

Summary

Executive summary

The private security sector is a global industry comprising services and solutions such as manned guarding, alarm system integration and monitoring, cash handling as well as various services like consulting and private investigations. The global market value of the security industry reached an estimated € 140 billion in 2016. The more mature European and North American markets still dominate the industry with a combined market share of close to 70 percent. The long-term annual growth rate is estimated to be between 3 and 5 percent in Europe and North America. Historically, annual growth has exceeded GDP by a few percentage points each year. However, the mature markets in Europe and North America are no longer growing faster than GDP, but rather at the same rate as GDP.

The largest application areas for M2M communication in the European and North American security industries are small alarm systems and vehicle tracking services. Small alarm systems for businesses and private homes can be divided into two main categories – local alarms and monitored alarms. The simplest type of local alarm only reacts to activation by ringing bells to alert the surroundings and scare off intruders. A more advanced type of local alarm is a self-monitoring alarm. Upon activation, this type of alarm informs the owner of the premises by sending a text message or push notification. Monitored alarms are connected to an Alarm Receiving Centre (ARC). When a monitored alarm is activated, the ARC can respond by contacting the police or by dispatching a security patrol. Monitored alarm systems are dependent on reliable communication networks. The latest generation of monitored alarm systems uses dual wired and wireless network connections in order to minimise the risk of communication failure.

The North American market for small alarm systems is much larger than the European market. At the end of 2016, there were an estimated 32.1 million active monitored alarm systems in the US and Canada. The overall penetration rate among 145 million households and businesses was 22 percent. In the EU28+2, there were about 8.7 million active monitored alarm systems at the end of 2016. This corresponds to an overall penetration rate

of 3.7 percent among 237 million households and small businesses. Fundamental market data thus indicate a significant growth potential for small alarm systems on the European market, especially in the residential segment where the current penetration is only 2.2 percent. However, growth on this market is anticipated to vary considerably from country to country in the next few years. The advanced Nordic market is forecasted to grow the fastest, while other major markets in southern Europe and the UK will show less growth due to higher market fragmentation with fewer specialist alarm service companies that drive the market through active marketing and Brexit uncertainties. New entrants to the market in the form of various providers of home automation systems are also creating consumer awareness, especially in North America. However, many of the security features included in home automation solutions rely on self-monitoring without professional monitoring services.

Vehicle and asset tracking is the second major application area for wireless M2M communication in the security industry. Passenger cars and commercial vehicles constitute the main market segments. There are also several niche segments. Tracking solutions are being adopted to monitor commercial assets such as trailers, cargo containers, construction equipment and plant machinery. In the consumer segment, tracking services are available for monitoring assets such as motorcycles, motor caravans, caravans and boats. Stolen vehicle tracking (SVT) and asset tracking systems are normally based on RF transceivers or GPS/cellular technologies. GPS/cellular technologies are also being fitted as standard equipment or aftermarket options in commercial vehicles and passenger cars as part of fleet management and telematics offerings. What distinguishes SVT services from general fleet management and car telematics is the monitoring and assistance services provided by secure monitoring centres. In Europe and North America, nearly all the leading car OEMs have introduced embedded telematics systems or plan to do so in the near future. Telematics adoption in the European market is accelerated by the eCall initiative from the EU that will once implemented create an automatic emergency call system for vehicles. In North America, commercial services have driven the adoption of OEM telematics services that have evolved from being a differentiator to a mainstream feature offered by nearly all leading car brands on a majority of their models. Many car OEMs offer SVT as part of their embedded telematics service packages. Berg Insight forecasts that the number of subscribers to SVT services for passenger cars in Europe and North America will increase from 35.9 million in 2016 to 76.0 million in 2021.