



FRANK SCAMARCIA

– CEO Spectrum Fire

In just a few years Spectrum Fire has grown from a company of around one hundred and twenty to a nationwide operation now employing over five hundred. Spectrum CEO Frank Scamarcia explains how a business based on sound local management can offer a unique alternative to traditional fire protection services.

- Interview by Chris Ruhle.

CR: You've had 20 years experience in the fire and building products sector – how did you first get interested and involved in fire protection?

FS: I was working in the building products industry, on passive fire protection in the mid 80's. From there I progressed through various roles and companies to where I was working in the fire systems side of the industry in about '94. I have also worked in both the major players in the market, up to general management level. That's given me a very good outlook regarding gaps in the market from a customer perspective.

CR: How did the amalgamation of the three companies that came together to form Spectrum Fire take place?

FS: KPMG had been doing some market analysis and identified a number of markets where industry roll-ups were viable - large fragmented markets with many strong individual players that you could roll up to form a national player. The fire services industry was one of them. They had approached Champ Ventures and together developed a business case. The team approached me in late '05.

CR: And what was your specific role in this amalgamation?

FS: I was brought in as CEO at the end of January '06 and my role was to bed down the original three acquisitions, then to go out and build the rest of the business. When we started in February '06 we had three geographies covered, Adelaide, Brisbane and Melbourne, so to create a full national business we had to

find more acquisitions. We have made another six acquisitions since then and we have started a number of businesses organically, beginning from scratch in a number of locations. That's how we have achieved our current national footprint.

CR: You have grown to over 500 employees. When you first started how many employees did you have?

FS: About one hundred and twenty.

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CR: Can you give us a summary of the strategic advantages of the amalgamation?

FS: There are a number of key advantages that our customers enjoy. The first is that we are responsive. We have 15 branches around the country which ensures we can act quickly. Our scale allows us to invest in technology and systems. Our Pronto ERP system allows us to schedule service regimes for all versions of Australian Standards and building codes. This means that all of our customers are managed via a single comprehensive management system. Our system also provides detailed reporting which gives a strong audit trail resulting in peace of mind for our customers. And perhaps last is the customer focus our people have. We do what we say and we do things right the first time. Our customers see that as reliability.

CR: What's been the reaction of the multinational fire protection companies to the amalgamation?

FS: We have seen an increase in competitive pricing pressure in some areas. Our plan has not been to attack our competitors. We are simply focusing on creating a better fire services company, however, we are ready to fight for our customers.

CR: What are the specific things that Spectrum can offer, which the multinationals can't?

FS: Our business model is based on very

strong local management. Decisions are kept local. We acquired businesses that we knew were very successful, that had a strong brand name in their local area. We leave the team and structure in place. We don't over corporatize it. We leave the decision making at a local level. That separates us from other national competitors where they have silo businesses, decisions are made centrally, and in many cases they have decisions made for them overseas. We don't suffer any of those legacies.

Most people have heard the motto “the man who owns the store runs the store” and I think if we could steal that motto we would.

CR: One of the things you stress on your website is the need for a wholly owned Australian fire protection company. Can you elaborate on that?

FS: The only national players in the market are internationally owned companies, and we feel that there is space in the market not only for a third national player, but one that is Australian owned. We are 100 per cent Australian owned. All our vendors, from whom we have acquired businesses, have retained a shareholding in Spectrum Fire. That's an important edge we feel we have over our competitors, because our key people are stakeholders in the success of our business.

CR: How much focus is placed on either developing new technologies or accessing new technologies within the company?

FS: We were in the UK last year looking at what technologies are available to move the game on here. We are not keen on locking ourselves into any proprietary technology because our feedback is that the customers don't really want that and they tend to suffer, so what we are looking at are technologies that increase the utility to the customer at the end of the day.

For example, last year we secured a distribution agreement for the FireVu smoke detection technology from D-TEC. It uses CCTV over an IP platform, and with complex algorithms looks at the pixelation on the video image to detect smoke patterns. It works in extremely low light conditions and in very large open areas like aircraft hangers or large warehouses



where traditional detection systems suffer from stratification and don't work effectively. Also it works in outdoor areas and I believe there are no other systems that can do that.

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CR: What about the actual client base, what's the broad range?

FS: It ranges from small property holders owning a couple factory units all the way through to large and very large property holders. We have contracts with national shopping centres, large national distribution companies, and national enterprise customers. That's the beauty of having that locally driven model. We are able to make that local decision on what is right for the customer.

CR: How closely do you liaise with government bodies and regulators in raising fire protection standards in Australia?

FS: We are an active member of the relevant associations, like the FPAA. We have already put forward some nominations for some of our people to sit on Standards boards. We are also a very strong believer in having a very tight regulatory system. The fire industry is one of the largest providers of public safety and it needs good robust standards and regulation.

CR: In terms of world's best practice how would you rate the standards of fire protection in Australia?

FS: When compared to other developed nations of the world, Australia actually has a very high standard of fire protection in the non-residential market. The fact that we don't have many serious fires with serious loss of life and injury means that Australia is in the dangerous position of thinking that maybe our standards are too high. The reality is that the reason we don't have such huge losses is because we have such high standards. It's important as an industry we continue to support and maintain this. That's mainly in the commercial and retail end of the industry - the domestic level still suffers from quite low adoption and we need more education of the importance of smoke detectors in all homes.

CR: Can you give us an idea of the scope of your involvement with a potential client?

FS: Fire protection represents about one to three per cent of a building's outgoings, so customers appreciate an easy comprehensive end-to-end service. We are involved right from the planning stage offering a full range of services from consultation to design and engineering, through to build, installation and whole of life maintenance. We also have specialist capability like pipe fabrication and Special Hazards design and installation. Having all this in-house provides a better over-all result for the customer.

CR: Can you comment on any breakthrough new technologies that you are likely to adopt in the near future?

FS: We plan to go overseas shortly to look at emerging technologies. It can be a very stale industry and it's important if you can bring some new technology to it. Something

we are working on is having our technicians using mobile technology with a barcoding and asset management solution, integrated with our nationwide ERP system so that we keep real time information on our testing and maintenance work.

CR: Could you elaborate as to what that means for your customers in regards to service and accountability?

FS: We are using mobile technology to ensure that we can provide robust records and data tracking for our customers so that they have real and current information about their fire protection system. We see this as a huge shift for our industry. It's really about opening up and being transparent and for us that's a really big benefit to our customers.

With our mobile devices we are able to send information to our technicians in real time, be that a regular service routine or an urgent customer request. The internet portal that we are developing for customers means that they can log service calls online. It also means they have access to site test and maintenance records. Australian standards require us to leave test records on site, which we do, however we believe that there's an opportunity to give customers greater access to their information - again it's that transparency to make sure the customer knows exactly what's going on and that their fire protection investment is at peak condition.

CR: Can you give us a specific example of the benefits of this technology?

FS: We have situations where we turn up at a site to do a test at 6.30am and if the customer

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is not there they don't see or hear the test - we can then provide the customer with information including the asset barcode, date and time stamp, test performed, test results and who was there. That's where the real transparency comes in.

CR: Can you comment on the ongoing expansion of Spectrum and the vision for the future.

FS: Our current plan is to develop the business that we've got. We have fifteen locations with over five hundred employees. What we see ourselves doing is making sure that we fill in any gaps in our offering nationally over the coming twelve months. We will remain opportunistic about acquisitions, so if we have an acquisition come up in an area that we felt was a shortcoming to us or could increase our installation or service business, we would be

happy to look at it. The focus is to look at organic growth opportunities whilst remaining opportunistic about acquisitions.

We see also ourselves becoming a publicly listed company. The management team are very excited about the future and our role in continuing to build this company. This business has an infinite life ahead of it. I don't know how you get that message across without people thinking you are trying to sell it too hard. We plan to be here for the long term.

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