



INTERNATIONAL | With security in demand in war zones like Iraq, security professionals are facing growing challenges.

WORKING IN A WAR ZONE

SPEEDING DOWN HIGHWAY 10 PAST FALLUJAH toward Baghdad in a beat-up, unarmored Datsun with an Iraqi driver at the wheel and an Iraqi escort in the passenger seat was how Steven Hilton got to work each day in late March. As head of the Iraq task force for the Buchanan and Ingersoll PC law firm, Hilton was in Iraq evaluating opportunities for his corporate clients, which were hoping to participate in some portion of the \$18 billion reconstruction project funded by the U.S. government.

Although Hilton's car was never attacked while traveling that treacherous stretch of road in the area now known as the Sunni Triangle, he says that he and his companions were constantly on the lookout for suspicious activity. Among the possible dangers were bandits setting up fake checkpoints where they hoped to persuade unsuspecting motorists to pull over.

"A war zone by definition is dangerous," he says. "You really need to swallow hard before you think about doing business there, and you need to determine whether or not the risk level is something you feel comfortable with and whether the reward is sufficient to warrant taking the risk." **By MARTA ROBERTS**



Above: In Iraq, private security personnel, like these MVM guards, typically have prior military experience. **Right:** Workers repair a pipeline damaged by sabotage, just one of the dangers facing contractors.

CONTRACTORS AND other businessmen like Hilton need protection while working in unstable areas like Iraq. Security companies are meeting this demand by employing highly specialized personnel with the skills and willingness to put their lives on the line for their jobs.

It's a trend with no end in sight, says P.W. Singer, Brookings Institute scholar and author of the book *Corporate Warriors*. Singer cites three underlying reasons for the rise of privatized security forces assigned to protect contractors in war zones—a job traditionally reserved for the military.

The first is the basic principle of supply and demand. "You have a much smaller U.S. military right now—about 35 percent smaller than it was at the height of the Cold War—facing far greater challenges than it faced in the last generation," says Singer. He adds that troop deployments around the world have stretched the forces to their breaking point and as a result, private contractors are picking up the slack.

The second reason, Singer says, is that there has been a change in the nature of warfare, which calls for greater technology and more civilians to operate that technology. Those civilians need protection, and private secu-

rity personnel generally end up providing it.

The third, and perhaps greatest, reason is that there has been a privatization revolution within the United States. "The public sector has seen a wide range of what used to be quintessential roles outsourced to the private sector. That's been everything from private prisons to private garbage collections to private security. Now the final frontier of that is that certain military roles have been outsourced as well," Singer says.

Security companies wanting to participate in these contracting opportunities must understand the type of environment they will face. There are a wealth of issues that must be taken into account before entering any hostile country, including risk assessments, contractual obligations, employee insurance, communications, armaments, and intelligence.

Risk assessments. Aldwin Wight, head of Iraqi operations for Kroll, says that before going into any high-risk area, it is important to gauge the level of violence and conflict to determine which areas are safe and which areas should be avoided. Some areas, while still war zones, may be less dangerous than others. Iraq, for instance, is much riskier than Afghanistan. Further, com-

panies preparing to do business in these areas should understand the unique risks that are associated with each location.

For example, earlier this year Kroll was asked to provide security for Iraqi Army recruiting stations; one of the stations was located in Baghdad, with another 13 planned around the country. After evaluating the security situation, Kroll advised the government that it would be unwise to build the 13 additional recruiting stations, because they would create an obvious target for terrorist insurgents eager to derail the new government. (This has since proven to be an accurate prediction.)

The company suggested alternative methods for recruiting that didn't include stations. By advising against building the 13 stations, Kroll missed out on a fairly lucrative business opportunity, but Wight says that they evaluated the situation objectively and determined that it was not in the client's best interest to create the stations, which also meant that Kroll employees were not put into a dangerous situation unnecessarily.



Contractual obligations. While contractual obligations can vary according to the work performed, most contracts assigned for labor in a war zone require that the company acknowledge the inherent risks associated with its obligations, says Raymond S.E. Pushkar, senior partner at McKenna Long and Aldridge, a firm located in Washington, D.C., that specializes in government contracting law.

The U.S. government requires that the contracts of some contractors assigned to work with or protect U.S. military interests include a “contractors accompanying the force” provision, says Pushkar. This provision states that the company’s operations are inherently dangerous and that the company accepts the risk associated with performing in a dangerous environment. According to Pushkar, “A contractor is bound by that contractual provision and would have no justification for simply walking away from the contract because of real or perceived war-zone risks.”

Some “request for proposal” documents contain a similar provision that requires the contractor to become familiar with the conditions for performing in a war zone before the contract is awarded. This provision would also “bar them from bowing out for

real or perceived war-zone risks after award,” says Pushkar.

However, most government contracts contain a “default clause” that entitles the government to declare a contractor in breach for failure to perform.

By invoking that clause, the government can terminate the contract and take back any supplies provided to the contractor. The contractor could also be assessed for breach damages, which could include the costs associated with a second procurement process.

War-zone contracts typically also contain an “excusable delays clause,” excusing the contractor from performance if “acts of God or of the public enemy” prohibit it. Pushkar says that such circumstances do not allow the contractor to walk away from the company’s obligations, but they do allow for a delay in the time it might take to complete the project.

When working with a subcontractor, Pushkar says that prime contractors should extend these provisions to their subcontractors, and he urges prime contractors to remember, “the prime is on the hook for nonperformance by its subs.”

Costs. Kroll’s Wight says that security companies hired to provide protection services for other companies or the military should be involved with the contracting process from the beginning, if possible. He says that too often prime contractors build in a slim percentage to cover the cost of security and the margin is often unrealistic.

According to Wight, most contracts

in Iraq should have at least 15 percent of the contract allocated for security, but often companies are ill-prepared for this cost and have not built it into the contract during the bid process. As a result, the contractors are often unable to perform the work to their fullest capabilities.

Hilton agrees that companies may underestimate the security costs and related expenses. “If you’re going to do business in a war zone, the first thing you have to do is evaluate your cost model,” he says. “You’re going to have to pay costs for insurance, costs for healthcare, costs for increased compensation, and generally, a significant chunk for security.”

Insurance. In addition to their performance obligations, all U.S. government contractors and subcontractors working outside the United States must secure workers’ compensation insurance, known as Defense Base Act (DBA) insurance, for their civilian employees, including U.S. citizens, third-country personnel, and local nationals. The contracting company must prove that it has purchased the mandatory insurance before it can be awarded the contract.

DBA benefits cover the cost of medical treatment as a result of injuries received while a contractor is performing the job. It also reimburses wages lost because of injury and offers beneficiaries disability and death benefits.

DBA is required of all contractors operating abroad, even when they will be working in peaceful countries with low security risks. But the cost for DBA insurance can vary depending on the level of risk an employee will be exposed to, according to Bruce Shirk, a government contracts partner and co-chair of the Homeland Security Practice Group at Powell, Goldstein, Frazer & Murphy in Washington, D.C. The cost for coverage in Iraq, for instance, has gone up dramatically because the situation is extremely dangerous, he says.

Like military personnel who receive

Companies may pay \$1,000 a day for a former Green Beret, but as little as \$4,000 a month for former special forces members from other countries, like South Africa.

special compensation if injured or killed as a result of active military duty, contractors operating in a war zone are extended additional protections beyond DBA insurance under the War Hazards Compensation Act (WHCA). If a contractor is injured, killed, or captured as a result of a war-related risk, the WHCA will reimburse the insurance carrier for applicable claims made by the contractor.

The Employees Compensation Fund (a federally funded entity), which also pays compensation claims for federal

employees, is responsible for war hazards compensation. According to the Department of Labor, the fund is allocated about \$2.3 billion annually, but there is no way of knowing if contractor claims from Iraq and other areas of conflict will exceed the allocated amount.

While the DBA covers injuries sustained only during the course of an employee's performance of duties, the WHCA extends round-the-clock coverage to employees who are subject to war-risk hazards and covers injuries

sustained while present in a combat zone, whether or not the employee was engaged in the performance of the contract. The WHCA broadly defines "war-risk hazards" and is not limited to actual declarations of war. Moreover, the act can also be applied to countries where war has officially ended, like in Iraq.

Personnel. There are many personnel issues to consider before sending employees into a war zone, say those who have been involved in these efforts. Among the most important are screening, training, experience, and clear lines of command.

Robert L. Rubin, senior vice president of MVM, Inc. of Vienna, Virginia, says that the company performs extensive background checks of all employees headed to Iraq, including drug screening, criminal background screening, and personal and professional reference checks. It also requires these employees to undergo rigorous physical-fitness screening.

MVM, which has had extensive experience protecting U.S. government and corporate interests in war-torn countries like Iraq, Bosnia, and Haiti, prefers employees with military experience, says Rubin. When reviewing a candidate's qualifications, the company is primarily evaluating that person's ability to function in high-stress areas like Iraq, he says. They're also looking for people who are cooperative and professional. The company performs personality tests on all applicants to determine whether they are "cowboys" or truly interested in operating as part of a team, he says.

Wight says that at Kroll, a senior team leader with either extensive U.S. or U.K. Special Forces experience anchors the security teams. The other members of the team have at least six years of military experience with operational experience overseas, which means, according to Wight, "they've been shot at." Each of Kroll's protection teams also includes someone trained in battlefield first aid.

Third-country nationals. Rubin and Wight agree that it is best to hire individuals who are known to the company. "It's a very small community of people," says Rubin, "so you begin to know who's good and who's not."

But that's not always possible, says Singer, because the pool of qualified applicants is dwindling significantly worldwide. He admits that before




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commitments in Iraq began to diminish the amount of available personnel, most companies could recruit the candidates they knew. However, Singer says, “now you see companies who have gone, literally, in the course of the year from having three employees to having 1,200 employees.”

There are more than 20,000 contractors in Iraq now, according to Singer. He explains that companies have been forced to raise salaries, lower hiring standards, and tap alternate sources of labor to find enough employees. Singer says that he is referring to the use of foreign troops that are not former U.S. or NATO Special Forces. He says that companies will typically pay \$1,000 a

day for a former Green Beret, but former special forces from other countries, like South Africa, can cost as little as \$4,000 to \$6,000 a month.

With the use of foreign troops comes the question of reliability, however. Some companies, like London-based Aegis Defense Services, one of the largest security contractors in Iraq with a \$293 million contract, have come under fire for employing personnel with questionable human rights records. The company CEO, Lieutenant Colonel Tim Spicer, has been linked to an arms sale in Sierra Leone that violated a 1998 United Nations embargo while he was head of another company, Sandline International.

According to a report published by the British House of Commons, in December 1997 Spicer “made a contract with President Kabbah to provide him with help, including military equipment, to support his return to power. In pursuance of this contract, Sandline sent a shipment of arms and ammunition into Sierra Leone in late February 1998.” With Sandline’s support, according to the report, a junta of military officers and other rebel forces—condemned by the UN and other international groups for human rights violations—overthrew a democratically elected president.

While Wight admits that the situation in Iraq has severely limited the number of qualified personnel and that Kroll has used third-country nationals, he says the company has taken great pains to ensure that those foreign troops are free from political and human rights controversies. Kroll specifically does not hire any troops from South Africa because, Wight says, they are often linked to several politically controversial activities from the past, including apartheid.

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company has purchased weapons from the open market in Iraq; these weapons are typically purchased from suppliers in countries like Russia and then sold by Iraqi citizens.

Wight agrees that arming personnel has been a challenge. He says that the lead times for contracts in Iraq have been so short that, in most circumstances, it was possible to deliver people, but none of the weapons and protective gear needed to keep the workers safe. "Virtually everybody—every single security contractor—sourced their weapons in country," he says.

Wight says the same is true in other countries where Kroll operates, and he says that he does not know of any company that keeps a stash of weapons available for

Rubin says that in addition to former U.S. and NATO Special Forces, MVM also hires third-country nationals—and in some cases Iraqis—to work with their protection teams. He says that about nine nationalities are represented in the 200 people they have serving in Iraq.

"For foreigners, it's much more critical that you have references of people who know them and have worked with them," he says. Rubin also maintains that when troops train together as part of a protection team, they begin to operate as a professional unit and the nation they received their training in becomes less relevant.

Still, Singer cautions that there is a big disparity in the quality of personnel, "You have a market that's in a real sense unregulated, and because of that, you're going to have firms that are completely reputable, filled with very good employees, and you have a lot of other firms that are fly-by-night jobs, firms that didn't even exist before Iraq happened."

Chain of command. In addition to having good personnel, it is important to establish a defined order of command. Beyond the security team, which is protecting the project workers and site, each project should have an on-site project manager who is solely responsible for managing the logistics of the project and acting as a liaison with the customer (typically either the govern-

When troops train together as part of a protection team, they begin to operate as a professional unit, and where they were trained becomes less important, says MVM's Robert L. Rubin.

ment or a prime contractor). According to Wight, the project manager's role has become extremely important in Iraq because much of the oversight on U.S. government contracts is done from Washington, D.C. Without a dedicated project manager able to communicate the contractors' needs from the field, it is likely that the contract will not operate smoothly, he says, and in some cases, employees could be put at risk from inadequate supplies and support.

Weapons. Physically protecting contractors in a war zone is often a challenge. In Iraq, for instance, security companies are required to obtain an import license from the State Department before they can ship weapons into the country. This license can take months to acquire, forcing most companies to find alternative ways to arm their personnel. Rubin admits that his

overseas operations. Once the contract is up, Rubin says, companies can either resell the weapons on the open market or sell them to other contractors in need of weapons.

All contractor personnel who will be carrying and operating weapons while employed with MVM are trained and most carry standard side arms while on duty, says Rubin. In some cases, however, employees are trained on more substantial weapons, including large automatic guns typically used to secure the lead car in a convoy.

Wight says that Kroll adopts a less conspicuous approach to weapons. He says that his contractors keep their weapons hidden and try not to make their presence obvious. "You're trying to camouflage yourself," he says.

Vehicles. When Hilton was making his hurried journey toward Baghdad it

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was in a Datsun—a car common to most middle-class Iraqis—driven by a local with knowledge of the roads. Hilton says he refused to travel in a Suburban because “as far as I was concerned, they were targets of opportunity. Everybody knew who was in those cars.”

He emphasizes, however, that choosing a vehicle to travel in a war zone is a judgment call, and the decision should be based on the security situation. Hilton says he believes the situation in Iraq has become much less safe since he was there, and he says that if he were asked to go back to Iraq, he might reconsider traveling in a Datsun and would probably choose an armored car.

Wight agrees and says that while it's good to remain as low profile as possible, some situations require armored vehicles. Instead of a caravan of black Suburbans, Kroll uses a variety of cars, including Mercedes, pickup trucks, and BMWs, which can also be outfitted with armor. He also says that a little tint on the windows is fine, but it should not be so extensive that it be-

comes obvious an important person is traveling inside.

While being inconspicuous and making the vehicle less visible to insurgents has its advantages, it also makes it less recognizable as a friendly vehicle to U.S. forces that may mistake it for a threat. Hilton says that his most nerve-wracking experience was while traveling in his Datsun behind a U.S. military convoy.

When the convoy stopped in a traffic jam, all the guns from the military personnel were trained on the surrounding vehicles. Because Hilton was traveling as an Iraqi, the members of the military convoy, who had been attacked numerous times by roadside bombs and suicide bombers, had no way of knowing that he was a U.S. citizen. Hilton was never fired on, but he says it was an extremely tense situation, and he and his drivers tried to appear as calm and as docile as possible.

Beyond the safety concerns associated with vehicles, however, is the logistical nightmare of getting armored cars into the country. Rubin says that MVM typically imports the cars from

the United States or Europe. In some instances, he says, they have brought the cars into Iraq and paid Iraqis to armor them because the cost of shipping a fully armored car can be astronomical. MVM recently bought an armored vehicle in the U.S. for \$170,000; shipping it to Iraq cost the company another \$30,000.

Intelligence. While the proper equipment is important for the protection of any contractor in a war zone, intelligence is perhaps the most important tool for keeping employees out of harm's way. “Intelligence is a key component of security,” Hilton says. “If you don't have a sense of the playing field, you're not going to do much to ensure the security of your client.”

According to Rubin, intelligence can often make a difference between success and failure, with the latter often meaning death or injury. “There are contractors that go in thinking they know how to do it,” he says. “They go in with their weapons brandished, and they establish their presence. My view is those people are walking around with a big red target on their

backs.” He adds that in most cases, those people who go in that way go out as quickly as they came in.

Instead, Rubin says MVM personnel attempt to integrate themselves in the local culture. In Iraq, for instance, MVM purchases as many products as possible from the local economy. These products go well beyond arms and include everything from fixtures for the MVM villa, which houses MVM contractors, to laptop computers. “If you truly want to be of value to your client, then you find ways to integrate yourself in an effective way into the local country, so that you’re not seen as an intruder or usurper,” he says.

MVM hires Iraqis and trains them for nonsecurity functions, like armoring cars. “When you start providing some training to host-country nationals, you begin to be looked at with much more credibility,” he says. “They begin to understand that you’re not there to exploit their country.”

Hiring locals has another benefit. Host-country nationals often know of dangerous situations before the military does, says Hilton. “When the

Iraqis stop coming to work,” he says, “you know you have a security problem, because they know what’s going on before you do.”

Hilton, an African-American, says he learned Arabic and could pass as an Egyptian. He says that men working in Iraq should consider growing their beards and women should consider wearing a headscarf to appear less obvious to possible attackers.

By playing down his physical presence, he says he felt safer and he was able to interact more easily with Iraqis. Through this type of interaction, Hilton says, companies can develop a sophisticated local intelligence network. He also agrees with Rubin that companies should hire locals to further integrate the company into the local community.

Wight says it is good to fit in with the local culture, but he stresses that it’s equally important to establish a line of communication with the U.S. military force. He says that contractors should seek regular briefings from the military and should call ahead before traveling to avoid possible enemy hot

spots or friendly fire. Wight also says that it’s important for contractors to share intelligence information with each other.

In the end, Rubin says, all contractors “have an obligation to go into these countries and be supportive of their environment, not disruptive to it. We’re not trying to make them America, we’re trying to give them a sense of how to get back on their feet and do it their own way.”

Singer says that it is important to remember that, while there are holes in the current contracting system, contractors are “meeting a market demand,” one that’s unlikely to diminish anytime soon.

That offers opportunities for executives like Wight and Rubin, who have seen business boom since the Iraq War started. Wight says that Kroll is using its time in Iraq to establish relationships with the U.S. government—relationships he hopes will prove fruitful even after America leaves Iraq. ■

Marta Roberts is staff editor and writer for Security Management.

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