

PwC's Physical Security Environment Survey 2016

The evolving landscape of the physical security function in India





About the survey

PwC's Physical Security Environment Survey is the first-ever survey by PwC India to be conducted in the domain of physical security threats faced by corporate India.

We received a great response from organisations across various industries and sectors. Conducted in collaboration with the ASIS Mumbai Chapter, the survey constitutes a diverse mix of views of security professionals from corporate India.

Foreword



Dinesh Anand

Partner and Leader
Forensic Services
India

I am pleased to present PwC's Physical Security Environment Survey 2016. In this report, we examine the recent trends and developments in the domain of physical security in India and assess the key challenges and issues that security professionals are currently facing.

Over the past few years, the physical security function has become one of the most important business functions for organisations across the world. Due to the changing threat landscape, while on one hand, there is a growing awareness about physical security risks, on the other, there is a noticeable shift in attitude when it comes to the business leaders' outlook towards physical security.

The survey re-emphasises the need for security professionals and management to work hand-in-hand in order to intuitively identify strategic security threats and prepare a mitigation plan for sustenance of their business. Besides putting the physical security picture in perspective, the survey will help in providing the security directors' outlook to the management.

I would like to express my sincere gratitude to all the participants of the survey. I hope you find the report useful and insightful.

Best regards,

A handwritten signature in white ink that reads "Anand". The signature is written in a cursive style and is positioned above a horizontal line that extends to the left.

Message from the ASIS Mumbai Chapter

Over the last few years, the rising threat of terror attacks, natural disasters and incidents of social unrest has been causing considerable alarm in major cities across the world. Whether it was the Chennai floods or recent terror attacks in Brussels, the devastation from such incidents has been disrupting business communities across organisations and countries.

While the damage from the increasing number of physical security risks can be huge, the good thing is that we can see growing awareness around these risks, with more and more organisations waking up to the call of a 'safe and secure environment'—a silver lining in the risk-prone physical security landscape.

Physical threats can lead to huge financial losses, reputation damage and legal proceedings. Today, it is critical for all organisations to maintain situational awareness of potential physical incidents, and take the necessary steps to prevent them and protect their employees and business assets from becoming victims of such disasters. Since every corporate has its own unique set-up, it has to carve out its own physical security strategy to combat such risks.

PwC's Physical Security Environment Survey report will help the industry in studying and rationalising the security set-up for most organisations as per the industry practices.

We hope that this report will help security professionals and business leaders navigate the increasing complexity around the physical security environment.

Best regards,
ASIS Mumbai Chapter

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Top-line facts



A paradigm shift in the leadership perspective towards security risks

- A majority of the respondents (**71%**) felt that the leadership of their organisation considered security risks to be of strategic importance to their business.



Awareness about physical security risks on the rise

- Forty-six per cent of the organisations surveyed in India conduct a physical security risk assessment once a year.
- Seventeen per cent of the organisations conduct it monthly, whereas two per cent have never conducted a physical security risk assessment.



More power to the physical security function

- Sixty-eight per cent of the security directors felt that they were the key decision makers when it came to the strategic security issues of their organisation.
- A majority of the respondents (**62%**) felt that the security function was treated at the same level as other business functions, such as human resources and facilities.
- Only **19%** of the respondents felt that the security function was either not a priority or relegated to the realm of less important business functions. The remaining **81%** recognised it as a growing priority for businesses.



Fewer budget constraints

- Sixty-one per cent of the respondents felt that they had an adequate budget and financial resources to effectively manage the security function of their organisation.



Security standards and regulatory framework in need of an overhaul

- More than half (**54%**) of the respondents felt that the existing security standards, legal, regulatory and compliance frameworks were not adequate to support corporate security requirements. The survey findings suggest the requirement of a minimum baseline for security from the government. It would help if some industry-specific guidelines can be issued, similar to those that already exist in the case of the oil and gas sector (Oil Sector Infrastructure Protection Plan [OSIPP]) and the aviation sector (Bureau of Civil Aviation Security of India [BCAS] standards).



Lack of confidence to face natural disasters

- A majority (**96%**) of the respondents felt that there was an urgent need for most organisations to relook their business strategy to effectively respond to natural disasters.
- Only **4%** of the respondents felt that their organisation was fully prepared to promptly respond to natural disasters such as earthquakes and floods.



Sharp increase in physical security incidents

- Seventy-three per cent of the respondents felt that the number of security incidents had increased in the past two years and would continue over the next two years, as well.



Biggest security threats

- Cybercrime, terrorism, fire and corporate espionage were rated as some of the biggest threats to businesses in the coming years.



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Current physical security landscape

As the physical security environment continues to evolve in India, we can sense a growing realisation of the need to reinvigorate efforts towards maintaining high physical security for organisations across industries and sectors. In addition, the need to reinvent the security standards and regulatory framework is far more conspicuous than it has been ever before.

PwC India speak



Dinesh Anand

Partner and Leader
Forensic Services
India

‘Over the past few years, corporate India has witnessed a steady increase in the number of security breaches and incidents. While we have very little control over occurrences such as floods, earthquakes and terror attacks, we do have control over the ways we can safeguard our businesses and people against them. It’s unfortunate that many a times, physical security takes a back seat in business operations. It’s high time that we pay attention to the potential physical security risks and do something about them. It’s critical for security professionals and management to be aligned and work hand-in-hand to be able to intuitively identify strategic security threats and prepare a mitigation plan for sustenance of their business.’

Global Peace Index 2015: India ranking



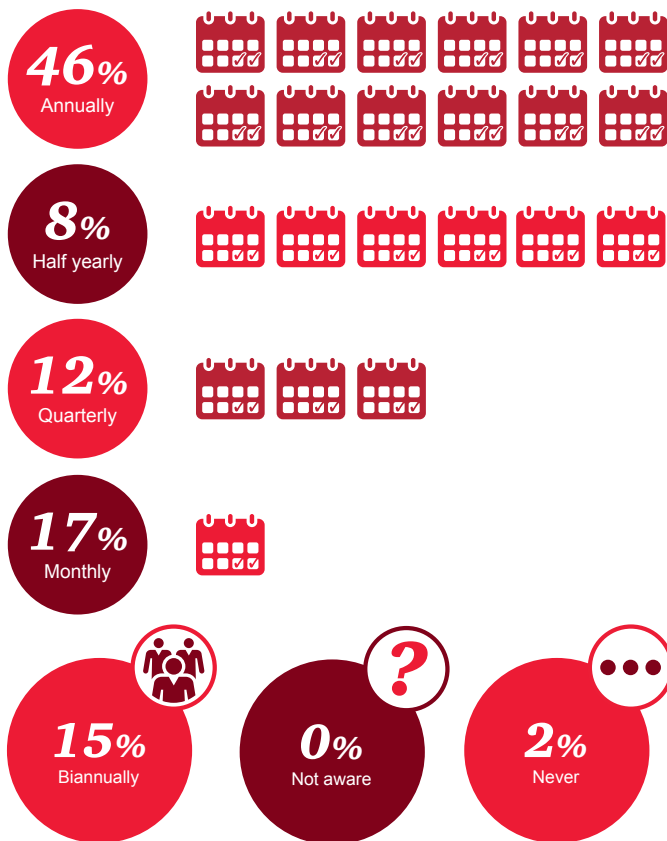
India ranks **143rd** on the global peace index, lagging way behind the likes of Bhutan, Nepal, Sri Lanka and Bangladesh. Iceland emerges as the most peaceful nation in the world.¹

1) http://articles.economictimes.indiatimes.com/2015-06-28/news/63907355_1_global-peace-index-peaceful-country-economics-and-peace

Key survey findings

The general trend in the industry is to carry out risk assessments of premises annually—which is in line with the standard industry practice. However, it is noteworthy that a few organisations conduct risk assessments of their premises at monthly/quarterly intervals. This indicates the growing awareness about security risks in the industry.

Frequency of conducting physical security risk assessments



Industry speak

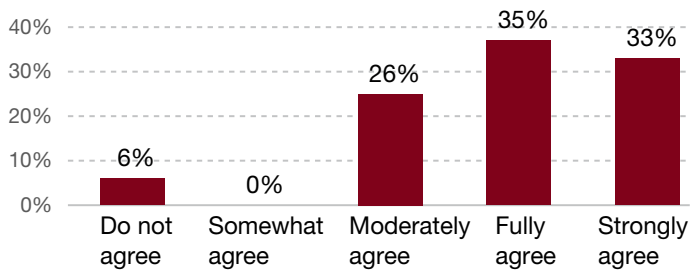
Till about five years back, physical security risk assessment was rarely heard of. But today, with the growing number of security breaches, a lot of people are discussing this topic across boardrooms. In fact, it has become a key component of business plans for most organisations worldwide. Depending on the nature of the industry, sector and product, we think it's important to conduct a thorough risk assessment on a regular basis in every business cycle. Ironically, most business leaders only consider it after facing a security breach.

Some companies have started periodically releasing an updated security and safety handbook at construction sites. Also, monthly training/seminars on safety and security are being conducted at site offices by in-house or outsourced faculties.

- **Niranjan Hiranandani**
Managing Director
Hiranandani Construction Pvt Ltd

Most of the security directors (68%) stated that they were the key decision makers on strategic security matters pertaining to their organisation.

Security directors as strategic decision makers



PwC India speak



Puneet Garkhel
Partner
Forensic Services
PwC India

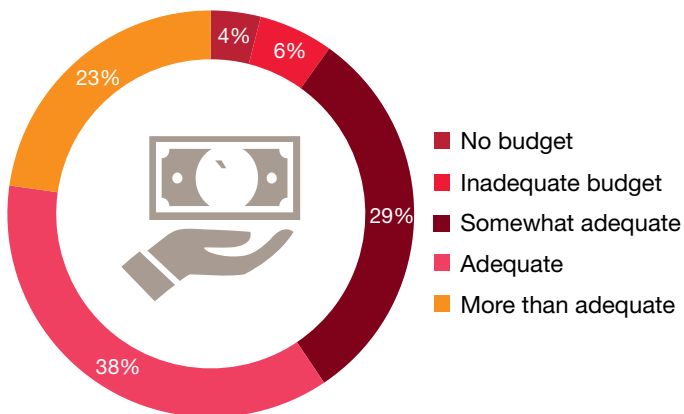
‘There is a changing trend in the industry with respect to the role of security directors. Till about a few years back, most of the decisions regarding physical security were taken by the management with little coordination with security professionals—which is why a lot of businesses have been struggling when faced with security breaches. It’s great to find that, today, security directors are being given the due authority as well as the responsibility to take over strategic decision-making roles. This shows that we are moving in the right direction.’

No more financial constraints?

When asked about 'budget and financial resources to run the security function', 61% of the respondents reported that they had an adequate budget and financial resources to effectively manage the physical security function.

Considering that the security function is typically viewed as a 'cost centre', the survey response indicates the increasing level of importance that the executive leadership is giving to the security function of their respective organisations.

How adequate are your financial resources to manage the physical security function?



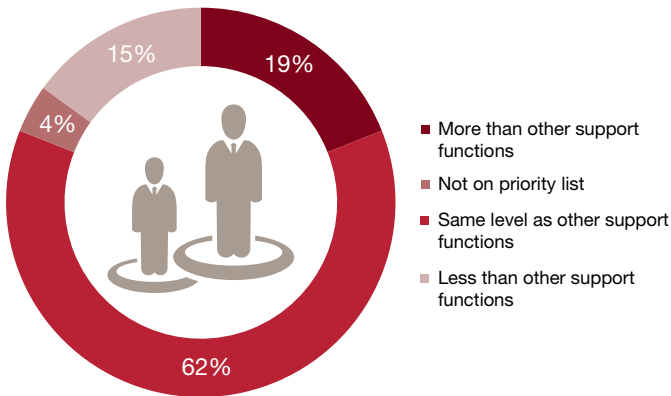
Industry speak

A robust physical security platform comes with a cost attached. It's important for all organisations to understand and take stock of their annual security requirements and accordingly allocate a fixed budget to operate the physical security function. With the growing awareness around the physical security domain, while many organisations have already started doing this, there still remain many others that are yet to consider this factor.

- Sonal Shrivastava
Country CFO
Lafarge Group India



Growing relevance of the physical security function



Most of the respondents felt that the security function was treated on par with other functions, such as human resources and facilities. However, close to one-fifth of the respondents reported that the security function was either not a priority or was given less importance than the other functions in their organisation. This points to the urgent need for sensitising the executive leadership about the rising physical security threats which may lead to business and reputational losses for their organisations.

Industry speak

Till about 10 years back, physical security functions hardly existed. If they did, instead of being independent functions, they were often a part of other support functions such as business administration or operations. With more and more businesses expanding their global reach and the number of risks increasing, today, physical security functions have become increasingly specialised and critical for business growth. The best part is that most business leaders have a changed perception of risk mitigation and disaster management. To me, this seems like the dawn of a new era of the physical security environment.

- Ramesh Swaminathan
Chief Financial Officer & Executive Director
Lupin Ltd., India

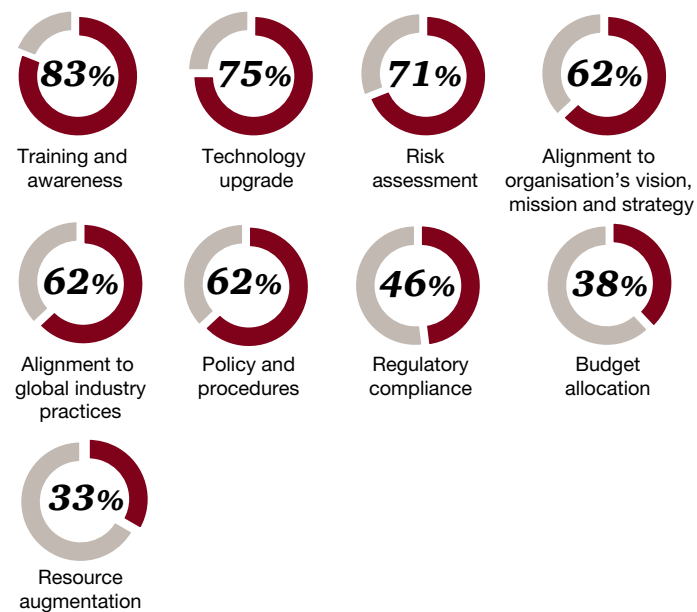


Importance of training and awareness about physical security

A majority of respondents reported that training and awareness about physical security risks could go a long way in reviving an organisation's security programme during the next 12 months. Keeping in mind the increasing cases of violence against women in India, there is also an urgent need for training and awareness programmes on women's safety in corporate environments. Besides this, the survey also highlights the need for organisations to customise and enhance their training and awareness frameworks according to the rapidly changing physical security environment.

The other important activities include upgradation of technology, risk assessments, and alignment of the security function's vision, mission and strategy with those of their organisation and global best practices.

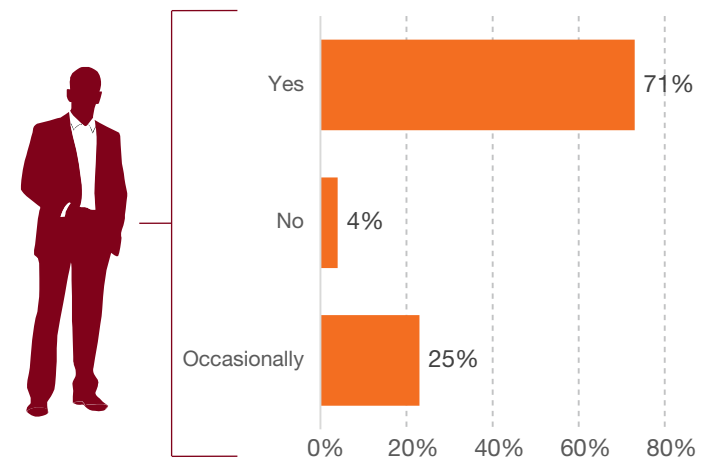
Activities that will impact the physical security programmes of organisations in the next 12 months



A paradigm shift in the leadership perspective towards security risks

Most of the respondents (71%) felt that their executive leadership considered security risks to be of strategic importance. This denotes a paradigm shift in the importance that security risks get in the overall risk management framework of an organisation.

Do you feel that physical security risks are of strategic importance to your management?



Role of the government

Organisations perceive a wide gap between government policies and their implementation. The physical security leadership expressed a strong need for initiatives to bridge this gap by enhancing the role of the government in maintaining the corporate security environment in India.

The need for obtaining actionable security intelligence was reported to be the most important support (83%) desired from the government, especially in light of the rapidly intensifying national and international terrorism scenario, which poses a high level of life and safety risks to the employees of every organisation. More than half of the respondents (54%) reported the need for stringent but simplified laws and regulations for industry and for promoting the use of common industry practices.

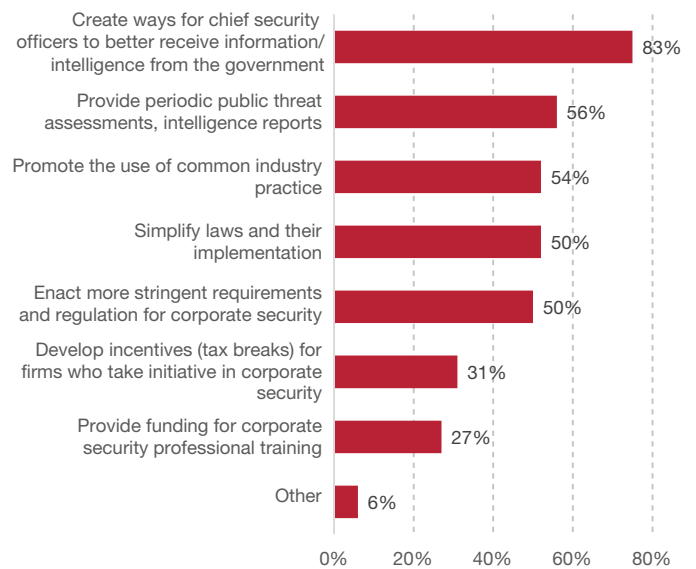
PwC India speak



Neel Ratan
Partner and Leader
Government and Public
Sector
PwC India

‘The survey shows a unanimous plea from various industry professionals to devise a framework for receiving intelligence/information from the government and law enforcement agencies. As this is the general sentiment of the industry, it is recommended that some independent industry body or similar organisation takes over this task of conveying this message to the appropriate authorities in the government machinery.’

Actions needed to enhance the role of the government in corporate security

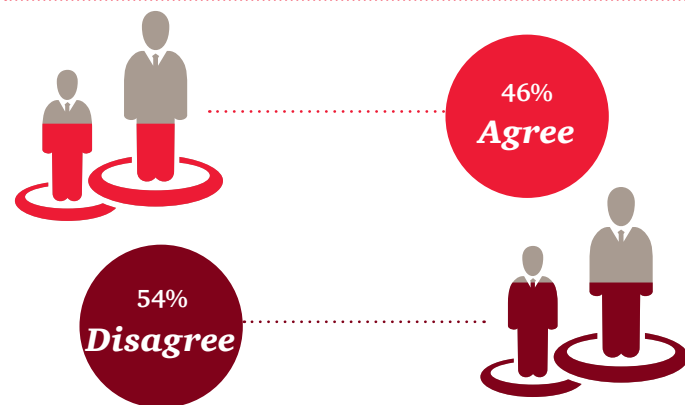




It's time to overhaul the existing security standards and regulatory framework

More than half of the respondents felt that the existing security standards, legal, regulatory and compliance frameworks (prepared by the government, regulatory and independent bodies) were not adequate to support corporate security requirements in India.

Are the existing physical security standards, legal, regulatory and compliance frameworks adequate?



Areas that need government attention

The survey respondents shared the following expectations from the government:

- Need for public-private partnerships and involvement of industry veterans in the policy-making process
- Need for a compliance standard encompassing the entire industry to set baseline requirements and a national benchmark and specific standards for each industry
- Need for actionable efforts on women employee safety
- Review the Private Security Agencies (Regulation) (PSAR) Act, 2005
- National benchmarks on the deployment of security personnel in industries based on factors such as size, scale, segment and geography
- Efforts to build a strong culture around security
- Training and awareness



Lack of readiness to face natural disasters

Only 4% of the respondents felt that the industry was fully prepared to promptly respond to natural disasters. This clearly indicates an urgent need for most of the organisations to take a serious look at business continuity/crisis management strategies of organisations to effectively respond to natural disasters such as floods and earthquakes.

What is your organisation's level of preparedness to respond to natural disasters?



India's vulnerability profile

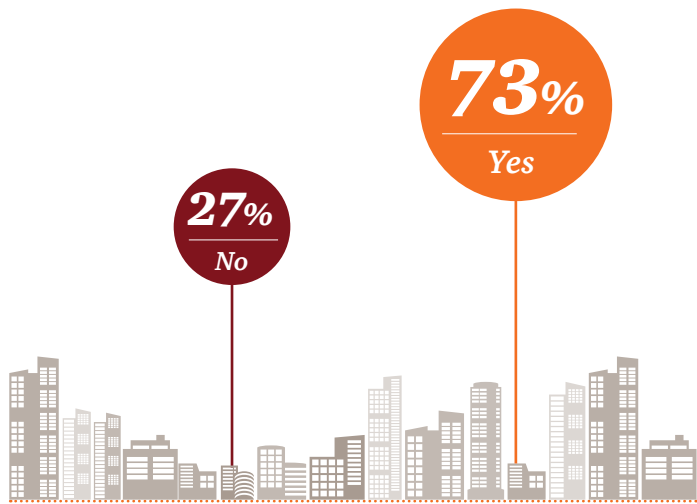
More than 58.6% of the country's land mass is prone to earthquakes of moderate to very high intensity; over 40 million hectares (12%) of its land is prone to floods and river erosion; close to 5,700 km out of its 7,516-km long coastline is prone to cyclones and tsunamis; 68% of its cultivable area is vulnerable to droughts; and its hilly areas are at risk from landslides and avalanches. Moreover, India is also vulnerable to chemical, biological, radiological and nuclear (CBRN) emergencies and other man-made disasters.²

² <http://www.ndma.gov.in/en/vulnerability-profile.html>

Sharp increase in security incidents

A majority of the survey respondents (73%) felt that the number of security incidents had increased in the past two years and that they would continue to do so in the next two years. This points to a strong need to relook security incident and problem management policies and procedures using enhanced trend and pattern analysis to identify the key risk areas.

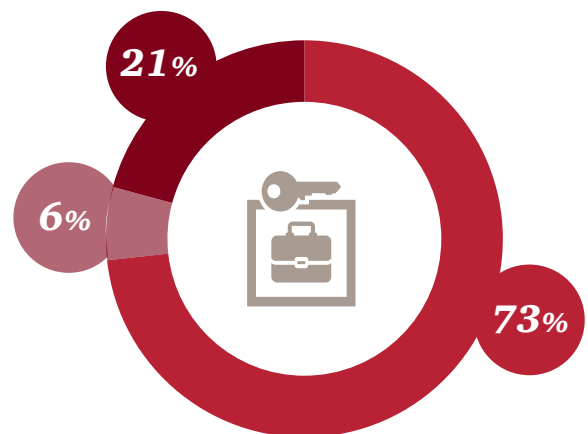
Do you feel that security incidents have increased over the past two years?



Rise in terrorism

According to the Global Terrorism Index 2015,³ the number of people who have died from terrorist activity has increased ninefold since the year 2000. In 2014, the total number of deaths from terrorism increased by 80% when compared to the previous year. This is the largest yearly increase in the last 15 years. The number of countries suffering more than 500 deaths increased by 120%. In 2014, 11 countries had over 500 deaths, while in 2013, only 5 did.

What is your perception of the security threat environment in the next two years?



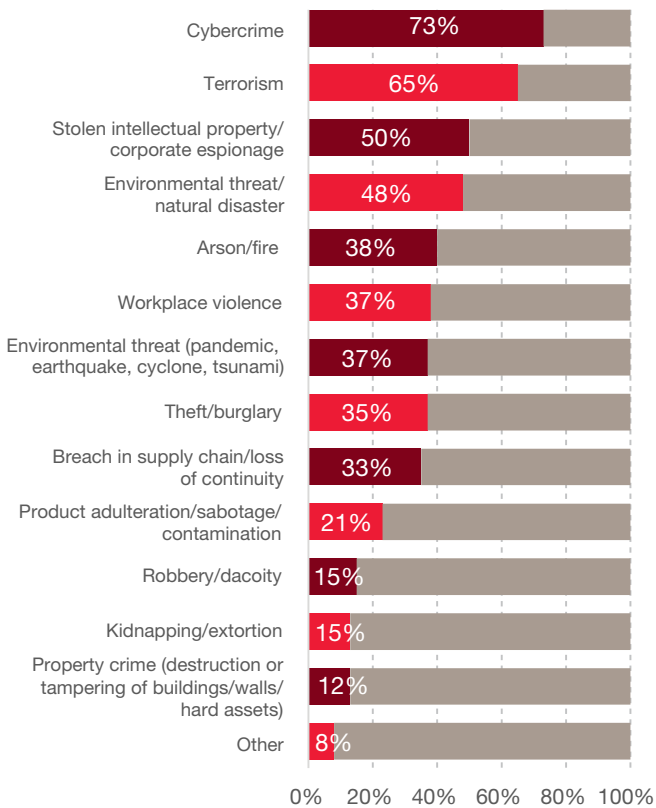
- Threats will rise
- Threats will decrease
- Threats will remain more or less the same

³ <http://economicsandpeace.org/wp-content/uploads/2015/11/Global-Terrorism-Index-2015.pdf>

Top security threats

Cybercrime and corporate espionage have been rated as two of the most serious threats to organisations in the coming years. This indicates the need for stronger collaboration between the domains of cyber security and physical security on account of interlinkages between the information and physical world. Terrorism being the second important threat, organisations need to beef up their training and awareness programmes and work in close collaboration with the law enforcement agencies.

Security threats that will pose the maximum risk to organisations in the next two years





Industry speak

Apart from the risks of theft, fire and violence, there are many new entrants in the list of “top physical security risks”, such as corporate espionage, cybercrime and natural calamities (floods, earthquakes and tsunamis, etc.). This just shows how the risk landscape has evolved over the last few years and will continue to in the coming years. A key action point for most organisations today is to get ready to adapt their physical security framework to the new and emerging risks. Security directors will need to keep a close watch on the developing security threats across geographies.

- Ajit Inamdar

CFO & Director (India) - FMC Agricultural Solutions
Cheminova India Ltd.





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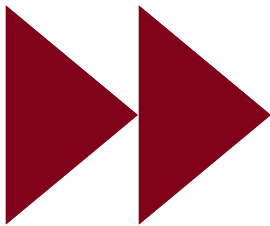
Looking ahead: A PwC India perspective



Puneet Garkhel

Partner
Forensic Services
PwC India

- With a large number of companies constantly seeking to redefine and realign their security strategies, there seems to be an increased focus on identifying gaps in security set-ups and constantly working at filling these security gaps with robust risk mitigation plans and preventive disaster management policies.
- In India, a growing number of companies are realising the importance of getting together and working collectively to address physical security risks by setting up mutual aid groups (MAGs), for example, the ASIS Mumbai Chapter and Physical Security Professionals (PSP), Pune.
- Today, safe cities are an integral part of the ‘smart cities’, with increasing importance being given to the security of the citizens. From a security perspective, this is a step in the right direction— bringing in good governance, especially e-governance and citizen participation, safety and security of citizens, particularly women, children and the elderly.

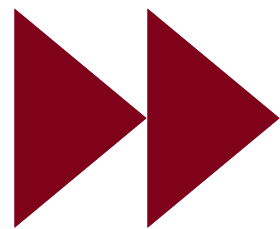


- There is no denying that security and safety related issues are and will continue to remain important. However, local issues related to personnel/employee security and general law and order are matters of greater concern to companies than larger national issues such as terrorism and incidents of political unrest.
- Although India has been using various mass surveillance projects for many years now, we can see growing efforts towards surveillance through programmes such as National Intelligence Grid (NATGRID), the Central Monitoring System Project and Defence Research and Development Organisation (DRDO) Netra. Similarly, in the case of law enforcement agencies, we have seen an increase in safe city projects (city surveillance projects) across the country, and the number of these projects shall continue to increase and evolve in the next few years.
- The physical security function seems to have come of age over the past few years, with companies across India waking up to the need for a robust physical security infrastructure and taking the right steps to stabilise the same.





- There is a visible change in management's attitude towards the role of security professionals in protecting their business from potential physical security risks.
- Today, regular and periodic reviews of the physical security programme have become more of a business mandate and are no longer a choice. With the changing security landscape, security directors need to be extra vigilant in terms of identifying potential security threats to their premises.
- We see a growing importance of the physical security functions becoming the top priority of business leaders and gaining as much importance as the other support functions of a business.



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Survey methodology

We conducted the Physical Environment Security Survey in India between December 2015 and February 2016. The participants of this survey were security managers and directors, who shared their experiences related to physical security scenarios at their organisations. We obtained information from them on the challenges they face in the physical security domain, management's perception of the function, the support extended by the government and regulatory bodies in this domain, and requirements for the future.

Having received responses from security professionals, in this report, we have largely covered their perspective and will be looking at management's side of the story in the second issue of this publication.

We'd be happy to offer an executive briefing on the survey to your organisation. For more information, please contact Dinesh Anand at dinesh.anand@in.pwc.com/Puneet Garkhel at puneet.garkhel@in.pwc.com.

Disclaimer: The report is strictly based on the feedback we got from the respondents of the survey.

About Strategic Threat Advisory Services

PwC forensic services's offering - Strategic Threat Advisory services is aimed at helping businesses prevent security threats and prepare a mitigation plan for sustenance. We support businesses in identifying strategic threats related to physical security and in implementing a framework of preventive and detective controls. With proven capabilities in both Greenfield and Brownfield projects, our team consists of professionals formerly associated with armed forces and law enforcement, certified fraud examiners, critical infrastructure protection specialists, business continuity and crisis management experts. To know more about Strategic Threat Advisory Services, please visit: <http://www.pwc.in/consulting/forensic-services/services/strategic-threat-advisory-services.html>

About PwC


At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 2,08,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com


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