

Summary

Executive summary

The security industry is a global industry worth approximately € 90 billion in 2005. However, with a combined market share of around 75 percent, the European and North American markets dominate the industry. In 2005, the European market was the larger of the two; its total value reached an estimated € 41 billion. The industry is fast growing, the long term annual growth rate is estimated to between 7 and 9 percent globally, and between 6 and 8 percent in Europe and the US. What is more, the security industry is cyclical and in general the cyclical nature is experienced relatively late in the economic cycle. Historically, annual growth has exceeded GDP by a few percentage points each year. Interestingly, crime rate seems to affect the industry only marginally.

Alarm systems and vehicle tracking systems are the key applications for wireless M2M communication in the security industry. GSM was incorporated in security solutions at an early stage and is now to a growing extent being replaced by GPRS. Market growth is currently strong, but not explosive. In the future, demand for wireless M2M communication in the security industry will most of all depend on the development on the alarm systems market. There is a significant untapped potential in the residential market segment that can be fulfilled with the latest generation of monitored alarm systems with dual signalling technology.

Alarm systems are off-the-shelf 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). When a monitored alarm is activated, the ARC can respond by dispatching a security patrol or by contacting the police. Monitored alarm systems are dependent on reliable communication networks. Around 20 percent of the alarm systems in Europe are monitored by an ARC.

Vehicle tracking and recovery is the second major application area for wireless M2M communication in the security industry. Devices combining GPS and GSM/GPRS technologies enable monitoring services for any mobile object. Vehicles constitute the main target market by virtue of numbers and individual value, but there are also many niche markets such as boats, construction equipment, plants and portable machinery. Similar hardware designs also constitute the on-board platform for fleet management solutions and the tracking capabilities of these systems enable basic security applications. What distinguishes vehicle tracking and recovery system from fleet management systems is the monitoring and response service of the secure monitoring centre that is linked to GPS-aided security systems.

Several niche applications for wireless M2M are emerging in the security industry that have not yet reached substantial volumes. Personal security and visual security are two application areas offering significant growth opportunities in the medium and long term. Wearable integrated tracking and wireless communication devices can be used for both protecting and monitoring individuals – in the first case for instance lone workers and in the second case it could be offenders on parole. Surveillance cameras could potentially generate significant data traffic on high speed mobile networks.