Security Applications and Wireless M2M

Security Applications and Wireless M2M is the fifth consecutive report from Berg Insight analysing the latest developments among the key applications for wireless M2M communication in the security industry.

This report in the M2M Research Series provides you with 130 pages of unique business intelligence including 5-year industry forecasts and expert commentary on which to base your business decisions.

Highlights from this report:

- **Identify** key players on the European security market.

- **Learn** about the latest propositions from leading monitored alarm system vendors.

- **Understand** the opportunities and challenges for stolen vehicle tracking services.

- **Anticipate** future drivers for increasing penetration and replacement sales for alarm systems.

- **Realize** the commercial potential of emerging segments including leisure vehicle and boat tracking.

- **Predict** future trends in lone worker protection services.

- **Comprehend** how offender monitoring can reduce costs for corrective systems.

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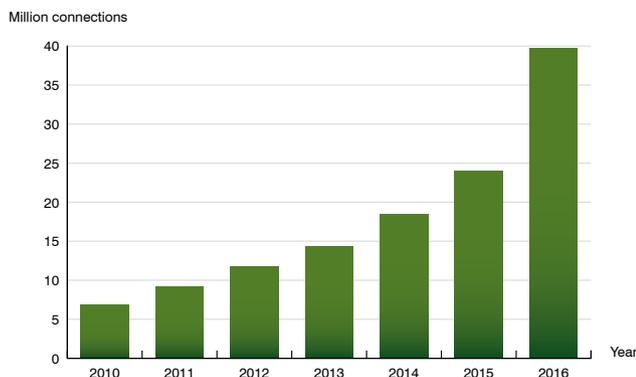
Berg Insight's M2M Research Series

What are the key business opportunities in the emerging wireless M2M market? Berg Insight's M2M Research Series is a unique series of market reports published on a quarterly basis. Each title offers detailed analysis of a specific vertical application area such as smart metering, fleet management or vehicle telematics. Once per year we also publish summaries of our research with detailed forecasts for the Global and European wireless M2M markets, respectively.

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What are the latest trends on the market for connected security applications in Europe?

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 was an estimated €100–120 billion in 2011. The more mature European and North American markets still have a combined market share of close to 70 percent. In 2011, the European market grew over 2 percent to €46.7 billion. The long-term annual growth rate is estimated to between 7 and 10 percent globally, and between 5 and 6 percent in Europe and the US. Historically, annual growth has exceeded GDP by a few percentage points each year.

The key application areas for wireless M2M communication in the European security industry include alarm systems and vehicle tracking systems for passenger cars as well as commercial vehicles. Alarm systems are security systems for small businesses and private homes. These are 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. Monitored alarms are connected to an alarm receiving centre (ARC). Today, only 25 percent of the roughly 30 million alarm systems in Europe are monitored by an ARC. At the end of 2011, the penetration for monitored alarms was only about 3 percent of all businesses and households in Europe. There is still a significant untapped potential in the residential market segment. 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 no or very little growth because of the economic downturn. Alarm systems are becoming more valuable for customers as the scope of offerings are being expanded to include detection of fire, gas leaks and flooding. Some vendors are also adding home automation features such as lighting, appliance and thermostat control. Monitored alarm systems are dependent on reliable communication networks, which can be fulfilled with the latest generation of GSM/GPRS or dual signalling technology. ▶

▶ Vehicle tracking and recovery is the second major application area for wireless M2M communication in the security industry. Passenger cars and commercial vehicles constitute the main target markets by virtue of numbers and individual value. There are also many niche markets such as trailers, construction equipment as well as leisure vehicles and boats. Devices combining GPS and GSM/GPRS technologies enable monitoring services for any mobile object. Similar hardware designs also constitute the on-board platform for fleet management solutions. What distinguishes vehicle tracking and recovery services from general fleet management is the monitoring and response service of the secure monitoring centre that is linked to GPS-aided security systems.

Today, only a handful car OEMs offer embedded telematics solutions in a few markets in Europe. However, Berg Insight anticipates that additional brands will launch OEM telematics solutions on the European market in response to the eCall intiative within the EU. The European Commission has a strong commitment to introducing eCall as a standard feature in all new cars and recently set 2015 as the new target date for realising this vision – through regulations if necessary. Vehicle tracking and recovery is likely to become a key component for many OEM telematics systems in the next few years, especially for premium cars. Features beyond basic E112 functionality are likely to be subscription services that have to be renewed some years after the purchase of a new vehicle.

There are also many emerging niche applications for wireless M2M in the security industry. Lone worker protection services primarily focus on ensuring the security of employees. Many services rely on dedicated location devices featuring alarm buttons and man down detection sensors. These devices are typically programmed to send alarms to supervisors or alarm receiving centres in case of emergency. This area is mainly driven by stringent employee health and safety regulations in the UK, but other countries such as France and Germany have similar laws. Electronic monitoring (EM) of offenders is gradually being adopted across Europe. EM is used to provide alternative ways of sentencing offenders and reduce the escalating costs for the corrective systems. The aim of EM programmes is to increase offender accountability, reduce recidivism rates and enhance public safety by providing an additional tool to traditional methods of community supervision.

This report answers the following questions:

- What is the potential market size for wireless M2M communication in the security industry?
- Which are the key applications that generate most benefits for the end customers?
- Who are the leading providers of monitored small business and home alarm systems?
- Why are leading alarm system providers investing in wireless technology?
- When will wireless connectivity become a standard feature in alarm systems?
- Who are the leading providers of aftermarket vehicle tracking solutions?
- What is the potential market size for lone worker protection services?
- Who are the leading providers of electronic offender monitoring solutions?

Million connections

Cellular M2M connections for security applications (EU27+2 2010–2016)

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About the Authors

André Malm is a Senior Analyst with a Masters degree from Chalmers University of Technology. He joined Berg Insight in 2006 and his areas of expertise include wireless M2M, location-based services and personal navigation services.

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