

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 and valuables handling as well as various services like consulting and private investigations. The global market value of the security industry grew to an estimated € 110 billion in 2009. The more mature European and North American markets still dominate the industry with a combined market share of close to 70 percent. In 2009, the European market value declined slightly to about € 45 billion. The long-term annual growth rate is estimated to be between 7 and 9 percent globally, and between 6 and 8 percent in Europe and the US. Historically, annual growth has exceeded GDP by a few percentage points each year.

Alarm systems and vehicle tracking systems for passenger cars and commercial vehicles are the key applications for wireless M2M communication in the security industry. 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). Around 20 percent of the alarm systems in Europe are monitored by an ARC. Monitored alarm systems are dependent on reliable communication networks. There is a significant untapped potential in the residential market segment that can be fulfilled with the latest generation of monitored alarm systems with GSM/GPRS or dual signalling technology.

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. Passenger cars and commercial vehicles constitute the main target markets by virtue of numbers and individual value, but there are also many niche markets such as construction equipment and plant machinery as well as leisure vehicles and boats. 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.

Today, only a handful car OEMs offer telematics solutions in a few markets in the EU. Berg Insight anticipates that additional brands will launch OEM telematics solutions on the European market in response to the eCall initiative within the EU. The European Commission has a strong commitment to introducing eCall as a standard feature in all new cars and recently set 2014 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.

Several niche applications for wireless M2M are emerging in the security industry that have not yet reached substantial volumes. Personal security for lone workers is an application area offering significant growth opportunities in the medium and long term. Wearable integrated tracking and wireless communication devices can be used for protecting individuals. This area is mainly driven by stringent employee health and safety regulations in the UK, but other countries can also be expected to introduce similar laws in the future. Moreover, various forms of electronic monitoring of offenders are gradually being rolled out across Europe to reduce costs of running prisons and assist in the rehabilitation process.

Berg Insight forecasts that shipments of wireless M2M modules for security applications in EU27+2 will grow from 2.3 million in 2009 to nearly 22 million by 2014. At the same time, the number of alarm systems and tracking devices monitored from an alarm receiving centre and similar will grow from about 10 million in 2009 to 34 million by the end of 2014.