

2017

PSIRA Assets in Transit Survey Findings



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PROJECT BRIEF

Demacon Market studies were commissioned by **PSiRA (Private Security Industry Regulatory Authority)** to perform market research surveys with different sets of private security consumers.

The purpose of these surveys is to assist PSIRA to better understand the consumer's perception of private security service providers and overall level of satisfaction.

The project brief:

In terms of the project brief it is understood that four sets of surveys had to be conducted as part of the study. These surveys had to be focused towards the following main categories of consumers:

1. **Consumers of Assets-In-Transit Security Services** - high value goods / cash being transported to and from various points in the country - potential consumers are banking industry, retail industry, mining industry, etc.
2. Consumers of Private Investigation Security Services - private investigation, business investigation and polygraph services, etc. – potential consumers are all sectors.
3. Consumers of Locksmith Security Services - key coding, key cuts, burglary repairs, unlock cars, unlock house, unlock safes, etc. - potential consumers are all sectors.
4. Consumers of Response Security Services - armed and unarmed response security to residential areas and business parks - potential consumers are homeowners and managers of business parks, etc.

The findings and analysis of each of these consumer markets had to be captured in separate market research reports. This report captures the findings of the **Assets in Transit consumer market survey**.

PSIRA PROFILE

Before focus is turned towards the findings of the surveys a short overview is provided in terms of the mission, vision, objectives and values of PSIRA.

MISSION: To protect the constitutional rights of all people to life, safety and dignity through the effective promotion and regulation of the private security industry.

VISION: To be recognised as an excellent regulator of private security in South Africa by all our stakeholders.

OBJECTIVES: The primary objectives of the Authority are to regulate the private security industry and to exercise effective control over the practice of the occupation of a security service provider in the public and national interest and in the interest of the private security industry itself.

VALUES:

- Integrity: Ethical Conduct, Fairness, Transparency
- Excellence: Accountability, Professionalism, Performance, Accessibility
- Ubuntu: Accessibility, Respect, Compassion, Diversities.

The Authority regulates and controls the Private Security Industry through:

- Registration of service providers
- Registration of security officers
- Ensuring compliance and adherence to PSIRA Act and all other laws applicable to security service providers
- Accredit training security service provider
- Process course report submitted to us
- Receive and investigate complaints against service providers
- Prosecute non-compliance by service providers
- Advise private security consumers about private security industry
- Advise state on all matters of private security.

PROJECT METHODOLOGY

Step 1: Project Inception

Refinement of project scope.

Step 2: Survey Questionnaires Design

This step entailed the design and finalisation of the questionnaire. The Research and Development Unit of PSIRA sent through a list of potential questions that they wished to form part of the questionnaire. Making use of these questions as baseline, a more comprehensive field orientated questionnaire was developed. The questionnaire was sent to the client for final comments, after which it was finalised.

Step 3: Survey Execution

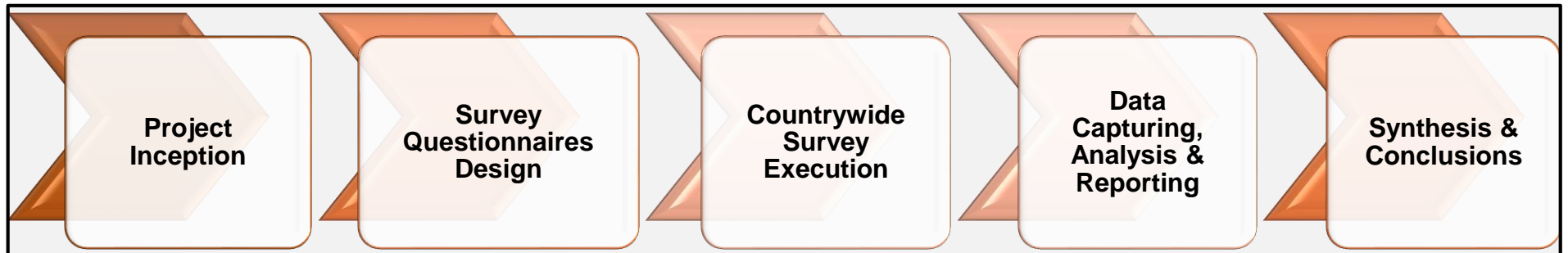
During this step potential consumer segments have been identified nationally. Field workers were trained and the survey executed.

Step 4: Data Capturing, Analysis and Reporting

In this step, questionnaires were sorted based on the level of completion and usability. The completed surveys were then captured into a pre-set database (in excel format). The data was then analysed from which diagrams and tables were developed. This analysis was then captured into a report format, reflecting quantitative and qualitative information on the consumer market segments. Data analysis was conducted on a national aggregate level.

Step 5: Synthesis and Conclusion

The findings of the previous steps were integrated into a set of concluding remarks, ending of each of the individual reports.



SURVEY EXECUTION

- ❑ Numerous strategies were deployed to secure business participation, including:
 1. Contacting Businesses Directly – with some difficulties encountered to access responsible persons
 2. Communicating with Assets in Transit Companies – some reluctance from these companies to disclose consumer contact details due to sensitivity considerations
 3. Liaising with Existing Clients and Developers – comparatively higher success rate.
- ❑ Due to the extremely sensitive nature of the survey subject matter, coupled with concerns re deteriorating security conditions, the survey process was challenging and time consuming. In over a thousand instances, consumers simply stated that the information requested was perceived to be too sensitive in nature.

CHANGE IN PROJECT METHODOLOGY

- ❑ An initial pilot survey targeted at individual enterprises, businesses and branch businesses was undertaken. Exacerbated by the sensitive nature of the subject extensive resistance was experienced from individual businesses and branches to partake in the survey.
- ❑ Consequently a different strategy was adopted in which mother companies and head offices were targeted for the survey. In this manner 54 enterprises successfully participated in the survey, providing an industry perspective of a much broader scale and of national representation.
- ❑ This is particularly relevant with regards to the retail industry, banking industry, mining industry and to a lesser extent the manufacturing industry who make extensive use of specialised contracted courier services of which the contract or agreement was predominantly entered into by the head offices and not the branch outlets.
- ❑ The following slides provide more insight into the transport services employed by a range of industries, and the main reliance of that industry on assets in transit service providers.

INITIAL INSIGHTS INTO THE TRANSPORT SERVICES EMPLOYED BY INDUSTRIES

| Retail | Products | Manner of Transport | Reliance on Assets in Transit Services |
|---|--|---|---|
| Retail | Fresh Food Products | <input type="checkbox"/> Road transport <input type="checkbox"/> Refrigerated Trucks <input type="checkbox"/> Mainly make use of private logistics companies | <input type="checkbox"/> Mainly for the transfer and protection of cash. |
| | Semi-durable Products, e.g. Clothes, Liquor, other | <input type="checkbox"/> Road Transport <input type="checkbox"/> Mainly make use of logistics companies and private courier companies for the transport of products. <input type="checkbox"/> Mainly make use of private courier companies for transferring cards (loyalty cards, account cards, gift cards etc.) | <input type="checkbox"/> Mainly for the transfer and protection of cash. <input type="checkbox"/> And to a lesser extent for the transfer of cards (loyalty cards, account cards, gift cards etc.) |
| Fuel Industry | Fuel – Petrol and Diesel | <input type="checkbox"/> Road Transport <input type="checkbox"/> Mainly make use of private logistics companies <input type="checkbox"/> Additional Security during Strikes | <input type="checkbox"/> Mainly for the transfer and protection of cash. <input type="checkbox"/> Tracking devices installed in trucks to monitor movement and manage security. |
| Pharmaceuticals | Pharmaceutical Drugs, Healthcare Products, Sports Products | <input type="checkbox"/> Road Transport <input type="checkbox"/> Mainly make use of in-house transport services coupled with private courier services. | <input type="checkbox"/> Limited assistance with regards to the protection of cash and transfer of rare drugs. |
| Hospitality Industry | Catering & Accommodation | <input type="checkbox"/> Road Transport <input type="checkbox"/> ATM's – respective banking institutions are responsible for the transfer and protection of cash. | <input type="checkbox"/> Assistance with the transfer and protection of cash. <input type="checkbox"/> Assistance with regards to the transfer of hotel keys and system passwords. |
| Financial and Insurance Industry | Wide range of services related to the financial sector | <input type="checkbox"/> Road Transport <input type="checkbox"/> Dedicated private couriers transporting bank cards. <input type="checkbox"/> Contracted security provider for associated ATM cash, bonds and associated assets (e.g. wills) | <input type="checkbox"/> Mainly for the transfer and protection of cash, bonds and associated assets. |
| Real Estate and Building Management | Management of buildings | <input type="checkbox"/> Road Transport | <input type="checkbox"/> Limited assistance with the transfer of cash, keys and claimed assets due to arrears. |

INITIAL INSIGHTS INTO THE TRANSPORT SERVICES EMPLOYED BY INDUSTRIES

| Retail | Products | Manner of Transport | Reliance on Assets in Transit Services |
|--|--|--|--|
| Medical Industry | Devices Equipment | <input type="checkbox"/> Road Transport <input type="checkbox"/> Air Transport <input type="checkbox"/> Mostly make use of specialised courier services. | <input type="checkbox"/> Limited use of assets in transit services. |
| Vehicles, Machinery, and Electronic Equipment | Imports, wholesale & distribution of a wide range of products. | <input type="checkbox"/> Road Transport – smaller parts and components, to complete vehicles. <input type="checkbox"/> Rail Transport – complete vehicles. <input type="checkbox"/> Mostly specialised courier services used for the transport of products. | <input type="checkbox"/> Limited use of assets in transit services. |
| Chemicals | Sensitive, hazardous and dangerous chemicals | <input type="checkbox"/> Road Transport <input type="checkbox"/> Companies buy in private security companies. <input type="checkbox"/> In-house movement of sensitive products. | <input type="checkbox"/> Limited use of assets in transit services. |
| Agriculture | High value livestock | <input type="checkbox"/> Road Transport <input type="checkbox"/> Mostly make use of specialised logistics services. <input type="checkbox"/> Limited additional security is obtained in the case of transferring exotic/ endangered game species. | <input type="checkbox"/> Limited use of assets in transit services. |
| Manufacturing | A range of products | <input type="checkbox"/> Road Transport <input type="checkbox"/> Mainly make use of private courier and logistics services. <input type="checkbox"/> In the case of sensitive products being manufactured, in-house security services might be sub-contracted. | <input type="checkbox"/> Limited use of assets in transit services. |
| Mining Industry | Coal Iron Precious Metals Precious Stones | <input type="checkbox"/> Road, Rail, Sea <input type="checkbox"/> Road, Rail, Sea <input type="checkbox"/> In-House Security Company <input type="checkbox"/> In-House Security Company <input type="checkbox"/> Extremely Sensitive/ Secretive | <input type="checkbox"/> Mining houses buy private security companies, providing transport services in-house. Higher value metals and stones are in some cases even transported via private helicopters. |

Note: Numerous large mining and manufacturing concerns have bought out private security companies to perform specialised in-house transport when moving sensitive products.





REPORT OUTLINE

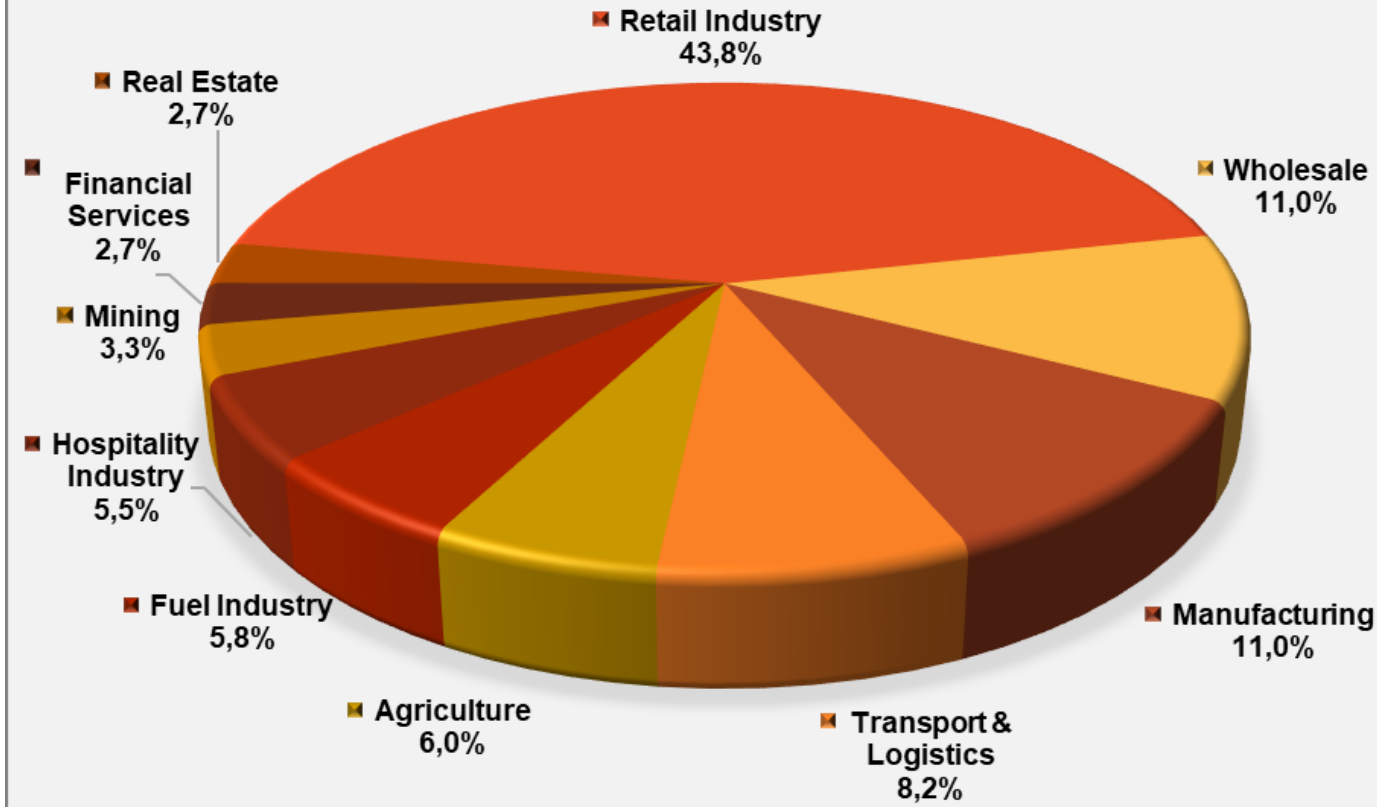
- SECTION A – BUSINESS BACKGROUND
- SECTION B – ASSETS IN TRANSIT SERVICES
- SECTION C – AWARENESS OF PRIVATE SECURITY COMPANY REGULATIONS
- SECTION D – SUMMARY AND REMARKS



SECTION A – BUSINESS BACKGROUND

- Economic Sector**
- Business Classification in terms of Employment**
- Age of Business**
- Perceived level of safety at Current Business Location**
- Security Measures in terms of Importance**

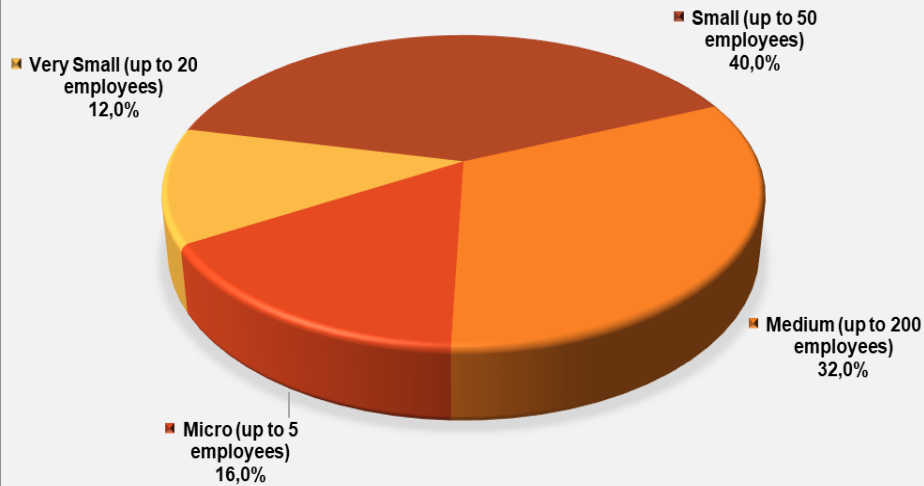
INDUSTRY SEGMENTS CAPTURED IN THE REPORT:



Businesses indicated the following sectors their businesses are involved in:

- Retail – 45,1%
- Wholesale – 11,3%
- Manufacturing – 11,3%
- Transport & Logistics – 8,5%
- Agriculture – 6,2%
- Fuel Industry – 5,9%
- Hospitality Industry – 5,6%
- Mining – 3,4%
- Financial Services – 2,7%
- Real Estate Management – 2,7%.

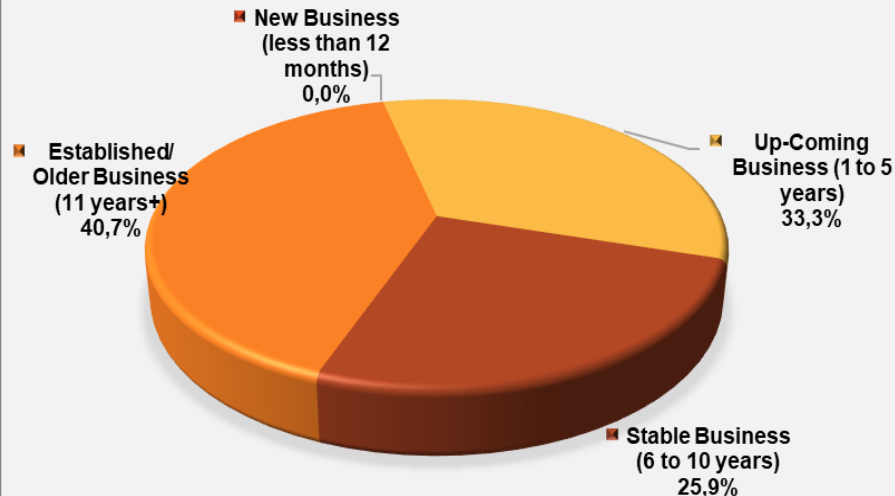
CLASSIFY BUSINESS IN TERMS OF NUMBER OF EMPLOYEES:



Businesses classified their businesses according number of employees:

- Micro (up to 5 employees) – 16,0%
- Very small (up to 20 employees) – 12,0%
- Small (up to 50 employees) – 40,0%
- Medium (up to 200 employees) – 32,0%.

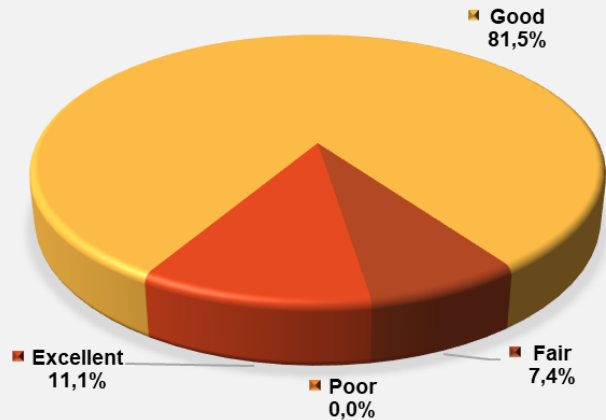
INDICATE THE AGE OF YOUR BUSINESS:



Age of businesses:

- Established Business (11 years+) – 40,7%
- Stable Business (6 to 10 years) – 25,9%
- Up-coming Business (1 to 5 years) – 33,3%
- New Business (less than 12 months) – 0,0%.

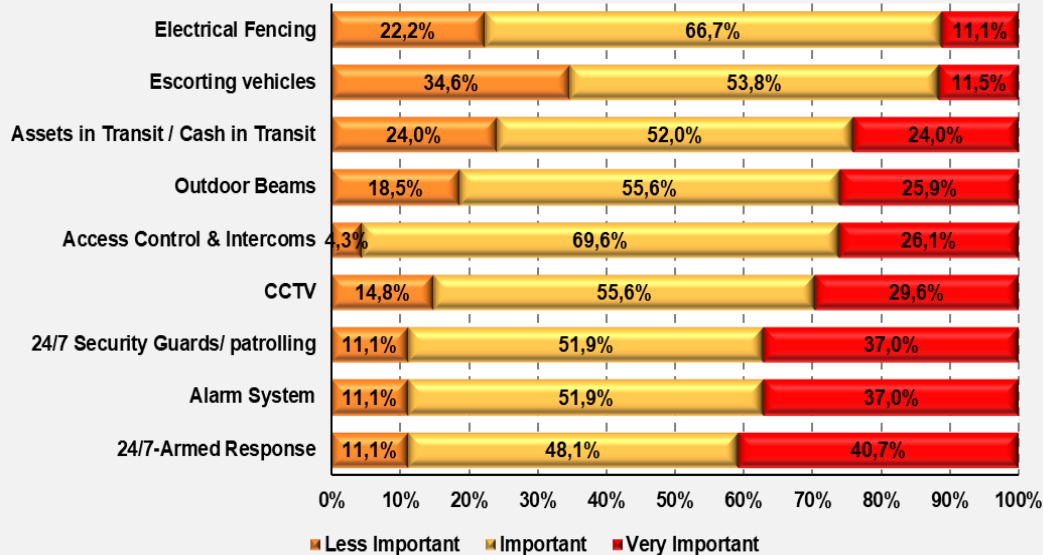
RATE THE PERCEIVED LEVEL OF SECURITY OF THE NEIGHBOURHOOD IN WHICH YOUR MAIN BUSINESS PREMISES ARE LOCATED:



Businesses rated the perceived level of security related to the neighbourhood in which their main business premises are located, as:

- Good – 81,5%
- Excellent – 11,1%
- Fair – 7,4%.

Rating of Security Measures in Order of Importance for your business



Businesses rated the following security measures as important for their businesses:

- Access Control & Intercoms
- 24/7-Armed Response
- Alarm System
- 24/7 Security Guards/ patrolling
- CCTV
- Outdoor Beams.

SUMMARY

- ❑ Responding businesses are largely involved in the following economic sectors:
 - Retail – 45,1%
 - Wholesale – 11,3%
 - Manufacturing – 11,3%
 - Transport & Logistics – 8,5%
 - Agriculture – 6,2%
 - Fuel Industry – 5,9%
 - Hospitality Industry – 5,6%
 - Mining – 3,4%
 - Financial Services – 2,7%
 - Real Estate Management – 2,7%.

- ❑ Responding businesses can be classified as small (20 to 50 employees) 40,0% to medium (up to 200 employees) 32,0%.

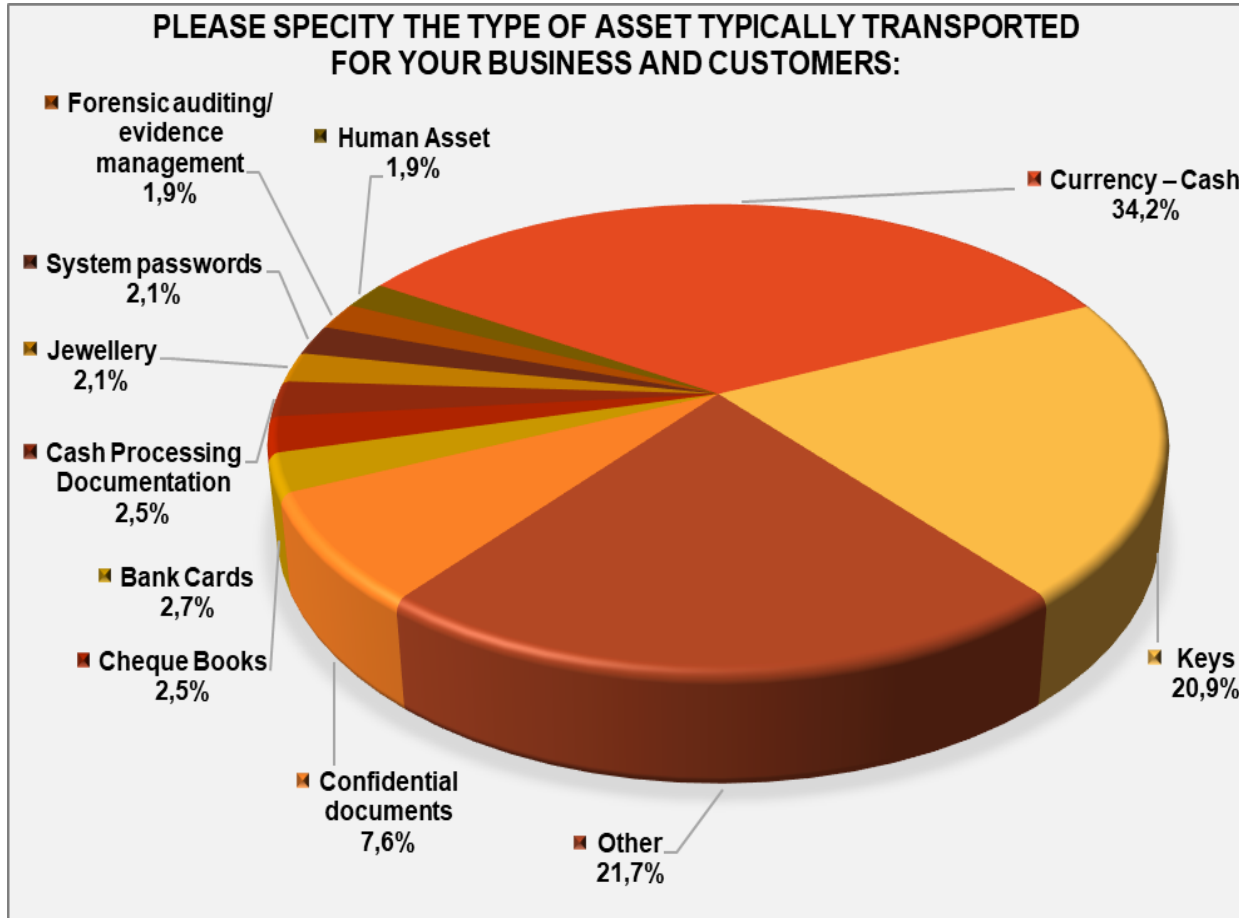
- ❑ Responding businesses represented established businesses (11years+) 40,7% and up-coming businesses (1 to 5 years) 33,3%.

- ❑ Businesses rated the perceived level of security related to the neighbourhood in which their main business premises are located, as: Good (81,5%).

- ❑ Businesses rated the following security measures as most important for their businesses premises:
 - Access Control & Intercoms
 - 24/7-Armed Response
 - Alarm System
 - 24/7 Security Guards/ patrolling
 - CCTV
 - Outdoor Beams.

SECTION B – ASSETS IN TRANSIT SERVICES

- Please specify the type of asset (s) typically transported for your business or customers?
- How did you decide on which security company to appoint as your Assets in Transit service provider?
- Indicate your level of satisfaction with your Assets in Transit service provider
- Indicate your level of trust between you and your Assets in Transport service provider
- Do you have a short-standing or long-standing contract with your Assets in Transit service provider?
- Have you made use of other private security companies to transport your assets, before your current contract?
- Have you experienced any losses of assets over the past five years?
- If yes, what was the estimated value of these losses?
- Do you believe that your Assets in Transit service provider is fully effective?
- How would you rate the affordability of the services offered by the Assets in Transit service provider?
- Have the costs of making use of these services ever prevented you from making use of these companies?
- Do you have business insurance?

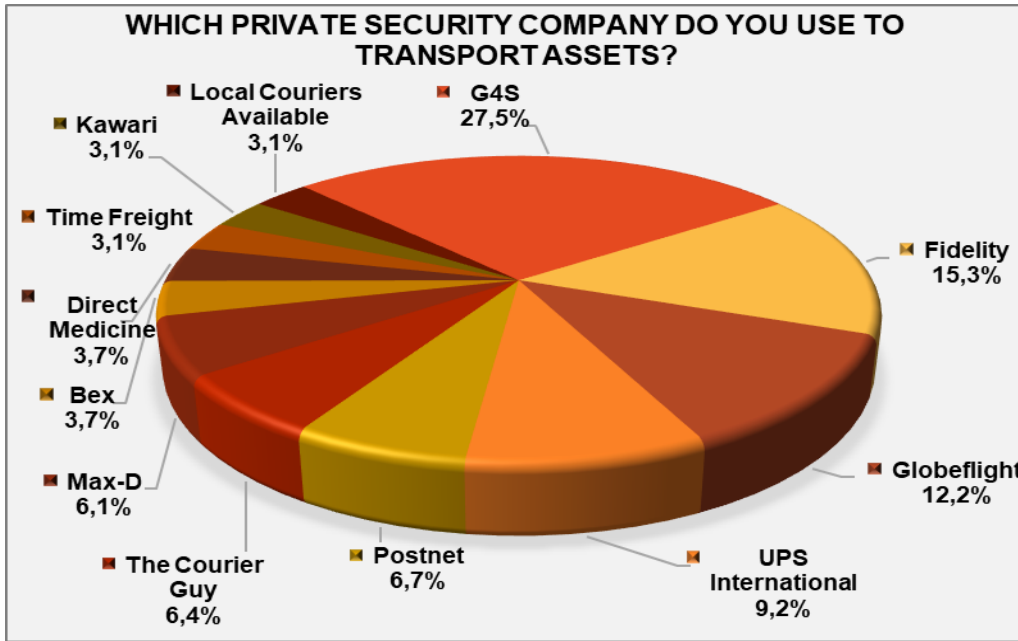


❑ Assets largely transported include:

- ❖ Currency/ cash – 34,2%
- ❖ Keys – 20,9%
- ❖ Other 21,7%
- ❖ Confidential documents – 7,6%
- ❖ Cheque Books – 2,5%
- ❖ Bank Cards – 2,7%
- ❖ Cash Processing Document – 2,5%
- ❖ Jewellery – 2,1%
- ❖ System Passwords – 2,1%
- ❖ Forensic auditing/ evidence management – 1,9%
- ❖ Human Asset – 1,9%.

❑ Other products include:

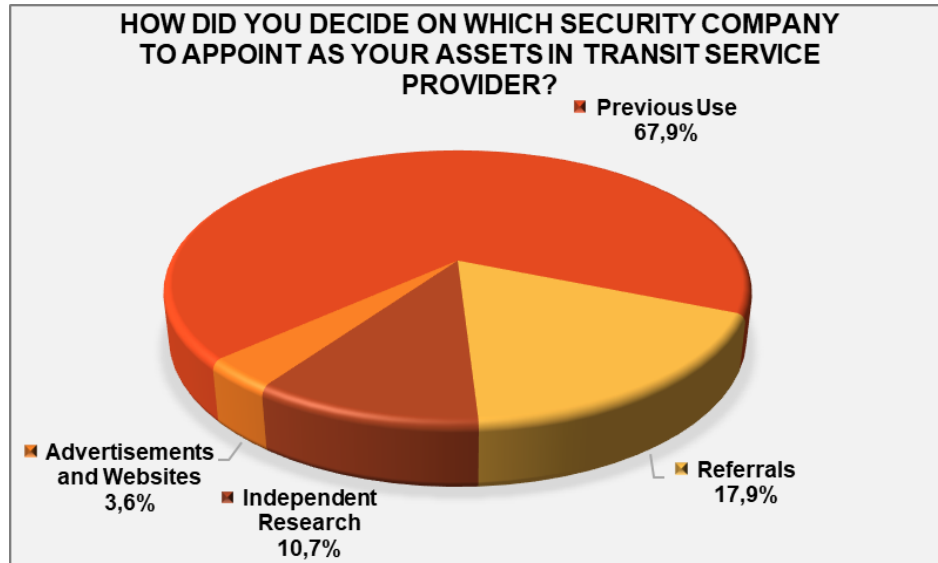
- ❖ Livestock & Game
- ❖ Pharmaceuticals
- ❖ Health & Sports products
- ❖ Chemicals
- ❖ Vehicle parts and components
- ❖ Electronics
- ❖ Competitive bicycling – specialised light carbonate frames
- ❖ High tech accessories
- ❖ Precious metals
- ❖ Precious stones
- ❖ Medical equipment.



Most popular companies utilised include:

- ❖ G4S
- ❖ Fidelity
- ❖ Globeflight
- ❖ UPS International
- ❖ Postnet
- ❖ The Courier Guy
- ❖ Max-D
- ❖ Bex
- ❖ Direct Medicine
- ❖ Time Freight
- ❖ Kawari
- ❖ Local Couriers.

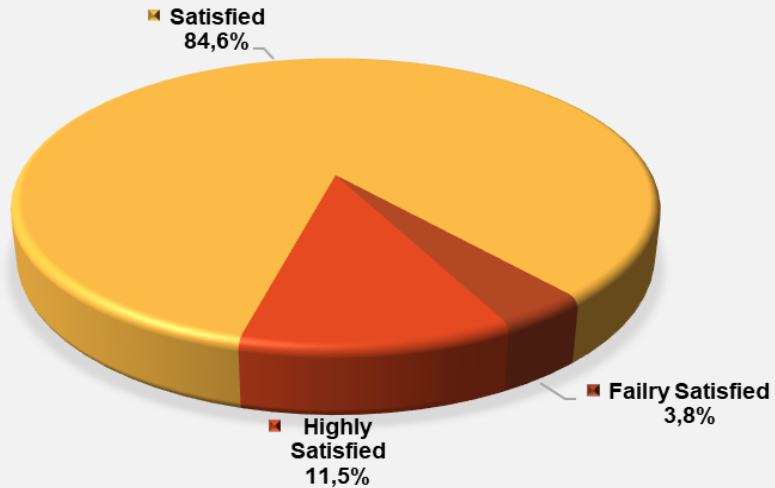
Note – This diagram excludes In-House Security Companies employed by larger manufacturers and mining companies.



Business respondents indicated that they sourced information from the following sources to determine which Assets in Transit service provider to use:

- ❖ **Previous Use – 67,9%**
- ❖ **Referrals/ word of mount – 17,9%**
- ❖ Independent research – 10,7%
- ❖ Advertisements and Websites – 3,6%.

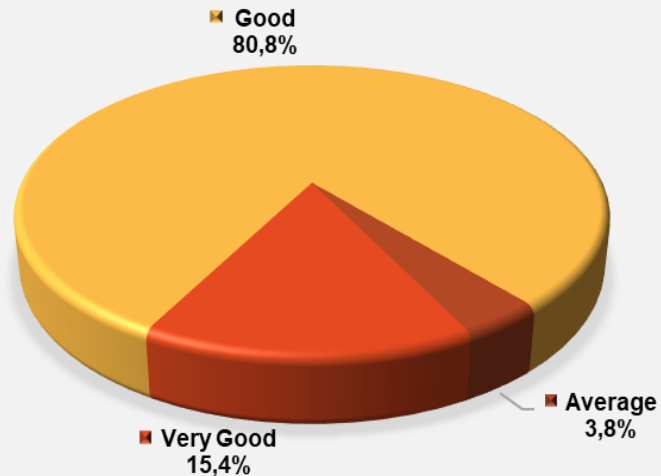
INDICATE YOUR LEVEL OF SATISFACTION WITH YOU ASSETS IN TRANSIT SERVICE PROVIDER:



□ In terms of the level of satisfaction with their Assets in Transit service provider, businesses answered the following:

- ❖ Satisfied – 84,5%
- ❖ Highly Satisfied – 11,5%
- ❖ Fairly Satisfied – 3,8%.

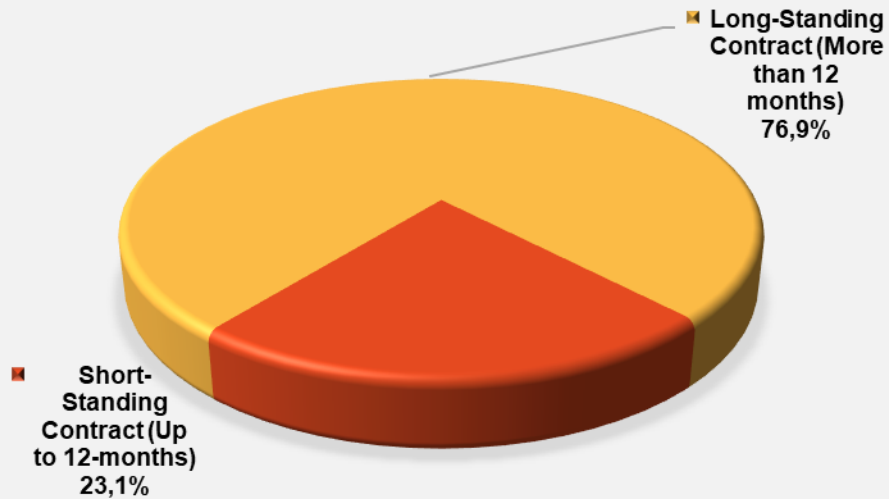
INDICATE YOUR LEVEL OF TRUST BETWEEN YOU AND YOUR ASSETS IN TRANSIT SERVICE PROVIDER:



□ In terms of the level of trust between consumer and their Assets in Transit service provider, businesses answered the following:

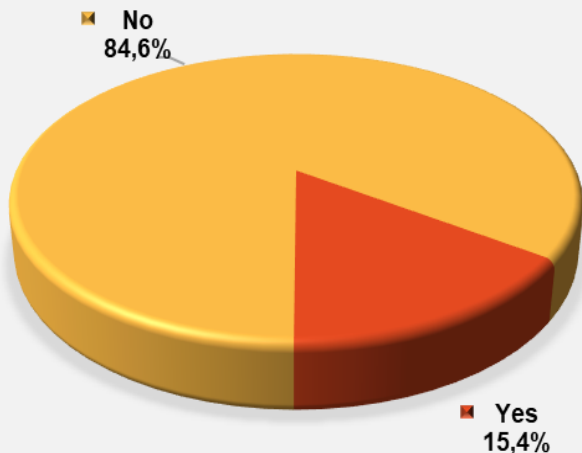
- ❖ Good – 80,8%
- ❖ Very Good – 15,4%
- ❖ Average – 3,8%.

DO YOU HAVE A SHORT-STANDING OR LONG-STANDING CONTRACT WITH YOUR ASSETS IN TRANSIT SERVICE PROVIDER?:



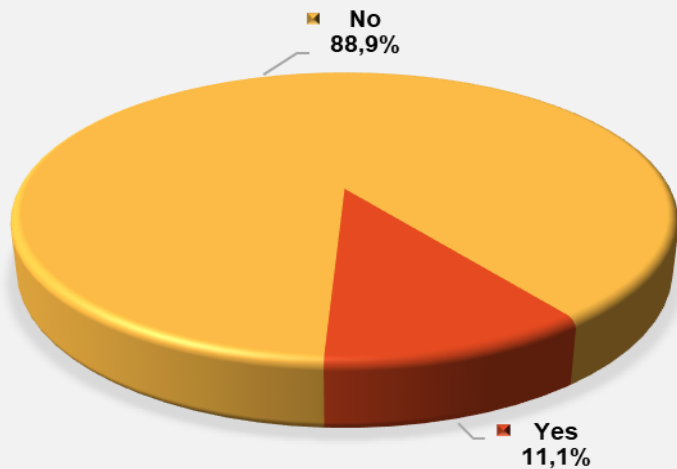
- ❑ The larger segment of respondents have a long-standing contract of more than 12-months with their Assets in Transit service provider – 76,9%.
- ❑ 23,1% however, reflected a short-standing contract of less than a year.

HAVE YOU MADE USE OF OTHER PRIVATE ASSETS IN TRANSIT COMPANIES, BEFORE YOUR CURRENT CONTRACT?



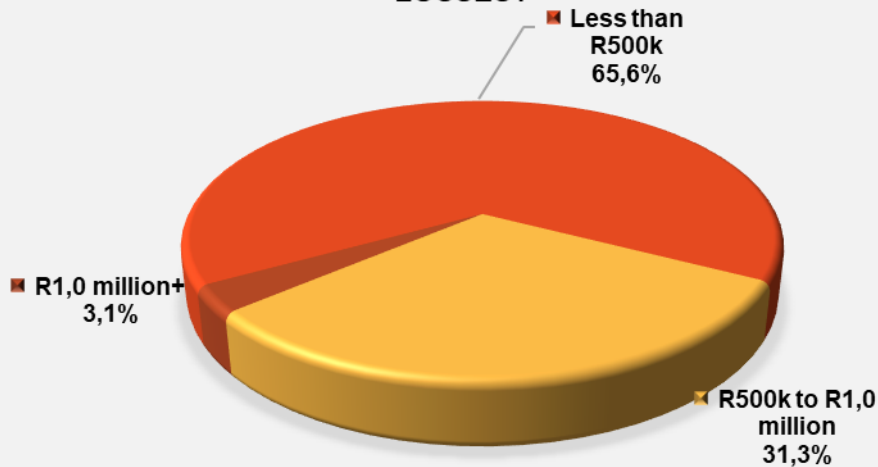
- ❑ ±15% of respondents indicated that they have made use of other Assets in Transit companies before their current contract.
- ❑ The main reason for replacing their previous service provider related to the quality of service and timeous deliveries.

HAVE YOU EXPERIENCED ANY LOSSES OF ASSETS OVER THE PAST FIVE YEARS?



❑ A small segment of ±11% indicated that they have experienced losses of assets over the past five years, compared to ±88% that have not experienced any losses.

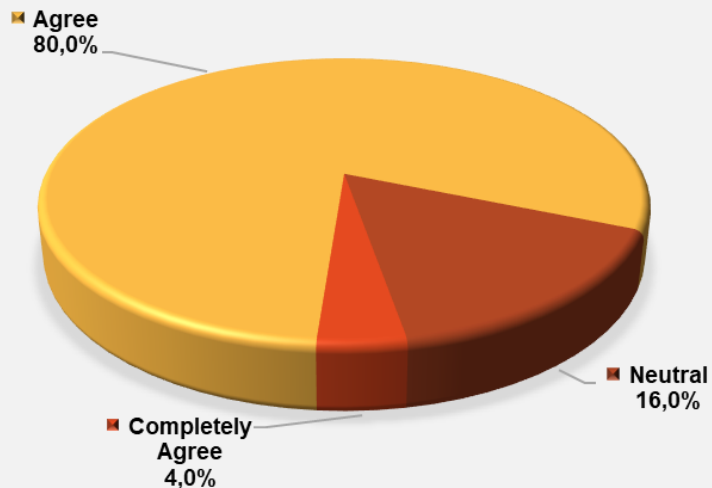
IF YES, WHAT WAS THE ESTIMATED VALUE OF THESE LOSSES?



❑ With reference to the segment experiencing losses of assets, ±66% have experienced losses less than R500k, and ±31% experienced losses ranging between R500k and R1,0 million.

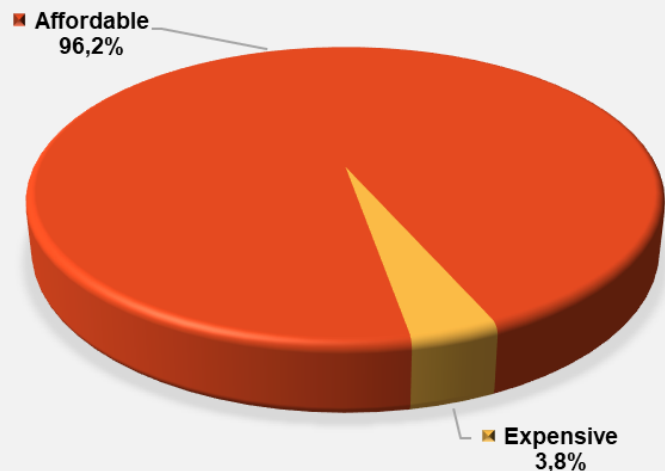
❑ A small segment of 3,1% have experienced losses exceeding R1,0 million (however no details have been disclosed).

DO YOU BELIEVE THAT YOUR ASSETS IN TRANSIT SERVICE PROVIDER IS FULLY EFFECTIVE?



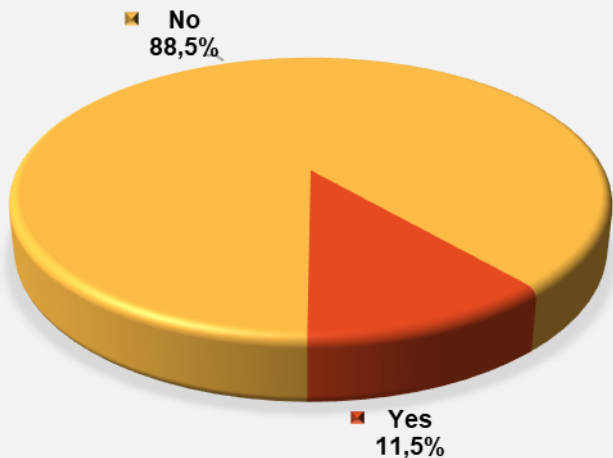
☐ Respondents largely agree (80,0%) to totally agree (4,0%) with the effectiveness of their Assets in Transit service providers.

HOW WOULD YOU RATE THE AFFORDABILITY OF THE SERVICES OFFERED BY THE ASSETS IN TRANSIT SERVICE PROVIDER?



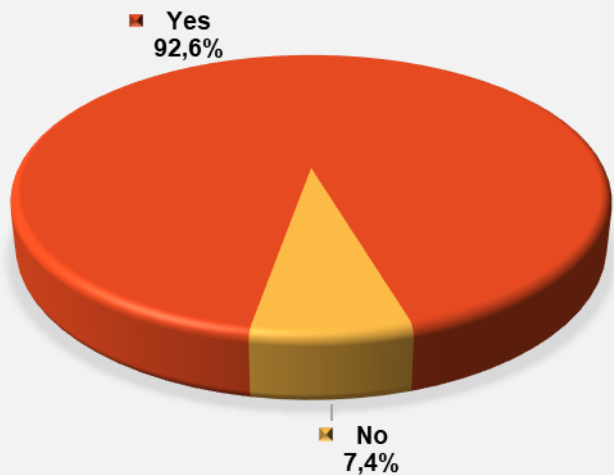
☐ ±96% of respondents rated the services offered by their Assets in Transit service provider as affordable.
☐ A mere 3,8% rated it as expensive.

HAVE THE COSTS OF MAKING USE OF THESE SERVICES EVER PREVENTED YOU FROM MAKING USE OF THESE COMPANIES?



For ±12% of respondents the affordability levels of services offered by Assets in Transit companies have prevented them from making use of their services.

DO YOU HAVE BUSINESS INSURANCE?



±93% of respondents indicated that they do have business insurance.
 A small segment of 7,4% indicated that they do not have business insurance.

SUMMARY

- ❑ Assets largely transported include:
 - ❖ Currency/ cash
 - ❖ Keys
 - ❖ Other
 - ❖ Confidential documents
 - ❖ Cheque Books
 - ❖ Bank Cards
 - ❖ Cash Processing Document
 - ❖ Jewellery
 - ❖ System Passwords
 - ❖ Forensic auditing/ evidence management
 - ❖ Human Asset.
- ❑ Other products include:
 - ❖ Livestock & Game
 - ❖ Pharmaceuticals
 - ❖ Health & Sports products
 - ❖ Chemicals
 - ❖ Vehicle parts and components
 - ❖ Electronics
 - ❖ Competitive bicycling – specialised light carbonate frames
 - ❖ High tech accessories
 - ❖ Precious metals
 - ❖ Precious stones
 - ❖ Medical equipment.

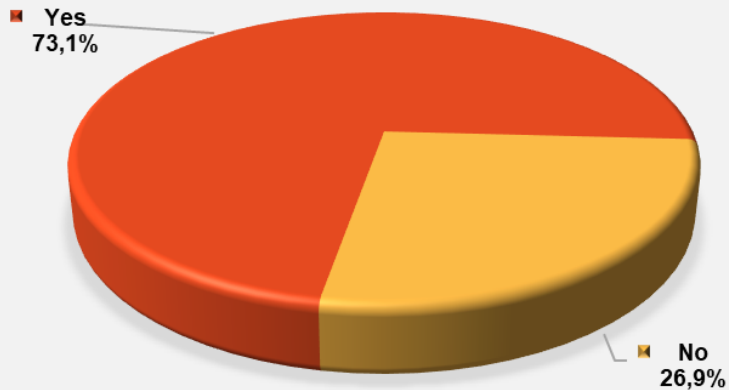
SUMMARY

- Most popular companies utilised include: G4S, Fidelity, Globeflight, UPS, Max-D, Postnet, The Courier Guy.
- However, none of the In-House private security companies employed by larger mining and manufacturing companies have been listed.
- Choice of service provider were predominantly determined by previous use and referrals.
- Respondents are satisfied to highly satisfied with their service providers and they trust them.
- 76,9% of respondents are in a long-standing contract with their service providers.
- Respondents are not reluctant to change service providers if the quality of services are not to their satisfaction.
- A small segment of respondents have suffered a loss of assets over the past five years, largely not exceeding the value of R1,0 million.
- Respondents believe that their Assets in Transit service providers are fully effective.
- The affordability of services are rated as affordable by ±96% of respondents.
- Most businesses are backed by business insurance.

SECTION C – AWARENESS OF PRIVATE SECURITY COMPANY REGULATIONS

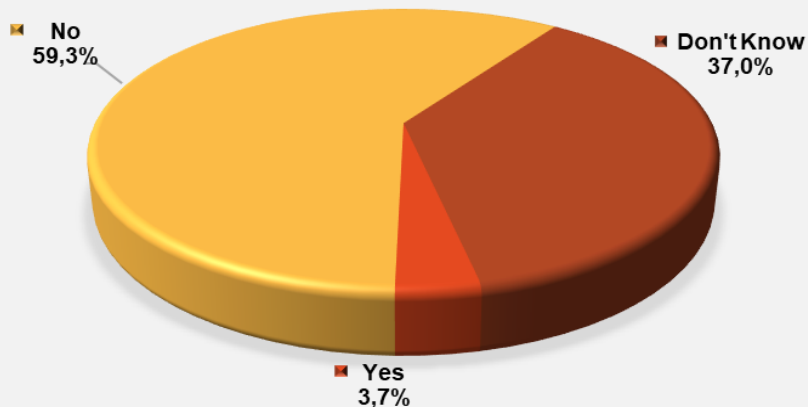
- Are you aware that PSIRA regulates the private security services in South Africa?**
- In your opinion, are there any shortcomings related to the Assets in Transit industry that you have identified that could be alleviated through better regulation of this sector?**
- Do you feel that PSIRA has any influence in the quality of service provided by your Assets in Transit service provider?**

ARE YOU AWARE THAT PSIRA REGULATES THE PRIVATE SECURITY SERVICES IN SOUTH AFRICA?



±73% of respondents are aware that PSIRA regulates the private security services in South Africa.

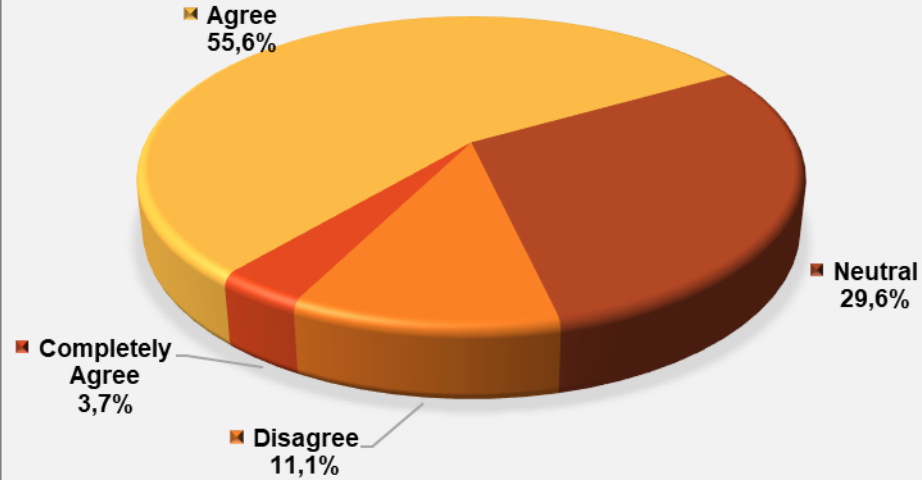
IN YOUR OPINION, ARE THERE ANY SHORTCOMINGS RELATED TO THE ASSETS IN TRANSIT INDUSTRY THAT YOU HAVE IDENTIFIED THAT COULD BE ALLEVIATED THROUGH BETTER REGULATION OF THE SECTOR?



In the opinion of ±59% of respondents, there are no shortcomings related to the Assets in Transit industry that can be alleviated through better regulation of the sector.

37,0% of respondents indicated that they do not know, and 3,7% indicated that there are shortcomings related to the industry.

**DO YOU FEEL THAT PSIRA HAS ANY INFLUENCE
IN THE QUALITY OF SERVICE PROVIDED BY YOUR
ASSETS IN TRANSIT SERVICE PROVIDER?**



☐ The larger segment of respondents agreed that PSIRA has an influence on the quality of services provided by their Assets in Transit service provider.



SECTION E – SUMMARY AND REMARKS

SUMMARY AND CONCLUDING REMARKS

Assets largely transported:

Assets largely transported include:

- ❖ Currency/ cash
- ❖ Keys
- ❖ Other
- ❖ Confidential documents
- ❖ Cheque Books
- ❖ Bank Cards
- ❖ Cash Processing Document
- ❖ Jewellery
- ❖ System Passwords
- ❖ Forensic auditing/ evidence management
- ❖ Human Asset.

Other products include:

- ❖ Livestock & Game
- ❖ Pharmaceuticals
- ❖ Health & Sports products
- ❖ Chemicals
- ❖ Vehicle parts and components
- ❖ Electronics
- ❖ Competitive bicycling – specialised light carbonate frames
- ❖ High tech accessories
- ❖ Precious metals
- ❖ Precious stones
- ❖ Medical equipment.

SUMMARY AND CONCLUDING REMARKS

Sourcing Assets in Transit service provider:

- Previous use
- Word of mouth / referrals
- Independent research.

Level of Satisfaction and Trust:

- Satisfied to highly satisfied with their Assets in Transit service provider.
- Good level of trust between business and Assets in Transit service provider.

Length of Contract:

- Larger segment of businesses are in a long-standing contract of more than 12-months.

Experience of Losses:

- A small segment of businesses have experienced asset losses, largely not exceeding the value of R1,0 million

Affordability Levels

- Services offered by Assets in Transit providers are rated as affordable, with a small segment indicating that the costs have prevented them from making use of such services.

Awareness of Private Security Company Regulations:

- High awareness under respondents of the role of PSIRA, regulating the private security services in South Africa.
- Respondents agree that PSIRA has an influence on the quality of services rendered by the Assets in Transit service providers.

SUMMARY AND CONCLUDING REMARKS

In Summary, Assets in Transit services are utilised by spectrum of sectors/sub-sectors. Given, among other aspects, the high perceived incidence of crime in South Africa, coupled with issues of distrust and the sensitivity regarding assets being transported by these service providers, survey execution was particularly challenging.

Despite the challenges encountered, a general level of satisfaction and trust between consumers and service providers was observed. A high level of awareness exists pertaining to the role of PSIRA in regulating the private security industry and the impact it has on the quality of services provided by the Assets in Transit service providers – more so when compared with other survey results.

The following trends have been highlighted in the survey findings:

- A number of companies, with emphasis on large manufacturers and mining houses have bought private security companies to handle the transport of products in-house. Where precious metals and stones are concerned the services of helicopters are deployed.
- Other companies primarily make use of private courier and logistics services to transport general products and stock.
- Assets in Transit Companies are largely used by companies for the transport and protection of cash, legal and financial documents, bonds, cards, financial assets, system passwords, keys and scarce drugs.

LIST OF SOURCES

- DEMACON MARKET STUDIES. 2019. PSIRA Assets in Transit Survey and Analysis.