

# REMOTE VIDEO MONITORING



Reducing shrink, mitigating loss,  
and enhancing ROI in the retail  
market with remote video monitoring

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## Introduction

Loss prevention is clearly a top concern for retailer professionals across the country. According to the National Retail Security Survey (NRSS) results, the majority of retail shrinkage in 2006 was due to employee theft, at \$19.5 billion, representing 47 percent or almost half of all losses, while shoplifting accounted for \$13.3 billion, or 32 percent of losses. But although losses continue to rise in correlation with industry sales, the NRSS reports that shrinkage as a percentage of sales has stayed flat. This is partly attributed to an industry trend in which savvy retailers are becoming more aware of the value of emerging security technologies, such as remote video monitoring, which has proven to help curtail the steady erosion of the retail industry's bottom line.

Another powerful driver of loss is the growth of organized retail crime, which the Federal Bureau of Investigation estimates is responsible for \$30 to \$37 billion in losses per year. These criminals, known as "boosters," are successful because they get in and



SECURITY

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out of stores quickly and know exactly what they want before entering. A 2007 National Retail Federation (NRF) survey found that 79 percent of retailers polled said their companies were victims of organized crime, while 71 percent said they have seen a significant increase in organized crime activity over the previous 12 months; however, the good news, according to the NRSS report, about half of all retail companies are now actively tracking organized crime and investing in new security technologies as their number one defense strategy.

But not all retail loss is a result of seasoned criminals. Many forces are shaping today's economy, resulting in fewer discretionary dollars in consumers' pockets. According to a new report by Plunkett Research Ltd., the most powerful trends negatively affecting consumer cash flow in 2008 are the dramatically slowed sales in new and existing homes; the fluctuating mortgage interest rates; the high number of homes across the country entering bankruptcy; and the increasing price of gasoline at the pump. Plunkett reports that these influences are expected to further elevate retail industry loss, making it more important than ever for retail professionals to capitalize on technologies that can help manage and mitigate risk. Overall, retail shrink is estimated to reduce profits by an average of 2 to 3 percent, which equates to billions of dollars per year.

This white paper explores the security challenges facing the retail industry and focuses on how emerging technologies, such as video monitoring, can play an important role in helping retail professionals mitigate risks and minimize losses while improving workflow and elevating return on investments.

## Remote Video Monitoring: A Retailer's Secret Weapon

Video monitoring is fast becoming one of the most powerful weapons in a retailer's arsenal for managing and mitigating risk. In its January 2007 second annual Video Surveillance State of the Market special report, SDM Magazine reported that growth in the video surveillance market will be nothing less than exceptional. The report points to retailers' desire to add cameras to their systems, their need to increase video data in immediate retrieval format and the affordability

of new technologies. To that end, remote video monitoring represents a natural evolution in security technology for the retail industry.

### What is remote video monitoring?

Remote video monitoring takes video surveillance a giant step forward. It is composed of two-way interactive audio technology that combines existing DVR technology and video surveillance systems with monitoring processes to provide real-time voice and video images to a central monitoring station for alarm verification and action.

With an Underwriter's Laboratories (UL) required reaction time of 45 seconds or better, central station dispatchers can quickly and remotely view and monitor a site when an alarm is triggered and communicate with anyone on-site. In an event-driven situation, dispatchers can send out assistance if the event is a detectable situation, or they can prevent a false dispatch if no security breach has occurred. Once a situation is diagnosed, the dispatcher responds using the customized response plan that has been designed for each store's or facility's unique monitoring requirements.

### How video monitoring works.

Any critical area at a facility is considered a contact point that can be wired to a zone on a central alarm panel and paired with a video camera. Consequently, any contact point can be monitored 24/7 through systems that can immediately trigger an alarm signal that lets a monitoring center know a security event occurred at that specific contact point. Contact points can include: cash register lanes, back doors, stocking areas, server/computer rooms and safes. Triggers that can be set to trip the alarms include: doors opening or closing, motion or heat, glass breaking or a number of other events. Because all stores' needs are different, its contact points and triggers will also vary, resulting in the need for custom-designed security systems. Additionally, video monitoring technology is compatible with many manufacturers' control panels, allowing retailers to often connect existing systems without having to purchase new equipment or make only minor upgrades.

It's imperative to not only see an event take place, but to ensure that it is recorded. Once a security breach has taken place, the availability of high-quality digital video and audio evidence can make all the difference in a courtroom.

Video monitoring is becoming increasingly important to retailers who know that security systems built on redundant layers are the most effective. In fact, the NRSS revealed that about 98 percent of retailers include burglar alarms in their security systems, about 87 percent include visible closed circuit televisions, about 58 percent use hidden closed circuit televisions and about 85 percent incorporate digital video. These statistics show a growing awareness in the retail industry that event monitoring and video surveillance can greatly reduce incidences of theft. Remote video monitoring takes this technology even further, allowing for the immediate identification of the true nature of an event — a powerful tool in preventing criminal activity and protecting critical assets.

### Where video monitoring can help:

Ask any number of retail professionals what the top challenges they face in running their businesses are and the majority will agree on four:

- Reducing shrink
- Reducing false alarms
- Safeguarding employees
- Protecting assets

Successful management of these issues can mean the difference between running a secure business and consistently reacting to unexpected events. Remote video monitoring can have a positive impact on all four areas.

### Reducing shrink

It's an unfortunate fact that employee theft represents half of all retail losses, posing an ongoing dilemma for retailers who want to believe the best about their staff. However, like organized crime, employee theft relies on patterns such as the location of security guards and the identification of critical areas that can be exploited. Video monitoring helps retailers keep an eye on their operations and can serve as a valuable deterrent. By knowing that live operators are randomly looking

into a facility, associates could be influenced to forego stealing from their employer. By the same token, positioning cameras to be visible to shoppers can also reduce the staggering losses associated with shoplifting.

In addition to its benefits in preventing theft and shoplifting, remote video monitoring can enable round-the-clock proactive site monitoring through video-monitored guard tours, which can virtually mimic an on-site security guard making after hours rounds. During a video guard tour, central station dispatchers remotely walk through the facility, including its exterior, using a DVR and cameras to confirm all is as it should be. This type of monitoring is especially effective in safeguarding larger retail outlets and in storage areas or warehouses, where organized crime often occurs. Guard tours can be programmed for specific times of the day or night, depending on each site's needs, boosting a retail facility's security level without adding staff.

A similar video monitoring capability is remote look-ins. Again, designed around a customer-driven schedule, video look-ins can randomly move around a site during open hours as often as needed. This service can help keep employees alert and honest and have a similar effect on customers. Remote-look-ins can also assure retailers that their employees are behaving professionally, as well. While neither guard tours nor remote look-ins are driven by actual security events, with cameras correctly positioned to protect a retail facility's most critical areas, video monitoring has proven effective in curtailing theft and securing sites, while reducing staffing costs.

It's imperative to not only see an event take place, but to ensure that it is recorded. Once a security breach has taken place, the availability of high-quality digital video and audio evidence can make all the difference in a courtroom. For example, real-time video with audio can remove any uncertainty when reviewing a security breach in which valuable assets are stolen. In the case of organized crime, video also can assist other organizations in potentially catching thieves; video monitoring technology allows video clips and sound bites to be digitally captured and provided to such law enforcement entities as the FBI.

## Unfortunately, not all alarms are false. In fact, some are very real and potentially very dangerous.

### Reducing false alarms

When it comes to video monitoring, it isn't always about what can be seen. In fact, most retailers will agree it's what you don't see that can truly impact the bottom line, such as false alarm fines. False alarms are alarm events in which safety personnel or law enforcement are dispatched to a site when no security event has occurred.

The costs of false alarms vary by geography, but it can be significant. Cincinnati, Philadelphia, Kansas City, Orlando, Dallas and Baltimore are just a few of the major U.S. cities introducing ordinances to recoup the costs of police dispatches for false alarms. More troublesome is the growing trend of police departments requiring that alarm events are visually verified before they will even respond.

But the problem of false alarms is real. According to the Center for Problem-Oriented Policing, in 2002, police in the U.S. responded to about 36 million alarm activations at an estimated annual cost of \$1.8 billion, with false alarms accounting for 10 to 25 percent of all alarm calls to police. Moreover, the majority of false alarms are due to human error rather than break-ins. It's not uncommon for after-hours workers such as employees, cleaning crews and restocking or remodeling companies to accidentally fail to disarm a security system upon entering, and at just one false alarm per week, those false alarms can cost a business more than \$10,000 a month. However, statistics show that video monitoring services can reduce false alarms by 30 to 50 percent, automatically reducing the costs associated with it.

#### *Here's how it works:*

A central station dispatcher receives an alarm signal at a site. The dispatcher can then immediately visually inspect a site and listen to store activity through two-way audio, which can assist in preventing a false alarm dispatch. Additionally, if there are workers or other individuals on-site who are instructed to not answer the telephone after hours, the audio system is broadcast over speakers, facilitating communication. By using the two-way audio system, the dispatcher can verify who is on-site with a personal code and circumvent a false alarm.

Conversely, without video monitoring, when an alarm is triggered a dispatcher calls the site and if there is no answer, the first person on the company's contact list is contacted. If no one answers, the authorities are dispatched, without any verification of the event.

### Safeguarding employees

Unfortunately, not all alarms are false. In fact, some are very real and potentially very dangerous. Imagine a clerk in a store late at night, when a group of unruly individuals enter. Having pre-installed hardware that allows the clerk to contact a central monitoring station dispatcher and request a voice-down to the site, or a visual inspection, can quickly help defuse a threatening situation

It's in situations like this that video monitoring can directly impact employee safety. By having the advantage of viewing and assessing the situation through remote video monitoring, dispatchers can help identify individuals entering and exiting a site. This is advantageous in many situations, including:

- An emergency can be viewed while it's taking place, allowing for information to be quickly relayed to the police.
- Police can immediately be dispatched to the site if an employee is unable to respond or is under duress.
- A false alarm can be prevented if the clerk has access to security options rather than resorting to tripping an alarm.
- A situation can be clarified in the event a key card doesn't work or an employee has forgotten an access code.

Having a video monitoring system in place helps to provide increased levels of workplace safety and leaves employees with an enhanced peace of mind.

### Protecting assets

Video monitoring has proven more effective than an alarm-only security solution. Should an event occur, video monitoring equipment — that has been preset to spotlight specific merchandise — can quickly offer a monitoring station dispatcher visual cues as to whether or not the assets are still in place. This can be a reliable tool in protecting the top-tier merchandise of the business. These areas can be identified by asking two basic questions:

- What areas within the store would shut down the operation if they ceased to exist?
- Where are the areas of greatest loss?

Based on the answers to these two questions, contact points are chosen and triggers for each point are programmed. Obviously, areas within the facility that house safes might have several triggers, as will distribution centers or warehouses for external security.

Common triggers in these areas could include: opening and closing of back- or stocking doors, glass breaking or entering faulty alarm codes upon entry or exit. Warehouses, as larger, less trafficked facilities, can also be prey for organized crime, so triggers might also include: trucks being loaded when they should actually be unloaded, faulty card reads or access codes at the gate or people carrying unauthorized boxes out of the facility.

But smaller, seemingly innocuous merchandise can also be in big demand. According to the Food Marketing Institute (FMI) there are numerous, less obvious contact points within a retail environment that are critical to monitor. In its 2007 list of most shoplifted items, FMI cites pain killers (#1 – Advil 50 count), personal hygiene (#5 – Gillette Sensor 10 count) and infant formula (#6 and #7 – Similac varieties) as areas where retailers could cut losses by implementing video monitoring programs

### **The physical element in cyber crime**

Cyber crime, driven primarily by organized crime, is another powerful force affecting shrinkage. For retailers, phishing, network intrusions and other information breaches can be devastating for the business and its reputation. And, it's important to understand that all cyber crime has a physical element, which can be monitored through video.

Consider the number of crimes reported over the past few years in which a laptop was stolen with the personal information of thousands of individuals. With video monitoring equipment positioned to monitor specific, strategic contact points within a facility, a dispatcher can immediately be alerted if an unauthorized individual enters a secured area — a computer or server room, or offices where computers containing valuable information are stored, for example. Motion detectors paired with video cameras provide a powerful level of security by identifying who or what tripped the alarm when a contact point is triggered.

## **Summary**

The retail industry anticipates the continued need for vigilance in managing and mitigating retail loss through many means, including the increased application of integrated security technologies. As retailers become increasingly aware of the benefits of remote video monitoring, they will be better positioned to combat the forces that drive retail losses into the billions of dollars. These forces include employee error, internal theft, shoplifters and organized crime.

As a natural step in the evolution of security technology, remote video monitoring offers retail professionals the ability to integrate fully customized monitoring services into their existing security systems, to monitor their premises in real-time and to help curtail loss by proactively monitoring critical areas before events occur. Additionally, video monitoring is a valuable tool in protecting assets, safeguarding employees and reducing false alarms — top challenges to the retail loss prevention industry. Offering numerous additional benefits, video monitoring has also proven invaluable in mitigating retail losses, improving workflow and elevating the return on security system investments.

### **Authored by Diebold, Incorporated.**

Diebold Incorporated has been at the forefront of the security industry for nearly 150 years. Diebold's event monitoring center, now in its twentieth year, has been named a Five Diamond, Level II 100 percent Operator Certified Central Station, which is a prominent designation awarded by the Central Station Alarm Association to less than 1 percent of U.S. security companies. Diebold also received the 2007 Central Station of the Year award by CSAA for its commitment to security monitoring excellence.

For more information about Diebold, Incorporated and its monitoring capabilities for retailers, please visit [www.monitorsmarter.com/retail](http://www.monitorsmarter.com/retail) or call 1.800.300.1434.

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