

Management Summary

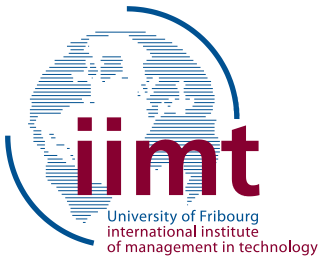
I joined Protectas as a Chief Information Officer in October 2012. The decision of the Management Board to develop a new strategy was decided in early 2012. One of the consequences of this decision was to change the IT organization because it was perceived that its contribution to leverage Information and Communication Technologies as a main driver to develop new added value services for Protectas was considered unsatisfactory.

Protectas sells a complete set of security services for the private and public sectors. These security services are mostly delivered by security agents doing rounds at a customer site or mobile patrols. These services are all connected to a monitoring center where alarms are treated and actions taken according to specific procedures. The lack of service differentiation makes the competition intense, with no real possibility to develop a tailored value chain and thus a sustainable competitive advantage. Also, the security services industry in Switzerland is not very well regulated which makes barriers to entry for competitors easy to overcome. This situation has had negative consequences for the profitability of Protectas which has a cost structure with relatively high fixed costs.

For the last ten years many new competitors entered the security services industry with very aggressive prices in the most profitable segments. This situation put Protectas under pressure and it is one of the main reasons why a new strategy has been decided in 2012 both by Protectas and Securitas AB, the mother company based in Stockholm. This new strategy is based mainly on technological innovation through the development of new services around security, specifically with the Remote Video Surveillance (RVS). This new business model will bring added value for the customers by reducing the cost of the services and for Protectas should provide higher margins by reducing the fixed costs to deliver the services. With this new strategy, Protectas and the Securitas Group will be able to differentiate from their competitors, increase profitability and secure and augment the customer base.

To sustain this new strategy, it was decided to change Protectas' main Information Systems. The Enterprise Resource Planning (ERP), supporting Finance and Human Resources processes, was developed more than ten years ago and does no longer comply with the user requirements and the data centralization strategy. The Workforce Management System (WMS), crucial to efficiently deploy on the field the 2500 security agents, is part of the same ERP application developed many years ago; here too, functionalities are not in line with the new business requirements. These two strategic projects must improve and help streamline internal key business processes. Business Intelligence, customer management, improved financial analysis or flexibility in staff planning are some of the features these new applications will bring to Protectas.

The last piece of this new puzzle for corporate development was to realign the internal organisation in view to obtain a more transversal cooperation between the regions and the different types of services. Key Account Managers and Product/Service Managers will be the



key to manage the future sales and operational processes. This will ensure that the RVS solution, which requires transversal capabilities, will be delivered both with high quality and in a cost efficient manner.

To better understand why this new strategy was necessary for Protectas and Securitas AB, this master thesis will develop the following. In chapter one, I intend to provide a global overview of the structure of the competition and provide an analysis of the firm based on its value chain, key business processes and organization. In chapter two, I will focus on Protectas' actual strategy and provide various types of assessments and analysis. To conclude this chapter, an analysis of the firm on the basis of the five tests of a good strategy will be presented to assess whether the firm was able to develop a sustainable competitive advantage or not. Finally, chapter three will explain why the new strategy was necessary for both Protectas and the Securitas AB Group. A thorough explanation of the new value proposition with the main objectives and milestones will be presented. To conclude this last chapter, an assessment of the IT department's actual resources and capabilities will be assessed and some recommendations for improvements presented.

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