, Diebold's Damalas said. Whether a company has expertise in-house or collaborates with an outside source, extensive collabora-

tion and planning pre-sale and throughout the installation is vital.

The norm is to implement the logical access control program in stages, where the credential is deployed and used for physical access for a period of time before it is used for logical access.

As long as you have the right credential issued initially, "you don't have to implement it right away," Damalas said. "I offer that on a regular basis ... it's a nice migration strategy."

And a pilot project is absolutely the way to go, he said: "Start with one building or a department that has 25, 50 or 100 employees ... that way you work out all the kinks and then you roll it out in with a planned, educated approach."



Randy Vanderhoof