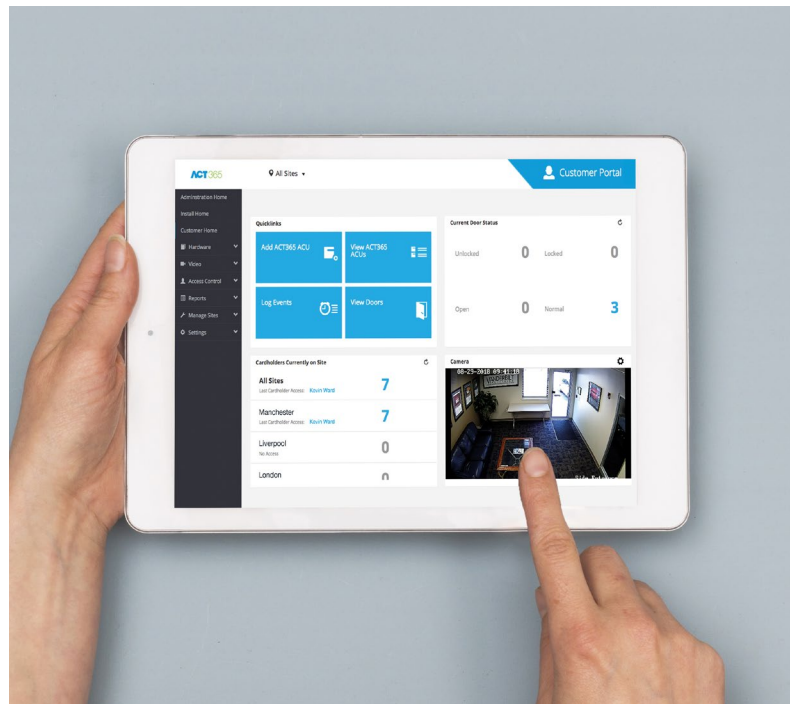




## RMR: Building a New Business Model and Opportunities

The concept of **recurring monthly revenue (RMR)** in the security industry has begun to shift over the last few years, as it once only referred to integrators monitoring and managing monthly contracts with end users. Now, with the proliferation of cloud-based technology, its definition has changed to incorporate more than just a legal binding; companies are no longer just selling systems, they're providing a service.





## The Rise of Cloud-based Services and Solutions

The adoption of cloud-based solutions continues to grow at an astonishing rate. Cisco predicts that by 2020, global cloud use will account for more than 92 percent of total data center traffic. This surge in adoption also represents a huge uptake in spending, which Gartner predicts will exceed \$1 trillion in purchases dedicated to the cloud by 2020. More and more businesses are realizing that leveraging the cloud is the most efficient way to solve emerging challenges.

The cloud has radically reshaped our day-to-day lives and is increasingly accepted as a highly convenient means for storing and accessing data, as well as offering valuable services and applications. Cloud services have become well established across almost all industry sectors and changing customer demands means that many businesses are now reinventing their offerings to harness the power, flexibility and functionality it offers. This is a trend that we will see continue to grow as more intelligent software is developed and able to integrate with cloud-based systems.



## Integrators and “As a Service” Products

**Software as a Service (SaaS)** applications, which allow organizations to hand off the managing aspect of the cloud to an integrator, are a natural fit for start-ups and small businesses. These customers are the ones that are unlikely to be attracted to the prospect of setting up and managing on-premises infrastructure and applications and would prefer a service-based approach from their integrator partners.



Managed solutions, such as **Access Control as a Service (ACaaS)**, offer end users the ability to implement a robust security solution without having to invest heavily in IT infrastructure. Instead, the security oversight is shifted to the integrator through a hosted platform in the cloud, simplifying operations and overall management. The end user can still reap the benefits of the cloud, such as accessing data and doors at any time from any location, and the integrator experiences advantages as well, such as:

- ✓ No server or database specifications.
- ✓ No complex network routing makes it easy to install.
- ✓ Remote diagnostics, technical issues and servicing can be carried out from a Web-based portal or smartphone; by simply logging in via a username and password, it's possible to view status, program a system and access an event log.
- ✓ The opportunity to earn recurring revenue by charging the customer a subscription fee or offering fully managed security services.





Most integrators and dealers are in favor of an RMR setup, which provides them with the opportunity to serve customers while simultaneously building consistent revenue for their businesses. Each year, this trend in RMR growth for dealers and integrators is increasing. In its [2019 Recurring Revenue Report](#), *Security Sales & Integration Magazine* notes that a quarter of respondents say in excess of half their companies' revenue is derived from RMR business, with respondent companies averaging more than 29 percent growth in overall RMR the past five years.

The amount collected from RMR each month is growing as well: *"As a whole, dealers and integrators...are averaging well in excess of \$100,000 in total RMR generation"* according to the report. When the publication removed large national providers to determine what a typical independent dealer is earning, the number was closer to \$30,000 per month.

RMR also enables integrators to develop a stronger connection with the customer, conveying that they understand their specific needs and will always be available to provide the necessary service. This can also

lead to a potential increase in business down the line, as the integrator becomes a trusted partner in the end user's eyes. They can present customers with added flexibility when it comes to their security solutions, allowing them to overcome challenges they may not be able to take on themselves.

## RMR 101

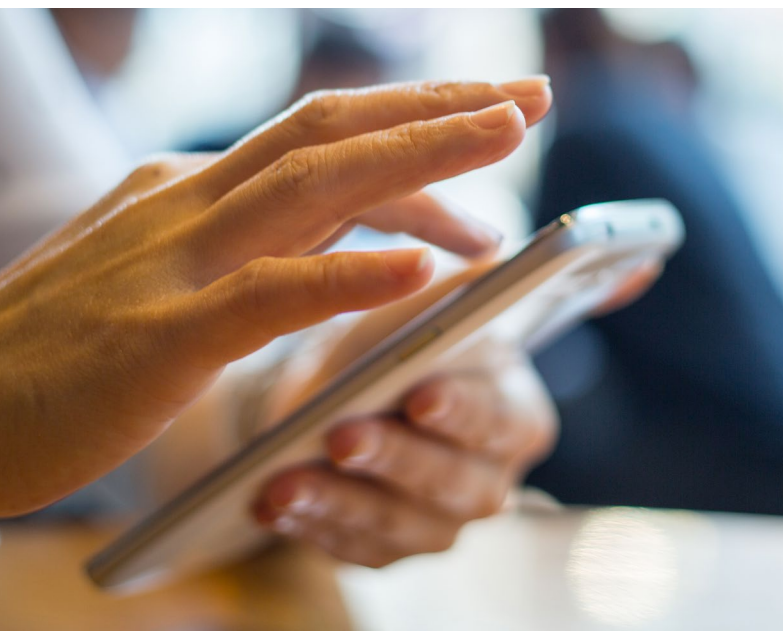
The challenge for any integrator in providing managed access is in the shift from a more traditional "sell and install" model to that of RMR, which may take a bit of adjustment and the development of new procedures for sales and support teams if they are not already equipped to invoice on a recurring, scheduled basis.



When evaluating manufacturers to work with for this kind of offering, it's important to take into account one that knows the business and can provide ample guidance in transforming to this model to be truly successful. On the system side, it should be easy and quick to install with fast and efficient management, offering the modern features that are important to a wide range of today's customers. A true partnership needs to be in place that allows for both parties to benefit and interact with each other to achieve the results for which each party is searching.



As with any new process, there may be a learning curve associated with developing an RMR business model, which is why it's helpful to work with an established access control or intrusion software provider to address some of the questions that may arise as your business shifts toward this model. In this white paper, we have addressed some of the most frequently asked questions from our integrator, dealer and installer partners.



## Use Cases

### ***Can RMR systems be used in private environments, such as homes, apartments, etc.?***

While cloud-based services are ideal in property management companies, such as townhomes or apartments, for main doors, it's not a cost-effective option for private homes. SMBs are the ideal customers for this kind of solution.

## Benefits

### ***What are the key benefits of RMR and cloud-based services to an end user?***

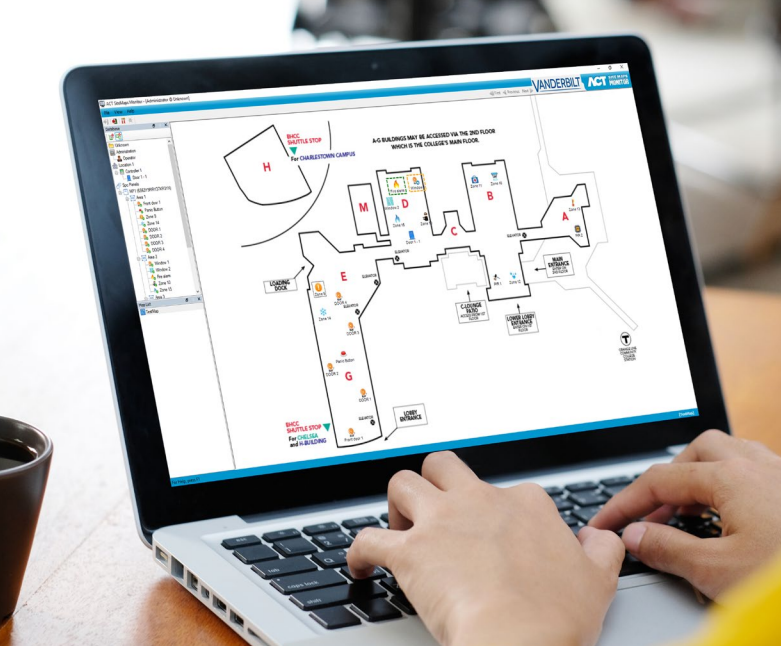
There are a number of benefits to the end user, including the reduction in an "all at once" investment of hardware and software. Instead, the bulk of the cost is spread out over monthly installments. Other benefits include:

- ✓ Automatic updates and security fixes.
- ✓ Ability to manage all multi-site locations from a single interface.
- ✓ Reporting abilities for all sites.
- ✓ Streamlined integration with video and back end systems to streamline processes, such as event management.
- ✓ Video verification for visitors and employees.
- ✓ Ability to link incidents with access control and video evidence for investigative purposes.
- ✓ Continuous support from integrator, dealer or installer partner.
- ✓ Scalability and flexibility for adding video cameras, locations, door readers and users.
- ✓ Data security through tried and tested means.

### ***How can integrators justify the cost over a traditional on-premise solution for end-user customers?***

With on-premise solutions, there comes a significant investment in equipment — both hardware and software. This is good for the integrator for the project, but doesn't result in continuing revenue each month, which is what a cloud-based solution provides. End users that choose the on-premise solution also have the added burden of ensuring the equipment is up-to-date with regard to security protocols and the latest firmware. They also tend to need an on-site IT team to help with these updates, which can be costly and prohibitive for many SMBs. Finally, the hardware of on-premise solutions must be updated over time, further increasing the financial burden. On the other hand, a cloud-based solution that facilitates automation is always up-to-date, doesn't require an IT team to ensure updates are made and significantly reduces the upfront investment.





### ***What are the benefits of RMR to an integrator?***

Cloud-based services that bring in RMR provide integrators a steady flow of revenue each month, which is considered “passive income.” In a business that has traditionally been built on a “per project” basis, revenue that can be anticipated



each month is a positive step toward being able to budget accordingly. Additionally, having continuous customers and building that relationship over time benefits the integrator by providing an ongoing opportunity to upsell more products and services.

## **Payment and Invoicing**

***How can the installer sell the concept if our customers can only pay in their local currency/cannot pay internationally?***

As with any service-based contract that integrators, dealers and installers have in place, services can be paid for in the currency accepted within that country or location. Many times, a company’s subscription tool/application has a gateway that manages different currencies, such as PayPal or Stripe. Integrators that are already set up to provide more service-based solutions typically have these tools in place, especially when offering alarm/central station monitoring.

***How does the RMR pricing structure work, and how are integrators/end users invoiced for it?***

For the integrator, the manufacturer (in this case, Vanderbilt) charges the installer/dealer directly on a monthly basis into the subscription tool/application, including the service fee plus a minimal fee per device (if applicable at the discretion of each region). Integrators then have the ability to charge their customers based on frequency (monthly, quarterly, yearly, etc.) and are able to set their own prices for each device. In some cases, service providers may offer an annual discount for paying up front. The main advantage is that each service provider has the opportunity to set their own billing protocols, whether they want to do an automatic payment or bill monthly for the service to the customer.

***How can integrators, dealers and installers bill the service to customers?***

Many service providers that already offer alarm or central station monitoring have subscription-based tools and applications in place to help streamline the billing process on a monthly, quarterly or annual basis. One challenge that smaller locksmiths have with transitioning to an RMR model is in the investment in these kinds of subscription services. Since the market seems to be trending in the direction of increased RMR opportunities, a lot of smaller integrators are investing in the software as a way to grow that side of their business.

## Support and Service

### ***What Vanderbilt tools are available to support installers when selling the concept to the end user?***

Vanderbilt has developed a number of “how-to” videos on YouTube and on the Vanderbilt website that are aimed at walking integrators through the process of explaining cloud-based services to end-user customers. Additionally, there are a number of online demonstrations on how to use the platform, set up the service and test the functionality of the solution. There’s also the option of having the regional sales team go on-site to conduct a training and support the sale of the services. Vanderbilt also produces a number of written materials, including sales sheets, data sheets, case studies and online-based tutorials.



### ***How is scheduled maintenance communicated?***

Currently, updates and scheduled maintenance are communicated through E-newsletters, direct email messaging and system notifications. It’s important to communicate clearly and effectively when and how these updates are taking place, and in the future, the Vanderbilt platforms will incorporate banners and update information directly within the dashboard to ensure upcoming updates are communicated to users.

### ***Are there basic or “free” versions I can trial?***

Potential partners or end users are able to see the program in action for [ACT365](#), or schedule a demo with the sales team. Vanderbilt also offers the ability to install an in-house system to control and demo for integrators at a discounted test price rate.



## Privacy and Security

### ***What certificates and legalization documents are available/required for RMR solutions?***

In Europe, Vanderbilt adheres to compliance with the European General Data Protection Regulation (GDPR), which focuses on protecting and managing personal data by accepted standards. Vanderbilt is committed to high standards of information security, privacy and transparency. In the United States and Canada, UL compliance is encouraged to demonstrate product safety through rigid standards for manufactured systems and solutions.

### ***What levels of security are in Vanderbilt system communications?***

Data collected through Vanderbilt’s system communications are stored in the Microsoft Azure Datacentre in Dublin, Ireland, for Vanderbilt International, and in Virginia for the United States. Microsoft Azure meets a broad set of international and industry-specific compliance standards, such as ISO 27001, HIPAA, FedRAMP, SOC 1 and SOC 2, as well as country-specific standards like Australia IRAP, UK G-Cloud and Singapore MTCS. Rigorous third-party audits, such as by the British Standards Institute, verify Azure’s adherence to the strict security controls these standards mandate.

### ***Who has access to the data being collected through Vanderbilt RMR products?***

Data access is strict: Vanderbilt engineers do not have default access to ACT365 databases. ACT365 databases can only be accessed from specific and approved IP addresses

along with authentication passwords. Our engineers will only access the ACT365 database for legitimate technical support purposes and then only under Senior Engineer supervision.

### ***Do RMR solutions comply with GDPR regulations?***

Vanderbilt's portfolio of security products is used to provide efficient and high-quality security. The company is committed to providing security systems that comply with customers' GDPR obligations. Where Vanderbilt hosts cloud solutions, the company complies with the provisions of GDPR and the forthcoming regional data protection acts within the countries we conduct business. As such, Vanderbilt's cloud-based, RMR solutions store information on users of the system, and for these products, Vanderbilt is therefore considered the data controller or data processor.

Specific policies surrounding GDPR compliance for Vanderbilt [ACT365](#) are in place to govern the collection and use of such information. Vanderbilt Industries stores an individual's data for as long as you are using the ACT365 service. If you decide to discontinue the ACT365 service, your data will be deleted from the Azure servers.

## **How RMR is Revolutionizing the Market**

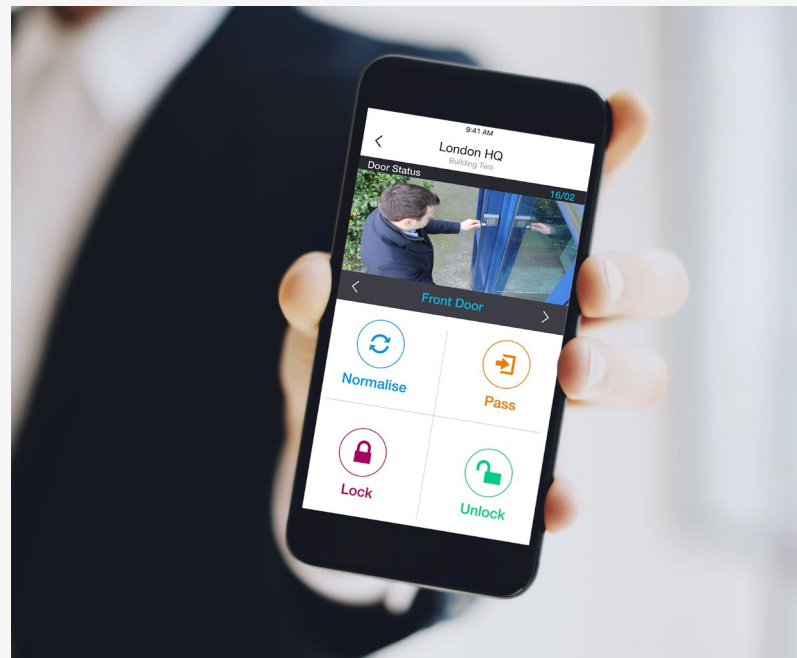
For dealers, integrators and installers interested in offering a cloud-based service that leverages an RMR business model, there can be significant value for both them and their customers. However, it's essential to have a clear picture of what's required to build this kind of model. Vanderbilt is dedicated to providing partners with the information and support they need to deliver these solutions.

The future of RMR as a whole will depend on a number of factors, with the most important being the type of systems and solutions involved. And as long as cloud-based technologies are at the forefront of the security industry, it is likely that integrators will continue to desire the ability to add more value to their offerings through a recurring monthly service agreement.

## **VANDERBILT SERVICES FOR INTEGRATORS, DEALERS AND INSTALLERS**

### **ACT365**

ACT365 is designed to help integrators offer managed access control to their customers. It's a scalable cloud-based access control and video management platform designed to allow remote management of single and multiple locations from an easy-to-navigate interface. Not only does ACT365 allow integrators to provide customers services with RMR, but it also provides ample flexibility for management of an organization's access control, including the ability to update or remove permissions, view cameras or open doors from a PC, tablet or smartphone.



### **Key benefits for ACT365 include:**

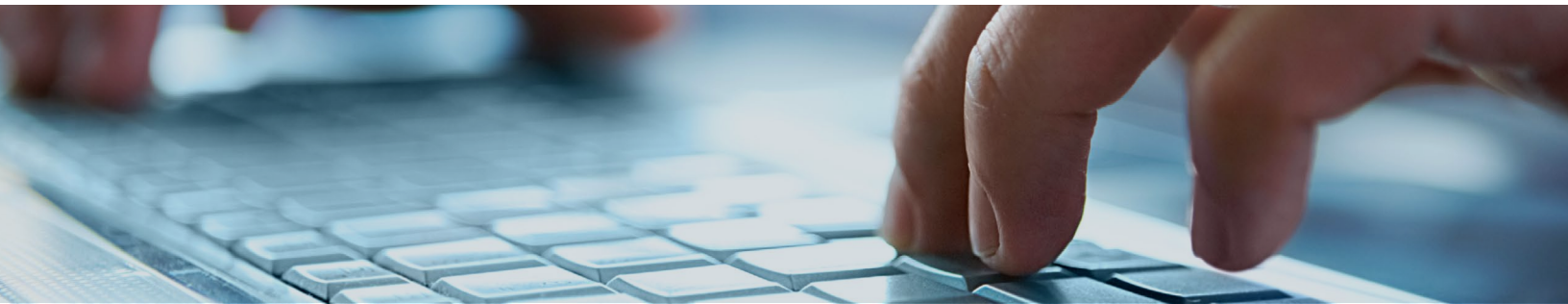
- ✓ Installer portal and app enable remote management of multiple customers and sites from a single interface
- ✓ Remote diagnostics and servicing on voltage, mains, PSU, etc.
- ✓ No software to install
- ✓ API for simple integrations with third party software
- ✓ Recurring revenue opportunities through managed access control services





### About Vanderbilt

Vanderbilt is a global provider of security systems recognized for future-proof, high-performance, easy-to-use products. Vanderbilt strives for innovation in Software-as-a-Service solutions such as **ACT365**, as well as product integration both within and outside of their portfolio offerings. Simply put, Vanderbilt is **#ReadyForAnyChallenge**. To learn more, please visit [usa.vanderbiltindustries.com](http://usa.vanderbiltindustries.com), or follow us on [Twitter](#), [Facebook](#), and [LinkedIn](#).



For more information, please contact:

**Lynn Wood**

Product Category Manager

📞 973 316 3953

@lynnwood@vanderbiltindustries.com

an **ACRE**  
company

**vanderbiltindustries.com**

🐦 @VanderbiltInd

🌐 Vanderbilt Industries

**Vanderbilt Industries**

2 Cranberry Road

Parsippany, NJ 07054

📞 973 316 3900