
Industry Study #3682

Global Security Services

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Chapter 1

EXECUTIVE SUMMARY

Global security service revenues are forecast to rise 5.8% per year to \$269 billion in 2022.

Generally, demand for supplemental security service is driven by the individual or organization's perceived risk of crime victimization and their ability to pay for it.

Specific factors driving demand growth vary by the degree of development in the market.

However, there are some unifying trends. The best opportunities exist where there is:

- solid economic expansion and strong growth in urban building construction
- widening income inequality that leads to instability and crime, and an expanding middle and upper class that can pay for supplemental services
- increasing real and perceived concern with terrorism and armed militants
- rising public concern for the effectiveness of public safety officials and corresponding improvements in the professionalism and consumer trust of private service providers
- increasing penetration of value-added and technology-related services

Guard Service Revenues Driven by Developing Countries

The guard services segment will account for the greatest share of revenue growth through 2022. While this segment is mature in most developed countries, it still holds significant potential in fast-growing developing markets such as China and India, which will account for 23% and 14% of forecast growth, respectively. Low labor costs will continue to support high usage of manned guarding services in such areas.

Opportunities for guard services – particularly higher value multinational providers – will grow as regulatory initiatives aimed at boosting the industry's professionalism increase social trust in these services. However, a race-to-the-bottom mentality for pricing in the unofficial market (i.e., unlicensed operators) will restrain growth.

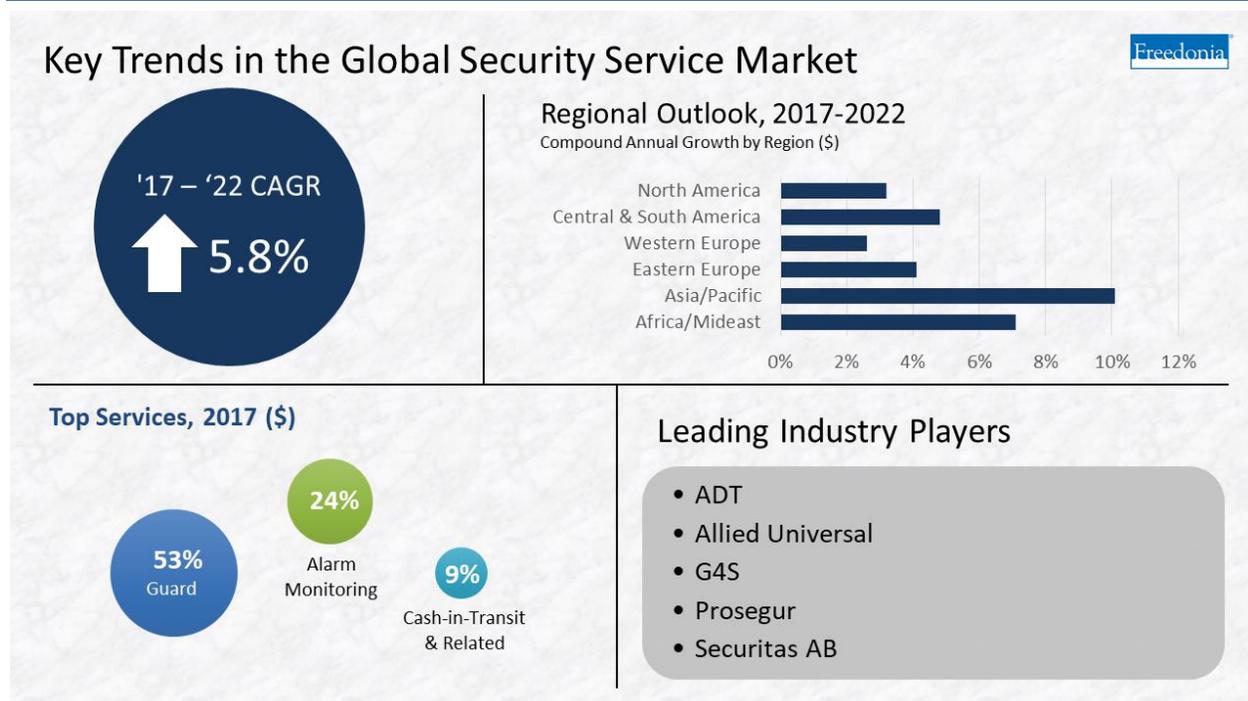
Technological Advances Boosting Alarm Monitoring & Systems Integration

The best opportunities in more mature markets exist where service providers can incorporate and benefit from advances in security electronics. For instance, alarm monitoring will be fueled by two primary trends:

- integration of high-value video monitoring services with alarm verification or for an additional layer of protection as data transmission and storage costs fall
- rising penetration of smart home products and opportunities to upgrade self-monitored systems to third-party monitoring services

Systems integration is seeing particularly fast growth as the complexity of electronic security systems grows. A number of integration service specialists were acquired by industry leaders in 2017 and 2018 in an attempt to gain enhanced technical expertise. More firms are adding these services to offer complete service packages – from security system design to execution – and to create additional avenues for recurring revenue generation.

Figure 1-1 | Key Trends in the Global Security Service Market



Source: The Freedonia Group

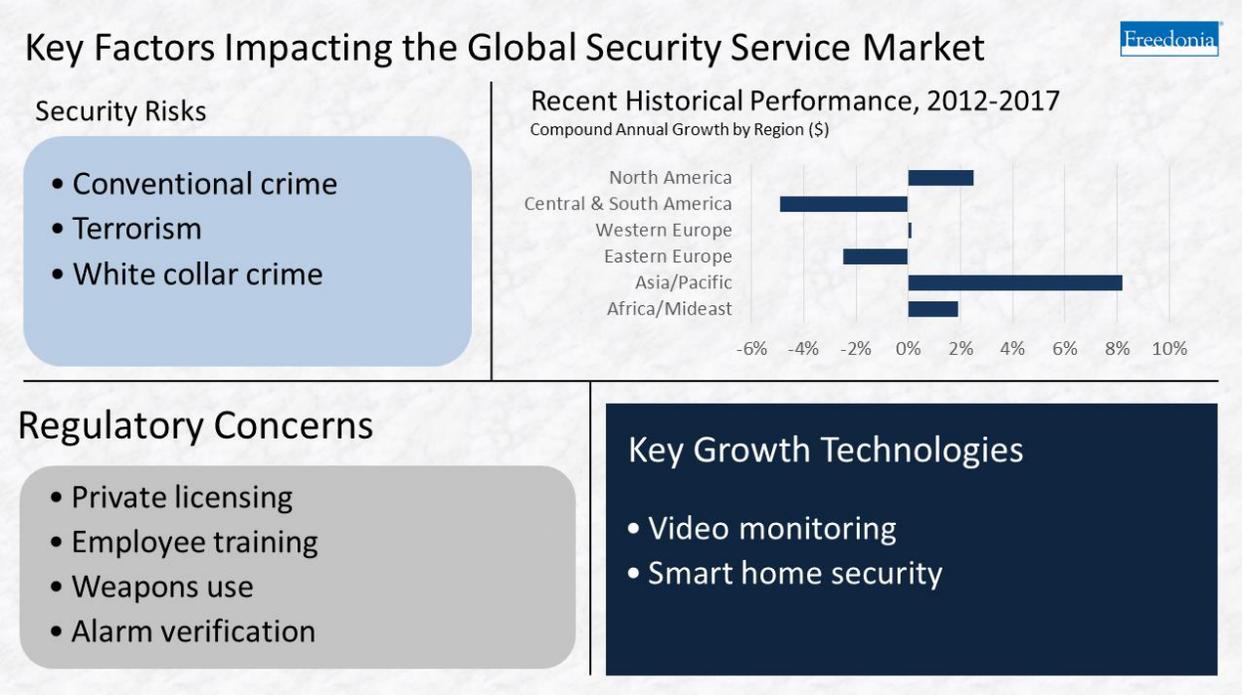
Chapter 2

GLOBAL MARKET OVERVIEW

Key Findings

- Increased penetration of video monitoring will boost revenues from commercial alarm monitoring services.
- The residential alarm monitoring customer base will be expanded by the rising prevalence of smart home technology.
- China and India are expected to be the fastest growing national markets for security services through 2022.
- The US will remain the world’s largest market for security services.

Figure 2-1 | Key Factors Impacting the Global Security Service Market



Source: The Freedonia Group

Criminal Justice Trends

Criminal Justice Overview

With sufficient financial means to afford protection, the primary determinants of demand for all types of private security products and services include:

- local perceptions of the public safety sectors
- real and perceived risks of crime, and (to a lesser extent) fire damage and other safety threats

The success of a local private security industry often depends on the interplay between public and private security forces, and what type of services private firms are expected or allowed to provide.

However, a poorly functioning or limited public safety sector can raise real and perceived risks of crime and drive demand for private security services. A variety of factors can give the local population the perception that the public sector is unable or unwilling to provide adequate protection. These include:

- rising crime rates
- limited government budgets
- a reputation for not sufficiently prosecuting suspected criminals and/or punishing convicted ones
- evidence or perception of corruption

Public Safety Environment

Overview

The level of demand for private contracted security services in a given country is also influenced by the size, composition, and effectiveness of various elements of its public safety forces, including:

- the criminal justice system (e.g., the police, courts, legal community, and correctional facilities)
- all other associated safety services (e.g., fire departments and military)

The relationship between criminal justice systems and private security industries and markets varies widely. The opposite ends of the spectrum look like this:

- Centrally planned economies (such as China in the latter half of the 20th century) where the criminal justice system is responsible for virtually all security operations in the nation and there is limited, if any, participation from private service providers.
- Countries (e.g., Spain), where private security forces support public sector criminal justice authorities, and are empowered to perform functions such as pursuing and apprehending criminals.

However, most nations fall somewhere in between this spectrum, with private security companies supplementing publicly provided police and fire services in response to customer demand, but generally not participating in, supplanting, or interfering with official operations.

Competitive Environment

The local public safety environment can affect demand for private security services in a number of ways:

- *De Facto* Competition – A local police force or military with a record of effectiveness can reduce the perceived risk of criminal victimization, making residents and business owners less likely to invest in supplemental private security measures.
- Official Direct Competition – In some countries, nonprofit, quasi-police forces provide fee-for-service protection, either on a universal basis or in a specified context (e.g., for a country's airports, diplomatic facilities, or state-run industries).
- Unofficial Direct Competition – In other nations, police departments themselves compete with guard companies, offering broad-based, fee-for-service protection, often as individual in their off-duty hours.

Conventional Crimes

Definitions

Local demographic, social, economic, and environmental characteristics are all useful in evaluating the risk of victimization in a given area, and the record of reported criminal activity in that area provides an additional gauge.

Conventional crime encompasses:

- property crimes (e.g., larceny, theft, breaking and entering, motor vehicle theft)
- violent crimes (e.g., murder, rape, armed robbery, and assault)

Interpreting Crime Data

Comparing crime rates in different nations is extremely difficult, especially for developing countries. Challenges include:

- Inconsistency of Reporting – Many nations do not publish data on reported crimes on a consistent basis, and reported data are often not internally consistent from year to year even when taking into consideration the types of annual variations that can reasonably be expected.
- Variations in Crime Definitions – How crimes are categorized and defined vary widely and can change overtime. For instance, some countries outlaw behaviors (e.g., prostitution, infidelity, homosexuality, and other “morality” crimes) that are legal in other places.
- Willingness to Report Crimes – There are also variations in the willingness (and ability, if an in-person visit to a police station is required) of victims to report crimes, reflecting both socio-cultural factors (especially in the case of sex-related crimes and domestic violence) and the degree of faith the public has in the local criminal justice system.
- Underreporting by Government Officials – Some nations, particularly those with nondemocratic governments, routinely under-report crime data in order to present a more favorable public image, both internally and to the outside world.

Even the trends of crime rates over time can be misleading. Crime statistics may rise and fall over a period of year due to external factors such as:

- Improvements in Technology – These can facilitate not only the reporting of crimes to the police, but also the centralized collection of data in a country.
- Social Changes – As social change reduces the stigma associated with being a victim of a crime, citizens are more likely to report them.
- Public Safety Training – As the criminal justice system is more willing or better equipped to arrest and prosecute crimes, victims are more likely to report incidents.

Conventional Crime Trends

Generally speaking, crime rates fell in much of the world between 2007 and 2017, reflecting a number of factors:

- the improved performance of public safety forces
- greater market penetration of supplementary security measures in a number of regions
- economic growth lowering poverty and unemployment rates

However, fluctuations in the crime rate were visible through that period in countries that saw their economy slow, reflecting higher rates of unemployment, greater desperation among the poor, and reduced spending on private security in some areas.

In addition, tightness in government budgets negatively impacted the effectiveness of the police and courts in some countries. Furthermore, a number of West European countries experienced a slight uptick in crime rates between 2014 and 2016, which was perceived as being influenced by the migrant crisis.

Crime rates in developed areas were influenced by a number of factors:

- demographic trends (most notably, a decline in young males as a share of total population)
- better community policing
- early intervention programs

- tougher mandatory sentencing laws
- construction of new prisons
- growing use of information technology (IT) by police and other public safety officials
- lifestyle changes, such as the use of credit and debit cards instead of cash
- proliferation of supplemental security products and services

These trends are also being felt to a greater or lesser degree in developing regions, although many are less common or less advanced than in the US or West European nations.

Furthermore, these factors tend to be balanced by increased crime reporting in developing areas, which has the opposite impact on crime trends.

Terrorism & Other Nonconventional Crimes

While conventional crime seems to be on the decline in developed nations and growing more slowly or declining in many developing countries, the world has witnessed a rising incidence of what may be referred to as nontraditional or nonconventional criminal activity and security breaches.

The most widely publicized of these is terrorism, most commonly defined as crimes with a sociopolitical or geopolitical motivation. This is due primarily to the potential of a terrorist act to inflict extensive property damage and result in heavy loss of life.

The typical response to a terrorist attack is widespread calls for tighter security of highly trafficked public places. Private security markets in general tend to benefit from the heightened concern about security following widely publicized terrorist acts due to their flexibility in staffing and ability to respond quickly to changes in protection needs. The segments most directly affected by increased terrorist activity include:

- guards
- consultants
- integrators of products such as metal detectors, trace explosive detectors, and other contraband detection equipment

According to the National Consortium for the Study of Terrorism and Responses to Terrorism's (START) Global Terrorism Database:

- Globally 10,900 terrorist incidents occurred in 2017, resulting in 18,488 civilian deaths. This is down from more than 13,400 incidents and more than 22,400 civilian deaths in 2016.
- In 2017, more than half of all attacks took place in four countries – Afghanistan, India, Iraq, and Pakistan.
- Nearly half of all deaths took place in Afghanistan and Iraq, with each country accounting for nearly a quarter of the total.

It should be noted that there has been quite a bit of fluctuation in these figures from year to year over the last decade, and while there has generally been an upward trend in the number of incidents, any given year could see significant aberrations from this trend. However, the number of civilian deaths has been trending downward since a recent peak in 2014. Still, terrorism events and deaths are high by historical standards, remaining well above those in the decades prior to 2001.

In addition to terrorism and piracy, types of nonconventional crimes include:

- fraud and embezzlement
- identity theft
- computer hacking and cyber attacks
- insider stock trading
- corporate espionage

The spread of white collar, cyber, and various nontraditional crimes has rendered conventional methods of security risk assessment less relevant than in the past. In particular, these crimes are more difficult to correlate to the standard demographic/socioeconomic measures used to gauge the risks of conventional violent and property crime. There is little doubt, however, that the incidence of at least some of these crimes (particularly cybercrime) is on the rise worldwide.

Proprietary Security Personnel

Aside from police and other public safety officials, vendors of private contract security services (i.e., security services firms) compete with proprietary (in-house) security personnel. These include:

- guards
- investigators
- armored car drivers
- others employed directly by nonsecurity firms for their internal security needs

Personnel range from off-duty police officers hired on a part-time basis to full-time, management-level personnel overseeing entire corporate security departments.

Downsizing and cost-cutting programs by corporate, institutional, and governmental entities – which at the same time must maintain strong security measures – will continue to result in an outsourcing of security operations in many countries, a trend that will bolster the contractual security services industry.

The trend toward privatizing state-run industries, facilities, and institutions in many countries will also continue to favor private security firms, which in many cases are limited by law or custom from servicing public organizations and entities.

Technology Trends

Technology Overview

The private security service market has become increasingly technology-driven over the past several decades. Advances in technology – especially electronics, computer hardware and software, and sensors – have altered not only the type of security products available to service providers, such as alarm monitors, consultants, and systems integrators, but also the competitive environment within the private security service sector itself.

These changes have impacted various segments of the security services market in different ways. For instance:

- Alarm monitoring services have enhanced the range and effectiveness of their offerings with the development of low-cost video surveillance systems, wireless internet-based communication, remote diagnostics, and integration of comfort and lighting functions.
- The software in monitored alarm systems, video surveillance systems, and other electronic security products can now be updated remotely, limiting the need for visits by technicians.
- More labor intensive services such as guarding increasingly compete with high-tech security electronics that can provide similar protection with little human intervention.

The primary difference between manned and electronic security services is that humans can be more obvious as a preventative security element and can adapt more readily to unforeseen circumstances, while electronic systems can be a less intrusive security element and can provide a better record in the event of an incident. Still, even in labor-intensive security segments, technology can be complementary and can make operations more efficient and effective.

Technology-Intensive Services

In particular, services such as security consulting and systems integration have strongly benefited from this ever-changing environment. Systems integration vendors are often called in to update existing security systems with new technologies or to create whole systems with updated components, including:

- access controls
- video surveillance
- environmental controls
- fire detection and suppression systems
- conventional intrusion detection systems
- other building management systems

Security consultants – who are often employed to recommend the use of specific security equipment and systems and design complete systems – have also benefited from the growing complexity of security technology, as it has made their expertise more valuable.

As a result of these trends, large firms increasingly emphasize integration and consulting services in their marketing. In addition, the desire to increase expertise in these specialized segments has been a driver of acquisition activity.

Video Monitoring

Improvements in video monitoring technology represent an important trend in the alarm monitoring segment and have increased the ability of these providers to offer value-added services with high profit margins. In particular, cost reductions in the transmission and storage of data have made it more feasible to offer video monitoring as a remote service, rather than merely as an element of an in-house security system.

Many jurisdictions require verification of alarms before authorities can intervene, and the need to physically verify intrusions has historically created a lag in response that limited the value of entirely remote security monitoring. Video monitoring allows for quicker verification, boosting the value of the service by reducing police response times.

Smart Technology

The proliferation of internet-integrated consumer electronics technology has significantly boosted the capabilities of electronic security equipment, with a mixed impact on service revenues:

- Equipment providers increasingly offer packages that allow customers to monitor their security systems via a smartphone or tablet computer, which compete to an extent with manned alarm monitoring, particularly in the residential market
- Customers willing to invest in electronic security systems can still benefit from the attention of a central monitoring station, and these packages often serve as a gateway to the purchase of higher-value security services.

Legal & Regulatory Environment

Legal & Regulatory Overview

Given the nature of its business, the global security industry is impacted, directly and indirectly, by a host of legal and regulatory considerations, which can be both restrictive and stimulative in terms of market impact. Such considerations affect not only market size and growth potential, but also the structure and composition of local security industries.

Moreover, regulations and standards vary significantly, not only between different countries but also often within the same country. In the US, for example, training and other requirements for security guards differ widely on a state-by-state basis.

Legal statutes can enhance as well as restrict security services providers' scope of activities:

- In certain countries and localities, such as Singapore, select groups of private security guards are given the legal authority to act as quasi-police officers within their limited areas of responsibility.
- On the other hand, private investigators in Turkey are barred from following people in public places unless the target person is related by blood or by marriage to the person contracting the services.

Regulation by Service

Guard Service

Given the often critical nature of their job and the large amounts of property and personnel entrusted to them, guard firms tend to be the most widely regulated segment of the security service industry in most countries.

Regulations impacting security guards and guard companies typically address issues such as:

- experience and training requirements (e.g., prior military or police service, course requirements)
- the carrying and use of firearms
- uniform requirements

- specific authorized functions (such as parapolice activities)
- badge and identification requirements
- licensing mandates and procedures

The past several years have seen the passage of new licensing laws and related regulations on the private guard industry in a number of countries. Additionally, the European Union is seeking greater harmonization among the related regulations within its member nations to improve worker mobility between them.

However, in many developing countries there remains a large unofficial security guard industry, which:

- is made up of guards who are not licensed or registered in any way (unofficial participants are not included in the data of this report)
- results in a low-cost option
- tends to hamper the development of industry-wide consumer trust and the perceived professionalism of the guarding industry

Alarm Monitoring Service

Central station alarm monitoring companies generally face less extensive formal regulation, but their relationship with local police and fire departments and other public agencies places limitations on their scope of activities.

Most notably, such firms are directly impacted by local false alarm ordinances or simply the failure of police/fire officials to respond quickly to establishments with a history of false alarms.

These ordinances, adopted by many localities across the globe in recent years, have worked to suppress sales of alarm systems and related services:

- In Germany, there are high charges for false fire alarms.
- In September 2018, the Canadian city of Toronto officially implemented a policy requiring verification prior to any police response to burglar alarms.

However, such measures have also spurred the development of “smarter” fire and burglar detectors and alarm verification systems. False alarm regulations also create opportunities for monitoring firms to differentiate themselves by offering their own value-added incident response teams or the inclusion of video- or voice-verification features.

Cash-in-Transit Service

Cash-in-transit companies are also subject to extensive regulation in most countries. These regulations typically involve:

- accounting practices
- insurance requirements
- issuance of securities
- mergers and acquisitions
- rates
- route access

Additionally, like conventional guards, cash-in-transit companies often must apply for a license from the government and are generally subject to firearms laws and requirements regarding employee training and pre-employment background searches.

Other Security Services

Private investigators and security integrators and consultants, for their part, are also sometimes subject to licensing and registration requirements.

Private investigators also commonly face extensive limitations on their activities since some investigative activities overlap those of the police or run counter to local privacy laws. These investigators must also contend with restrictions on access to various public records and other information sources.

Revenue by Region

Regional Overview

In 2017, the global market for private security services totaled \$203.5 billion. Through 2022, revenues are expected to increase 5.8% per year to \$269.3 billion. Growth will represent an acceleration from the 2012-2017 period, though this is largely due to local currency fluctuations that resulted in a low 2017 base in US dollar terms for a number of markets. Strong gains are expected in many developing countries, while the outlook in most developed countries is comparatively sluggish.

In general terms, demand will be driven by factors such as:

- doubts about the effectiveness of local public safety operations that increase perceived crime risks
- increasing wealth, particularly among developing markets with a relatively low intensity of use of security services
- rising building construction activity in many markets, which will expand the base of potential end users
- the ongoing adoption of technologically advanced security systems to boost demand for technologically intensive service segments (e.g., alarm monitoring, systems integration, and consulting services)
- introduction of higher value-added manned services offerings, particularly in guarding operations

Gains will be restrained primarily by:

- the ongoing use of proprietary security service providers, including in-house guard divisions and personal bodyguards who are directly hired by the client
- competition with lower cost security products such as basic locks and fences, particularly in developing areas
- competition with high-tech security equipment that displaces manned security operations – e.g., smart security equipment that does not require central station monitoring
- the relative maturity in a number of large, developed markets, including the US, Canada, Japan, and many countries in Western Europe

Revenue by Region Forecast

Many of the strongest gains will stem from developing markets, which benefit from an ongoing shift toward higher utilization of security services. Gains will be particularly strong in China and India, both of which are expected to see revenues roughly double through 2022. China, despite accounting for only 7% of revenue in 2017, will represent nearly a quarter of global growth through 2022.

Revenue growth in developing markets will benefit from:

- increasing reliance on private security services over other alternatives, such as in-house security staffs and inexpensive security products like locks and fences
- the general perception of security measures as a status symbol, resulting in high levels of investment among the growing number of affluent end users in these countries
- the increasing focus on regulation and professionalism, which will boost public trust of private providers and lead to a greater number of higher-value and better trained, better paid security employees
- the presence of multinational players, as they tend to offer more value-added services and operate with higher standards, thus raising the bar for local companies

The US will remain the largest market for security services by a wide margin, accounting for 27% of global revenues in 2022. The market benefits from not only a broad base of end users, but also from its relatively high intensity of spending on security services (as compared to indicators such as GDP and urban population).

Revenue growth in Western Europe will be limited not only by the relative maturity of a wealthy region, but also by the highly unionized security work force that already has wages at a relatively high level with limited room for growth.

GLOBAL MARKET OVERVIEW

Table 2-1 | Global Security Service Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	<u>145800</u>	<u>179300</u>	<u>203500</u>	<u>269300</u>	4.2 %	2.6 %	5.8 %
North America:	51110	59810	67790	79250	3.2 %	2.5 %	3.2 %
United States	45050	52770	61650	72000	3.2 %	3.2 %	3.2 %
Canada & Mexico	6060	7040	6140	7250	3.0 %	-2.7 %	3.4 %
Central & South America	14460	19550	15240	19300	6.2 %	-4.9 %	4.8 %
Western Europe	39630	37850	38010	43150	-0.9 %	0.1 %	2.6 %
Eastern Europe	6660	6670	5880	7200	0.0 %	-2.5 %	4.1 %
Asia/Pacific:	23680	40450	60140	97250	11.3 %	8.3 %	10.1 %
China	1945	5565	13750	29100	23.4 %	19.8 %	16.2 %
Japan	8690	13195	11480	13150	8.7 %	-2.7 %	2.8 %
Other Asia/Pacific	13045	21690	34910	55000	10.7 %	10.0 %	9.5 %
Africa/Mideast	10260	14970	16440	23150	7.8 %	1.9 %	7.1 %
000\$ revenue/employee	11.5	9.5	6.8	5.9	-3.7 %	-6.5 %	-2.8 %
Security Service Employment (000)	12650	18950	29750	45400	8.4 %	9.4 %	8.8 %

Source: The Freedonia Group

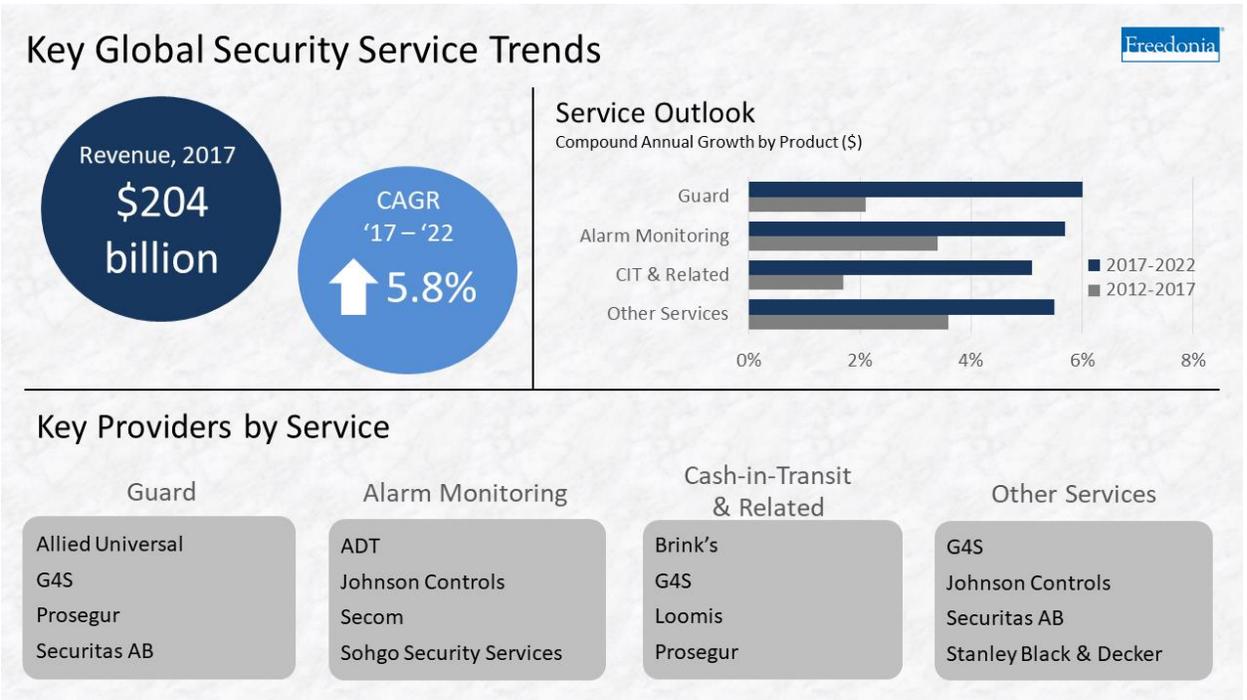
Chapter 3

SERVICES

Key Findings

- Growth in guard services will be driven by expansion in developing countries with low labor costs.
- Technological advancements will support strong growth in alarm monitoring revenues in both commercial and residential markets.
- Markets for traditional armored transport are mature, but opportunities exist for providers of other cash-in-transit-related services.
- Systems integration and security consulting services hold particularly strong potential as security systems become increasingly complex.

Figure 3-1 | Key Global Security Service Trends



Source: The Freedonia Group

Revenue by Type

Scope

Private security services presently available may be segmented into four major categories:

- guard services
- alarm monitoring
- cash-in-transit (CIT) and related services
- other services, such as systems integration, security consulting, and private investigations

The particular mix of security services used in a country is a function of both the types of crimes and other security risks most prevalent there and the relative sophistication of local private security resources (e.g., personnel, management, equipment, technology).

Other important factors include:

- competition from in-house security forces and public agencies
- the existence of a well-developed telecommunications infrastructure (for alarm monitoring)
- a government's willingness to outsource public security duties to private firms
- the relative market penetration of competitive protective measures, such as electronic and mechanical security equipment, firearms, and structural security items

Revenue by Type Forecast

Guard services are by far the largest segment of the security services market and will account for 56% of revenue gains through 2022. While this segment tends to be mature in developed countries, strong growth is expected in countries such as China and India, where low labor costs continue to make manned guarding a competitive solution.

SERVICES

In developed countries, alarm monitoring services will typically be the fastest growing segment, although limited penetration in fast-growing developing regions means that revenues in this segment are weighted toward relatively mature markets, where high labor costs have led to intensive adoption of electronic security measures.

The cash-in-transit and related services market is expected to grow at the slowest rate, as the increasing penetration of electronic payment methods are constraining markets for traditional armored transport services. However, providers in this segment are compensating by emphasizing related services such as ATM management.

Among other security services, systems integration holds particularly strong growth potential:

- The increasing complexity of electronic security services used in developed nations is driving greater need for specialized technical skills.
- Expanding systems integration capabilities offer an avenue to compensate for market maturity in traditional core business segments.

Large security service firms also increasingly offer security consulting as a component of a complete security services package.

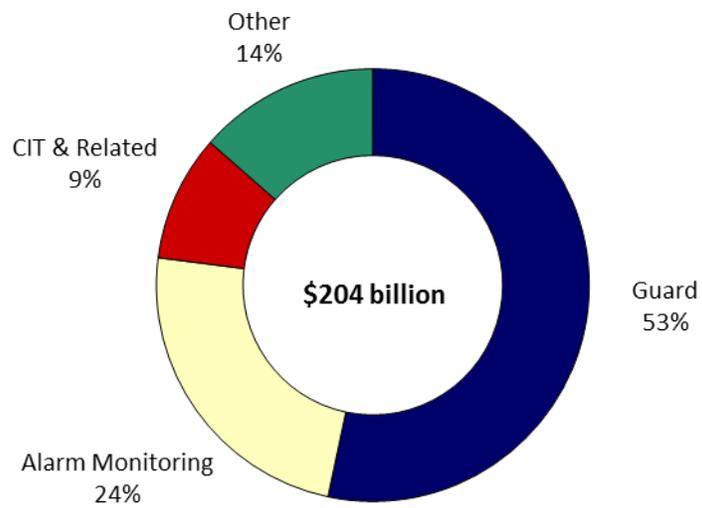
Table 3-1 | Global Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	<u>145800</u>	<u>179300</u>	<u>203500</u>	<u>269300</u>	4.2 %	2.6 %	5.8 %
Guard	77640	97730	108520	145150	4.7 %	2.1 %	6.0 %
Alarm Monitoring	33820	40870	48240	63600	3.9 %	3.4 %	5.7 %
Cash-in-Transit & Related Services	15190	17660	19210	24600	3.1 %	1.7 %	5.1 %
Other	19150	23040	27530	35950	3.8 %	3.6 %	5.5 %
Systems Integration	5710	6675	8055	11200	3.2 %	3.8 %	6.8 %
All Other	13440	16365	19475	24750	4.0 %	3.5 %	4.9 %

Source: The Freedonia Group

SERVICES

Figure 3-2 | Global Security Service Revenue Share by Type, 2017 (billion dollars)



Source: The Freedonia Group

Guard Services

Service Scope & Description

Guards are employed in a wide variety of settings to provide myriad types of protection. At the most basic, they act as a visual deterrent to potential crime and observe a certain area either for specific problems or for suspicious activity. This may be either by standing guard in a specified location or by patrolling. Private (i.e., contracted third-party) guard services consist of:

- stationary guards and mobile patrols
- bodyguards
- private guards used at publicly operated prisons and immigration detention facilities
- aviation security operations such as passenger and baggage screening

Revenue Forecast

Global guard service revenues are projected to increase 6.0% per year to \$145.2 billion in 2022. Growth will be driven primarily by gains in developing countries, with highly populous industrializing nations such as China and India contributing a particularly large share of growth. Factors supporting gains include:

- increased urbanization and income inequality, which will heighten concerns about crime as well as boost the size of the population able to afford guard services
- improvements in licensing and professionalization, which will boost public trust and enable price increases
- greater outsourcing of non-core business activities such as guarding
- increased penetration of technologically advanced security systems, which will demand more highly skilled guards

This segment tends to be mature in developed nations, and gains in North America and Western Europe will be modest. High labor costs and intensive penetration of electronic security services will drive strong investment in labor-saving equipment that can reduce the number of guards needed for a given application.

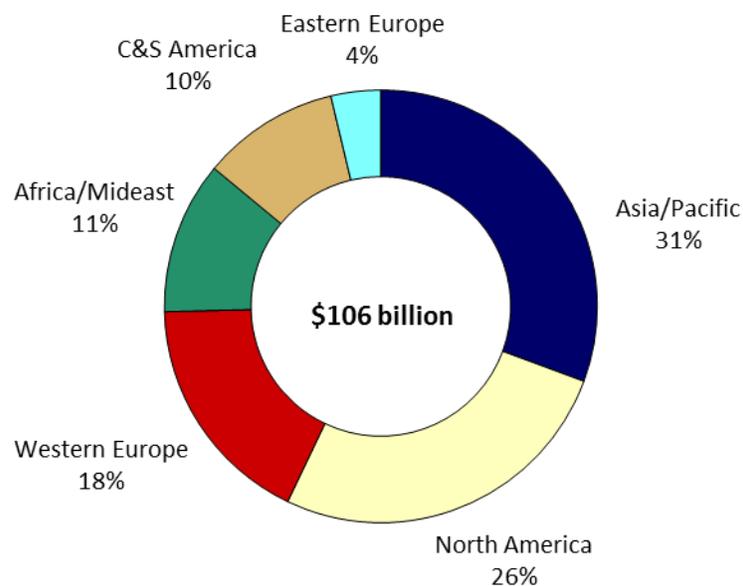
SERVICES

Table 3-2 | Global Security Guard Service Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% guard services	53.3	54.5	53.3	53.9	0.4 %	-0.4 %	0.2 %
Global Security Guard Service Revenue	<u>77640</u>	<u>97730</u>	<u>108520</u>	<u>145150</u>	4.7 %	2.1 %	6.0 %
North America:	22265	27185	28705	32070	4.1 %	1.1 %	2.2 %
United States	18795	23040	25100	27800	4.2 %	1.7 %	2.1 %
Canada & Mexico	3470	4145	3605	4270	3.6 %	-2.8 %	3.4 %
Central & South America	10400	14140	11145	14200	6.3 %	-4.6 %	5.0 %
Western Europe	20605	19410	19020	21320	-1.2 %	-0.4 %	2.3 %
Eastern Europe	4610	4570	4030	4930	-0.2 %	-2.5 %	4.1 %
Asia/Pacific:	12040	21260	33240	55110	12.0 %	9.4 %	10.6 %
China	1190	3400	8650	18330	23.4 %	20.5 %	16.2 %
Japan	3360	5000	4140	4700	8.3 %	-3.7 %	2.6 %
Other Asia/Pacific	7490	12860	20450	32080	11.4 %	9.7 %	9.4 %
Africa/Mideast	7720	11165	12380	17520	7.7 %	2.1 %	7.2 %

Source: The Freedonia Group

Figure 3-3 | Global Security Guard Service Revenue Share by Region, 2017 (billion dollars)



Source: The Freedonia Group

Service Participants

Since guards are the most basic security service and the guard market has relatively low barriers to entry, there are hundreds of thousands of small guard firms worldwide. In many countries, these firms are started and staffed by former police officers or members of the military. Most guard companies are active in a single country (or a small area in a single country) and focus on particular markets or industry niches.

Leading global suppliers of contract guard services include:

- Allied Universal
- GardaWorld
- G4S
- Prosegur
- Secom
- Securitas AB
- Sohgo Security Services
- US Security Associates

Alarm Monitoring

Service Scope & Description

Alarm monitoring services consist of alarms that are monitored by an outside provider, typically at a central station. The vast majority of monitored alarms are intended to detect either intrusion or fire. This segment also includes personal emergency response services (PERS), which are mainly used by the elderly or others with significant health issues.

Revenue Forecast

Global alarm monitoring service revenues are forecast to rise 5.7% per year to \$63.6 billion in 2022. Of the major security service segments, alarm monitoring tends to hold the strongest potential in developed nations, as new technologies offer potential for value gains and high labor costs benefit remote monitoring over on-site guarding. Growth in developing nations will also be strong as the market base expands, but these services tend to be under-penetrated in nations with relatively low labor costs and relatively high equipment costs.

Revenue growth will be fueled by increased penetration of high-value services, particularly in the commercial market. The service with the greatest potential effect on demand is video monitoring, which significantly speeds up alarm verification, resulting in quicker (and thus more effective) law enforcement response. While video monitoring in its basic form is not particularly complex, data transmission and storage costs have traditionally made video surveillance more cost-effective as a component of on-site security response, rather than an element monitored by a central station. As data costs have fallen, alarm monitoring providers have increasingly emphasized outside video monitoring as a value-added offering.

Greater penetration of household monitoring equipment associated with the Internet of Things will boost revenues in the residential market. To an extent, emerging household monitoring systems will compete with outside alarm monitoring services, as the rising prevalence of smartphones and tablet computers is making self-monitoring more viable. However, purchase of self-monitoring equipment will:

SERVICES

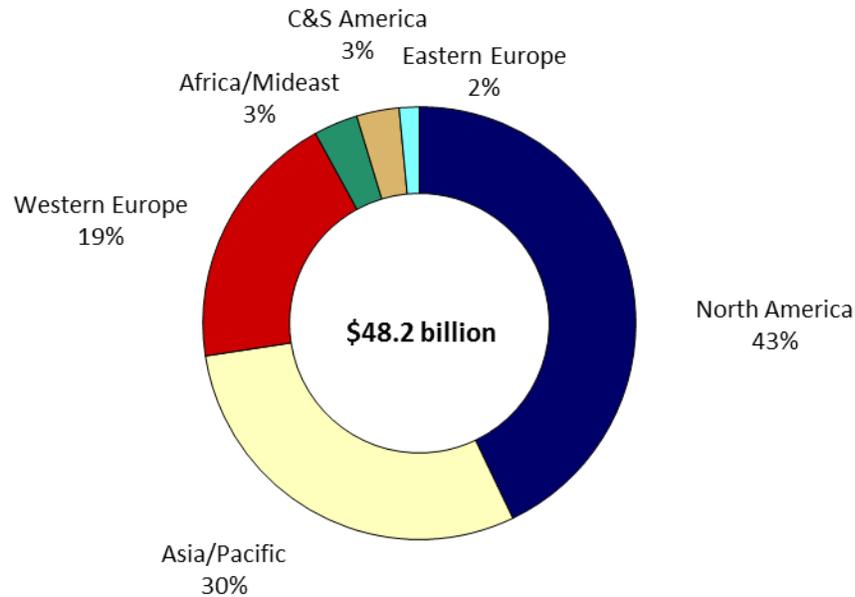
- serve as a gateway to later purchase of outside monitoring services
- provide greater opportunities for suppliers to offer part-time monitoring packages that can be activated during vacations or other busy periods

Table 3-3 | Global Alarm Monitoring Service Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% alarm monitoring	23.2	22.8	23.7	23.6	-0.3 %	0.8 %	-0.1 %
Global Alarm Monitoring Service Revenue	<u>33820</u>	<u>40870</u>	<u>48240</u>	<u>63600</u>	3.9 %	3.4 %	5.7 %
North America:	15160	16870	20690	25030	2.2 %	4.2 %	3.9 %
United States	13810	15395	19400	23500	2.2 %	4.7 %	3.9 %
Canada & Mexico	1350	1475	1290	1530	1.8 %	-2.6 %	3.5 %
Central & South America	1355	1975	1535	1925	7.8 %	-4.9 %	4.6 %
Western Europe	9100	9060	9385	11010	-0.1 %	0.7 %	3.2 %
Eastern Europe	715	765	720	925	1.4 %	-1.2 %	5.1 %
Asia/Pacific:	6600	10740	14320	22420	10.2 %	5.9 %	9.4 %
China	310	850	2090	4600	22.4 %	19.7 %	17.1 %
Japan	3370	5150	4420	5130	8.9 %	-3.0 %	3.0 %
Other Asia/Pacific	2920	4740	7810	12690	10.2 %	10.5 %	10.2 %
Africa/Mideast	890	1460	1590	2290	10.4 %	1.7 %	7.6 %

Source: The Freedonia Group

Figure 3-4 | Global Alarm Monitoring Service Revenue Share by Region, 2017 (billion dollars)



Source: The Freedonia Group

Service Participants

The alarm monitoring segment includes several different categories of firms. The global market leader in 2017 was ADT, a company that is highly specialized in alarm monitoring and related electronic security services. Other major alarm monitoring providers include:

- Johnson Controls, Stanley Black & Decker, and United Technologies, all of which are highly diversified equipment manufacturers
- Allied Universal, Securitas AB, and Sohgo Security Services, security firms that offer alarm monitoring in addition to a range of other industry services

In addition, a number of telecommunications providers, such as Comcast and Cox Communications, are active in the alarm monitoring segment. These firms tend to offer basic residential alarm monitoring services as a component of bundled telecommunications packages.

Cash-in-Transit & Related Services

Service Scope & Description

The cash-in-transit (CIT) and related services segment consists of four major service categories:

- traditional armored transport
- ATM management and replenishment
- secure logistics
- cash management

Most of the leading firms in this industry have historically focused primarily on armored transport, but these firms have increasingly emphasized other services to compensate for the maturity of the traditional armored transport market.

Revenue Forecast

Global revenues for cash-in-transit and related services are forecast to rise 5.1% per year to \$24.6 billion in 2022. Constraining factors on growth include:

- increasing use of electronic payment methods in lieu of cash
- high market saturation of outside CIT providers relative to in-house operations in large developed markets
- lack of trust in private security providers in developing countries

However, strong growth opportunities exist in developing nations, due to factors such as:

- rapid expected growth in the number of bank branches and ATMs as the financial services sector expands
- proliferation of non-bank ATMs (particularly in India), which are more likely to be serviced by outside providers
- efforts to boost industry trust via improved regulation, licensing, and training

In developed countries, modest growth will be mainly due to gains in secondary service categories, with revenues from traditional armored transport services potentially even declining in some nations.

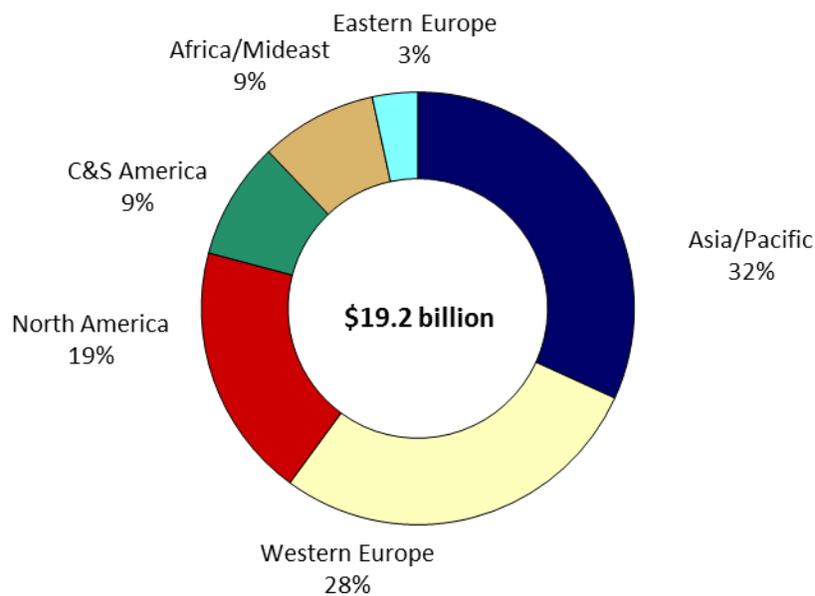
SERVICES

Table 3-4 | Global Cash-in-Transit & Related Services Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% cash-in-transit & related services	10.4	9.8	9.4	9.1	-1.2 %	-0.8 %	-0.6 %
Cash-in-Transit & Related Service Revenue	<u>15190</u>	<u>17660</u>	<u>19210</u>	<u>24600</u>	3.1 %	1.7 %	5.1 %
North America:	3145	3445	3660	4060	1.8 %	1.2 %	2.1 %
United States	2605	2790	3090	3400	1.4 %	2.1 %	1.9 %
Canada & Mexico	540	655	570	660	3.9 %	-2.7 %	3.0 %
Central & South America	1845	2225	1685	2075	3.8 %	-5.4 %	4.3 %
Western Europe	5665	5335	5430	6060	-1.2 %	0.4 %	2.2 %
Eastern Europe	785	765	650	765	-0.5 %	-3.2 %	3.3 %
Asia/Pacific:	2580	4280	6110	9420	10.7 %	7.4 %	9.0 %
China	230	700	1630	3280	24.9 %	18.4 %	15.0 %
Japan	965	1505	1210	1360	9.3 %	-4.3 %	2.4 %
Other Asia/Pacific	1385	2075	3270	4780	8.4 %	9.5 %	7.9 %
Africa/Mideast	1170	1610	1675	2220	6.6 %	0.8 %	5.8 %

Source: The Freedonia Group

Figure 3-5 | Global Cash-in-Transit & Related Services Revenue Share by Region, 2017 (billion dollars)



Source: The Freedonia Group

Service Participants

The industry is dominated by a handful of larger firms in most national markets, a result of significant barriers to entry, including:

- the high costs of armored transport vehicles (which continue to be outfitted with newer, state-of-the-art equipment such as high tech safes and tracking devices)
- heavy insurance requirements
- rigid government regulations

US-based Brink's is the leading global armored transport firm, with operations in dozens of countries and a leadership position in many national markets. The remainder of the top five global market leaders, each with related revenues in excess of \$1.0 billion in 2017, are:

- Prosegur
- Loomis
- G4S
- GardaWorld

Other notable providers of these services include Secom and Sohgo Security Services.

Other Security Services

Service Scope

Overview

The largest other security service categories are systems integration, security consulting, and private investigations. Other niche services include:

- pre-employment screening
- drug and contraband detection dog services
- training for guards and other security personnel
- sweeping for bombs and surveillance devices
- renting vault rooms for off-site storage of computer data and other valuables
- private airline security services

Systems Integration

Systems integration vendors are often called in to update existing security systems with new technologies or to create whole systems with updated components, including:

- access controls
- video surveillance
- environmental controls
- fire detection and suppression systems
- conventional intrusion detection systems
- other building management systems

Security Consulting

The actions undertaken by security consultants typically fall into one of four categories:

- proactive services, including training, instruction, risk audits and surveys, special events planning, and the development of security systems
- maintenance services, including administrative, management, and ongoing operational assurance services
- reactive consulting, which involves a response to a crisis or emergency through review, inquiry, and resolution
- post-event support services, including litigation support as a consultant or expert witness, post-event evaluations, and suggestions concerning any further procedural or system corrections

Private Investigations

Private investigation services are used by both individuals and corporations to address a wide variety of non-core security concerns. Commercial subjects of private investigations include:

- insurance fraud
- employee theft
- embezzlement
- drug use

Individuals may contract private investigators for issues such as:

- divorce
- desertion
- domestic violence
- interfamilial litigation over estates

Private investigators compete with accounting and legal firms as well as with other providers of security services, including security consultants, data security firms, and pre-employment screening and drug testing companies.

Revenue Forecast by Region

Global revenue from other security services is forecast to rise 5.5% per year to \$36.0 billion in 2022. Strong growth for providers of systems integration and security consulting will contribute to gains, with the increasing technological complexity of the security service industry driving advances for more specialized services. Capturing market share gains in these segments will represent an important way for industry leaders to compensate for market maturity in segments such as guard services and cash-in-transit services.

However, use of these services tends to be concentrated in mature developed countries, as markets in industrializing nations tend to be small and underdeveloped, which limits short-term growth potential to an extent.

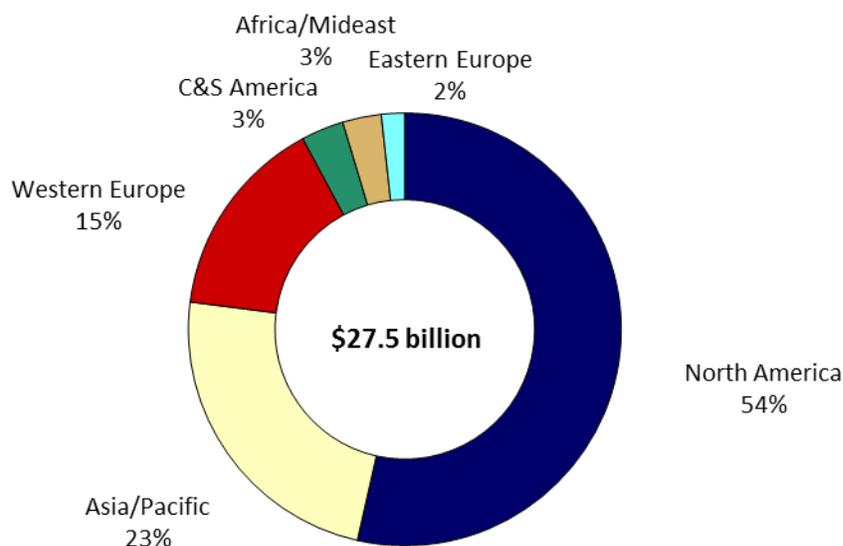
SERVICES

Table 3-5 | Global Other Security Service Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% other security services	13.1	12.8	13.5	13.3	-0.5 %	1.1 %	-0.3 %
Global Other Security Service Revenue	<u>19150</u>	<u>23040</u>	<u>27530</u>	<u>35950</u>	3.8 %	3.6 %	5.5 %
North America:	10540	12310	14735	18090	3.2 %	3.7 %	4.2 %
United States	9840	11545	14060	17300	3.2 %	4.0 %	4.2 %
Canada & Mexico	700	765	675	790	1.8 %	-2.5 %	3.2 %
Central & South America	860	1210	875	1100	7.1 %	-6.3 %	4.7 %
Western Europe	4260	4045	4175	4760	-1.0 %	0.6 %	2.7 %
Eastern Europe	550	570	480	580	0.7 %	-3.4 %	3.9 %
Asia/Pacific:	2460	4170	6470	10300	11.1 %	9.2 %	9.7 %
China	215	615	1380	2890	23.4 %	17.5 %	15.9 %
Japan	995	1540	1710	1960	9.1 %	2.1 %	2.8 %
Other Asia/Pacific	1250	2015	3380	5450	10.0 %	10.9 %	10.0 %
Africa/Mideast	480	735	795	1120	8.9 %	1.6 %	7.1 %

Source: The Freedonia Group

Figure 3-6 | Global Other Security Service Revenue Share by Region, 2017 (billion dollars)



Source: The Freedonia Group

Systems Integration Revenue Forecast

Global revenues from security systems integration services are projected to advance 6.8% per year to \$11.2 billion in 2022. In most developed countries, growth in this segment will outpace gains in any of the larger security service categories. Going forward, gains will be driven by:

- the increasing complexity and interconnectivity of security systems and other key building systems, such as lighting, heating and cooling, communication, and point of sale (POS) systems
- the declining prices of many security devices, supporting the use of broader security systems that require more advanced planning and implementation
- the growing push toward recurring, value-added services such as systems maintenance, systems and data management, and regular system upgrades

While the highly technical nature of systems integration services means that they are outside the primary expertise of most security industry participants, market leaders have been placing heavy emphasis on developing this business in recent years. Many smaller systems integration specialists in the US were purchased by larger firms in 2017 and 2018, both as a way to directly increase market share and to gain technical expertise.

Table 3-6 | Global Security Systems Integration Service Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% systems integration	3.9	3.7	4.0	4.2	-1.0 %	1.6 %	1.0 %
Global Security Systems Integration Revenue	<u>5710</u>	<u>6675</u>	<u>8055</u>	<u>11200</u>	3.2 %	3.8 %	6.8 %
North America:	2560	2755	3455	4405	1.5 %	4.6 %	5.0 %
United States	2330	2515	3240	4135	1.5 %	5.2 %	5.0 %
Canada & Mexico	230	240	215	270	0.9 %	-2.2 %	4.7 %
Central & South America	230	320	255	340	6.8 %	-4.4 %	5.9 %
Western Europe	1535	1480	1565	1940	-0.7 %	1.1 %	4.4 %
Eastern Europe	120	125	120	165	0.8 %	-0.8 %	6.6 %
Asia/Pacific:	1115	1755	2395	3950	9.5 %	6.4 %	10.5 %
China	50	140	350	810	22.9 %	20.1 %	18.3 %
Japan	570	840	740	905	8.1 %	-2.5 %	4.1 %
Other Asia/Pacific	495	775	1305	2235	9.4 %	11.0 %	11.4 %
Africa/Mideast	150	240	265	400	9.9 %	2.0 %	8.6 %

Source: The Freedonia Group

Service Participants

Most large participants in the security service industry provide a range of secondary services. Offering a complete package of security services allows firms to differentiate themselves from other companies in the industry, which can be difficult for more basic services such as guarding. Among major market leaders:

- ADT, Johnson Controls, Stanley Black and Decker, and United Technologies offer systems integration services as a complement to alarm monitoring.
- G4S provides a particularly wide range of additional services, including security consulting and systems integration.
- Allied Universal, Prosegur, Securitas AB, and Sohgo Security Services all offer security consulting services.

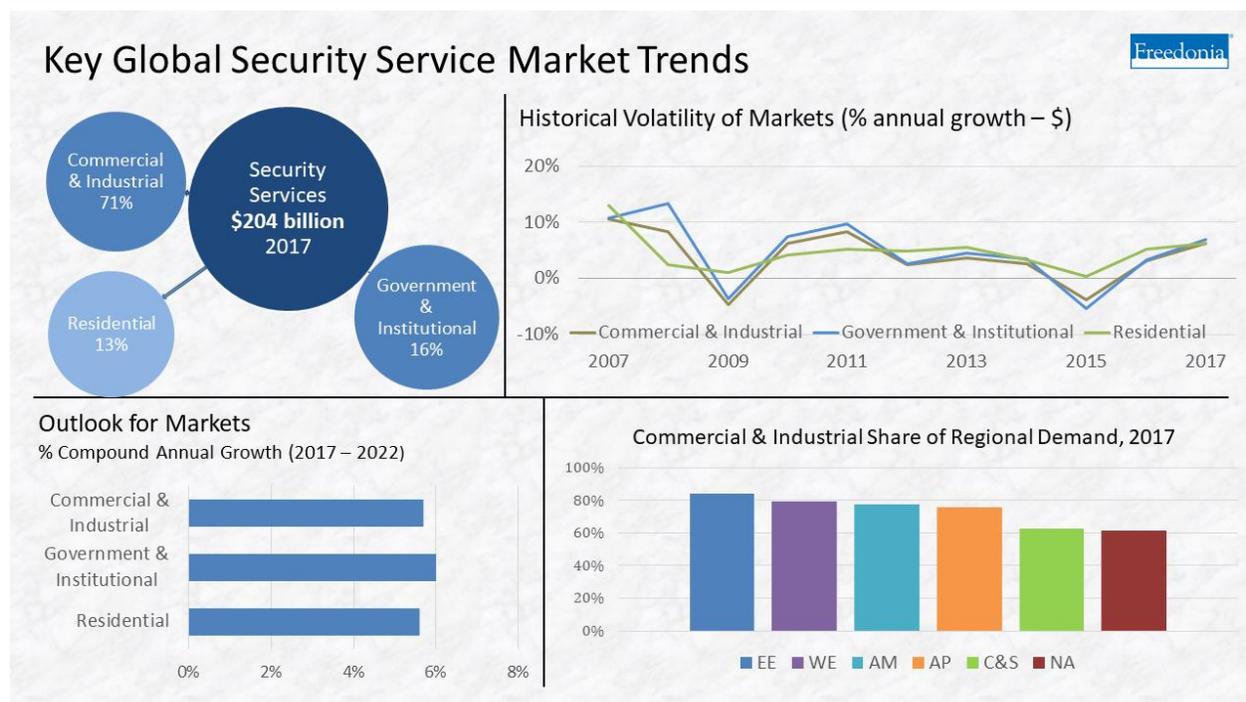
Chapter 4

MARKETS

Key Findings

- Growth in the commercial and industrial market will be driven by increased nonresidential building construction activity in developing countries.
- Increased outsourcing of public security functions will supply opportunities for private providers in the government and institutional market.
- Revenue growth in the residential market will be fueled by increased penetration of household alarm monitoring services.

Figure 4-1 | Key Global Security Service Market Trends



Source: The Freedonia Group

Revenue by Market

Scope

All segments of the global economy use security services to some extent. Security service demand can be divided into three major markets – commercial and industrial, government and institutional, and residential:

- The commercial and industrial market encompasses most for-profit enterprises, including banks and other financial service providers, as well as companies in the agricultural, construction, manufacturing, and mining sectors.
- The government and institutional market includes healthcare establishments, libraries, government buildings, public and private museums, and schools.
- The residential market encompasses single and multiunit housing and private individuals.

Security demand varies, often extensively, across markets and is influenced by factors like:

- real and perceived exposure to potential loss
- the level of expected losses
- the nature of activities
- the use of alternative security products and services
- the size of the organization and its available resources

Revenue by Market Forecast

The commercial and industrial market is forecast to account for 71% of global security service revenue growth through 2022, reflecting the massive and diverse demand base in this market. Gains will be driven by increasing urbanization and industrialization in developing nations.

Growth in government and institutional security service spending will be fueled by increased outsourcing of public security duties and continued concern about crime and

MARKETS

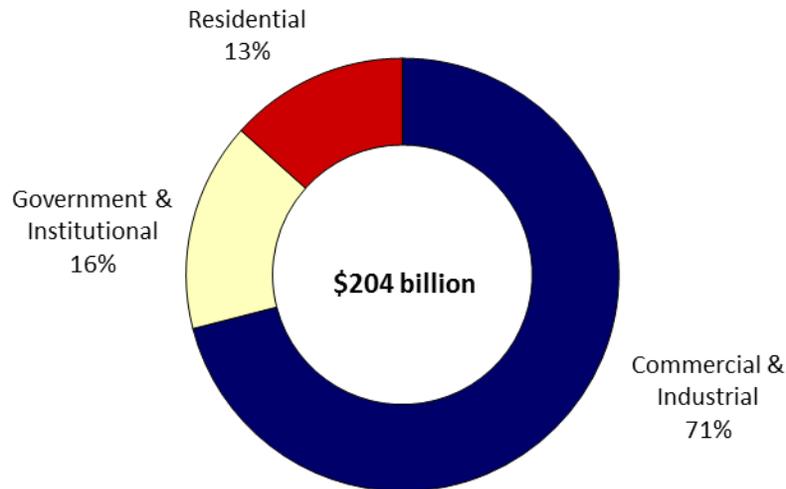
terrorism worldwide. The residential market is expected to post the fastest growth in most developed countries as electronic monitoring equipment becomes more common, but this market will remain under-penetrated in developing nations.

Table 4-1 | Global Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
Commercial & Industrial	105800	128900	144450	190900	4.0 %	2.3 %	5.7 %
Government & Institutional	21280	28150	31800	42450	5.8 %	2.5 %	5.9 %
Residential	18720	22250	27250	35950	3.5 %	4.1 %	5.7 %

Source: The Freedonia Group

Figure 4-2 | Global Security Service Revenue Share by Market, 2017 (billion dollars)



Source: The Freedonia Group

Commercial & Industrial

Market Overview

Major users of security services in this market segment include:

- air transportation firms
- casinos
- financial institutions
- lodging facilities
- manufacturing establishments
- offices
- retail establishments

Commercial and industrial firms make intensive use of all major types of security services, reflecting the large amounts of property, personnel, information, and other valuable assets at risk of loss on a routine and ongoing basis. It is common for firms to employ multiple layers of security, as most individual security services can be viewed as complementary components of a complete security package.

Revenue Forecast

Global commercial and industrial security service revenues are forecast to rise 5.7% per year to \$191 billion in 2022. Growth in nonresidential building construction will expand the market base, particularly in developing countries such as China and India. Revenue gains will be boosted by:

- newer buildings in these countries – particularly those inhabited by multinational firms – making intensive use of technologically advanced security systems
- particularly strong potential for secondary services such as security consulting and systems integration
- the increasing technological complexity of security systems used by commercial firms requiring greater use of highly trained guards

MARKETS

Table 4-2 | Global Commercial & Industrial Security Service Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% commercial & industrial	72.6	71.9	71.0	70.9	-0.2 %	-0.3 %	0.0 %
Global Commercial & Industrial Market	<u>105800</u>	<u>128900</u>	<u>144450</u>	<u>190900</u>	4.0 %	2.3 %	5.7 %
North America:	32390	38140	41640	47460	3.3 %	1.8 %	2.7 %
United States	27620	32570	36810	41760	3.4 %	2.5 %	2.6 %
Canada & Mexico	4770	5570	4830	5700	3.1 %	-2.8 %	3.4 %
Central & South America	9230	12370	9570	12160	6.0 %	-5.0 %	4.9 %
Western Europe	32520	30480	30220	33940	-1.3 %	-0.2 %	2.3 %
Eastern Europe	5760	5645	4955	6045	-0.4 %	-2.6 %	4.1 %
Asia/Pacific:	17825	30540	45370	73640	11.4 %	8.2 %	10.2 %
China	1615	4615	11405	24075	23.4 %	19.8 %	16.1 %
Japan	6925	10480	9020	10300	8.6 %	-3.0 %	2.7 %
Other Asia/Pacific	9285	15445	24945	39265	10.7 %	10.1 %	9.5 %
Africa/Mideast	8075	11725	12695	17655	7.7 %	1.6 %	6.8 %

Source: The Freedonia Group

Government & Institutional

Market Overview

The primary applications for security services in the government and institutional market include general purpose tasks such as monitoring facilities, controlling building access, and ensuring that contraband is not brought into facilities. In addition, the government market in particular encompasses numerous entities involved in highly sensitive activities, including border control authorities. Heightened security consciousness has impacted many types of institutions as well, especially schools and hospitals, following a number of well publicized incidents of violence.

Several factors contribute a level of volatility to the government market:

- Use of private security providers in public security roles is politically sensitive, with varying degrees of government comfort.
- Government spending priorities fluctuate.
- The size and scope of public security forces impacts the available opportunities for private firms.
- Major tourism-boosting events such as the Olympics and the World Cup can have an impact on short-term security outlays.

Revenue Forecast

Global security service revenues in the government and institutional market are projected to rise 5.9% per year to \$42.5 billion in 2022. Growth will be strongest in developing countries, where improved regulation and greater standards of professionalization will boost public trust in private security providers, thus increasing government comfort in outsourcing.

The pace of gains will be slower in developed nations, where outsourcing of public security functions is already common. In addition, the 2015-2017 period was marked by heightened security concerns in Europe, due to the combination of a spike in terrorism and the European migrant crisis. Both of these issues decreased in severity in 2018, and security concerns in Europe are expected to be somewhat lower in 2022.

MARKETS

Table 4-3 | Global Government & Institutional Security Service Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% government & institutional	14.6	15.7	15.6	15.8	1.5 %	-0.1 %	0.3 %
Global Government & Institutional Market	<u>21280</u>	<u>28150</u>	<u>31800</u>	<u>42450</u>	5.8 %	2.5 %	5.9 %
North America:	6710	7950	9000	10600	3.4 %	2.5 %	3.3 %
United States	6070	7200	8320	9790	3.5 %	2.9 %	3.3 %
Canada & Mexico	640	750	680	810	3.2 %	-1.9 %	3.6 %
Central & South America	4280	6170	4825	5930	7.6 %	-4.8 %	4.2 %
Western Europe	4330	4630	4820	5560	1.3 %	0.8 %	2.9 %
Eastern Europe	640	735	635	760	2.8 %	-2.9 %	3.7 %
Asia/Pacific:	3835	6450	10050	16080	11.0 %	9.3 %	9.9 %
China	265	840	2015	4210	26.0 %	19.1 %	15.9 %
Japan	1045	1515	1380	1565	7.7 %	-1.8 %	2.5 %
Other Asia/Pacific	2525	4095	6655	10305	10.2 %	10.2 %	9.1 %
Africa/Mideast	1485	2215	2470	3520	8.3 %	2.2 %	7.3 %

Source: The Freedonia Group

Residential

Market Overview

Use of security services in the residential market is impacted by the risk of crime and consumer income levels, two factors which carry an inverse relationship. As a result, this market tends to be substantial in urban areas with high income inequality, which contain sufficiently large wealthy populations living in close proximity to low-income populations.

Alarm monitoring services comprise the bulk of residential market revenues, particularly in developed countries where labor costs are high. However, use of manned security by wealthy populations is significant in developing countries with low-labor costs. In addition, less stable countries that deal with organized crime or armed militant groups tend to have greater risk of kidnapping and similar crimes, further boosting the value of personal guards relative to alarm monitoring services.

Revenue Forecast

Global residential security service revenues are forecast to grow 5.7% per year to \$36.0 billion in 2022. In contrast to the commercial and government markets, developed countries will account for the largest share of gains. Growth will be driven by increased penetration of household equipment offering electronic monitoring abilities:

- To an extent, the increasing capabilities of self-monitoring systems integrated with smartphones or tablet computers will provide intensifying competition for outside alarm monitoring providers.
- However, purchase of home monitoring equipment will offer a gateway to later purchase of professional alarm monitoring services, especially as users realize the value of outside monitoring providers in providing security during vacations and other busy periods.

In developing nations, rapid growth in the size of the middle- and upper-class populations will contribute to greater use of residential security services. Increased urbanization and income inequality will also boost the desirability of home security. However, market penetration will remain limited and basic low-value services will retain the majority of revenues.

Table 4-4 | Global Residential Security Service Revenue by Region, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% residential	12.8	12.4	13.4	13.3	-0.6 %	1.6 %	-0.1 %
Global Residential Market	<u>18720</u>	<u>22250</u>	<u>27250</u>	<u>35950</u>	3.5 %	4.1 %	5.7 %
North America:	12010	13720	17150	21190	2.7 %	4.6 %	4.3 %
United States	11360	13000	16520	20450	2.7 %	4.9 %	4.4 %
Canada & Mexico	650	720	630	740	2.1 %	-2.6 %	3.3 %
Central & South America	950	1010	845	1210	1.2 %	-3.5 %	7.4 %
Western Europe	2780	2740	2970	3650	-0.3 %	1.6 %	4.2 %
Eastern Europe	260	290	290	395	2.2 %	0.0 %	6.4 %
Asia/Pacific:	2020	3460	4720	7530	11.4 %	6.4 %	9.8 %
China	65	110	330	815	11.1 %	24.6 %	19.8 %
Japan	720	1200	1080	1285	10.8 %	-2.1 %	3.5 %
Other Asia/Pacific	1235	2150	3310	5430	11.7 %	9.0 %	10.4 %
Africa/Mideast	700	1030	1275	1975	8.0 %	4.4 %	9.1 %

Source: The Freedonia Group

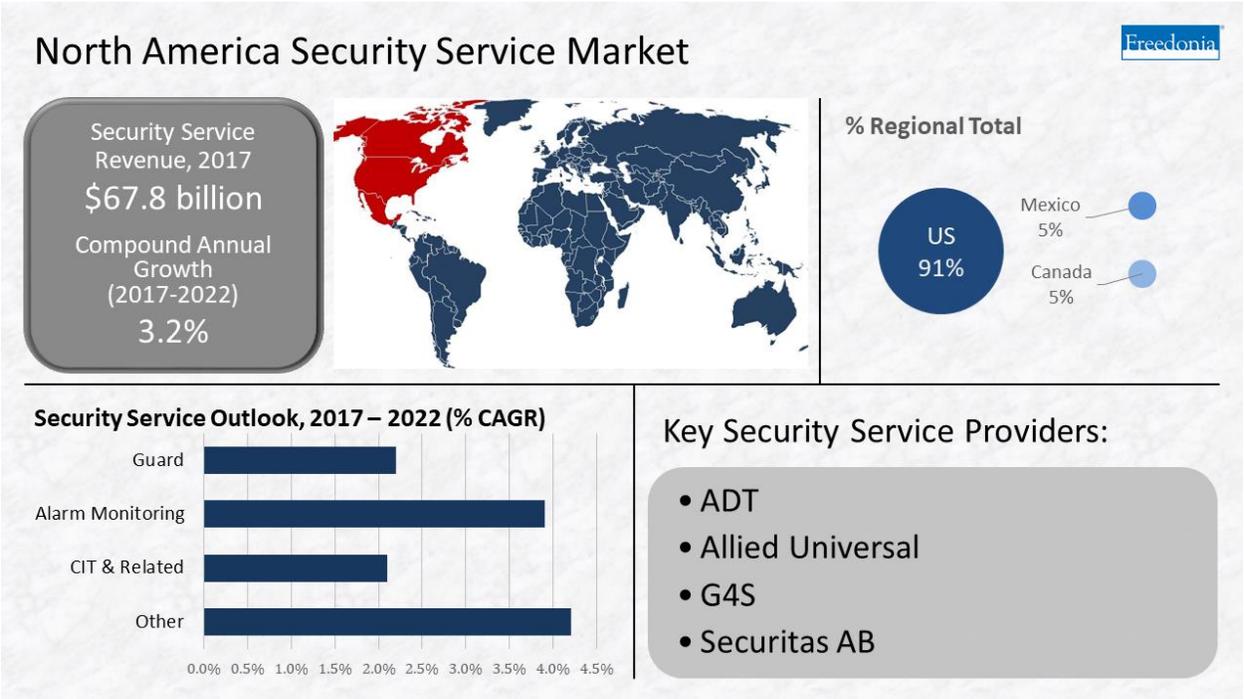
Chapter 5

NORTH AMERICA

North America: Key Findings

- The US will remain by far the world’s largest market for security services through 2022, with growth in alarm monitoring and other high-value segments boosting revenues.
- The large number of unregistered security guards active in Mexico will continue to compete with and restrain growth for the formal security industry.
- Canada’s market is mature, but growth in video monitoring and the development of the recreational cannabis industry will provide opportunities.

Figure 5-1 | North America: Security Service Market



Source: The Freedonia Group

North America: Security Service Overview

The security service market in North America totaled \$67.8 billion in 2017, accounting for 33% of the global total. Revenues are driven by the US market, which is by far the largest of any national market worldwide. Due to the widespread penetration of high-value security services, revenues relative to GDP and urban population size are the highest of any world region.

Security risks in North America vary significantly by nation:

- In the US and Canada, high urbanization rates, significant accumulated wealth, and income inequality contribute to concerns about property crime. Highly-publicized terrorist incidents also create some security concerns in both countries, but for the most part security spending is driven by the desire to prevent basic crime.
- Mexico has serious issues with organized crime, and public safety forces often fail to provide adequate security. As a result, a greater portion of security spending is motivated by protecting personal safety against crimes such as kidnapping.

Figure 5-2 | North America: Security Service Market Key Indicators, 2017

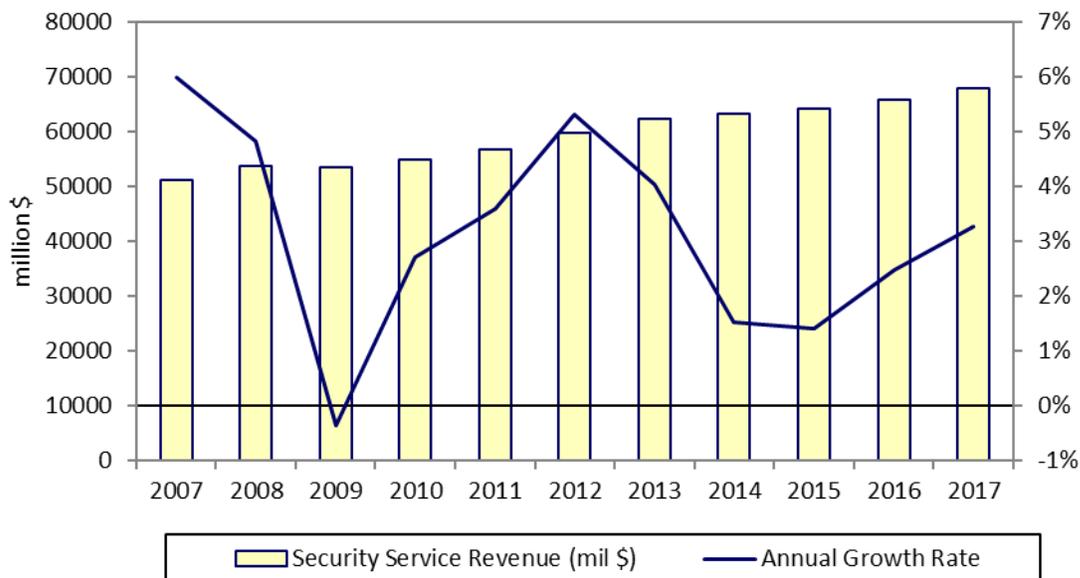


Source: The Freedonia Group

North America: Security Service Historical Trends

With the exception of a slight downturn during the 2009 global recession, the security service market in North America grew at a moderate rate for most of the 2007-2017 period. Revenue growth in the US and Canada was constrained by market maturity, although the US managed to post a solid performance by the standards of developed nations, with increased penetration of high-value services driving gains. The Mexican market was somewhat more volatile, although increased professionalization of the underdeveloped Mexican security service industry allowed for growth.

Figure 5-3 | North America: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

North America: Security Service Forecast by Type & Market

Security service revenues in North America are forecast to rise 3.2% per year to \$79.3 billion in 2022, trailing global average growth. Market maturity will continue to constrain the pace of gains, although the massive size of the regional market means that growth will be substantial in absolute terms.

The following trends can be observed in the traditional security service segments:

- Although smaller than the guard services segment, alarm monitoring will account for a greater share of gains, fueled by increased penetration of high-value services in the commercial market and the broadening residential market base.
- While the guard service segment is relatively mature, the increasing complexity of security systems will boost demand for highly trained guards, supporting value gains to some extent.
- Growth in the cash-in-transit and related services segment will likewise trail the average, restrained by greater penetration of electronic payment methods.

Particularly strong gains are expected for supporting services such as systems integration and security consulting, which will benefit from the increasingly tech-intensive nature of the industry. Industry leaders will continue to focus their efforts on gaining market share in these segments, as they offer greater potential for quality differentiation than guard services and the other traditional core activities of the security service industry.

NORTH AMERICA

Table 5-1 | North America: Security Service Revenue by Type & Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% North America	35.1	33.4	33.3	29.4	-1.0 %	-0.1 %	-2.5 %
Security Service Revenue	<u>51110</u>	<u>59810</u>	<u>67790</u>	<u>79250</u>	3.2 %	2.5 %	3.2 %
By Type:							
Guard	22265	27185	28705	32070	4.1 %	1.1 %	2.2 %
Alarm Monitoring	15160	16870	20690	25030	2.2 %	4.2 %	3.9 %
Cash-in-Transit & Related Services	3145	3445	3660	4060	1.8 %	1.2 %	2.1 %
Other Security Services	10540	12310	14735	18090	3.2 %	3.7 %	4.2 %
Systems Integration	2560	2755	3455	4405	1.5 %	4.6 %	5.0 %
All Other Security Services	7980	9555	11280	13685	3.7 %	3.4 %	3.9 %
By Market:							
Commercial & Industrial	32390	38140	41640	47460	3.3 %	1.8 %	2.7 %
Government & Institutional	6710	7950	9000	10600	3.4 %	2.5 %	3.3 %
Residential	12010	13720	17150	21190	2.7 %	4.6 %	4.3 %
000\$ revenue/employee	38.9	42.4	39.0	41.5	1.7 %	-1.7 %	1.3 %
Security Service Employment (000)	1315	1410	1740	1910	1.4 %	4.3 %	1.9 %

Source: The Freedonia Group

North America: Security Service Revenue by Country

Security service market trends in North America will continue to be driven by the massive US market, which will account for 90% of revenue growth through 2022. However, this will largely be due to the US market's sheer size, as average annual growth will be below average by global standards.

Like in the US, the maturity of the Canadian market will limit the pace of gains. The Mexican market holds greater long-term growth potential, although advances through 2022 will not be particularly fast in comparison to other developing countries. Mexico's government has had difficulty enforcing licensing and registration in the industry, and there remains a massive number of unregistered and unlicensed security providers, which undercuts revenues for the formal industry.

Table 5-2 | North America: Security Service Revenue by Country, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>51110</u>	<u>59810</u>	<u>67790</u>	<u>79250</u>	3.2 %	2.5 %	3.2 %
US	45050	52770	61650	72000	3.2 %	3.2 %	3.2 %
Mexico	2745	3595	3090	3740	5.5 %	-3.0 %	3.9 %
Canada	3315	3445	3050	3510	0.8 %	-2.4 %	2.8 %

Source: The Freedonia Group

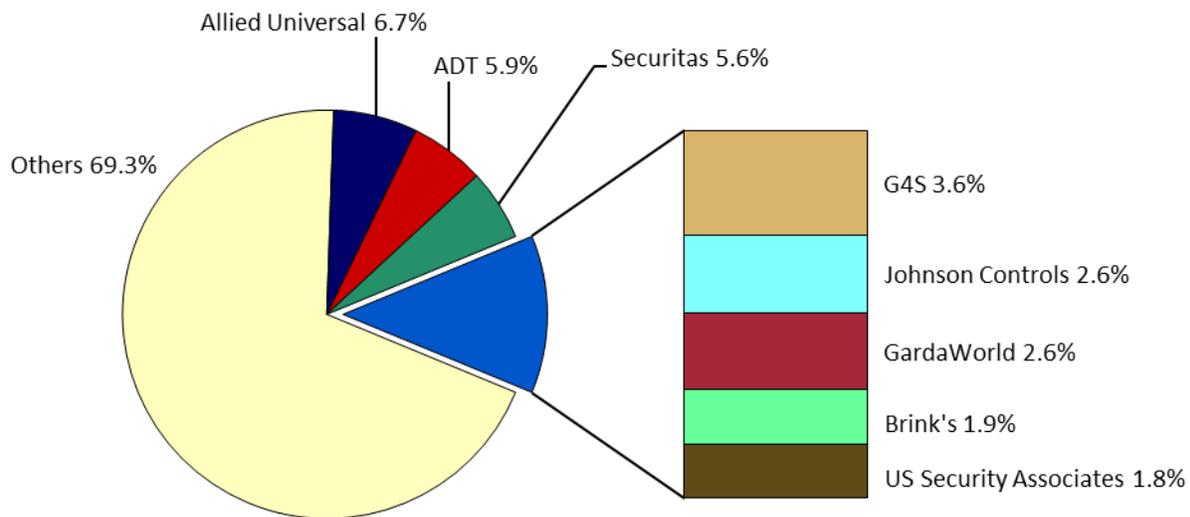
North America: Market Share

While the North American security services industry includes thousands of firms, the market is significantly less fragmented than the global average. Several of the world’s largest security service providers are headquartered in the region, and most of the leading European firms have a presence in North America as well. The local industry consolidated somewhat in 2017 and 2018, as market leaders made several acquisitions of smaller firms specializing in high-value services, particularly systems integration.

In 2017, the largest provider of security services to the North American market was Allied Universal, with a market share of 6.7% on revenues of \$4.5 billion. The company’s regional market share is set to increase with the acquisition of US Security Associates, which is expected to be finalized by the end of 2018.

Other leading providers of security services to the North American market include ADT, Securitas AB, G4S, Johnson Controls, GardaWorld, and Brink’s.

Figure 5-4 | North America: Security Service Market Share, 2017 (billion dollars)



Market Size: \$67.8 Billion

Source: The Freedonia Group

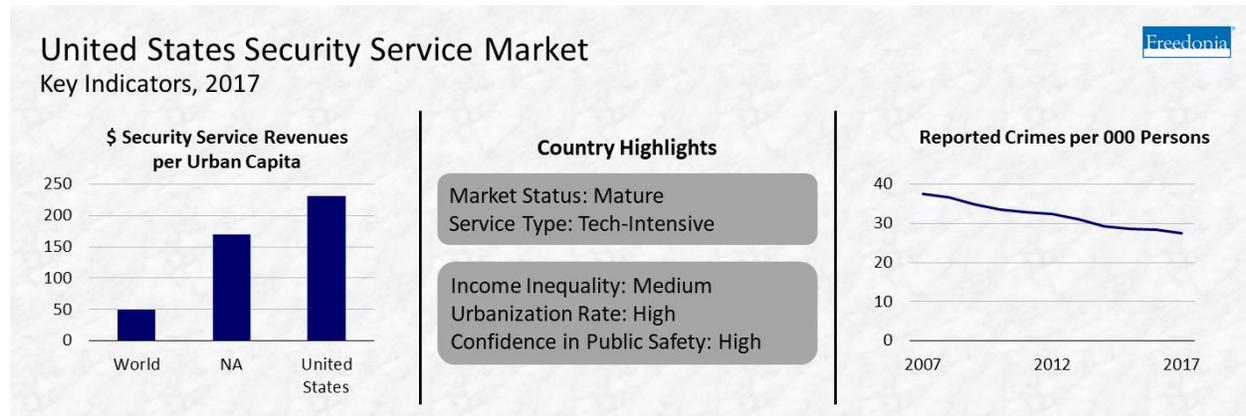
United States

United States: Security Service Overview

Security service revenues in the US totaled \$61.7 billion in 2017, accounting for 91% of the North American total and making the country by far the largest national market worldwide. The US is a very intensive user of security services, with revenues relative to urban population size second-highest in the world behind Israel. High wealth levels contribute to significant security outlays, and widespread penetration of advanced technology supports demand for high-value services.

Like many developed countries, the reported crime rate in the US is fairly high, reflecting a high urbanization rate and effective security and justice forces that contribute to a low rate of unreported crime. The long-term trend for most of recent history has been a decline in crime rates. Still, significant concerns about property crime remain, and highly publicized terrorist attacks and other mass-casualty incidents contribute to a widespread recognition of the value of security services.

Figure 5-5 | United States: Security Service Market Key Indicators, 2017



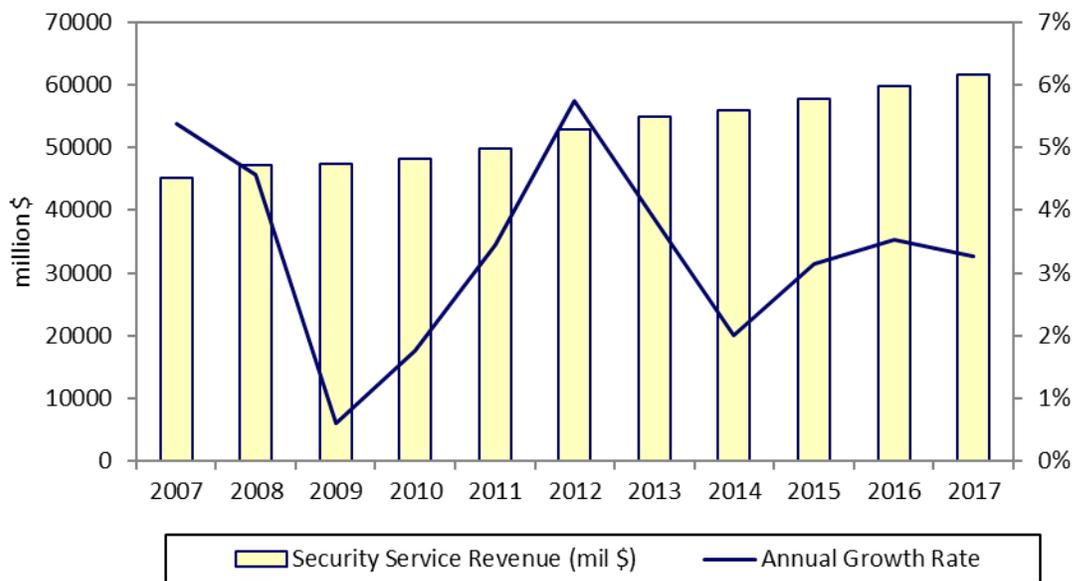
Source: The Freedonia Group

United States: Security Service Historical Trends

The security service market in the US rose at a moderate rate during the 2007-2017 period, with annual growth typically in the 2-5% range. While growth slowed somewhat during the 2007-2009 recession, the security service market avoided a contraction, in part due to the fact that security is viewed as an essential expense by many commercial users. This insulates revenues against downturns, while the high level of market saturation places a ceiling on year-to-year growth.

Revenue growth has also been driven by the increasing technological sophistication of the US security service industry. Providers increasingly emphasize high-value services encompassing a complete security service package, including risk assessment, systems design and maintenance, and the provision of skilled guards trained for a customer’s specific needs. This has allowed providers to compensate for market maturity in more established security segments and boosted the average value of security contracts.

Figure 5-6 | United States: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

United States: Security Service Forecast by Type

Security service revenues in the US are forecast to increase 3.2% per year to \$72.0 billion in 2022, trailing the global average growth rate. While market maturity will limit the pace of gains, the massive size of the US market means that the total increase in revenues will be the second largest in the world behind China. Perceptions of rising crime risk following highly publicized mass-shooting incidents will contribute to increased security outlays. The growth of the cannabis industry will also provide opportunities, particularly for providers of cash-related services.

More technologically intensive segments of the security service industry will post the fastest growth, with alarm monitoring accounting for the largest share of gains through 2022:

- Revenues will be boosted by greater use of high-value offerings such as video monitoring, particularly in nonresidential markets.
- Greater penetration of the residential market is also likely, with the expanding size of the elderly population boosting a key market segment.

Growing penetration of video monitoring systems and other electronic security systems will increase revenues for security consultants and systems integrators. Commercial customers are increasingly aware of the value of designing complete security solutions specially tailored to their particular needs, a process which often requires the integration of multiple security systems with other building management systems.

Revenue growth will be somewhat slower in more labor-intensive segments, although the large size of the guarding segment means that it will still be a major contributor to gains. The increased adoption of labor-saving electronic security systems will produce downward pressure on security guard employment, although it will also boost demand for highly trained guards with specialized skills.

Advances in the cash-in-transit and related services segment will be limited by the maturity of traditional armored transport services, which are declining in use as electronic payment methods become more widespread. Some opportunities will come from:

NORTH AMERICA

- the expansion of the cannabis industry, which is highly cash-based due to continued criminalization at the federal level
- providers increasingly emphasizing ancillary services such as ATM management

Table 5-3 | United States: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
North America Security Service Revenue	51110	59810	67790	79250	3.2 %	2.5 %	3.2 %
% US	88.1	88.2	90.9	90.9	0.0 %	0.6 %	0.0 %
Security Service Revenue	<u>45050</u>	<u>52770</u>	<u>61650</u>	<u>72000</u>	3.2 %	3.2 %	3.2 %
Guard	18795	23040	25100	27800	4.2 %	1.7 %	2.1 %
Alarm Monitoring	13810	15395	19400	23500	2.2 %	4.7 %	3.9 %
Cash-in-Transit & Related Services	2605	2790	3090	3400	1.4 %	2.1 %	1.9 %
Other Security Services	9840	11545	14060	17300	3.2 %	4.0 %	4.2 %
Systems Integration	2330	2515	3240	4135	1.5 %	5.2 %	5.0 %
All Other Security Services	7510	9030	10820	13165	3.8 %	3.7 %	4.0 %
000\$ revenue/employee	50.9	63.2	56.6	60.5	4.4 %	-2.2 %	1.3 %
Security Service Employment (000)	885	835	1090	1190	-1.2 %	5.5 %	1.8 %

Source: The Freedonia Group

United States: Security Service Forecast by Market

The commercial and industrial security service market in the US is highly saturated, and growth through 2022 will be below average. However, this market will still account for the largest share of gains. Growth will be driven by:

- increased nonresidential building construction expanding the market base
- significant penetration of high-value tech-intensive security services

Revenue growth in the government and institutional market will benefit from the possibility of increased outsourcing of security functions, particularly in the aviation segment. However, this issue tends to be politically charged and thus subject to a high degree of uncertainty. Increased security expenditures in educational facilities will also

contribute to growth, as highly publicized mass shootings have greatly increased concern about security at schools.

While penetration of the residential security market in the US is already very high, this market is expected to grow at the fastest rate through 2022. Alarm monitoring services will account for the vast majority of market gains, boosted by trends such as:

- increased bundling of monitoring services by telecommunications providers
- growth in the elderly population, which makes intensive use of fire and personal health monitoring services in addition to crime-related alarm monitoring
- greater penetration of electronic household monitoring systems associated with the Internet of Things (IoT)

This last factor will also have a constraining influence on demand, as the greater prevalence of smartphones and tablet computers is making self-monitoring systems more viable.

However, self-monitoring equipment will also serve as a gateway to the purchase of outside monitoring services, with providers increasingly offering part-time monitoring packages that can be activated during vacations and other busy periods.

Table 5-4 | United States: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	45050	52770	61650	72000	3.2 %	3.2 %	3.2 %
Commercial & Industrial	27620	32570	36810	41760	3.4 %	2.5 %	2.6 %
Government & Institutional	6070	7200	8320	9790	3.5 %	2.9 %	3.3 %
Residential	11360	13000	16520	20450	2.7 %	4.9 %	4.4 %

Source: The Freedonia Group

United States: Security Service Providers

Although certain segments are led by a few large multibillion dollar international concerns, the US contract security services market is highly fragmented and supports a number of smaller players through a wide variety of service, end use, and geographic niche marketing opportunities. In general, participation is broad and the industry remains fairly localized, with thousands of firms offering private security services. The vast majority of these firms are small, privately held entities that provide a limited range of services to a small geographic service area and generate annual sales of less than \$5 million.

Table 5-5 | United States: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
ADT	US	Alarm monitoring
APX Group (Vivint)	US	Alarm monitoring
Akal Security	US	Guard, security consulting
Allied Universal	US	Guard, alarm monitoring, security consulting
Brinks Home Security	US	Alarm monitoring
Brink's	US	Cash-in-transit & related services
Convergint Technologies	US	Systems integration
Day & Zimmermann (SOC)	US	Guard, security consulting
GardaWorld	Canada	Cash-in-transit & related services, guard
Grupo EULEN	Spain	Guard
G4S	UK	Guard, alarm monitoring, security consulting, systems integration
Johnson Controls	Ireland	Alarm monitoring, systems integration
Loomis	Sweden	Cash-in-transit & related services
Securitas AB	Sweden	Guard, security consulting, alarm monitoring
Siemens	Germany	Alarm monitoring, systems integration
Stanley Black & Decker	US	Alarm monitoring, systems integration
United Technologies	US	Alarm monitoring
US Security Associates	US	Guard, security consulting

Source: The Freedonia Group

Mexico

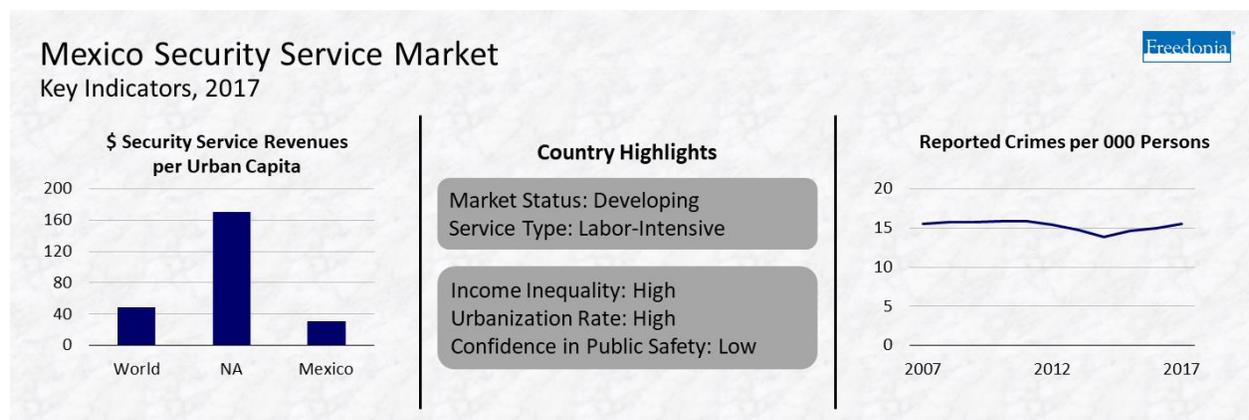
Mexico: Security Service Overview

Security service revenues in Mexico totaled \$3.1 billion in 2017, accounting for 5% of the North American total. Revenues relative to GDP and urban population size are well below regional averages, reflecting limited penetration of higher-value services. In addition, ineffective regulation means that there is a large number of unregistered guard companies, with estimates of the share of unregistered groups reaching as high as 80%. Not only do many of these illegally operating groups offer inferior service (adversely impacting public perceptions of the overall private security industry), but their lower wages place downward pressure on pricing for licensed security companies, restraining the value of the market.

While the reported crime rate in Mexico is low, this is mainly due to very weak trust in public security and justice organizations, resulting in many crimes going unreported:

- Mexico is widely perceived as a country with a serious crime problem, with particularly severe issues with organized crime.
- The drug trade has led to the emergence of violent, well-armed criminal organizations, which are unchecked by public security forces and operate with impunity in many parts of the country.
- As a result, concerns about security are common and demand for related services is high.

Figure 5-7 | Mexico: Security Service Market Key Indicators, 2017



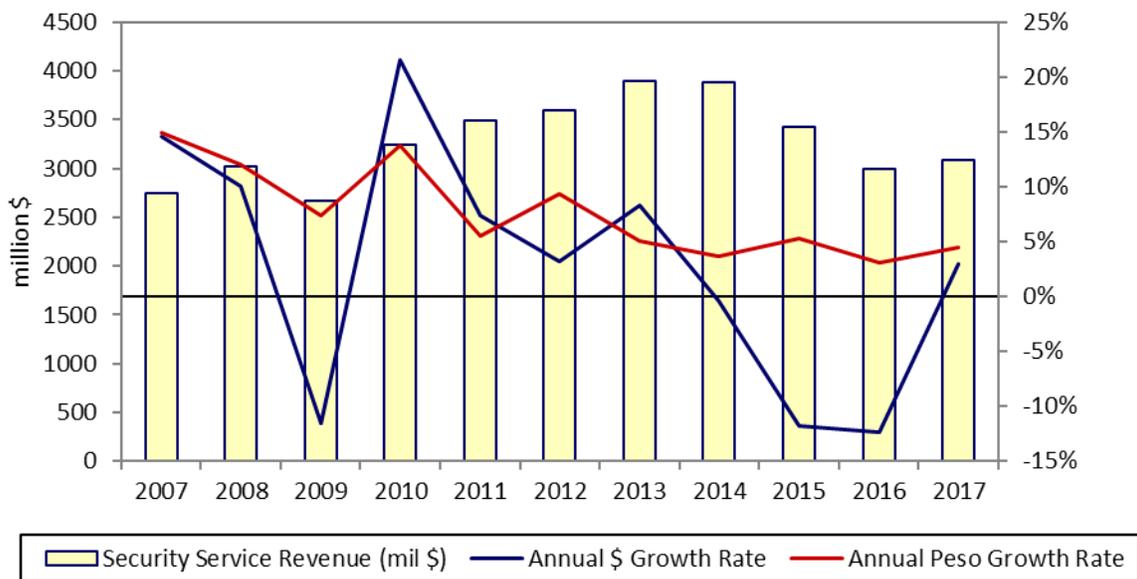
Source: The Freedonia Group

Mexico: Security Service Historical Trends

Measured in peso and employment terms, the Mexican security service industry expanded rapidly between 2007 and 2017, as the development of the country’s economy allowed for gains. In addition, urbanization rates increased, driving greater security concerns in cities. Revenues in the formal industry were also boosted by efforts to improve public trust by increasing professionalism and encouraging registration. For example, the National Council of Private Security (Consejo Nacional de Seguridad Privada, or CNSP) is an industry association that only allows registered companies that demonstrate minimal quality standards to join its group. It also lobbies the government for higher standards and improved enforcement of license requirements.

Market performance in US dollar terms was sluggish over the 2007-2017 period, but this was largely due to currency fluctuations. In particular, sharp declines in the value of the peso contributed to market reductions in 2009 and 2015.

Figure 5-8 | Mexico: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Mexico: Security Service Forecast by Type

Security service revenues in Mexico are projected to rise 3.9% per year to \$3.7 billion in 2022, trailing the global average. Advances in building construction activity will expand the market base, and efforts to improve professionalism will continue to provide a boost to revenues. However, providers will still face stiff competition from low-cost unregistered firms.

Guard services will account for the largest share of revenue growth due to:

- a lack of confidence in public security officials
- concerns over property crimes
- the threat of kidnappings by Mexico's large organized crime networks

Alarm monitoring revenues will advance at an above average rate through 2022, fueled by both increased penetration of basic monitoring services in the residential market and greater use of complex, high-value monitoring systems by commercial users. However, segment revenues will continue to be limited by a lack of trust in public security forces, as slow response times mean that on-site security is preferred among those who can afford it.

Growth prospects for other segments are mixed:

- While the high threat of highway robbery will continue to support demand for cash-in-transit services, concerns regarding corruption and the inability of industry participants to provide adequate protection will work to limit gains.
- Revenues for security consulting and systems integration providers will post strong growth, albeit from a small base, as the use of technologically advanced security services expands.

Table 5-6 | Mexico: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
North America Security Service Revenue	51110	59810	67790	79250	3.2 %	2.5 %	3.2 %
% Mexico	5.4	6.0	4.6	4.7	2.1 %	-5.2 %	0.4 %
Security Service Revenue	<u>2745</u>	<u>3595</u>	<u>3090</u>	<u>3740</u>	5.5 %	-3.0 %	3.9 %
Guard	2110	2740	2350	2840	5.4 %	-3.0 %	3.9 %
Alarm Monitoring	270	385	345	430	7.4 %	-2.2 %	4.5 %
Cash-in-Transit & Related Services	215	270	225	260	4.7 %	-3.6 %	2.9 %
Other Security Services	150	200	170	210	5.9 %	-3.2 %	4.3 %
000\$ revenue/employee	8.4	7.6	5.7	6.2	-2.0 %	-5.6 %	1.7 %
Security Service Employment (000)	325	470	540	600	7.7 %	2.8 %	2.1 %
Security Service Revenue (bil pesos)	30.0	47.3	58.5	70.8	9.5 %	4.3 %	3.9 %

Source: The Freedonia Group

Mexico: Security Service Forecast by Market

Commercial and industrial end users will continue to dominate the private security service market in Mexico, accounting for 81% of revenue growth through 2022. Revenue growth will be boosted by the increasing presence of international businesses, which are more likely than native firms to invest heavily in security services. The security service industry is also impacted by the presence of significant black and gray markets, which have a mixed impact on revenues. While black market firms tend to rely on cash transactions, which significantly increases the need for cash protection, such firms are also more likely to hire unregistered guard companies.

Government and institutional security services spending in Mexico is supported by the intense focus by government entities on reducing drug violence. However, outsourcing of public security functions has been limited by:

- low trust in the private security industry
- the Mexican government’s strategy of militarization for dealing with rising violence, which largely excludes private security providers. For example, in

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December 2017 the government enacted the controversial Internal Security Law, which expanded the power of the armed forces to participate in domestic security operations.

The residential segment is the smallest market for private security services in Mexico and will remain under-penetrated through 2022. However, high income inequality and concerns about both property crime and kidnapping encourage significant use of security services among the wealthy population. While use of private security services will remain outside the reach of most of the population, an expanding wealthy population will support revenue growth.

Table 5-7 | Mexico: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>2745</u>	<u>3595</u>	<u>3090</u>	<u>3740</u>	5.5 %	-3.0 %	3.9 %
Commercial & Industrial	2280	2995	2555	3080	5.6 %	-3.1 %	3.8 %
Government & Institutional	295	375	335	410	4.9 %	-2.2 %	4.1 %
Residential	170	225	200	250	5.8 %	-2.3 %	4.6 %

Source: The Freedonia Group

Mexico: Security Service Providers

While ineffective regulation makes the industry difficult to track, it is estimated that there are around 10,000 private security providers in Mexico, 80% of which operate outside of the formal industry. The unlicensed industry includes a variety of organizations:

- small operations that believe they cannot afford the costs associated with registration and licensure (e.g., license fees, taxes, and the cost of training employees and running background checks on them)
- moonlighting police officers
- security operations protecting organized crime or drug groups

The downward price pressure created by unlicensed operators limits the attractiveness of participation in Mexico's guard service market to foreign firms, although several multinational companies do provide these services in the country. Foreign firms have a more significant presence in the alarm monitoring and cash-in-transit segments.

Table 5-8 | Mexico: Key Security Service Providers

Company	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Grupo EULEN	Spain	Guard, systems integration, security consulting
Grupo Multisistemas de Seguridad Industrial	Mexico	Guard, alarm monitoring
Johnson Controls	Ireland	Alarm monitoring
Organización de Seguridad Privada	Mexico	Guard, security consulting
Prosegur	Spain	Cash-in-transit & related services, guard, security consulting
Securitas AB	Sweden	Guard, security consulting
Servicios Privados de Seguridad	Mexico	Guard, cash-in-transit & related services

Source: The Freedonia Group

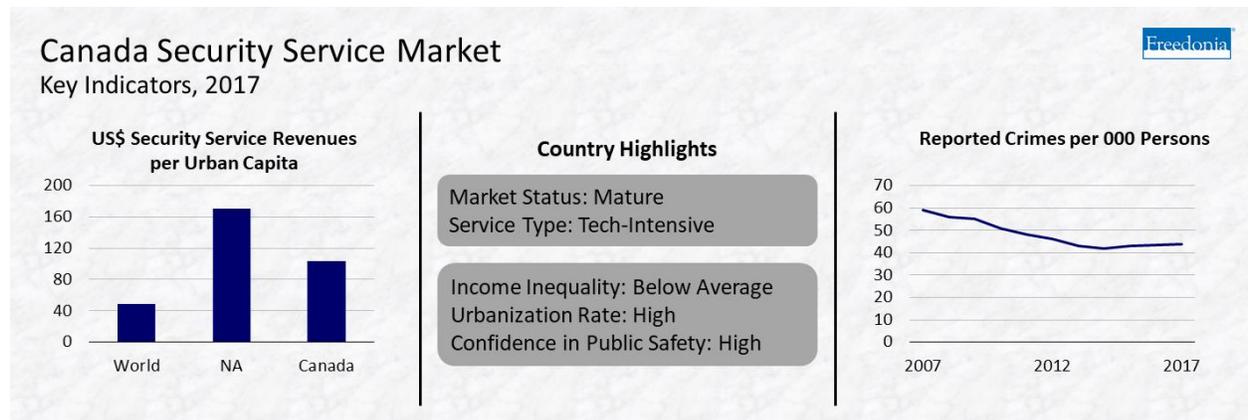
Canada

Canada: Security Service Overview

Security service revenues in Canada totaled US\$3.1 billion in 2017, accounting for 5% of the North American total. The size of Canada’s security service market relative to the urban population is well above the global average, in large part due to a highly developed economy that makes extensive use of value-added services alongside basic guard services.

Like many developed countries, Canada’s high rate of reported crimes is mainly a reflection of a highly functional legal system and strong public trust in local law enforcement services, which results in a low rate of unreported crime. Trust in public security contributes to Canada’s reputation as a generally safe country, which limits demand for private security services to an extent. However, a high urbanization rate and significant wealth levels do contribute to concern about property crimes, which supports spending on services intended to combat burglary, shoplifting, and other theft-related crime.

Figure 5-9 | Canada: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

Canada: Security Service Historical Trends

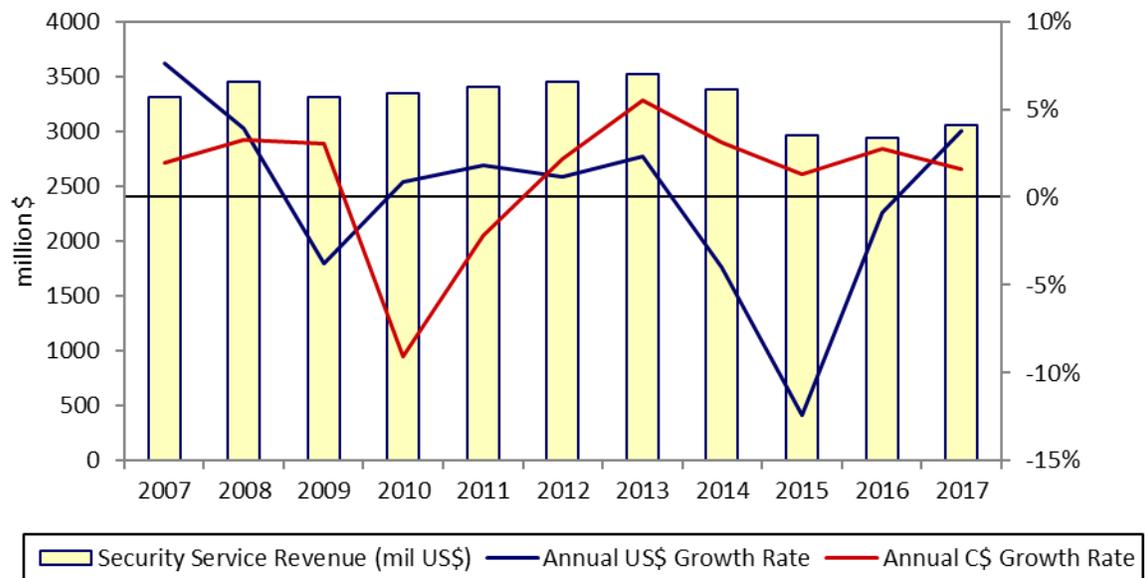
The market for security services in Canada is mature. Since 2007, growth in local currency terms only exceeded 5% in 2013. The impact of the 2009 recession led to an elevated unemployment rate for several years, limiting available funds for security services, particularly in the residential market. Crime rates during this period continued to fall in spite of the increased size of the unemployed population, negating a potential boost to commercial interest in security services.

Like many Western countries, Canada has seen increased concern about both Islamic and anti-Muslim terrorism since 2014. Several fatal incidents have occurred during this period, most notably the January 2017 Quebec City mosque shooting. Significant media coverage of such incidents has raised awareness of the value of private security at religious and civic institutions.

Although the industry continued to advance from 2012 to 2017 as the Canadian economy improved, currency fluctuations led to some distortion, making the value of the Canadian security services market decline in US dollar terms over that period:

- This issue was most prominent in 2015, when it led to a market value reduction of over 10% in US dollar terms even as demand in local currency continued to grow, albeit at a decelerated pace.
- However, in 2017 the Canadian dollar gained some ground against the US dollar, and revenues in US dollar terms increased again.

Figure 5-10 | Canada: Security Service Revenue, 2007 – 2017 (million US dollars)



Source: The Freedonia Group

Canada: Security Service Forecast by Type

The market for security services in Canada is forecast to rise 2.8% per year to US\$3.5 billion in 2022, trailing global average growth.

The Canadian security services market is relatively mature and well-established, but with ongoing security needs. Opportunities exist in:

- value-added monitoring services such as the use of remote video monitoring and the use of video and/or voice verification to confirm an alarm event
- central station alarm monitoring companies partnering with cable companies and other home service providers to bundle security with other types of common services
- the expansion of the newly legal cannabis industry

While guard services will account for the largest share of growth in Canada, this segment represents a below average share of the security services market by global standards. High labor costs encourage investment in electronic equipment and related services in place of

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basic manned security. However, opportunities exist for providers offering highly trained guards who are capable of operating increasingly complex security systems.

The market for value-added alarm monitoring services will be further boosted by increased regulations requiring verification for alarms. For example, in September 2018 the city of Toronto officially implemented a policy requiring verification prior to any police response to burglar alarms.

Canada legalized cannabis for recreational use effective October 2018. Cannabis will remain heavily regulated, and growth in this industry will create opportunities for providers of guard, alarm monitoring, and cash-related services. However, in contrast to the US, cannabis-related businesses in Canada will have full access to financial institutions, and the industry is not expected to be as heavily reliant on cash-in-transit and related security services.

Table 5-9 | Canada: Security Service Revenue by Type, 2007 – 2022 (million US dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
North America Security Service Revenue	51110	59810	67790	79250	3.2 %	2.5 %	3.2 %
% Canada	6.5	5.8	4.5	4.4	-2.3 %	-4.9 %	-0.4 %
Security Service Revenue	<u>3315</u>	<u>3445</u>	<u>3050</u>	<u>3510</u>	0.8 %	-2.4 %	2.8 %
Guard	1360	1405	1255	1430	0.7 %	-2.2 %	2.6 %
Alarm Monitoring	1080	1090	945	1100	0.2 %	-2.8 %	3.1 %
Cash-in-Transit & Related Services	325	385	345	400	3.4 %	-2.2 %	3.0 %
Other Security Services	550	565	505	580	0.5 %	-2.2 %	2.8 %
000US\$ revenue/employee	31.6	32.8	27.7	29.3	0.7 %	-3.3 %	1.1 %
Security Service Employment (000)	105	105	110	120	0.0 %	0.9 %	1.8 %
Security Service Revenue (mil C\$)	3560	3440	3960	4560	-0.7 %	2.9 %	2.9 %

Source: The Freedonia Group

Canada: Security Service Forecast by Market

The commercial and industrial market will continue to account for the largest share of security service revenues in Canada, comprising 75% of the total in 2022. Opportunities in this market exist in:

- the expanding market base as construction activity in new nonresidential buildings increases
- video monitoring as commercial customers increasingly invest in remote video monitoring and other higher value technology-driven services

The government and institutional market's growth will be driven by increased outsourcing, as a growing number of jurisdictions in Canada rely on security contractors to fulfill non-core police duties.

Growth in Canada's residential market for security services will be boosted by increased consumer spending levels. Limiting faster gains will be:

- sluggish population growth
- the relatively modest security needs of most households
- increasing competition from self-monitored products using smart technology

However, when self-monitored products are viewed as an entry level security step, growth opportunities arise in educating those consumers about the value of third party monitoring services and convincing them to upgrade.

Table 5-10 | Canada: Security Service Revenue by Market, 2007 – 2022 (million US dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>3315</u>	<u>3445</u>	<u>3050</u>	<u>3510</u>	0.8 %	-2.4 %	2.8 %
Commercial & Industrial	2490	2575	2275	2620	0.7 %	-2.4 %	2.9 %
Government & Institutional	345	375	345	400	1.7 %	-1.7 %	3.0 %
Residential	480	495	430	490	0.6 %	-2.8 %	2.6 %

Source: The Freedonia Group

Canada: Security Service Providers

Approximately 2,000 companies are active in Canada's private security services industry. Most of the participants are small firms operating on a local or regional basis and providing a limited range of services. Major providers of guard services include the GardaWorld, Paladin Security, and the Canadian Corps of Commissionaires, all of which are based in Canada. Commissionaires – a nonprofit corporation with a mission to offer employment for former military or police personnel – is exempted from competitive bidding processes and has the right of first refusal on all security guard contracts for federal requirements across Canada.

Key providers of alarm monitoring services include ADT, BCE, Stanley Black & Decker, and TELUS. BCE and TELUS both expanded their market presence in 2018, when BCE acquired AlarmForce. Subsequently, BCE sold AlarmForce's operations in western Canada to TELUS, while retaining control of the business in the eastern half of the country. Brink's and GardaWorld are the largest providers of armored transport and related cash services in Canada.

NORTH AMERICA

Table 5-11 | Canada: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
ADT	US	Alarm monitoring
Allied Universal	US	Guard
BCE (AlarmForce)	Canada	Alarm monitoring
Brink's	US	Cash-in-transit & related services
Commissionaires	Canada	Guard, pre-employment screening, non-core policing
GardaWorld	Canada	Guard, cash-in-transit & related services
G4S	UK	Guard, security consulting, systems integration
ICTS Europe (ASP Security Services)	France	Guard
Johnson Controls	Ireland	Alarm monitoring
Paladin Security	Canada	Guard, systems integration, security consulting
Securitas AB	Sweden	Guard
Stanley Black & Decker (Sonitrol, Stanley CSS)	US	Alarm Monitoring
TELUS	Canada	Alarm monitoring
TFI International	Canada	Secure logistics
United Technologies (Chubb Edwards)	US	Alarm monitoring

Source: The Freedonia Group

Chapter 6

CENTRAL & SOUTH AMERICA

Central & South America: Key Findings

- An improved economic environment will support a stronger performance for security service revenues relative to the 2012-2017 period, but the pace of growth will trail that in other developing regions.
- Growth will be driven by basic labor-intensive guarding services, with technology-intensive services representing a small portion of the market.
- Significant concerns about crime will boost revenues in the commercial and residential markets, but growth in the government market will be restrained by austerity measures in Brazil, which is by far the largest national market.

Figure 6-1 | Central & South America: Security Service Market



Source: The Freedonia Group

Central & South America: Security Service Overview

Security service revenue in Central and South America totaled \$15.2 billion in 2017, accounting for 8% of the global total. Brazil is by far the largest national market in the region, followed by countries such as Argentina, Chile, Colombia, and Peru. Use of high-value, technology-assisted security services in the region is low, reflecting general economic underdevelopment. However, revenues as a share of GDP are above the global average, as concerns about crime rates fuel widespread demand for manned guard services.

Several factors contribute to high crime rates in Central and South American countries:

- high urbanization rates and dense cities
- high levels of economic inequality
- the historical prevalence of organized crime, particularly drug cartels

Trust in public security forces is also low in many countries, with both corruption and general ineffectiveness representing areas of concern. As a result, reliable private security services are particularly valued.

Figure 6-2 | Central & South America: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

Central & South America: Security Service Historical Trends

The market for security services in Central and South America grew rapidly between 2007 and 2011, as Brazil and many other countries experienced strong economic development. The 2009 global recession and financial crisis did contribute to a brief downturn, but these losses were quickly recovered in subsequent years.

Since 2012, the market performance has been much weaker, as several major countries in the region suffered from recessions, high inflation, and political turmoil:

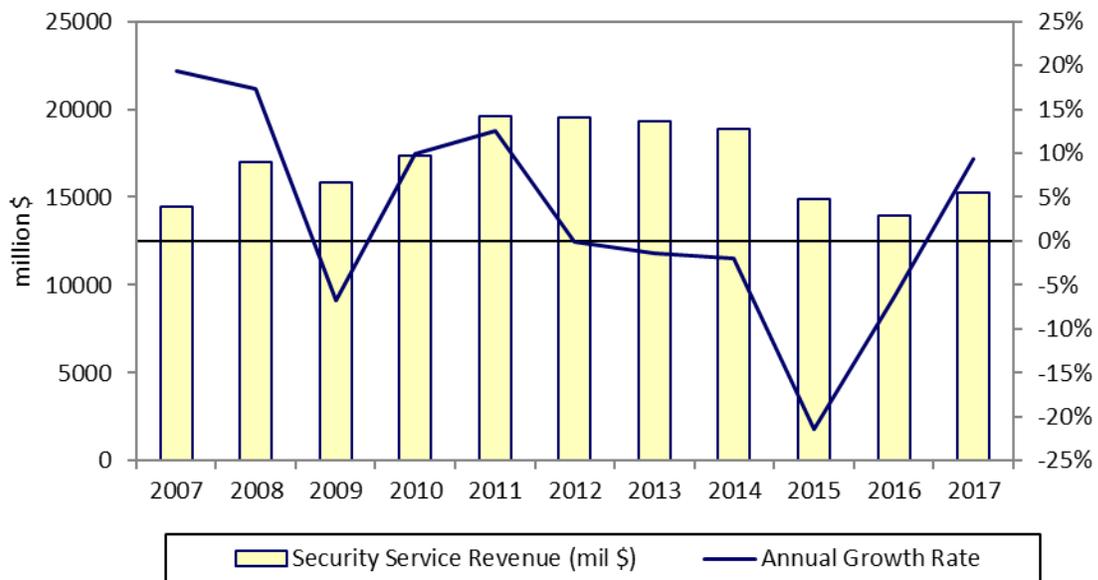
- Brazil experienced two years of recession in 2015 and 2016.
- Venezuela underwent a near-total economic collapse.

Poor market performance was exacerbated by falling currency valuations, which reduced the market size in US dollar terms, particularly in 2015. Revenues in dollar terms began to recover in 2017, but remained well below the 2011 peak.

In spite of the generally weak economic environment, the Central and South American security service industry expanded in employment terms between 2012 and 2017. This was partly attributable to the 2016 Olympics in Brazil, which delivered a short-term boost to the industry. The region's high level of economic and political turmoil also contributed to a spike in crime rates, boosting the desirability of private security services among those with the funds to afford them.

CENTRAL & SOUTH AMERICA

Figure 6-3 | Central & South America: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Central & South America: Security Service Forecast by Type & Market

Security service revenues in Central and South America are projected to rise 4.8% per year to \$19.3 billion in 2022, improving on the 2012-2017 performance as economic conditions improve somewhat. The pace of gains will trail the global average, but will be stronger than those in the world's larger developed markets.

Guard services will continue to comprise the majority of the security services in Central and South America, accounting for 75% of revenue growth between 2017 and 2022:

- Low labor costs will remain a boon for providers of guard services, while use of more complex technology-intensive services will be restrained by limitations in funds and technical expertise.
- Increased standards of professionalization will supply opportunities for guard service providers to differentiate themselves and market greater value-added services.

Relative to the size of the alarm monitoring segment, the cash-in-transit and related services segment is fairly large by global standards. The prevalence of organized crime creates a market for highly secure and effective armored transport services. However, providers must contend with well-organized and well-armed criminal organizations, which can be an issue even for world-class firms. Notably, in April 2017 a Prosegur office in Paraguay was robbed by a team of over 50 heavily armed intruders, with the company suffering losses in excess of \$8.0 million.

The commercial and institutional market for security services in Central and South America will account for the majority of growth through 2022, as rising economic activity and a greater number of facilities such as banks and shopping centers will boost the market base. Advances in the government and institutional market will trail the average, in part due to austerity measures restricting government spending in Brazil. The underdeveloped residential market will grow rapidly, as rising personal incomes will allow a greater number of individuals to afford private security services.

CENTRAL & SOUTH AMERICA

Table 6-1 | Central & South America: Security Service Revenue by Type & Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% Central & South America	9.9	10.9	7.5	7.2	1.9 %	-7.2 %	-0.8 %
Security Service Revenue	<u>14460</u>	<u>19550</u>	<u>15240</u>	<u>19300</u>	6.2 %	-4.9 %	4.8 %
By Type:							
Guard	10400	14140	11145	14200	6.3 %	-4.6 %	5.0 %
Alarm Monitoring	1355	1975	1535	1925	7.8 %	-4.9 %	4.6 %
Cash-in-Transit & Related Services	1845	2225	1685	2075	3.8 %	-5.4 %	4.3 %
Other Security Services	860	1210	875	1100	7.1 %	-6.3 %	4.7 %
Systems Integration	230	320	255	340	6.8 %	-4.4 %	5.9 %
All Other Security Services	630	890	620	760	7.2 %	-7.0 %	4.2 %
By Market:							
Commercial & Industrial	9230	12370	9570	12160	6.0 %	-5.0 %	4.9 %
Government & Institutional	4280	6170	4825	5930	7.6 %	-4.8 %	4.2 %
Residential	950	1010	845	1210	1.2 %	-3.5 %	7.4 %
000\$ revenue/employee	16.6	16.6	9.4	9.8	0.0 %	-10.8 %	0.8 %
Security Service Employment (000)	870	1180	1620	1960	6.3 %	6.5 %	3.9 %

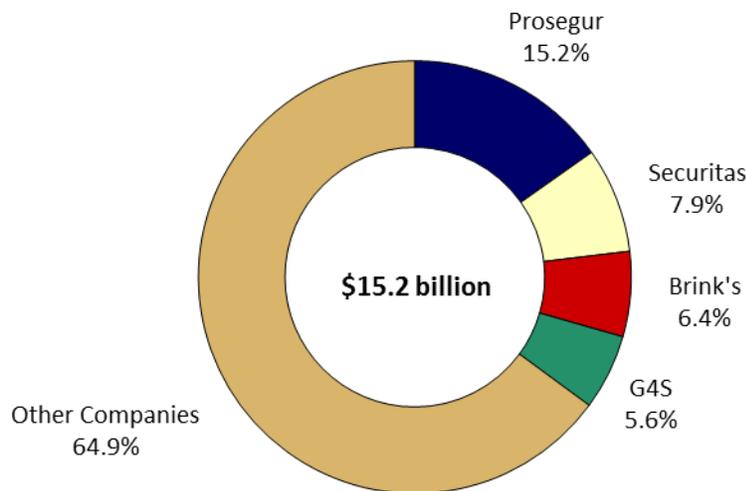
Source: The Freedonia Group

Central & South America: Market Share

Prosegur was the largest provider of security services to the Central and South American market in 2017, with a market share of 15.2% on revenues of \$2.3 billion. The company provides guard, alarm monitoring, and cash-in-transit and related services in 12 regional countries. While Prosegur is headquartered in Spain, Central and South America has been a major area of expansion, and revenues from the region now exceed those from Western Europe and account for the majority of the company’s income.

Other leading providers of security services in Central and South American countries include Securitas AB, Brink’s, and G4S. Brink’s and G4S both have particularly expansive regional networks, serving a variety of small Caribbean markets in addition to the region’s larger countries.

Figure 6-4 | Central & South America: Security Service Market Share, 2017 (billion dollars)



Source: The Freedonia Group

Brazil

Brazil: Security Service Overview

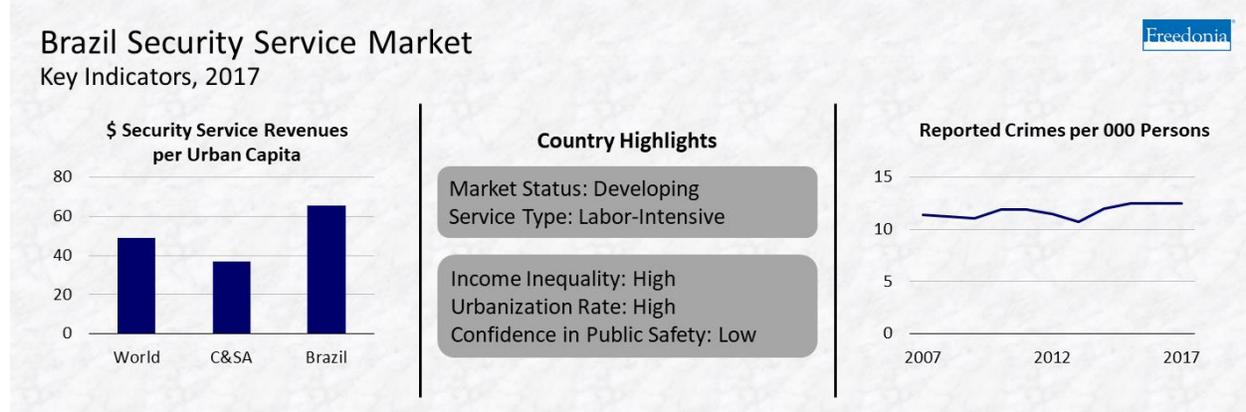
Security service revenues in Brazil totaled \$11.8 billion in 2017, accounting for 77% of the Central and South American total. Brazil's large population and high urbanization rate provide a sizable demand base for these services. Measured against its urban population size, Brazil's security service market is larger than the global average but smaller than that in most developed countries. Labor-intensive services such as guarding and armored transport account for the bulk of the market, while more technology-intensive value-added services constitute a smaller share of revenue.

The market for private security services in Brazil is boosted by widespread concern about crime and distrust in public security forces. While reporting issues limit the reliability of crime statistics in Brazil, criminal activity is clearly a serious problem, especially in densely populated areas such as Rio de Janeiro and São Paulo. Of particular concern are:

- violent crime
- kidnappings, with business executives and other wealthy individuals the primary targets
- drug trafficking
- highway cargo theft
- organized crime

In general, criminal activity in Brazil has been fueled by widespread poverty, a broadening income gap, and ineffective policing, among other factors.

Figure 6-5 | Brazil: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

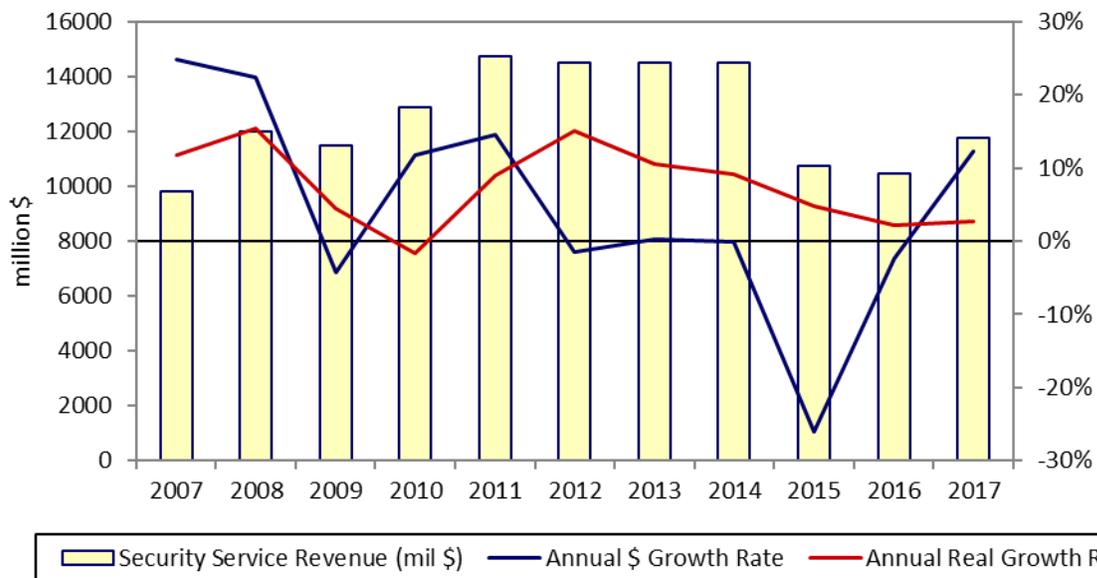
Brazil: Security Service Historical Trends

The private security service market in Brazil has grown as the country’s economy has expanded, and the size of the industry in employment and local currency terms increased significantly between 2007 and 2017. Growth was strongest during the 2007-2012 period, when – with the exception of a brief downturn during the 2009 global recession – economic activity expanded rapidly throughout the country.

Brazil’s economic performance weakened during the 2012-2017 period, with two straight years of recession occurring in 2015 and 2016. However, preparations for the 2016 Rio de Janeiro Olympics allowed the security services industry to weather this downturn to an extent, with strong increases in employment numbers during these years. In 2017, Brazil’s economy returned to growth, but the conclusion of the Olympics limited year-over-year gains for security services.

Currency fluctuations have had a severe impact on the value of Brazil’s security service market in US dollar terms, as the value of the Brazilian real declined in five consecutive years after a high point in 2011. In particular, the value of the real relative to the dollar fell by nearly 30% in 2015, leading to a major reduction in the market size in dollar terms. However, in 2017 the real’s value increased for the first time in six years, boosting revenues in US dollar terms.

Figure 6-6 | Brazil: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Brazil: Security Service Forecast by Type

The market for security services in Brazil is projected to rise 4.7% per year to \$14.8 billion in 2022, trailing average growth rates for developing countries. Growth in real terms will slow relative to that of the 2012-2017 period, when increased spending related to the 2016 Olympics provided a short term boost to revenues. Although Brazil began to recover from its 2015-2016 recession in 2017, the country remains in an environment of political and economic instability.

Guard services will account for the bulk of growth in the Brazilian security service market, accounting for 80% of total gains between 2017 and 2022. Growth will be supported by rising professionalism and regulation within the guarding industry, which will work to increase both trust in private providers as well as revenues due to higher wage costs. Even with these price increases, the use of guards will remain considerably less expensive than installing advanced security systems, supporting their continued prevalence across numerous market segments.

Alarm monitoring services will continue to comprise a below average share of revenues in 2022, reflecting:

- relatively strong competition from low-cost manned guarding services
- skepticism about the effectiveness of public security services limits demand for these services – slow official response times significantly limit the utility of alarms in preventing theft, and local customers typically prefer the crime discouragement offered by an on-site security presence

Growth in the market for cash-in-transit and related services in Brazil will be driven by the country’s expanding network of ATMs, supporting demand for cash handling and ATM maintenance services. The market for other private security services – such as security consulting and private investigation – is small relative to the market for more basic, commodity-type services. However, revenues in these segments will grow as economic development allows for greater spending on value-added services.

Table 6-2 | Brazil: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
C&S America Security Service Revenue	14460	19550	15240	19300	6.2 %	-4.9 %	4.8 %
% Brazil	67.8	74.1	77.2	76.5	1.8 %	0.8 %	-0.2 %
Security Service Revenue	<u>9810</u>	<u>14480</u>	<u>11760</u>	<u>14770</u>	8.1 %	-4.1 %	4.7 %
Guard	7550	11000	9010	11420	7.8 %	-3.9 %	4.9 %
Alarm Monitoring	760	1300	1060	1280	11.3 %	-4.0 %	3.8 %
Cash-in-Transit & Related Services	1030	1380	1100	1330	6.0 %	-4.4 %	3.9 %
Other Security Services	470	800	590	740	11.2 %	-5.9 %	4.6 %
000\$ revenue/employee	18.7	20.7	12.3	12.8	2.1 %	-9.9 %	0.8 %
Security Service Employment (000)	525	700	960	1150	5.9 %	6.5 %	3.7 %
Security Service Revenue (bil real)	19.1	28.3	37.5	47.1	8.2 %	5.8 %	4.7 %

Source: The Freedonia Group

Brazil: Security Service Forecast by Market

The government and institutional market for security services is particularly large in Brazil, accounting for 38% of the total in 2017 compared to a global average of 16%. This is due in large part to the practice of state and local governments hiring private security for low level operations to supplement the insufficient staffing of public safety officials.

The government and institutional market is forecast to advance at a below average rate through 2022, constrained by a 20-year public spending cap enacted in December 2016. While the spending cap is deeply unpopular and the results of the 2018 general elections have significantly altered Brazil's political environment, the cap was enacted as a constitutional amendment and will be difficult to overturn.

The commercial and industrial market will account for the largest portion of growth through 2022, due to:

- a somewhat stronger economic environment
- a rebound in nonresidential building construction activity that expands the market base
- improving standards of professionalization
- increased penetration of technology-assisted services

The residential market for security services in Brazil is underdeveloped, reflecting low consumer spending levels. However, a high level of income inequality and concerns about crime contribute to significant usage of security services among the upper classes. In addition to services meant to combat property crimes, wealthier individuals also employ security guards to protect against kidnapping attempts. Continued inequality and political instability will contribute to increased spending in the residential market as the size of the upper- and middle-class populations grows.

Table 6-3 | Brazil: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>9810</u>	<u>14480</u>	<u>11760</u>	<u>14770</u>	8.1 %	-4.1 %	4.7 %
Commercial & Industrial	5290	8110	6655	8375	8.9 %	-3.9 %	4.7 %
Government & Institutional	3845	5605	4435	5420	7.8 %	-4.6 %	4.1 %
Residential	675	765	670	975	2.5 %	-2.6 %	7.8 %

Source: The Freedonia Group

Brazil: Security Service Providers

More than 2,200 licensed service providers operate in Brazil's private security services market. Guard services are mainly provided by domestic firms, while foreign participation in the industry is more significant in the cash-in-transit segment.

Brazilian security service providers must also compete with a large number of independent guards and security firms that operate illegally without a license. When the Federal Police becomes aware of these companies, it shuts them down; however, with limited time and resources directed at enforcement, illegal operators remain numerous. The industry supports efforts to license security operators and provide greater oversight, in the hope that these efforts will help professionalize the industry (e.g., through better training and background checks), thereby garnering greater trust among the Brazilian public and boosting the market.

CENTRAL & SOUTH AMERICA

Table 6-4 | Brazil: Key Security Service Providers

Company	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Grupo Protege	Brazil	Cash-in-transit & related services
Gocil Segurança e Serviços	Brazil	Guard, alarm monitoring, systems integration
Grupo Graber	Brazil	Guard, alarm monitoring
Grupo Sudeste	Brazil	Guard
Grupo Verzani & Sandrini	Brazil	Guard, secure logistics
G4S	UK	Guard, security consulting
Johnson Controls	Ireland	Alarm monitoring
Prosegur	Spain	Cash-in-transit & related services
Verisure	Switzerland	Alarm monitoring

Source: The Freedonia Group

Other Central & South America

Other Central & South America: Security Service Overview

Security service revenues in other Central and South American countries totaled \$3.5 billion in 2017, accounting for 23% of the region’s revenues. Economic underdevelopment throughout the subregion limits security service spending, and revenues relative to GDP were below the global average. However, the subregion does have a high urbanization rate, and population density combined with income inequality contributes to significant concern about crime.

The largest national markets for security services in the other Central and South America subregion include Argentina, Chile, Colombia, Peru, and Venezuela. Several countries in the area – notably Colombia – have histories of instability caused by conflicts with armed insurgents, which fuel security concerns beyond those associated with simple property crime.

Figure 6-7 | Other Central & South America: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

Other Central & South America: Security Service Historical Trends

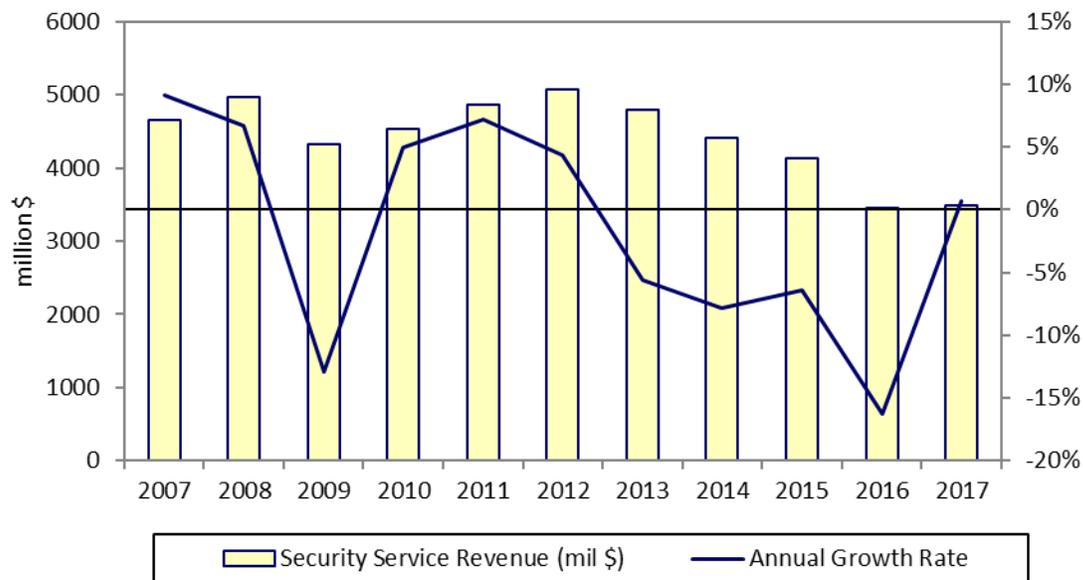
From 2007 to 2012, economic development contributed to rising security service spending throughout the other Central and South America subregion, although the impact of the 2009 global recession did produce a brief downturn. Beginning in 2013, the market environment weakened severely, with several countries facing economic and political crises.

Argentina – the subregion’s largest economy – has struggled with high levels of inflation for some time, but this issue became increasingly severe beginning in 2014, with annual inflation peaking at around 40% during a recession in 2016. Over the 2012-2017 period, the value of the Argentine peso relative to the US dollar fell by around 75%, severely reducing the market size in US dollar terms.

Venezuela’s struggles were even more severe, with the country entering a period of crisis and economic collapse. This crisis has been accompanied by a spike in crime rates, leading to high demand for private security services among Venezuela’s wealthy classes. However, the country has also undergone hyperinflation, and the value of the security services in US dollar terms shrank between 2012 and 2017.

Difficult economic conditions in Argentina, Brazil, and Venezuela had consequences for many other Central and South American countries, but economic development did allow for growth in the size of the security services industry in terms of employment. However, most of this employment growth consists of low-wage guards, and the increased size of the industry has not been substantial enough to prevent market losses in value terms.

Figure 6-8 | Other Central & South America: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Other Central & South America: Security Service Forecast by Type

The market for security services in other Central and South American countries is forecast to rise 5.4% per year to \$4.5 billion in 2022. While several countries in the subregion continue to face political and economic difficulties, the market environment is still expected to improve relative to that of the 2012-2017 period.

Guard services will remain the largest share of the market, accounting for 61% of revenue gains through 2022. The market for guarding services benefits from:

- the generally low labor costs in the subregion's countries, making private guards a relatively affordable supplemental security option
- efforts to increase regulation and professionalism, which will increase trust in private guards and provide a boost to wages of better trained guards

However, security guard providers will continue to face competition from in-house guard forces, which can be more closely monitored.

CENTRAL & SOUTH AMERICA

The relatively high cost of electronic equipment compared to labor limits the use of alarm monitoring in the other Central and South America subregion. However, falling costs for electronic security systems will contribute to increased penetration of this equipment, and revenues for alarm monitoring services are forecast to increase at an above average rate. The rising prevalence of ATMs will likewise boost revenues for cash management providers servicing these machines.

Table 6-5 | Other Central & South America: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
C&S America Security Service Revenue	14460	19550	15240	19300	6.2 %	-4.9 %	4.8 %
% other Central & South America	32.2	25.9	22.8	23.5	-4.3 %	-2.5 %	0.6 %
Security Service Revenue	<u>4650</u>	<u>5070</u>	<u>3480</u>	<u>4530</u>	1.7 %	-7.2 %	5.4 %
Guard	2850	3140	2135	2780	2.0 %	-7.4 %	5.4 %
Alarm Monitoring	595	675	475	645	2.6 %	-6.8 %	6.3 %
Cash-in-Transit & Related Services	815	845	585	745	0.7 %	-7.1 %	5.0 %
Other Security Services	390	410	285	360	1.0 %	-7.0 %	4.8 %
000\$ revenue/employee	13.5	10.6	5.3	5.6	-4.7 %	-12.9 %	1.1 %
Security Service Employment (000)	345	480	660	810	6.8 %	6.6 %	4.2 %

Source: The Freedonia Group

Other Central & South America: Security Service Forecast by Market

The commercial and industrial market accounts for the majority of security service revenues in the other Central and South America subregion, comprising 84% of the total in 2017. Major business markets in the area include:

- financial services
- oil and gas production and refining
- casinos
- hotels
- resorts
- large, modern malls, particularly those near large cities and in duty-free zones

CENTRAL & SOUTH AMERICA

Concern about property crime in urban areas will remain high, and expanding economic activity throughout the subregion will boost demand for security services among commercial clients.

The government and institutional market will grow as lower level security operations are outsourced in order to minimize costs and meet tight budgets. However, the low standards of professionalism among local firms will discourage further outsourcing of public security activities.

The residential market for security services in the other Central and South America subregion is underdeveloped, as most of the population lacks the resources to afford these services. However, concerns about crime do support significant usage of security services by wealthier segments of the population. Residential spending on security services will increase as:

- income inequality and dense urbanization continue to fuel high crime rates
- the number of wealthy and middle-class customers expands throughout the subregion

Table 6-6 | Other Central & South America: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>4650</u>	<u>5070</u>	<u>3480</u>	<u>4530</u>	1.7 %	-7.2 %	5.4 %
Commercial & Industrial	3940	4260	2915	3785	1.6 %	-7.3 %	5.4 %
Government & Institutional	435	565	390	510	5.4 %	-7.1 %	5.5 %
Residential	275	245	175	235	-2.3 %	-6.5 %	6.1 %

Source: The Freedonia Group

Other Central & South America: Security Service Providers

Several thousand firms provide private contractual security services in the other Central and South America subregion. Most of the nations in the subregion feature industries that consist of scores or even hundreds (precise assessment of participation rates is difficult since a large share of firms do not register with their country’s government) of smaller, locally based security services firms, which are primarily engaged in contract guarding.

Among major multinational firms, the companies with the largest geographic scope in the other Central and South America subregion include Brink’s, G4S, Grupo EULEN, and Prosegur. Grupo EULEN and Prosegur – both of which are based in Spain – have benefited from cultural and linguistic affinities that have eased expansion throughout the subregion.

Table 6-7 | Other Central & South America: Key Security Service Providers

Company	Headquarters	Key Security Services
Brink’s	US	Cash-in-transit & related services
G4S	UK	Guard, cash-in-transit & related services, security consulting, systems integration
Grupo EULEN	Spain	Guard, security consulting, systems integration
Johnson Controls	Ireland	Alarm monitoring
Loomis	Sweden	Cash-in-transit & related services
Prosegur	Spain	Cash-in-transit & related services, guard, alarm monitoring
Securitas AB	Sweden	Guard, security consulting
Verisure	Switzerland	Alarm monitoring

Source: The Freedonia Group

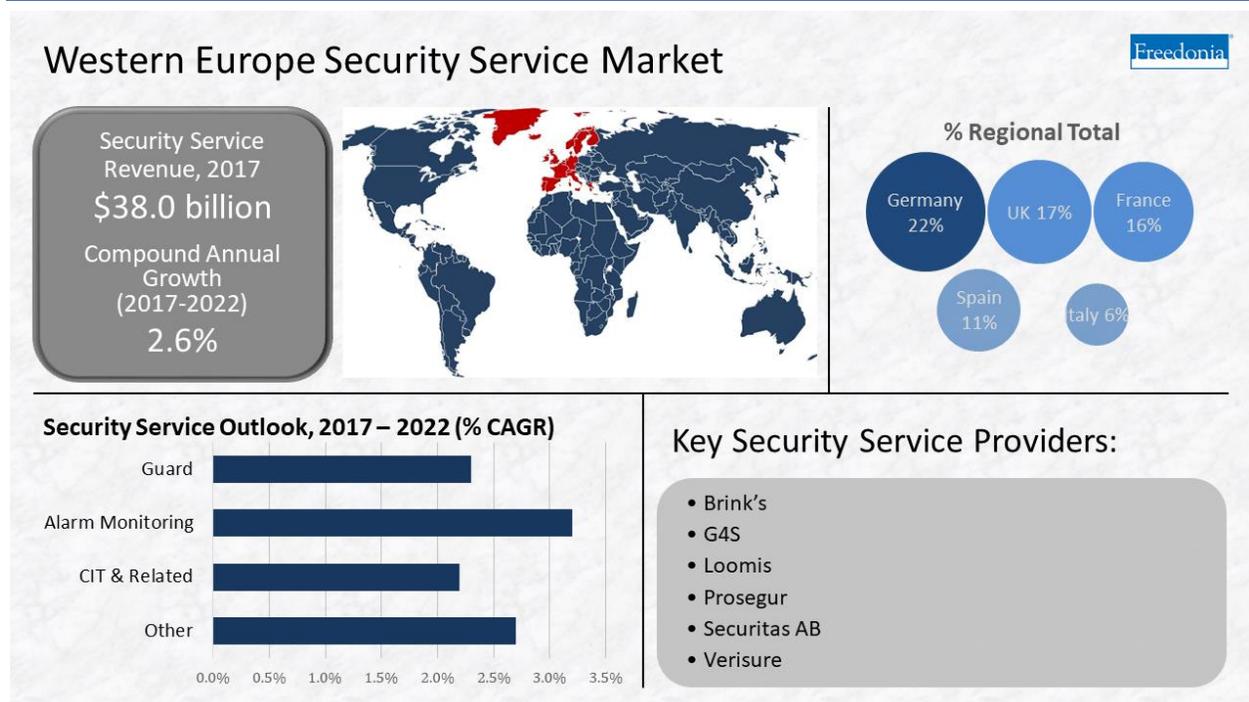
Chapter 7

WESTERN EUROPE

Western Europe: Key Findings

- The pace of growth through 2022 will be restrained by market maturity and easing concerns about Islamic terrorism and mass migration, both of which boosted security service revenues between 2015 and 2017.
- The alarm monitoring segment will grow at the fastest rate, boosted by increased adoption of video monitoring services that provide quicker verification.
- Greater penetration of monitoring technology will boost the residential market, although competition from equipment offering self-monitoring will restrain growth to an extent.

Figure 7-1 | Western Europe: Security Service Market



Source: The Freedonia Group

Western Europe: Security Service Overview

Security service revenues in Western Europe totaled \$38.0 billion in 2017, accounting for 19% of global revenues. Revenues relative to the urban population size are well above the global average, reflecting significant penetration of high-value, technology-assisted services. The largest security service markets in the region include Germany, the United Kingdom, France, Spain, and Italy. The Netherlands and Sweden are also significant markets.

While most European countries have high reported crime rates by global standards, this is largely due the presence of functional, trusted public security and judicial systems, which results in a large share of crime being reported to authorities. Most countries in the region are stable and generally perceived as safe, although high urbanization rates and large amounts of accumulated wealth do contribute to the risk of property crime. Concerns about terrorism also contribute to spending on security for public safety purposes.

Figure 7-2 | Western Europe: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

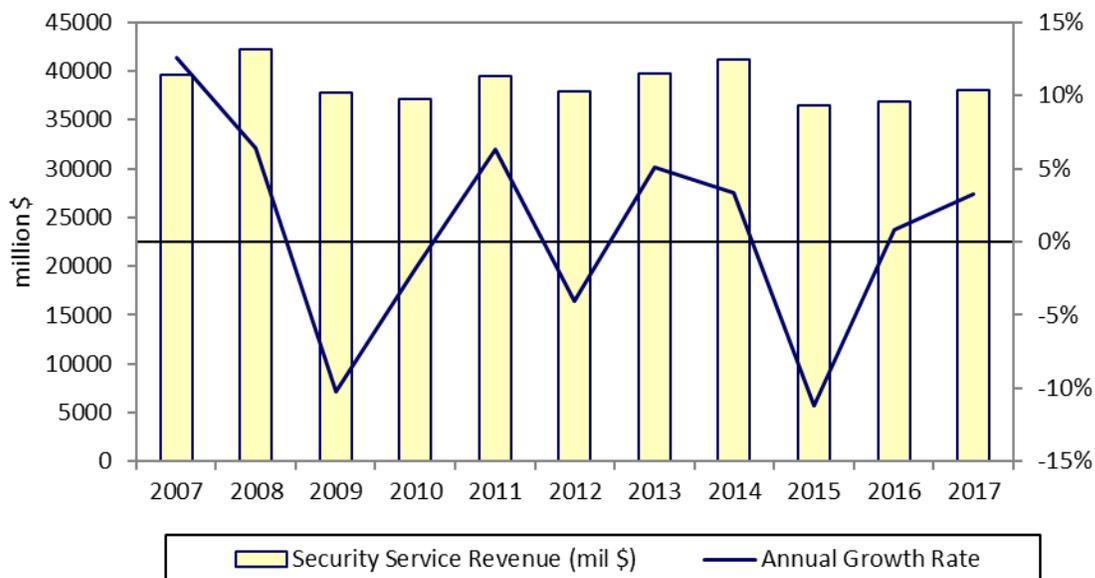
Western Europe: Security Service Historical Trends

The West European security service market was fairly volatile between 2007 and 2017, although market maturity generally contributed to a weak performance by global standards. The main causes of volatility were:

- recessions in 2009 and 2012, which slowed economic activity throughout the region
- sharp currency fluctuations in 2015, which resulted in a reduced market size in US dollar terms despite industry expansion

Concerns about crime and public safety became more pressing beginning in 2015, fueled by a spike in Islamic terrorism and a large-scale refugee crisis. A handful of high-profile terrorist incidents led to increased efforts to provide security in high-traffic public spaces. In addition, the European migrant crisis corresponded to increased crime rates in several countries, breaking a long-term trend of decreasing crime. While the actual size of the bump in crime rates was modest, public concern about this issue contributed to increased investment in security.

Figure 7-3 | Western Europe: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Western Europe: Security Service Forecast by Type & Market

Security service revenues in Western Europe are forecast to rise 2.6% per year to \$43 billion in 2022, trailing global average growth. Gains will be restrained by:

- market maturity in most of the region
- reduced concern over safety issues associated with Islamic terrorism and the European migrant crisis, which were two major causes of heightened security from 2015 to 2017

Guard services will account for the largest share of revenue growth through 2022, although the relative prominence of this segment is much lower than in less-developed regions. High labor costs in Western Europe contribute to investment in labor-saving electronic security equipment, a trend that is expected to intensify going forward as services such as video monitoring become more prevalent. However, the growing complexity of security systems will boost demand for highly trained guards with basic technological competence. Significant opportunities also exist for providers of security consulting and systems integration services.

While the commercial and industrial market represents by far the largest outlet for security services in Western Europe, this market is mature. Stronger opportunities exist in the residential market, where rising penetration of monitoring technology will provide gains. However, providers of alarm monitoring services will need to compete with self-monitoring systems integrated with smartphones and tablet computers, which can meet basic consumer needs at a lower price point.

WESTERN EUROPE

Table 7-1 | Western Europe: Security Service Revenue by Type & Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% Western Europe	27.2	21.1	18.7	16.0	-5.0 %	-2.4 %	-3.1 %
Security Service Revenue	<u>39630</u>	<u>37850</u>	<u>38010</u>	<u>43150</u>	-0.9 %	0.1 %	2.6 %
By Type:							
Guard	20605	19410	19020	21320	-1.2 %	-0.4 %	2.3 %
Alarm Monitoring	9100	9060	9385	11010	-0.1 %	0.7 %	3.2 %
Cash-in-Transit & Related Services	5665	5335	5430	6060	-1.2 %	0.4 %	2.2 %
Other Security Services	4260	4045	4175	4760	-1.0 %	0.6 %	2.7 %
Systems Integration	1535	1480	1565	1940	-0.7 %	1.1 %	4.4 %
All Other Security Services	2725	2565	2610	2820	-1.2 %	0.3 %	1.6 %
By Market:							
Commercial & Industrial	32520	30480	30220	33940	-1.3 %	-0.2 %	2.3 %
Government & Institutional	4330	4630	4820	5560	1.3 %	0.8 %	2.9 %
Residential	2780	2740	2970	3650	-0.3 %	1.6 %	4.2 %
000\$ revenue/employee	46.9	42.3	39.6	41.3	-2.0 %	-1.3 %	0.8 %
Security Service Employment (000)	845	895	960	1045	1.2 %	1.4 %	1.7 %

Source: The Freedonia Group

Western Europe: Security Service Revenue by Country

In 2017, the three largest national markets for security services in Western Europe – Germany, the UK, and France – combined to account for 55% of regional revenues. Not only are these countries the largest economies in the region, but each is a fairly intensive user of these services (when measured against GDP and urban population size). Spain is also an intensive market for security services, while penetration in Italy is somewhat lower.

Most West European countries feature economies that are mature. In addition, free trade and regulatory linkage under the EU means that most countries are highly integrated with the regional economy. As a result, growth rates for security service revenues through 2022 will be both modest and similar across countries.

Table 7-2 | Western Europe: Security Service Revenue by Country, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>39630</u>	<u>37850</u>	<u>38010</u>	<u>43150</u>	-0.9 %	0.1 %	2.6 %
Germany	8110	8035	8440	9610	-0.2 %	1.0 %	2.6 %
UK	7580	7180	6405	7150	-1.1 %	-2.3 %	2.2 %
France	6005	5765	5920	6750	-0.8 %	0.5 %	2.7 %
Spain	4670	4115	4120	4740	-2.5 %	0.0 %	2.8 %
Italy	2575	2220	2335	2650	-2.9 %	1.0 %	2.6 %
Other Western Europe	10690	10535	10790	12250	-0.3 %	0.5 %	2.6 %

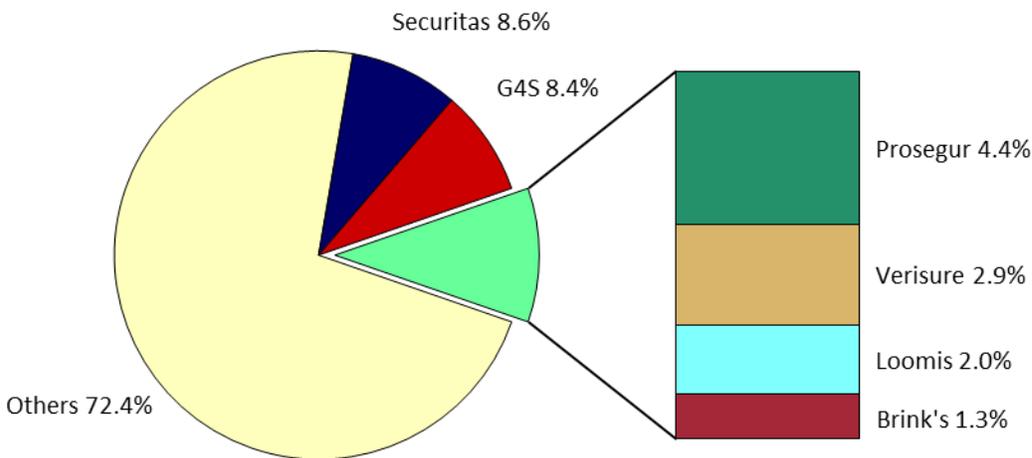
Source: The Freedonia Group

Western Europe: Market Share

The largest providers of security services to the West European market in 2017 were Securitas AB, G4S, Prosegur, Verisure, Loomis, and Brink's, most of which are headquartered in the region. Other significant regionally headquartered firms include Grupo EULEN, Johnson Controls, ICTS Europe, ISS, and Siemens.

Several leading North American security providers are also major participants in the West European market. Of these, Brink's has the largest regional presence, followed by companies such as United Technologies and Stanley Black & Decker.

Figure 7-4 | Western Europe: Security Service Market Share, 2017 (billion dollars)



Market Size: \$38.0 Billion

Source: The Freedonia Group

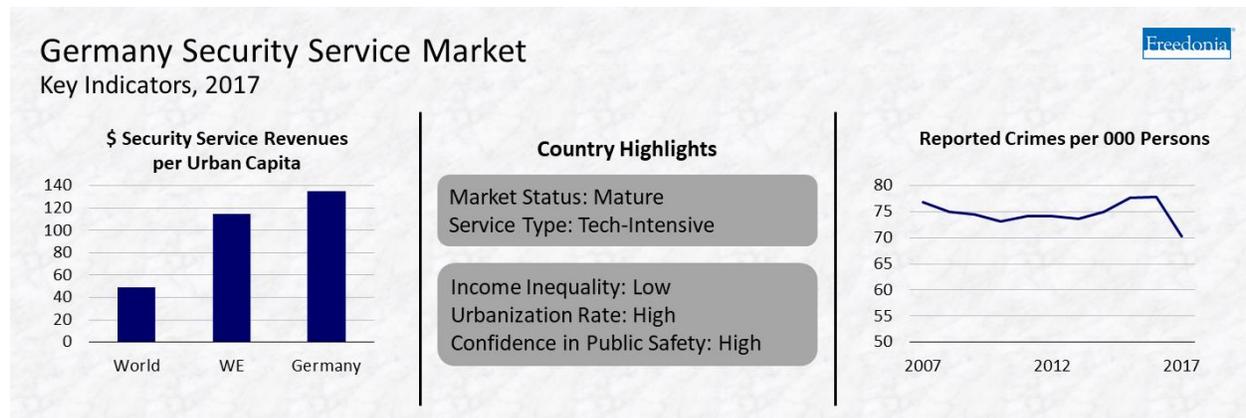
Germany

Germany: Security Service Overview

Security service revenues in Germany totaled \$8.4 billion in 2017, accounting for 22% of West European revenues. Relative to urban population size, Germany is among the most intensive users of these services worldwide. High-value services have significant market penetration, and it is common for commercial and institutional users to invest in complex technologically assisted security systems.

Like most developed nations, Germany's high rate of reported crimes is mainly due to strong public trust in the efficacy of public security and judicial services. The country is typically perceived as safe, although a high urbanization rate and significant levels of accumulated wealth do drive property crime. A long-term trend of decreasing crime reversed between 2014 and 2016, which was perceived as being related to the European migrant crisis.

Figure 7-5 | Germany: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

Germany: Security Service Historical Trends

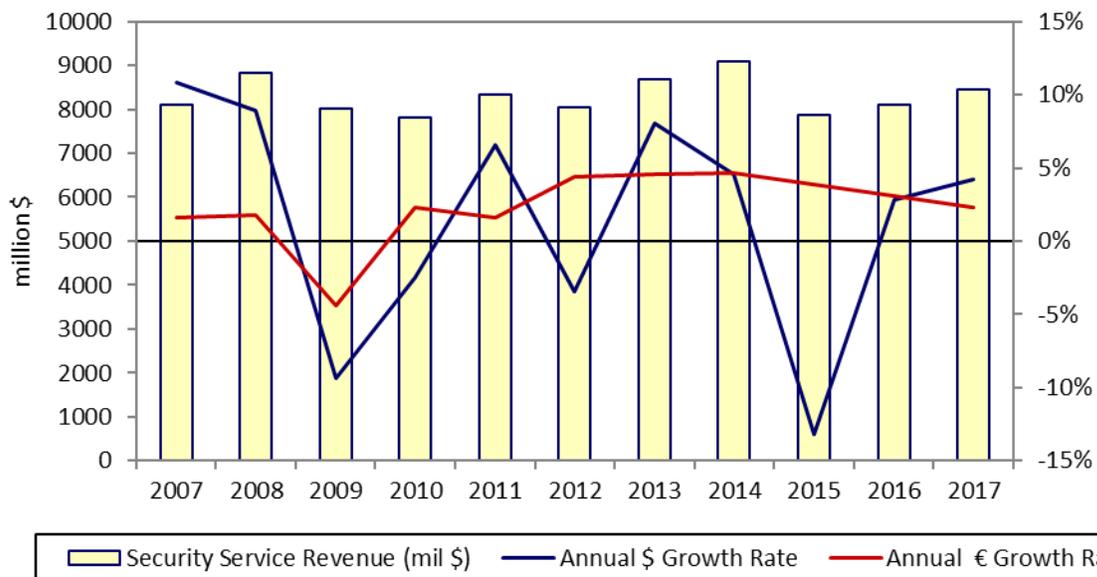
The security service market in Germany is mature, and revenues in euro terms did not rise more than 5% in any year between 2007 and 2017. However – with the exception of a downturn during the 2009 global recession – revenues rose steadily over this period, boosted by increased penetration of higher-value services. In addition, the country

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experienced a spike in terrorist incidents beginning in 2015, most notably the December 2016 Berlin truck attack. Security spending rose in the aftermath of these incidents.

As with the broader European market, the value of the security service market in Germany has been negatively impacted by currency fluctuations in recent years. Most notably, a decline in the value of the euro in 2015 resulted in a shrinking market in US dollar terms.

Figure 7-6 | Germany: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Germany: Security Service Forecast by Type

Security service revenues in Germany are forecast to rise 2.6% per year to \$9.6 billion in 2022, trailing the global average. Market maturity will be the main constraint on growth, and the pace of gains will be similar to that in other developed countries. While the severity of the European migrant crisis waned in 2018, its impact continues to contribute to heightened concerns about crime and terrorism.

Guard services will account for the largest share of revenue growth:

- Although high labor costs encourage investment in technological solutions, manned guarding still serves an important role.

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- Private guards account for a large share of security utilized by public transportation authorities, including at airports.
- Security failures have led to some calls to de-privatize airport security, but the German government has so far rejected such calls, and increased training standards appear to be a more likely solution.

Alarm monitoring revenues in Germany are sizable, and advanced electronic security systems are common. This segment is forecast to grow at an above average rate through 2022, as technological advances such as video monitoring promise greater efficiency and labor-saving potential. Revenues for systems integration and security consulting will also rise as customers increasingly invest in complex security solutions. Growth in the cash-in-transit and related services segment will be driven by increased outsourcing of functions that were previously performed in-house.

Table 7-3 | Germany: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Western Europe Security Service Revenue	39630	37850	38010	43150	-0.9 %	0.1 %	2.6 %
% Germany	20.5	21.2	22.2	22.3	0.7 %	0.9 %	0.1 %
Security Service Revenue	<u>8110</u>	<u>8035</u>	<u>8440</u>	<u>9610</u>	-0.2 %	1.0 %	2.6 %
Guard	5005	5100	5125	5765	0.4 %	0.1 %	2.4 %
Alarm Monitoring	1500	1500	1690	2010	0.0 %	2.4 %	3.5 %
Cash-in-Transit & Related Services	815	745	845	935	-1.8 %	2.6 %	2.0 %
Other Security Services	790	690	780	900	-2.7 %	2.5 %	2.9 %
000\$ revenue/employee	47.7	44.4	42.2	43.7	-1.4 %	-1.0 %	0.7 %
Security Service Employment (000)	170	181	200	220	1.3 %	2.0 %	1.9 %
Security Service Revenue (mil euro)	5930	6250	7490	8530	1.1 %	3.7 %	2.6 %

Source: The Freedonia Group

Germany: Security Service Forecast by Market

The commercial and industrial market will account for 70% of security service revenue growth through 2022. High-profile incidents of terrorism at public gatherings since 2015 will boost the use of temporary security at special events. However, sluggish gains in nonresidential building construction will constrain expansion of the market base. Furthermore, demand in one high-security market – nuclear power – will continue to diminish as additional plants are phased out under the 2011 Energiewende (Energy Transition) policy. As of October 2018, 10 plants had been shut down, and the country's remaining nine plants are scheduled to close between 2019 and 2022.

Concerns about terrorism will also boost revenues in the government and institutional market. Continued outsourcing of public security functions in settings such as airports will also provide opportunities, although this practice is already common.

The residential security market will post the strongest growth through 2022, mainly driven by gains in alarm monitoring. The increasing prevalence of smart home electronics systems will provide a gateway for increased consumer acceptance of monitoring systems and services. However, low perceived security risk will constrain the size of the market, as many Germans do not believe their own security risk reaches the level that calls for supplemental security measures.

Table 7-4 | Germany: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>8110</u>	<u>8035</u>	<u>8440</u>	<u>9610</u>	-0.2 %	1.0 %	2.6 %
Commercial & Industrial	6305	6130	6355	7175	-0.6 %	0.7 %	2.5 %
Government & Institutional	1140	1230	1320	1495	1.5 %	1.4 %	2.5 %
Residential	665	675	765	940	0.3 %	2.5 %	4.2 %

Source: The Freedonia Group

Germany: Security Service Providers

Approximately 4,500 firms are active in the German private security services industry, including a wide variety of both foreign and domestic companies. Many of these companies offer tech-intensive value-added services, reflecting the highly developed nature of the German market.

In January 2018, Loomis entered the German security service market via the acquisition of KÖTTER GmbH's KÖTTER Geld- und Wertdienste business, which provided domestic cash handling services in the country. Following the acquisition, KÖTTER Geld- und Wertdienste was consolidated into Loomis' Europe segment.

Table 7-5 | Germany: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Fraport Security Services	Germany	Airport security
ICTS Europe (ICTS Deutschland)	France	Guard
Johnson Controls	Ireland	Alarm monitoring
Kieler Wach- und Sicherheitsgesellschaft	Germany	Guard, alarm monitoring
KÖTTER	Germany	Guard, alarm monitoring, security consulting
Loomis	Sweden	Cash-in-transit & related services
Niedersächsische Wach- und Schliessgesellschaft Eggeling & Schorling	Germany	Guard, alarm monitoring
Prosegur	Spain	Cash-in-transit & related services, alarm monitoring
Securitas AB	Sweden	Guard, systems integration, security consulting
SIBA Security Service	Germany	Guard, alarm monitoring
Siemens	Germany	Alarm monitoring, systems integration
Stanley Black & Decker (STANLEY Security)	US	Alarm monitoring
ZIEMANN GRUPPE	Germany	Cash-in-transit & related services, alarm monitoring

Source: The Freedonia Group

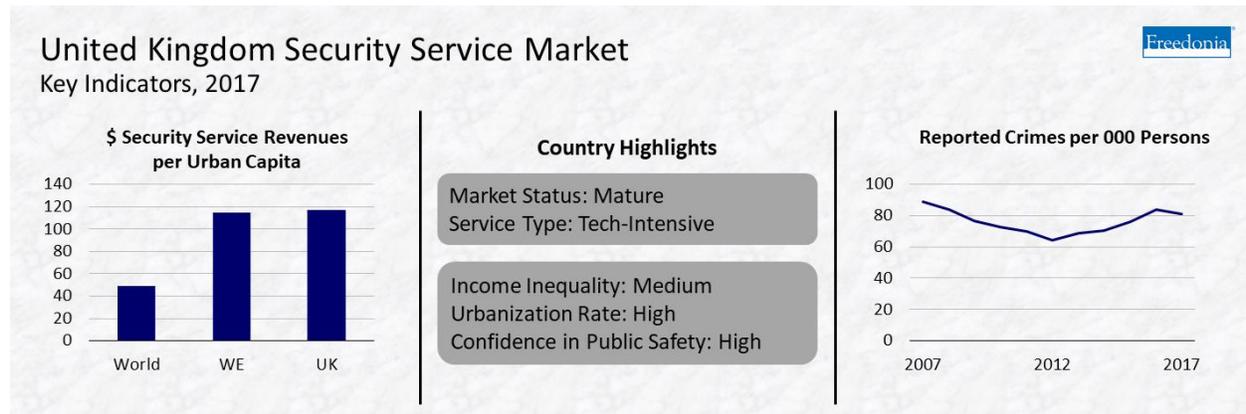
United Kingdom

United Kingdom: Security Service Overview

The market for security services in the UK totaled \$6.4 billion in 2017, accounting for 17% of the West European total. The country's large security service market is a function of a high urbanization rate and intensive use of these services within cities. A strict licensing regime contributes to a high level of professionalization in the industry, which supports trust in private security firms' ability to provide both basic and value-added services.

Crime rates in the UK are somewhat higher than in most West European countries, with burglary and vehicle theft representing two of the most common types of crimes. While, as in most of the world, the long-term trend has been toward decreasing crime, the UK saw a spike in crime rates beginning in 2013 and continuing into 2017, which has been perceived as being linked to the European migrant crisis. While refugee counts as a share of the population have been lower than in many countries on the European continent, this issue has still contributed to growing unease about the potential of crime.

Figure 7-7 | United Kingdom: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

United Kingdom: Security Service Historical Trends

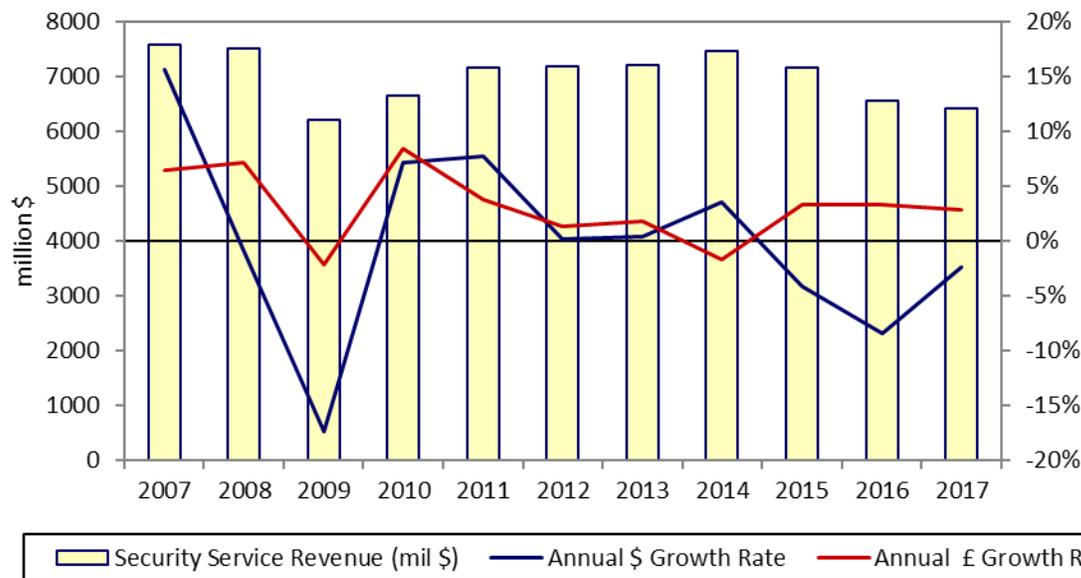
Measured in local currency terms, the UK security services market was somewhat volatile between 2007 and 2012, influenced by:

- the aftermath of the 2005 London bombings – the UK’s highest fatality terrorist incident of the 21st century – which contributed to a spike in security spending
- the 2009 global recession and financial crisis, which led to a market reduction and subsequent rebound

Revenue trends since 2012 have been relatively modest, reflecting the maturity of the local market. However, rising concerns about crime related to the rapid expansion of the immigrant population have contributed to increased security service spending since 2015.

Like many European countries, the value of the UK security service market in US dollar terms has been impacted by currency fluctuations in recent years. Decline in the value of the British pound from 2015 to 2017 led to a falling market size in dollar terms, although the industry in local currency and employment terms continued to grow.

Figure 7-8 | United Kingdom: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

United Kingdom: Security Service Forecast by Type

Security service revenues in the UK are projected to rise 2.2% per year to \$7.2 billion in 2022, in line with growth in Western Europe as a whole. Gains will be restrained by:

- market maturity
- reduced concerns about crime due to a likely cessation of the European migrant crisis
- the UK's planned departure from the EU, which is likely to slow the pace of economic expansion, although there remains a great deal of uncertainty around this situation

Guarding services account for the largest share of private security services revenues in the UK and will account for 39% of revenue growth through 2022. The private guard market is mature, with extensive and effective regulations contributing to a high degree of industry formalization. However, some gains will accrue from increased demand for highly trained guards capable of interacting with complex security systems.

The alarm monitoring segment in the UK is substantial, as demand for these services has historically benefited from a high perceived risk of crime among both nonresidential and residential end users, as well as a willingness and ability to afford these supplemental services. Increased penetration of the residential market and greater use of value-added monitoring services in commercial markets will contribute to above average gains through 2022.

Use of cash-in-transit and related services in the UK is intensive, with high market penetration of global industry leaders. The importance of London as a financial services hub has traditionally buoyed demand for services supporting these markets, including armored transport. However, revenue growth will be restrained by:

- shifts toward electronic payment methods
- uncertainty about the UK's international financial services industry due to Brexit

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Increased use of complex, high-value security systems will boost revenues for security consulting and systems integration. Strict licensing of private investigators will also allow for some price increases, although British private investigators are largely limited to tracing assets and validating claims of bankruptcy, cases for which investigators must compete with large accountancy and law firms.

Table 7-6 | United Kingdom: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Western Europe Security Service Revenue	39630	37850	38010	43150	-0.9 %	0.1 %	2.6 %
% UK	19.1	19.0	16.9	16.6	-0.1 %	-2.3 %	-0.4 %
Security Service Revenue	<u>7580</u>	<u>7180</u>	<u>6405</u>	<u>7150</u>	-1.1 %	-2.3 %	2.2 %
Guard	3680	3460	3040	3330	-1.2 %	-2.6 %	1.8 %
Alarm Monitoring	1900	1860	1710	1975	-0.4 %	-1.7 %	2.9 %
Cash-in-Transit & Related Services	1160	1070	945	1040	-1.6 %	-2.5 %	1.9 %
Other Security Services	840	790	710	805	-1.2 %	-2.1 %	2.5 %
000\$ revenue/employee	47.4	44.9	38.8	40.9	-1.1 %	-2.9 %	1.1 %
Security Service Employment (000)	160	160	165	175	0.0 %	0.6 %	1.2 %
Security Service Revenue (mil pounds)	3790	4530	4980	5560	3.6 %	1.9 %	2.2 %

Source: The Freedonia Group

United Kingdom: Security Service Forecast by Market

Despite its maturity, the UK's commercial and industrial market for security services will expand due to:

- increasing nonresidential building construction activity
- growing emphasis on complex, value-added security systems

The government and institutional market is forecast to grow at an above average pace through 2022. Revenue gains will be fueled by:

- increased interest in outsourcing security services
- the strong need to protect the often vulnerable populations that many of these end users serve

For example, a growing number of schools are increasing security spending, and a number of British hospitals have outsourced their security operations.

Though the smallest market, with only 6% of private security services revenues in 2017, demand in the residential market is expected to see the fastest gains through 2022. Growth will be driven by efforts by telecommunications providers to bundle services. Competition from electronic equipment offering self-monitoring will restrain growth to an extent, although this will increase public acceptance of monitoring technology and potentially serve as a gateway to the purchase of professional monitoring services.

Table 7-7 | United Kingdom: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	7580	7180	6405	7150	-1.1 %	-2.3 %	2.2 %
Commercial & Industrial	6390	5860	5055	5520	-1.7 %	-2.9 %	1.8 %
Government & Institutional	745	905	965	1145	4.0 %	1.3 %	3.5 %
Residential	445	415	385	485	-1.4 %	-1.5 %	4.7 %

Source: The Freedonia Group

United Kingdom: Security Service Providers

The United Kingdom boasts one of the largest, most advanced, and most outwardly focused private security sectors in the world. While more than 2,500 firms provide conventional private security services in the United Kingdom, the industry is relatively concentrated at the top end, with about 25 firms dominating. Many of the leading firms increasingly emphasize high-value services such as security consulting, systems integration, and private investigation.

Table 7-8 | United Kingdom: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Corps Security	UK	Guard, security consulting, private investigation
G4S	UK	Guard, alarm monitoring, cash-in-transit & related services, security consulting
ICTS Europe (ICTS)	France	Guard, detection dog
ISS	Denmark	Guard, security consulting
Johnson Controls	Ireland	Alarm monitoring
Loomis	Sweden	Cash-in-transit & related services
Mitie Group	UK	Guard, security consulting, systems integration
NOONAN	Ireland	Guard, alarm monitoring
Reliance High-Tech	UK	Systems integration, alarm monitoring
Secom	Japan	Alarm monitoring
Securitas AB	Sweden	Guard
Securitas Holding GmbH (Pinkerton)	Germany	Security consulting, private investigation
Stanley Black & Decker (STANLEY Security)	US	Alarm monitoring, systems integration
United Technologies (Chubb Fire & Security)	US	Alarm monitoring, systems integration
US Security Associates (Andrews International UK)	US	Guard, security consulting
Verisure	Switzerland	Alarm monitoring

Source: The Freedonia Group

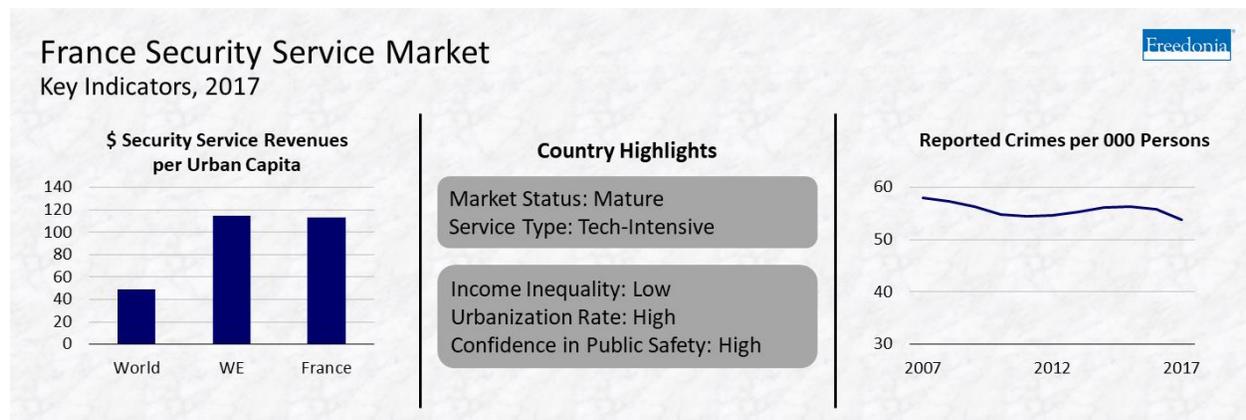
France

France: Security Service Overview

Security service revenues in France totaled \$5.9 billion in 2017, accounting for 16% of West European revenues. Intensity of private security service use relative to the urban population size is above the global average but lower than in Germany and many other West European nations. France has one of the highest ratios of police officers to population in the region, and as such has traditionally relied on public sector safety forces for most of its security needs.

France has a highly stable society and a fairly low level of income inequality, but a high urbanization rate contributes to concerns about property crime. Fears about terrorism also represent a major driver of security service spending, with significant media coverage contributing to high awareness of terrorist incidents.

Figure 7-9 | France: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

France: Security Service Historical Trends

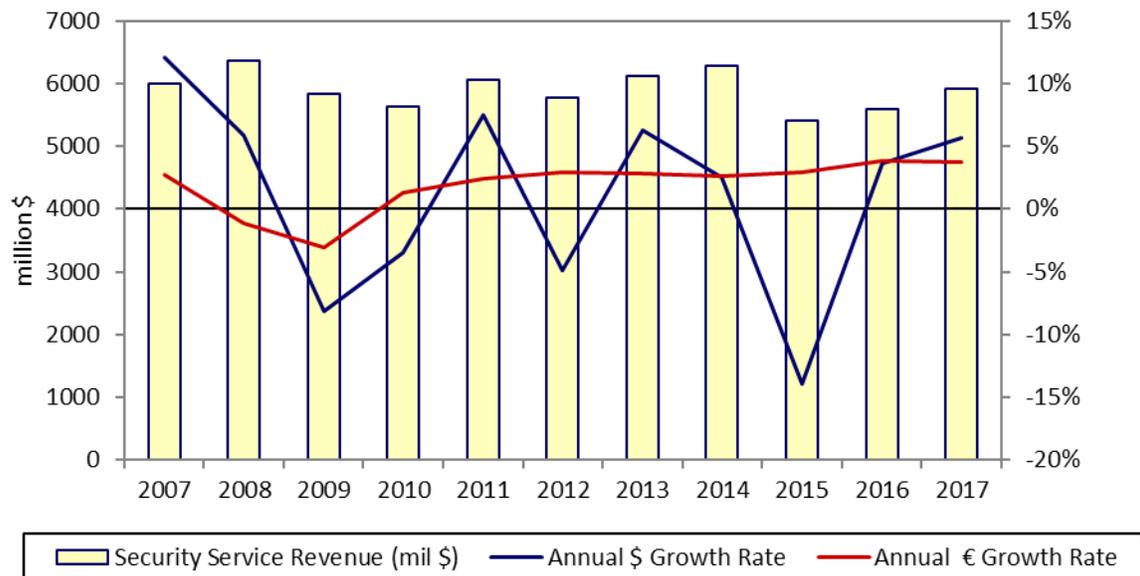
Security service revenues in euro terms grew at a sluggish rate during the 2007-2017 period, reflecting market maturity and a generally modest economic performance. Market volatility in US dollar terms has been somewhat greater, as a decline in the value of the euro caused a reduction in market value in 2015.

Heightened security concerns did contribute to increased revenues in 2016 and 2017, with the European migrant crisis corresponding to rising crime rates and the occurrence of several high-profile mass-casualty incidents, most notably:

- the November 2015 Paris attacks
- the July 2016 Nice truck attack

These incidents contributed to increased spending on both security services and on infrastructure such as roadside barriers. However, this was mitigated to an extent by a resulting decline in tourism.

Figure 7-10 | France: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

France: Security Service Forecast by Type

Security service revenues in France are projected to rise 2.7% per year to \$6.8 billion in 2022, similar to the West European average. The strongest growth will occur in the alarm monitoring segment, which accounts for an above average share of demand. Revenue growth will be driven by:

- rising use of video monitoring and other high-value services by commercial customers
- increased penetration of basic alarm monitoring services in residential markets as equipment costs fall

The greater use of complex monitoring and other electronic security systems will also contribute to rising revenues for systems integrators and security consultants.

Below average market share for guard services in France is largely due to the size of and level of trust in public security forces. In addition, there is a high cost associated with laying off employees in France, limiting companies with existing internal guard employees from outsourcing these opportunities to private businesses. However, the guard segment still accounts for the largest share of revenues, and increasing use of high value guard services – such as on-site guards with alarm and video surveillance monitoring capabilities – will provide opportunities for growth.

The cash-in-transit and related services segment in France is mature, as a large share of these functions is already handled on a private basis. Although there is still a portion of end users that utilize in-house employees for such tasks, the likelihood that these positions will be outsourced is limited by the same labor rules that limit the market for outsourced security guards. As with many other developed countries, the market for cash management in France will continue to be limited by the increasing importance of electronic payments and transactions, although providers may be able to offset this via greater emphasis on ancillary services such as ATM management.

Table 7-9 | France: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Western Europe Security Service Revenue	39630	37850	38010	43150	-0.9 %	0.1 %	2.6 %
% France	15.2	15.2	15.6	15.6	0.0 %	0.5 %	0.0 %
Security Service Revenue	<u>6005</u>	<u>5765</u>	<u>5920</u>	<u>6750</u>	-0.8 %	0.5 %	2.7 %
Guard	2800	2650	2650	2970	-1.1 %	0.0 %	2.3 %
Alarm Monitoring	1550	1550	1670	1980	0.0 %	1.5 %	3.5 %
Cash-in-Transit & Related Services	935	880	875	980	-1.2 %	-0.1 %	2.3 %
Other Security Services	720	685	725	820	-1.0 %	1.1 %	2.5 %
000\$ revenue/employee	42.9	39.0	37.0	39.7	-1.9 %	-1.0 %	1.4 %
Security Service Employment (000)	140	148	160	170	1.1 %	1.6 %	1.2 %
Security Service Revenue (mil euro)	4390	4490	5250	5990	0.5 %	3.2 %	2.7 %

Source: The Freedonia Group

France: Security Service Forecast by Market

Growth in security service revenues in France will be driven by the commercial and industrial market, with increased nonresidential building construction activity supporting a larger market base. Increased outsourcing of security functions will also provide some opportunities, although strong labor protection laws will remain a restraint on this process.

Revenue growth in the government and institutional market will be fueled by increased emphasis on security in public spaces, particularly public transportation venues. However, public sector solutions will remain the preferred approach, reflecting the country's highly centralized, well-funded public security forces.

The residential security market in France is expected to grow at an above average rate through 2022, as this market remains under-penetrated. The alarm monitoring segment will accrue the bulk of related gains, as use of manned guarding will remain uncommon. Adoption will be supported by:

- incentives from insurance companies

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- the expanding presence of providers offering bundled security and home automation services

However, faster gains will be tempered by competition from self-monitored alarms.

Table 7-10 | France: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>6005</u>	<u>5765</u>	<u>5920</u>	<u>6750</u>	-0.8 %	0.5 %	2.7 %
Commercial & Industrial	4910	4635	4750	5380	-1.1 %	0.5 %	2.5 %
Government & Institutional	680	715	730	835	1.0 %	0.4 %	2.7 %
Residential	415	415	440	535	0.0 %	1.2 %	4.0 %

Source: The Freedonia Group

France: Security Service Providers

The French private security services industry is large, fragmented, and highly competitive, encompassing approximately 4,000 firms. However, key segments are consolidating as larger firms acquire smaller ones to build their customer base, extend their geographic reach, and obtain more control over pricing.

For example, in October 2017, Brink's expanded its presence in France via the acquisition of Temis, a provider of cash-in-transit and related services. The business continues to operate under the **TEMIS** brand. Brink's is the dominant provider of these services in France, with the country representing the company's second largest national revenue source after the US.

In June 2018, SERIS acquired the French airport security business of Brink's. Brink's indicated that it was divesting the business – which employed over 1,400 people and had revenues of nearly \$80 million – in order to refocus on its core cash-in-transit business.

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Table 7-11 | France: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services, alarm monitoring
FIDUCIAL (FIDUCIAL Sécurité)	France	Guard, alarm monitoring, systems integration, security consulting
ICTS Europe (DiagNose)	France	Detection dog services
ICTS Europe (ICTS France)	France	Guard, security consulting
Johnson Controls	Ireland	Alarm monitoring
Loomis	Sweden	Cash-in-transit & related services
ONET Sécurité	France	Guard, alarm monitoring, security consulting
Prosegur	Spain	Guard, cash-in-transit & related services, security consulting
Securitas AB	Sweden	Guard, security consulting
SERIS	France	Guard, alarm monitoring
SPGO High Tec	France	Alarm monitoring
Stanley Black & Decker (STANLEY Security)	US	Alarm monitoring
Verisure	Switzerland	Alarm monitoring

Source: The Freedonia Group

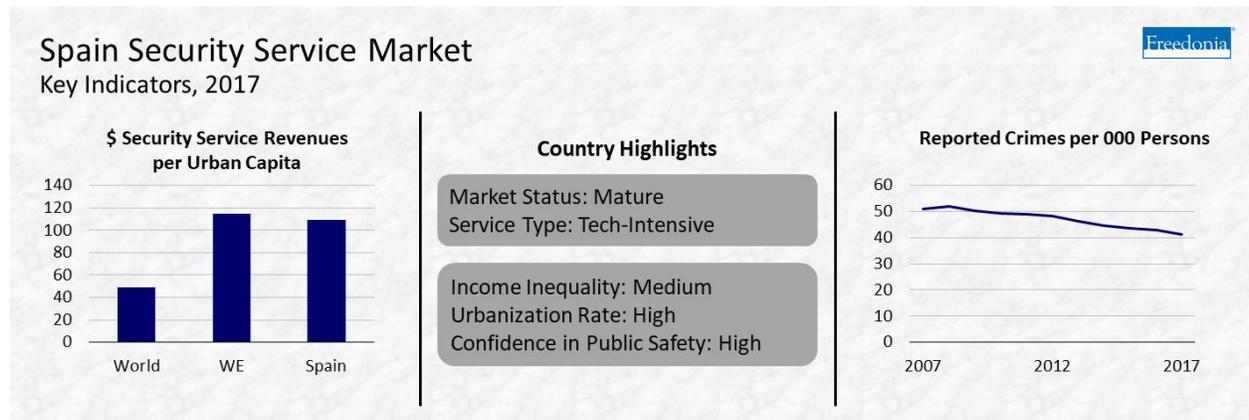
Spain

Spain: Security Service Overview

Security service revenues in Spain totaled \$4.0 billion in 2017, accounting for 11% of West European revenues. Like in most of the region, intensity of security service use – relative to GDP and urban population – is high by global standards, reflecting the development of the Spanish economy.

Spain is typically regarded as a safe country, and violent crime is rare. However, income inequality and a high rate of urbanization contributes to concern about property crimes, many of which can be deterred by additional security. Historically, Spain has also experienced security issues from a domestic terrorist group, the Euskadi Ta Askatasuna (ETA) Basque separatist organization. However, the group officially disbanded in 2018, and violent separatism currently is not an issue.

Figure 7-11 | Spain: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

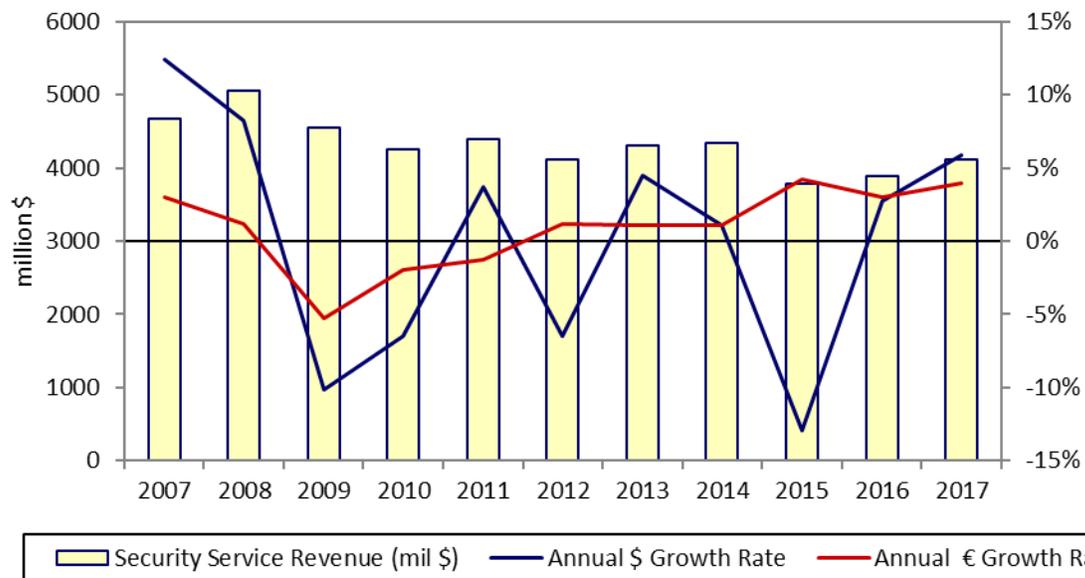
Spain: Security Service Historical Trends

Spain's security service market shrank in US dollar terms between 2007 and 2017. In part, this was due to unfavorable currency fluctuations that reduced the market size in 2012 and 2015. However, the country's overall economic performance was sluggish during this period, which constrained industry growth in euro and employment terms.

Spain was more heavily impacted by the 2009 global recession than Europe at large, suffering an extended period of high unemployment, an issue that peaked in 2013. High unemployment also contributed to an elevated crime rate, reversing a long-term trend toward reduced crime.

Spain's economic performance picked up somewhat during the 2012-2017 period, and security service revenues in euro terms grew in each of these years. Crime rates also fell again, in contrast to many European nations that saw a spike in crime during the migrant crisis beginning in 2015. In 2015 and 2016, migration into and through Spain was modest, with Italy and the Balkans representing the primary migration routes. However, in 2017 migrant flows into Spain surged, contributing to increased crime concerns and rising security-related spending.

Figure 7-12 | Spain: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Spain: Security Service Forecast by Type

Security service revenues in Spain are forecast to rise 2.8% per year to \$4.7 billion in 2022, similar to the West European average. The building construction sector will continue to recover from its prolonged 2007-2013 downturn, contributing to an expanded market base. Guard services will account for 52% of revenue growth, an above average share by regional standards. Revenues are boosted by substantial use of outsourced guards in supplemental policing and public security duties.

The alarm monitoring segment will grow at the fastest rate through 2022, boosted by expanded use of video monitoring:

- Regulations in Spain mandate verification of alarms prior to police involvement.
- The labor-saving benefits of remote video verification will be increasingly preferred as equipment and data storage costs fall.

As video monitoring and other electronic security systems increasingly penetrate the market, opportunities will also arise for providers of systems integration services.

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Use of outside providers for cash-in-transit services in Spain is already intensive, and market saturation will limit the pace of growth. In addition, the growing use of electronic and other cashless transactions will limit the amount of cash that needs to be handled. However, firms may benefit from an increasing emphasis on services such as ATM management.

Table 7-12 | Spain: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Western Europe Security Service Revenue	39630	37850	38010	43150	-0.9 %	0.1 %	2.6 %
% Spain	11.8	10.9	10.8	11.0	-1.6 %	-0.2 %	0.4 %
Security Service Revenue	<u>4670</u>	<u>4115</u>	<u>4120</u>	<u>4740</u>	-2.5 %	0.0 %	2.8 %
Guard	2950	2450	2420	2745	-3.6 %	-0.2 %	2.6 %
Alarm Monitoring	800	780	840	1000	-0.5 %	1.5 %	3.5 %
Cash-in-Transit & Related Services	420	435	375	425	0.7 %	-2.9 %	2.5 %
Other Security Services	500	450	485	570	-2.1 %	1.5 %	3.3 %
000\$ revenue/employee	49.7	39.2	37.5	39.5	-4.6 %	-0.9 %	1.0 %
Security Service Employment (000)	94	105	110	120	2.2 %	0.9 %	1.8 %
Security Service Revenue (mil euro)	3410	3200	3660	4210	-1.3 %	2.7 %	2.8 %

Source: The Freedonia Group

Spain: Security Service Forecast by Market

To an even greater extent than in most countries, the commercial and industrial market is the dominant source of security service revenues in Spain. High revenues are a result of:

- intensive use of basic manned guarding
- significant penetration of sophisticated services such as alarm monitoring, security consulting, and systems integration
- a high rate of outsourcing in cash handling operations

Through 2022, Spain's continued economic recovery will allow for a stronger performance in the commercial and industrial market relative to that of the 2007-2017 period.

The government and institutional security services market in Spain is relatively under-penetrated, and increased outsourcing will allow for gains. In addition, Spain’s government has shown signs of shifting away from austerity in 2017 and 2018, a positive indicator for public security spending. However, a high level of government debt continues to constrain government expenditures.

Growth in the residential security services market will be driven by increased residential building construction and greater penetration of alarm monitoring services:

- Builders are increasingly offering pre-installation of security systems in new housing projects.
- Alarms and monitoring services are being bundled with home automation equipment, telecom services, internet, and structured cabling.

The growing use of timesharing by guard companies will support rising use in residential settings where a full-time guard might not be otherwise feasible. However, alarm monitoring services will also face increased competition from products offering self-monitoring capabilities.

Table 7-13 | Spain: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	4670	4115	4120	4740	-2.5 %	0.0 %	2.8 %
Commercial & Industrial	3995	3475	3480	3950	-2.8 %	0.0 %	2.6 %
Government & Institutional	330	320	325	385	-0.6 %	0.3 %	3.4 %
Residential	345	320	315	405	-1.5 %	-0.3 %	5.2 %

Source: The Freedonia Group

Spain: Security Service Providers

More than 1,200 vendors are active in the Spanish security services business, many of them small guard companies serving a local area. However, the overall market is highly concentrated at the top end on both an aggregate and segment-by-segment basis. Spain is home to Prosegur Compañía de Seguridad, a major multinational security provider. The company is the largest player in Spain and much of Southern Europe, and a leading participant in Central and South America. The firm is a leader in all of the major market segments.

Spain's security service industry has seen consolidation since 2014 as providers have increasingly competed on price in response to a weak market environment. Notably, in July 2017, Segur Ibérica, which at one time was the third largest security service provider in the country, closed permanently and began liquidating its remaining assets.

Table 7-14 | Spain: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
CASESA	Spain	Guard, security consulting
Grupo EULEN	Spain	Guard, alarm monitoring, cash-in-transit & related services
ICTS Europe (ICTS Hispania)	France	Airport security
ISS	Denmark	Guard
Johnson Controls	Ireland	Alarm monitoring
Loomis	Sweden	Cash-in-transit & related services
Prosegur	Spain	Cash-in-transit & related services, guard, alarm monitoring, security consulting
Securitas AB	Sweden	Guard, alarm monitoring, security consulting
United Technologies (Chubb Iberia)	US	Alarm monitoring
Verisure	Switzerland	Alarm monitoring

Source: The Freedonia Group

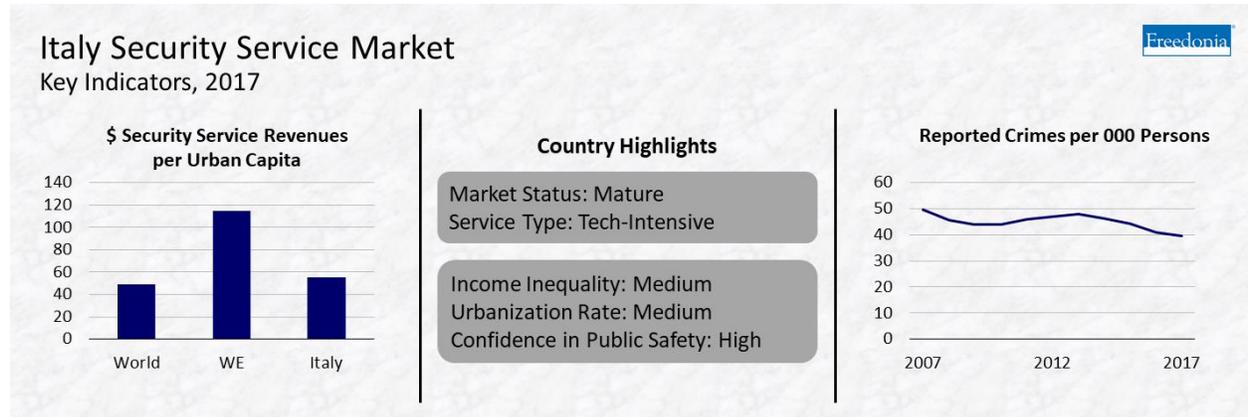
Italy

Italy: Security Service Overview

Security service revenues in Italy totaled \$2.3 billion in 2017, accounting for 6% of the West European total. Use of these services – relative to GDP and urban population size – is low by regional standards. The security service market is underdeveloped in the more rural southern portions of the country, and much of the population continues to rely on basic mechanical security measures.

Italy’s rate of reported crimes is low in comparison to many other West European countries. However, it is likely that the historical prevalence of organized crime has contributed to underreporting, and theft concerns – particularly in tourist-heavy areas – tend to be more prominent than in countries such as France and Germany. Italy’s location on the Mediterranean also exposes it to high migrant flows, which further boost perceived risk of crime.

Figure 7-13 | Italy: Security Service Market Key Indicators, 2017



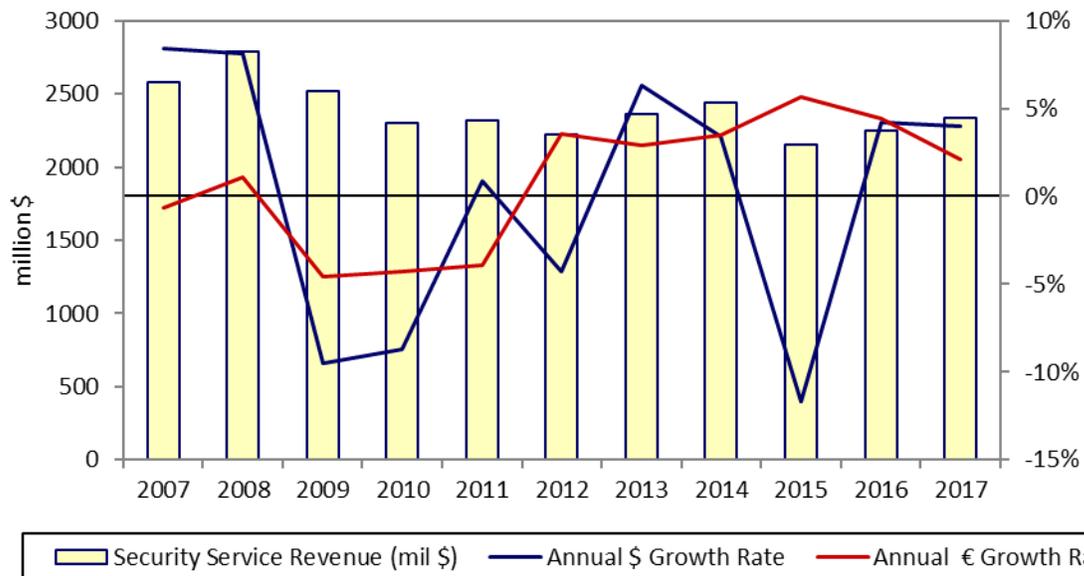
Source: The Freedonia Group

Italy: Security Service Historical Trends

Italy was heavily impacted by the 2009 global recession and financial crisis, and as a result the country’s security service market shrank over the 2007-2012 period in both real and US dollar terms. Industry performance was stronger between 2012 and 2017, although currency fluctuations led to a steep decline in US dollar terms in 2015.

Italy has been one of the countries most affected by the European migrant crisis, with arrivals in Italy from across the Mediterranean representing the second largest migration route. Arrivals spiked in 2014 and remained high through 2017, with well over 600,000 migrants arriving by sea over this four-year span. While the increase in migrants does not appear to have actually had a significant impact on the Italian crime rate, it has contributed to an increase in concern about crime, boosting the perceived value of security services.

Figure 7-14 | Italy: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Italy: Security Service Forecast by Type

Security service revenues in Italy are forecast to advance 2.6% per year to \$2.7 billion in 2022, in line with the West European average. Sluggish economic advances and a declining population will restrain the pace of gains. However, concerns about crime will continue to support spending on guard services, which will account for the bulk of revenue growth.

The alarm monitoring segment is forecast to grow at a slightly above average pace through 2022, with increased use of high-value monitoring systems boosting revenues in the commercial and industrial market. Falling equipment costs will provide some opportunities in the residential market.

The cash-in-transit and related services segment in Italy is mature, and the already high market penetration of private providers will limit growth prospects. Similar to most other developed markets, the best opportunities for growth will stem from less mature segments, including security integration and consulting services. These segments will benefit from the rising penetration of technologically advanced security systems, which necessitate greater spending for design and implementation.

Table 7-15 | Italy: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Western Europe Security Service Revenue	39630	37850	38010	43150	-0.9 %	0.1 %	2.6 %
% Italy	6.5	5.9	6.1	6.1	-1.9 %	0.7 %	0.0 %
Security Service Revenue	<u>2575</u>	<u>2220</u>	<u>2335</u>	<u>2650</u>	-2.9 %	1.0 %	2.6 %
Guard	1370	1150	1185	1330	-3.4 %	0.6 %	2.3 %
Alarm Monitoring	550	480	515	600	-2.7 %	1.4 %	3.1 %
Cash-in-Transit & Related Services	410	360	385	430	-2.6 %	1.4 %	2.2 %
Other Security Services	245	230	250	290	-1.3 %	1.7 %	3.0 %
000\$ revenue/employee	42.2	36.4	33.4	33.1	-2.9 %	-1.7 %	-0.2 %
Security Service Employment (000)	61	61	70	80	0.0 %	2.8 %	2.7 %
Security Service Revenue (mil euro)	1880	1730	2070	2350	-1.6 %	3.7 %	2.6 %

Source: The Freedonia Group

Italy: Security Service Forecast by Market

The commercial and industrial market will account for 73% of security services revenue growth through 2022. A rebound in nonresidential building construction will expand the market base and create opportunities for providers of modern, integrated security solutions. Banks will remain one of the leading users of security services in this segment due to their large cash handling needs, even as the prevalence of cashless payments continues to rise. Heavy investment in security has resulted in a sharp drop in the number of bank robberies, although this remains a greater concern than in most West European countries.

Spending on security services in the government and institutional market was elevated during the 2014-2017 period's spike in migrant arrivals. The flow of migrants slowed significantly in 2018, and it appears likely that the peak of this crisis has passed. As a result, government spending on port and border security may relax going forward, although Italy's populist government under Giuseppe Conte has made improved public security an important part of its policy platform.

Italy's underdeveloped residential market for security services is expected to grow at an above average pace through 2022. This will largely be driven by increased adoption of basic alarm monitoring services, with falling equipment costs allowing for expanded market penetration. Nonetheless, supplemental security services will continue to face strong competition from the widespread reliance on mechanical and less expensive electronic security products, such as locks, armored doors, and unmonitored alarms.

Table 7-16 | Italy: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>2575</u>	<u>2220</u>	<u>2335</u>	<u>2650</u>	-2.9 %	1.0 %	2.6 %
Commercial & Industrial	2015	1705	1775	2005	-3.3 %	0.8 %	2.5 %
Government & Institutional	335	335	360	400	0.0 %	1.4 %	2.1 %
Residential	225	180	200	245	-4.4 %	2.1 %	4.1 %

Source: The Freedonia Group

Italy: Security Service Providers

Approximately 1,000 firms are active in the Italian security services industry, including roughly 150 secure transport firms. The relatively high number of firms, particularly in the cash-in-transit segment, reflects the fact that the Italian security services industry in general is more heavily dominated by small, locally based firms than is the case in most other West European countries.

Table 7-17 | Italy: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Chimaera Security	Italy	Guard, security consulting
ICTS Europe (ICTS Italy)	France	Airport security
IMI Security Service	Italy	Maritime & port security
ISS	Denmark	Security consulting
IVRI	Italy	Guard, alarm monitoring, cash-in-transit & related services, security consulting
Johnson Controls	Ireland	Alarm monitoring
Verisure	Switzerland	Alarm monitoring

Source: The Freedonia Group

Other Western Europe

Other Western Europe: Security Service Overview

Security service revenues in the other Western European subregion totaled \$10.8 billion in 2017, accounting for 28% of the regional total. Countries in the area tend to be wealthy and highly urbanized, and revenues relative to GDP exceed the global average. The Netherlands and Sweden are the largest security service markets in the subregion, followed by countries such as Austria, Belgium, and Switzerland.

Reported crime rates among other West European countries vary, with Sweden standing out as an outlier on the high end, though this is likely due more to statistical collection practices and a high rate of reporting than to any actual exceptional incidence of crime. For the most part, countries in the other Western Europe subregion are regarded as safe, although concerns about property crime are still significant.

Figure 7-15 | Other Western Europe: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

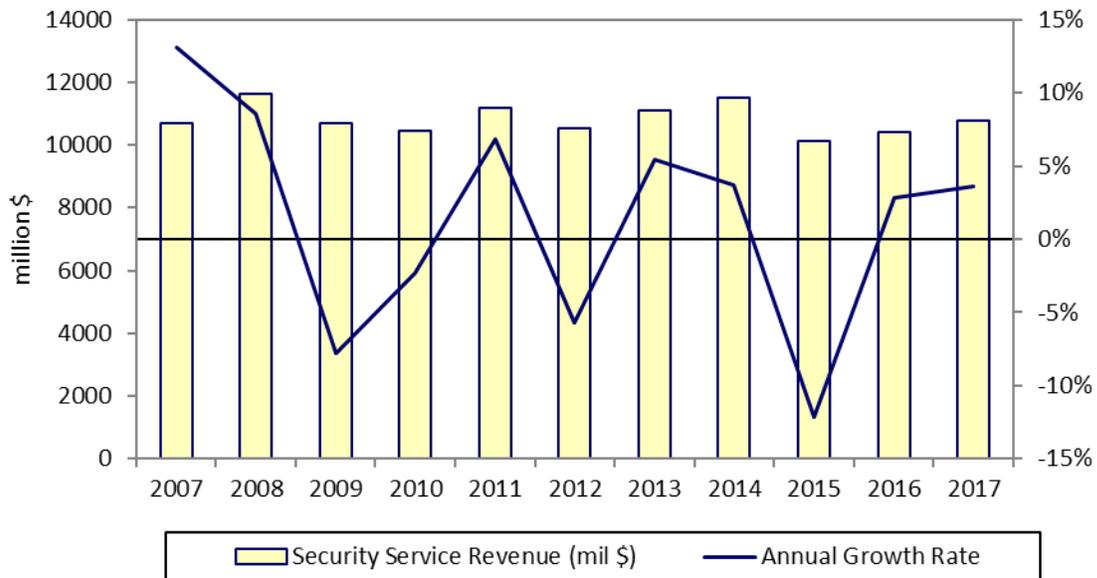
Other Western Europe: Security Service Historical Trends

Security service revenues in the other Western Europe subregion were similar in 2007 and 2017, reflecting the maturity of local markets, although there was significant volatility in:

- 2009 and 2012, when the subregion experienced recessions
- 2015, when unfavorable currency fluctuations reduced the market value in US dollar terms

In employment and local currency terms, industry growth picked up somewhat from 2015 to 2017. This period saw heightened concern about terrorism, which boosted spending on security in shopping malls and other public spaces. In addition, the European migrant crisis sparked increased fears about crime, further boosting the perceived value of security services.

Figure 7-16 | Other Western Europe: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Other Western Europe: Security Service Forecast by Type

Security service revenues in other West European countries are projected to grow 2.6% per year to \$12.3 billion in 2022, mirroring the region at large and trailing the global average.

The guard services segment will account for the largest share of growth, although high labor costs and market maturity will restrain the pace of gains. Advances in the cash-in-transit and related services market will also be modest, as the trend toward greater use of electronic payment will limit growth.

Stronger growth is expected in the alarm monitoring segment, with increased penetration of comprehensive security monitoring solutions allowing for value gains. In addition, the growing complexity of systems and increasing base of potential end users will similarly support strong gains for security integration and consulting services.

Table 7-18 | Other Western Europe: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Western Europe Security Service Revenue	39630	37850	38010	43150	-0.9 %	0.1 %	2.6 %
% other Western Europe	27.0	27.8	28.4	28.4	0.6 %	0.4 %	0.0 %
Security Service Revenue	<u>10690</u>	<u>10535</u>	<u>10790</u>	<u>12250</u>	-0.3 %	0.5 %	2.6 %
Guard	4800	4600	4600	5180	-0.8 %	0.0 %	2.4 %
Alarm Monitoring	2800	2890	2960	3445	0.6 %	0.5 %	3.1 %
Cash-in-Transit & Related Services	1925	1845	2005	2250	-0.8 %	1.7 %	2.3 %
Other Security Services	1165	1200	1225	1375	0.6 %	0.4 %	2.3 %
000\$ revenue/employee	48.6	43.9	42.3	43.8	-2.0 %	-0.7 %	0.7 %
Security Service Employment (000)	220	240	255	280	1.8 %	1.2 %	1.9 %

Source: The Freedonia Group

Other Western Europe: Security Service Forecast by Market

The commercial and industrial market will be the largest driver of security service revenue gains in the other Western Europe subregion, accounting for 76% of growth through 2022. Increased nonresidential building construction will lead to an expanded base of potential end users. Rising use of technologically advanced security systems will promote the use of higher value services, although such systems will also limit demand for manned positions to a degree.

Private security service revenues in the government and institutional market will be boosted by increased outsourcing of public security functions. Key spaces requiring security include:

- transportation facilities
- schools
- hospitals

The residential security services market is forecast to grow at the fastest rate through 2022, although this market accounts for the smallest share of subregional revenues. Gains will be fueled by increased penetration of alarm monitoring services, although full-service providers will need to compete with equipment offering self-monitoring functions.

Table 7-19 | Other Western Europe: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>10690</u>	<u>10535</u>	<u>10790</u>	<u>12250</u>	-0.3 %	0.5 %	2.6 %
Commercial & Industrial	8905	8675	8805	9910	-0.5 %	0.3 %	2.4 %
Government & Institutional	1100	1125	1120	1300	0.5 %	-0.1 %	3.0 %
Residential	685	735	865	1040	1.4 %	3.3 %	3.8 %

Source: The Freedonia Group

Other Western Europe: Security Service Revenue by Country

The Netherlands and Sweden are the largest security service markets in the other Western Europe subregion, together accounting for 33% of the total in 2017. Other sizable markets in the subregion include Austria, Belgium, and Switzerland.

The Swedish market has grown at an above average rate in recent years, in part due to immigration trends. The country had a large influx of refugees and asylum seekers during the European migrant crisis that began in 2015, leading to a significant increase in concerns about crime. The flow of migrants slowed in both 2017 and 2018, but this issue will continue to be a driver of security concerns.

Table 7-20 | Other Western Europe: Security Service Revenue by Country, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>10690</u>	<u>10535</u>	<u>10790</u>	<u>12250</u>	-0.3 %	0.5 %	2.6 %
Netherlands	1625	1730	1980	2240	1.3 %	2.7 %	2.5 %
Sweden	1140	1320	1580	1810	3.0 %	3.7 %	2.8 %
All Other Western Europe	7925	7485	7230	8200	-1.1 %	-0.7 %	2.5 %

Source: The Freedonia Group

Other Western Europe: Security Service Providers

More than 2,500 firms are active in the security services industries of other West European countries (in the aggregate), with Belgium, Denmark, Greece, Finland, the Netherlands, and Sweden boasting the largest numbers of participants. Most countries feature a mix of smaller, locally based firms and foreign multinationals.

Table 7-21 | Other Western Europe: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Coor Group (Addici)	Sweden	Guard, alarm monitoring
G4S	UK	Guard, cash-in-transit & related services, security consulting, systems integration
Grupo EULEN	Spain	Guard, systems integration, security consulting
Gunnebo	Sweden	Cash-in-transit & related services, systems integration
ICTS Europe	France	Airport security
ISS	Denmark	Guard
Johnson Controls	Ireland	Alarm monitoring
Loomis	Sweden	Cash-in-transit & related services
Nokas	Norway	Guard, cash-in-transit & related services
NOONAN	Ireland	Guard
ÖWD Security & Services	Austria	Guard, alarm monitoring
Prestibel	Portugal	Guard, alarm monitoring, security consulting
Prosegur	Spain	Cash-in-transit & related services, guard
Securitas AB	Sweden	Guard, security consulting, alarm monitoring
Securitas AG	Switzerland	Guard, alarm monitoring
Siemens	Germany	Alarm monitoring, systems integration
Strong Charon	Portugal	Guard, alarm monitoring, security consulting, systems integration
Trigion Beveiliging	Netherlands	Guard, alarm monitoring, security consulting
United Technologies	US	Alarm monitoring, systems integration
Verisure	Switzerland	Alarm monitoring

Source: The Freedonia Group

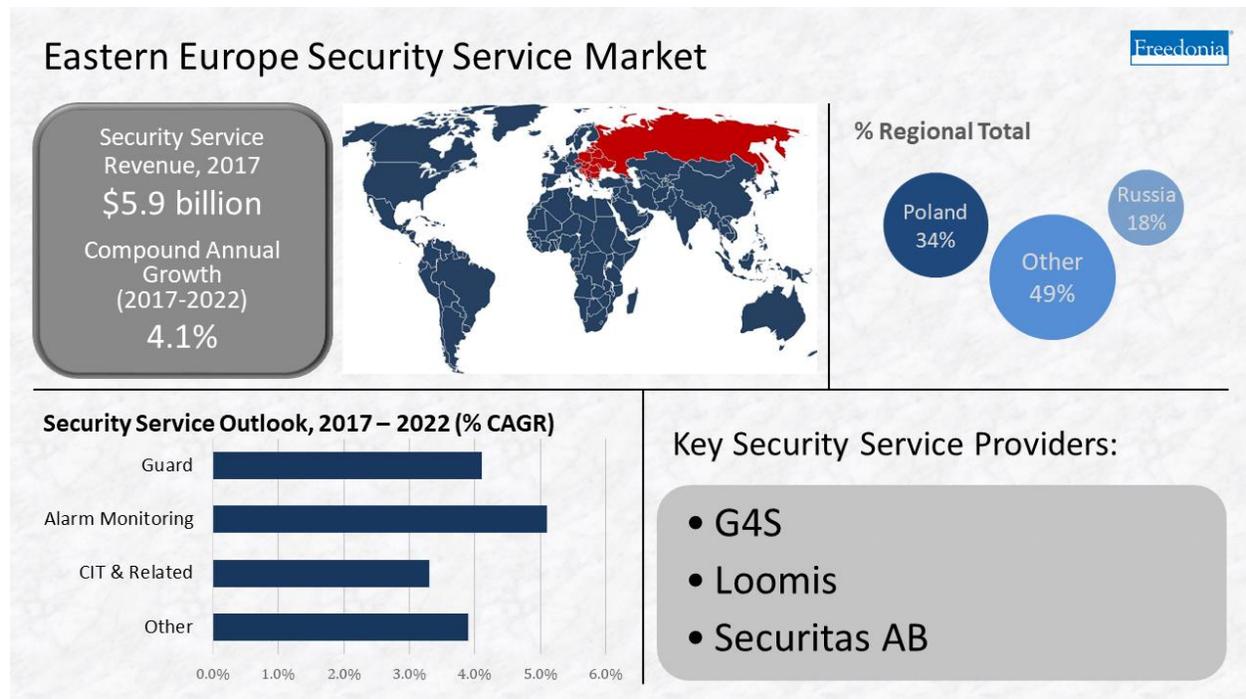
Chapter 8

EASTERN EUROPE

Eastern Europe: Key Findings

- While many underdeveloped regional economies hold untapped potential, a decline in the population size will constrain security service revenue growth through 2022.
- Increasing integration with the EU will spur greater participation by multinational firms capable of offering high-value security services.
- Russia’s market will remain underdeveloped, reflecting competition from a large number of unregistered firms, which also contributes to low public trust in the industry.

Figure 8-1 | Eastern Europe: Security Service Market



Source: The Freedonia Group

Eastern Europe: Security Service Overview

Security service revenues in Eastern Europe totaled \$5.9 billion in 2017, accounting for 3% of the global total. Revenues relative to GDP and urban population are low, as the private security industry remains underdeveloped in many ex-Soviet countries. The private security industry in Russia is particularly small relative to the size of the country's economy, and geopolitical issues have discouraged foreign participation in the market. As a result, Poland is the largest national market in the region.

Crime rates in most East European countries have declined since peaking in the late 1990s and early 2000s, when the transition to market economies was accompanied by significant social disruption. However, trust in the effectiveness of public security forces remains low, encouraging the use of private security among those with the funds to afford it. This is offset to an extent by the presence of organized crime syndicates offering protection labeled as "private security", which has lowered the reputation of legitimate private security vendors in the region. In addition, competition from unlicensed operators remains significant.

Figure 8-2 | Eastern Europe: Security Service Market Key Indicators, 2017

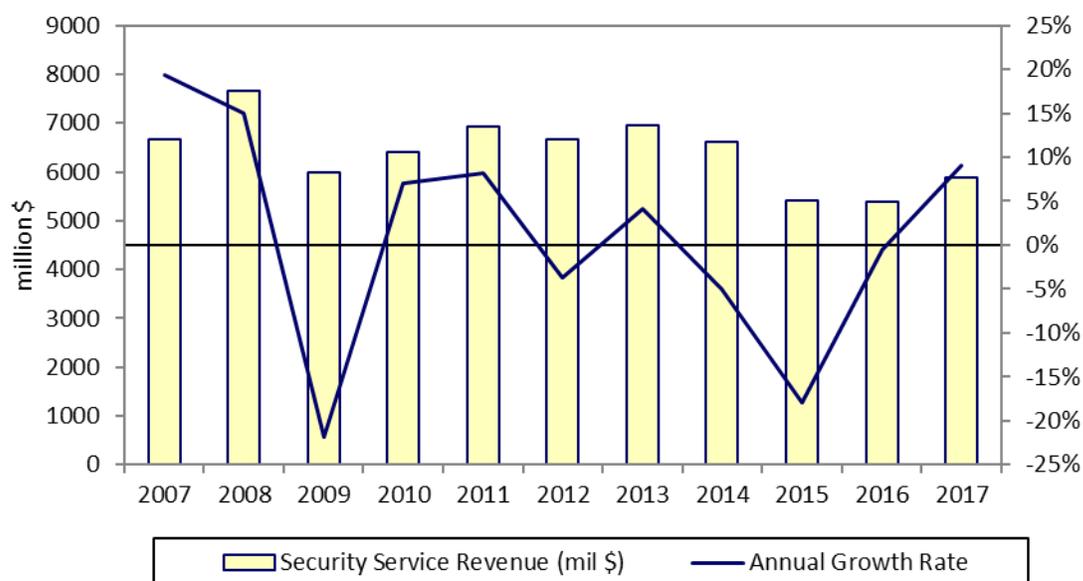


Eastern Europe: Security Service Historical Trends

Security service revenues in Eastern Europe declined between 2007 and 2017, with this period's peak occurring in 2008. Currency fluctuations were a significant factor in market size reductions, as the values of key regional currencies declined sharply in both 2009 and 2015. However, even accounting for this factor, market performance in many countries was poor, particularly considering the potential for development-related growth that still exists in the region.

While the 2009 global recession had a large impact on many East European countries, most of the region otherwise posted solid performances between 2007 and 2012. The 2012-2017 market environment was significantly weaker, as Russia's conflict with Ukraine affected both countries and had secondary effects throughout the region. In addition, the European migrant crisis produced social unrest in many East European countries beginning in 2015, although the increased security concerns associated with this crisis did provide opportunities for security service providers.

Figure 8-3 | Eastern Europe: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Eastern Europe: Security Service Forecast by Type & Market

Security service revenues in Eastern Europe are forecast to rise 4.1% per year to \$7.2 billion in 2022. An improved economic environment will support growth, but the region's shrinking population will constrain further gains. Greater economic integration with the EU will also spur increased participation by multinational firms willing to invest in high-value security services, although low labor costs mean that guard services will continue to account for the bulk of demand.

Demand for alarm monitoring services will grow at an above average rate, although these will remain a minor portion of the total. Revenues will be boosted by:

- increased use of basic alarm monitoring in the residential market
- greater penetration of value-added offerings like video monitoring in the commercial market

Rising use of technologically complex services will also spur greater revenues for systems integrators.

The East European security service markets vary in size:

- The commercial and industrial market represents the largest outlet for security services in the region.
- The government and institutional market is much smaller, as the outsourcing of public security to private firms remains limited in many ex-Soviet countries that historically have had large and powerful public security forces.
- The residential market remains limited by generally low income levels, although the expansion of the middle- and upper-class in the region will support strong growth through 2022.

EASTERN EUROPE

Table 8-1 | Eastern Europe: Security Service Revenue by Type & Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% Eastern Europe	4.6	3.7	2.9	2.7	-4.3 %	-4.8 %	-1.4 %
Security Service Revenue	<u>6660</u>	<u>6670</u>	<u>5880</u>	<u>7200</u>	0.0 %	-2.5 %	4.1 %
By Type:							
Guard	4610	4570	4030	4930	-0.2 %	-2.5 %	4.1 %
Alarm Monitoring	715	765	720	925	1.4 %	-1.2 %	5.1 %
Cash-in-Transit & Related Services	785	765	650	765	-0.5 %	-3.2 %	3.3 %
Other Security Services	550	570	480	580	0.7 %	-3.4 %	3.9 %
Systems Integration	120	125	120	165	0.8 %	-0.8 %	6.6 %
All Other Security Services	430	445	360	415	0.7 %	-4.2 %	2.9 %
By Market:							
Commercial & Industrial	5760	5645	4955	6045	-0.4 %	-2.6 %	4.1 %
Government & Institutional	640	735	635	760	2.8 %	-2.9 %	3.7 %
Residential	260	290	290	395	2.2 %	0.0 %	6.4 %
000\$ revenue/employee	9.3	7.9	6.0	6.4	-3.2 %	-5.4 %	1.3 %
Security Service Employment (000)	715	840	980	1130	3.3 %	3.1 %	2.9 %

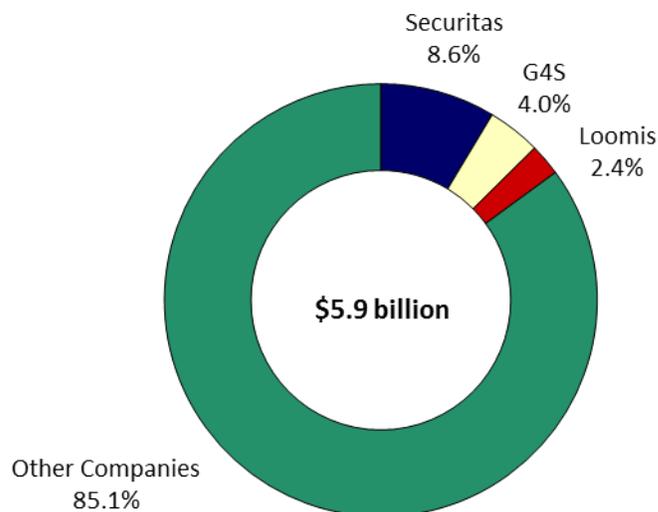
Source: The Freedonia Group

Eastern Europe: Market Share

The security services market in Eastern Europe is fragmented, particularly in comparison to that of Western Europe. While foreign investment has increased rapidly as East European countries have joined the EU and broadened their economic ties to the broader continent, participation by multinational security service providers has historically been limited. Geopolitical concerns continue to restrain foreign participation in the Russian market, where smaller local concerns predominate.

Securitas AB was the largest provider of security services to the East European market in 2017, with a market share of 8.6%. The company has branches in 13 East European countries. Other significant security service providers operating in Eastern Europe include G4S and Loomis.

Figure 8-4 | Eastern Europe: Security Service Market Share, 2017 (billion dollars)



Source: The Freedonia Group

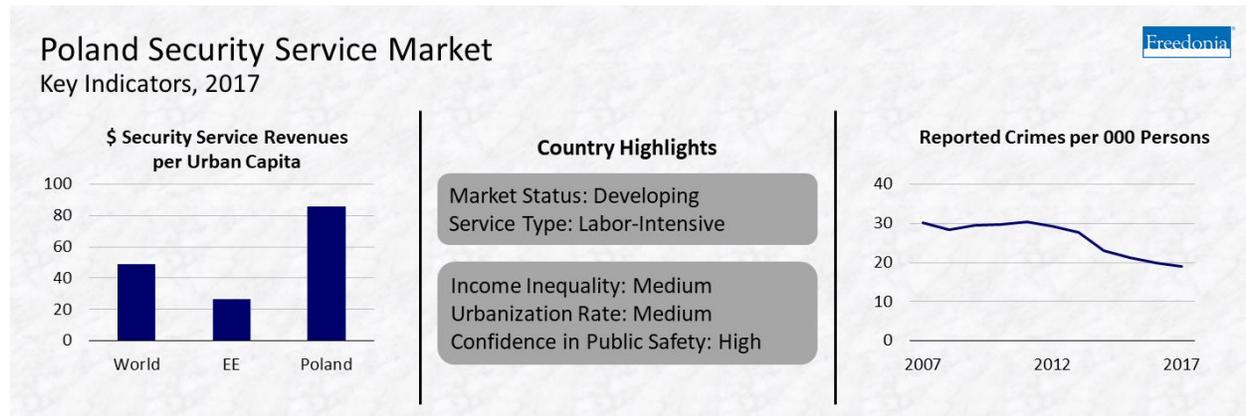
Poland

Poland: Security Service Overview

Security service revenues in Poland totaled \$2.0 billion in 2017, accounting for 34% of the East European total. Revenues relative to the urban population size are above the global average and significantly higher than those in Russia, which has an underdeveloped private security sector. Several major multinational security service firms offer value-added services in Poland, although the bulk of the market consists of basic manned guarding services.

Poland's private security industry grew rapidly during the country's transition to a market economy in the 1990s, with rising income inequality contributing to increased property crime and associated countermeasures. The opening of the country's borders also left the country vulnerable to foreign organized crime, and proliferation of weapons and narcotics became problems. Crime rates in Poland have declined steadily since peaking in 2003, but the private security service industry remains sizable.

Figure 8-5 | Poland: Security Service Market Key Indicators, 2017



Poland: Security Service Historical Trends

In real terms, Poland's security service market grew over the 2007-2017 period. The country's economy outperformed Eastern Europe at large over this period, avoiding the recessions that plagued much of the region. Security service revenues were boosted by:

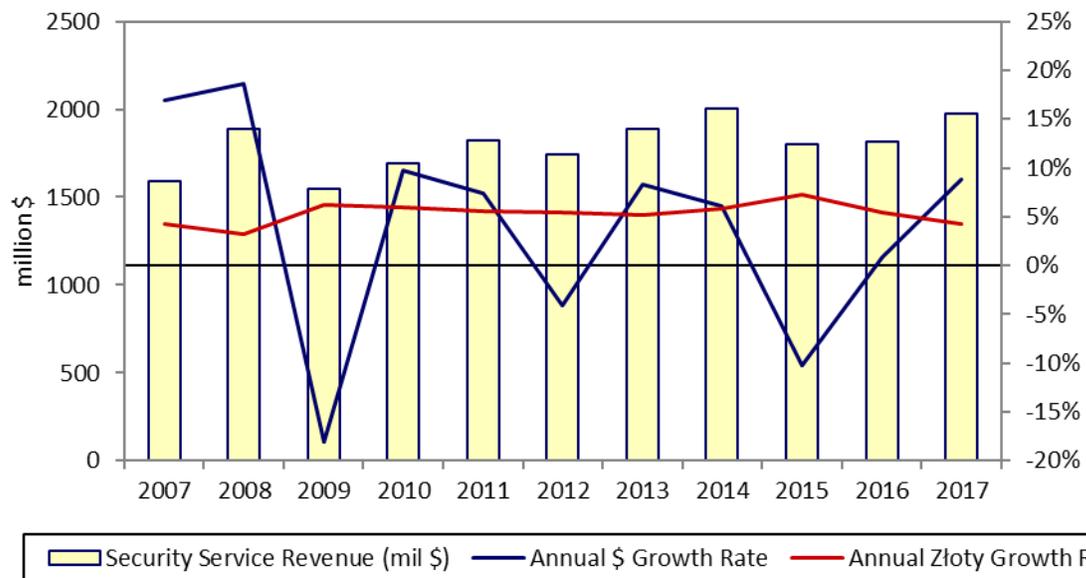
- high levels of foreign investment in the manufacturing sector, which increased the commercial and industrial base
- rapidly increasing tourism following Poland's accession to the European Union in 2004

As with Europe as a whole, rising foreign migration has led to increased security concerns in Poland since 2015. However, the country has refused to participate in the EU's refugee relocation plans, limiting the internal impact of the refugee crisis, especially when compared to many other European countries.

Volatility in the value of the Polish zloty has led to steep fluctuations in the size of the security service market in US dollar terms in several recent years. This was most significant in 2009, when the value of the zloty fell by over 20%. Currency fluctuations also shrank the market in 2012 and 2015, but a stronger performance boosted growth in 2017.

EASTERN EUROPE

Figure 8-6 | Poland: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Poland: Security Service Forecast by Type

Security service revenues in Poland are forecast to rise 5.2% per year to \$2.6 billion in 2022. The relative strength of the Polish economy will continue to fuel an above average performance compared to Eastern Europe as a whole. Guard services will account for the vast majority of market gains, as low labor costs aid the affordability of manned guarding. However, this market is saturated, and employment growth is expected to decelerate as the segment approaches maturity. Market maturity will also constrain the pace of gains in the cash-in-transit segment.

The alarm monitoring segment in Poland is small, as tech-intensive solutions have historically had difficulty competing with low-cost guarding services. However, this segment is forecast to post above average growth as labor costs rise and equipment costs fall. The greater prevalence of advanced manufacturing operations will boost demand for more complex alarm monitoring systems incorporating features like video monitoring. Growth in the use of these systems will also aid revenues for firms offering systems integration services.

Table 8-2 | Poland: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Eastern Europe Security Service Revenue	6660	6670	5880	7200	0.0 %	-2.5 %	4.1 %
% Poland	23.9	26.2	33.6	35.4	1.9 %	5.1 %	1.0 %
Security Service Revenue	<u>1590</u>	<u>1745</u>	<u>1975</u>	<u>2550</u>	1.9 %	2.5 %	5.2 %
Guard	1220	1350	1520	1950	2.0 %	2.4 %	5.1 %
Alarm Monitoring	175	200	240	330	2.7 %	3.7 %	6.6 %
Cash-in-Transit & Related Services	85	85	95	115	0.0 %	2.2 %	3.9 %
Other Security Services	110	110	120	155	0.0 %	1.8 %	5.3 %
000\$ revenue/employee	11.0	10.0	9.0	9.4	-1.9 %	-2.1 %	0.9 %
Security Service Employment (000)	145	175	220	270	3.8 %	4.7 %	4.2 %
Security Service Revenue (mil złoty)	4400	5680	7460	9640	5.2 %	5.6 %	5.3 %

Source: The Freedonia Group

Poland: Security Service Forecast by Market

As in much of the rest of the world, commercial and industrial end users account for the majority of demand in Poland's private security services market, representing 83% of revenues in 2017. Gains in this market will be supported by:

- rising investment in construction of new nonresidential buildings, which will expand the market base
- increasing capital, which will allow for greater spending on value-added security services
- greater efforts to further update security offerings, particularly in areas that experience high traffic from international customers who might be accustomed to more modernized security measures

Growth in security service revenues in the government and institutional market will be driven by rising use of these services in facilities such as schools and hospitals. While Poland has been less directly impacted by terrorism than other European countries, concerns about this issue will still fuel increased government outlays on security.

The market for residential security services in Poland is small, as basic mechanical security products are more affordable for the majority of the population. However, the country's strong economic performance in recent years has boosted the size of the wealthy and middle-class populations, and rising incomes will enable greater use of residential security services, particularly alarm monitoring.

Table 8-3 | Poland: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>1590</u>	<u>1745</u>	<u>1975</u>	<u>2550</u>	1.9 %	2.5 %	5.2 %
Commercial & Industrial	1330	1465	1645	2125	2.0 %	2.3 %	5.3 %
Government & Institutional	200	215	245	305	1.5 %	2.6 %	4.5 %
Residential	60	65	85	120	1.6 %	5.5 %	7.1 %

Source: The Freedonia Group

Poland: Security Service Providers

Security services are supplied in Poland by more than 3,500 firms. While most of the participants are small firms that provide basic guard and bodyguard services on a local basis, the industry also features several dozen mid-sized regional competitors that provide an array of guard, alarm, investigation, and armored transport services.

Konsalnet is the largest security services provider in Poland. The company employs 20,000, maintains a fleet of 1,200 vehicles, has approximately 64,000 alarm monitoring subscribers, and provides manned guarding services for over 3,700 facilities.

Table 8-4 | Poland: Key Security Service Providers

Company	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
EKOTRADE	Poland	Guard, alarm monitoring, cash-in-transit & related services, systems integration
ISS	Denmark	Guard, alarm monitoring
Johnson Controls	Ireland	Systems integration
Konsalnet	Poland	Guard, alarm monitoring, cash-in-transit & related services
Securitas AB	Sweden	Guard, alarm monitoring, security consulting
Solid Security	Poland	Guard, alarm monitoring

Source: The Freedonia Group

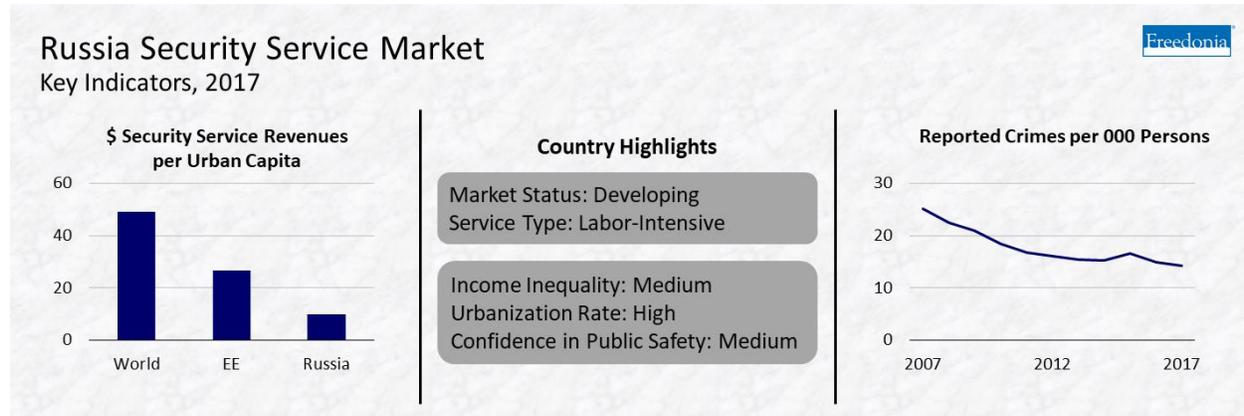
Russia

Russia: Security Service Overview

Security service revenues in Russia totaled \$1.1 billion in 2022, accounting for 18% of the East European total. Russia's market is small relative to its share of the regional economy, with service revenues relative to GDP and urban population ranking lowest among major national markets worldwide. The private security industry in the country is underdeveloped, reflecting the country's recent transition to a market economy. Providers of professional security services must also compete with informal, unregistered operators, although regulations enacted in 2010 have increasingly formalized the industry.

While reported crime rates in Russia are not particularly high, underreporting is an issue and crime is a serious concern, particularly in cities. Widespread government corruption contributes to lack of trust in public security forces, discouraging victims from reporting crimes to authorities. In addition, organized crime syndicates are major power brokers in the nation. However, the available data does suggest a trend of declining crime rates from a peak in 2006.

Figure 8-7 | Russia: Security Service Market Key Indicators, 2017



Russia: Security Service Historical Trends

In real terms, the Russian security services market grew at a moderate rate for most of the 2007-2017 period, with only a modest slowdown during the 2009 global recession.

Increasing professionalization and formalization of the country's underdeveloped security service industry has contributed to expanding revenues as Russia's economy has grown.

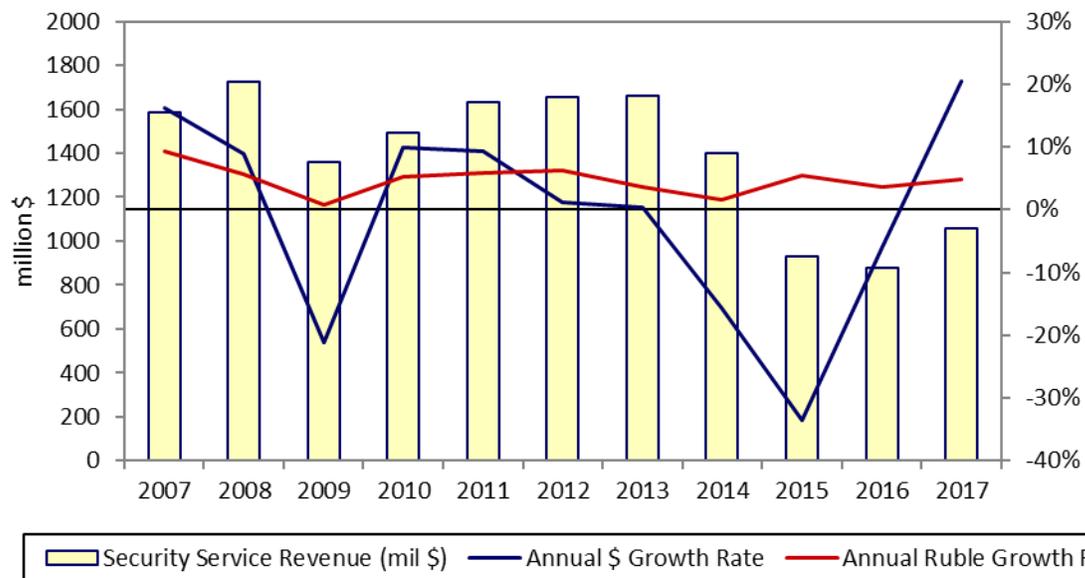
Russia's economic performance slowed significantly beginning in 2014, with two years of recession in 2015 and 2016. International sanctions related to the country's occupation and annexation of Crimea:

- slowed economic activity
- discouraged multinational security service providers from attempting to gain a presence in the local market

However, preparations for the 2018 World Cup provided a short-term boost to the industry and largely offset the impact of the weak economic environment.

The Russian market for security services has been significantly more volatile in US dollar terms, suffering double-digit losses in 2009, 2014, and 2015. The value of the ruble fell sharply in each of these years, with a particularly severe decline in 2015. The ruble recovered some value in 2017, leading to strong growth, but the market size in dollar terms remained well below the 2008 peak.

Figure 8-8 | Russia: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Russia: Security Service Forecast by Type

Security service revenues in Russia are projected to increase 3.5% per year to \$1.3 billion in 2022. Growth will trail the global and regional averages, as geopolitical issues remain a threat to Russia's economic stability and a shrinking population size reduces the market base.

Guard services comprise the bulk of the security service market in Russia, and these will account for 77% of revenue growth through 2022. Growth will be aided by:

- increasing professionalism and regulation within the industry, supporting trust in private security providers
- more highly trained and licensed guards, commanding higher wages

Nonetheless, competition from black market operators will limit additional opportunities.

The alarm monitoring segment is small in Russia, in part due to limited penetration in the residential market. Growth in this market will be largely attributable to increased sales of basic alarm monitoring services as equipment and data storage costs fall. The cash-in-

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transit and related services segment is mature and will post below average gains. However, the expanding network of ATMs in the country will provide some opportunities.

Russia represents a significant market for private investigators, particularly in the largely unregulated business sector. Such services are utilized in order to examine potential business partners for solvency and legitimacy. The pre-employment sector will also see gains as a growing number of entities utilize these services to screen job applicants. Revenue growth from systems integration services will be limited by the modest penetration of complex, high-value electronic security systems.

Table 8-5 | Russia: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Eastern Europe Security Service Revenue	6660	6670	5880	7200	0.0 %	-2.5 %	4.1 %
% Russia	23.8	24.8	17.9	17.4	0.8 %	-6.3 %	-0.6 %
Security Service Revenue	<u>1585</u>	<u>1655</u>	<u>1055</u>	<u>1250</u>	0.9 %	-8.6 %	3.5 %
Guard	1190	1220	780	930	0.5 %	-8.6 %	3.6 %
Alarm Monitoring	100	115	75	90	2.8 %	-8.2 %	3.7 %
Cash-in-Transit & Related Services	165	170	110	125	0.6 %	-8.3 %	2.6 %
Other Security Services	130	150	90	105	2.9 %	-9.7 %	3.1 %
000\$ revenue/employee	10.9	8.9	5.0	5.2	-4.0 %	-10.9 %	0.8 %
Security Service Employment (000)	145	185	210	240	5.0 %	2.6 %	2.7 %
Security Service Revenue (bil rubles)	40.5	51.0	61.5	72.9	4.7 %	3.8 %	3.5 %

Source: The Freedonia Group

Russia: Security Service Forecast by Market

The commercial and industrial market will account for the largest share of security service revenue growth through 2022, due to:

- an improved economic environment
- rebounding nonresidential building construction providing expanded opportunities
- concern about property crime among businesses such as oil and gas firms, retailers, and banks and financial service companies

Revenues for private security services in the government and institutional market will continue to be hampered by competition from public safety forces. Government forces provide virtually all of the security for government agencies, public banks, the chemical and pharmaceutical industries, public mining operations, museums, libraries, and national monuments, reflecting the ongoing legacy of Russia's communist period.

Residential end users account for only a small portion of the Russian private security services market, comprising 3% of the total in 2017. The low utilization of these services stems largely from their high costs, which are beyond the means of many individuals. Nonetheless, falling equipment prices will allow a greater number of consumers to afford both security systems and related services, particularly alarm monitoring. Demand for these services will further benefit from the increasing availability in more rural areas, broadening the base of potential end users.

Table 8-6 | Russia: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>1585</u>	<u>1655</u>	<u>1055</u>	<u>1250</u>	0.9 %	-8.6 %	3.5 %
Commercial & Industrial	1300	1365	865	1035	1.0 %	-8.7 %	3.7 %
Government & Institutional	250	240	155	170	-0.8 %	-8.4 %	1.9 %
Residential	35	50	35	45	7.4 %	-6.9 %	5.2 %

Source: The Freedonia Group

Russia: Security Service Providers

A number of private security firms operating in Russia were originally in-house security divisions that were spun off to provide security for additional clients. Many of these outfits are formed of and/or run by former military, KGB, or police officers. Despite ongoing growth, the Russian market is noted for very low concentration of these services. Companies in Moscow are considered large if they have 300 employees.

In response to concerns about the limited level of trust the public has in private security agencies, the Russian government has been instituting licensing and other minimal requirements aimed at professionalizing the industry. Even among the more respectable organizations, many are heavily engaged in questionable activities such as:

- helping their business clients settle competitive turf wars and legal disputes
- collecting debts
- spying on competitors

Some of these security firms may also be insolvent and lack insurance.

Table 8-7 | Russia: Key Security Service Providers

Company	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Delta Security	Russia	Guard, alarm monitoring
Gulfstream Security Systems	Russia	Alarm monitoring
ISS	Denmark	Guard
Johnson Controls	Ireland	Alarm monitoring, systems integration
PSC SOVA	Russia	Guard, alarm monitoring

Source: The Freedonia Group

Other Eastern Europe

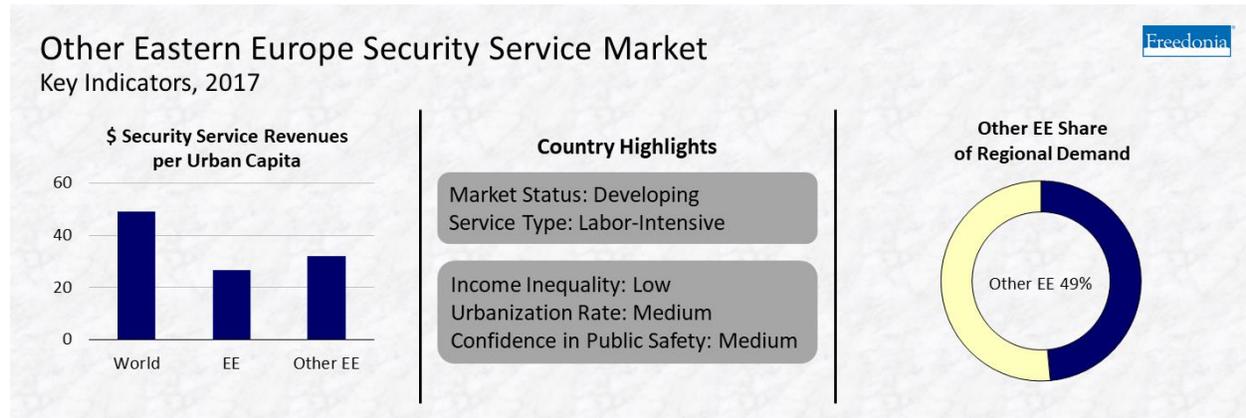
Other Eastern Europe: Security Service Overview

Security service revenues in the other Eastern Europe subregion totaled \$2.9 billion in 2017, accounting for 49% of East European revenues. Revenues relative to the urban population size are below the global average, reflecting low income levels and limited penetration of high-value, technology-intensive services. In addition, the private security service industry is still underdeveloped in many ex-Soviet countries. The largest national markets for security services in the subregion include the Czech Republic, Hungary, and Romania.

While reliable crime data is not available for most of these countries, it is generally accepted that crime is less of a problem in most of Eastern Europe than in Russia. However:

- It is believed that organized crime syndicates based in Russia have been expanding into many of these nations, which they see as springboards to Western Europe and the US.
- Government corruption and police ineffectiveness are problems in many areas.
- The threat of terrorist attacks is also a concern in some countries, particularly those with religious conflicts associated with mixed Christian/Muslim populations.

Figure 8-9 | Other Eastern Europe: Security Service Market Key Indicators, 2017



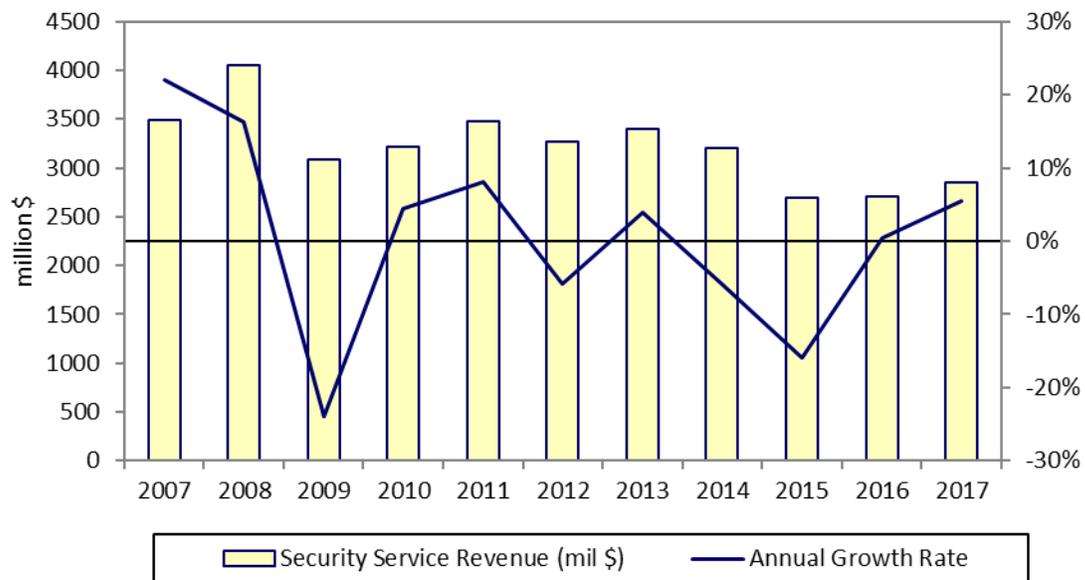
Source: The Freedonia Group

Other Eastern Europe: Security Service Historical Trends

Security service revenues in the other Eastern Europe subregion fell between 2007 and 2017. While revenue losses were exaggerated by currency fluctuations that shrank the market size in US dollar terms – particularly in 2009 and 2015 – many countries in the subregion suffered difficult economic conditions during this period. The 2009 global recession had a major impact throughout the subregion, and several countries (particularly Ukraine) returned to recessionary conditions between 2012 and 2016 following modest recoveries in 2010 and 2011.

Political turmoil has been a factor in recent economic slowdowns, with Russia's conflict with Ukraine representing the most impactful individual incident. In addition, many of the Balkan countries have been affected by the European migrant crisis that began in 2015, as entering those countries via Turkey has been the highest-volume migration route. While the migrant crisis has been socially and economically disruptive for these countries, it has also spurred greater spending on security.

Figure 8-10 | Other Eastern Europe: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Other Eastern Europe: Security Service Forecast by Type

Through 2022, security service revenues in other East European countries are projected to rise 3.6% per year to \$3.4 billion, trailing the global average. While local markets are underdeveloped and hold significant potential for growth as high-value services become more common, the shrinking size of the subregion's population will constrain the pace of gains.

Guard services will continue to account for the largest share of revenues. Demand will be boosted by increasing outsourcing of security services, especially as trust in private providers continues to rise due to increasing regulation and professionalism. Furthermore, this trend will support the use of higher trained, more expensive guards, supporting revenue growth.

Alarm monitoring and cash-in-transit services have relatively high penetration in the other Eastern Europe subregion in comparison to Poland and Russia. Countries such as the Czech Republic and the Baltic countries have well developed private enterprise systems (including banking industries), and a number of major multinational firms have entered the

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market to provide these services. These firms also tend to offer security consulting and systems integration services as well. While the commercial market for alarm monitoring is relatively developed, use of these services in residential applications remains limited, and strong growth is expected through 2022 as alarm monitoring becomes increasingly affordable.

Table 8-8 | Other Eastern Europe: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Eastern Europe Security Service Revenue	6660	6670	5880	7200	0.0 %	-2.5 %	4.1 %
% other Eastern Europe	52.3	49.0	48.5	47.2	-1.3 %	-0.2 %	-0.5 %
Security Service Revenue	<u>3485</u>	<u>3270</u>	<u>2850</u>	<u>3400</u>	-1.3 %	-2.7 %	3.6 %
Guard	2200	2000	1730	2050	-1.9 %	-2.9 %	3.5 %
Alarm Monitoring	440	450	405	505	0.5 %	-2.1 %	4.5 %
Cash-in-Transit & Related Services	535	510	445	525	-1.0 %	-2.7 %	3.4 %
Other Security Services	310	310	270	320	0.0 %	-2.7 %	3.5 %
000\$ revenue/employee	8.2	6.8	5.2	5.5	-3.7 %	-5.2 %	1.1 %
Security Service Employment (000)	425	480	550	620	2.5 %	2.8 %	2.4 %

Source: The Freedonia Group

Other Eastern Europe: Security Service Forecast by Market

The commercial and industrial market comprises the majority of security services demand in the other Eastern Europe subregion and will account for 80% of revenue growth through 2022. Nonresidential building construction activity is expected to expand, aided by foreign investment in manufacturing industries. Increased international investment will boost use of high-value services, as foreign end users with headquarters in developed areas typically utilize security services to a similar degree at facilities across all countries.

While the volume of asylum seekers dropped in 2017, the impact of the European migrant crisis will have a continued positive impact on government security spending. Private security revenues will also be boosted by increased outsourcing as reliable multinational firms increase their presence in the area.

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The underdeveloped residential market will post the fastest growth, with rising income inequality encouraging greater spending on security among wealthier segments of the population. However, this will be offset to an extent by the shrinking subregional population.

Table 8-9 | Other Eastern Europe: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>3485</u>	<u>3270</u>	<u>2850</u>	<u>3400</u>	-1.3 %	-2.7 %	3.6 %
Commercial & Industrial	3130	2815	2445	2885	-2.1 %	-2.8 %	3.4 %
Government & Institutional	190	280	235	285	8.1 %	-3.4 %	3.9 %
Residential	165	175	170	230	1.2 %	-0.6 %	6.2 %

Source: The Freedonia Group

Other Eastern Europe: Security Service Providers

Security services industries in the other countries of Eastern Europe have been developing rapidly since the late 1980s with the fall of communism, the genesis of private enterprise systems, and a significant upswing in foreign investment. Security services – especially contract guard services – are supplied by more than 10,000 small, locally based firms, staffed and run for the most part by former members of the police, armed forces, and state security forces.

Still, due to the rapid growth in a number of other East European markets and the increasing integration of the region with the EU, multinational security firms based in Western Europe and the US are increasingly investing in these markets. Such firms are generally perceived as offering higher quality, more professional services than local vendors, and now rank among the market leaders in most of the major economies of the subregion.

Table 8-10 | Other Eastern Europe: Key Security Service Providers

Company	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
G4S	UK	Guard, cash-in-transit & related services, security consulting, systems integration
ICTS Europe	France	Airport security
ISS	Denmark	Guard
Johnson Controls	Ireland	Alarm monitoring
Loomis	Sweden	Cash-in-transit & related services
Securitas AB	Sweden	Guard, security consulting, alarm monitoring
Siemens	Germany	Alarm monitoring, systems integration

Source: The Freedonia Group

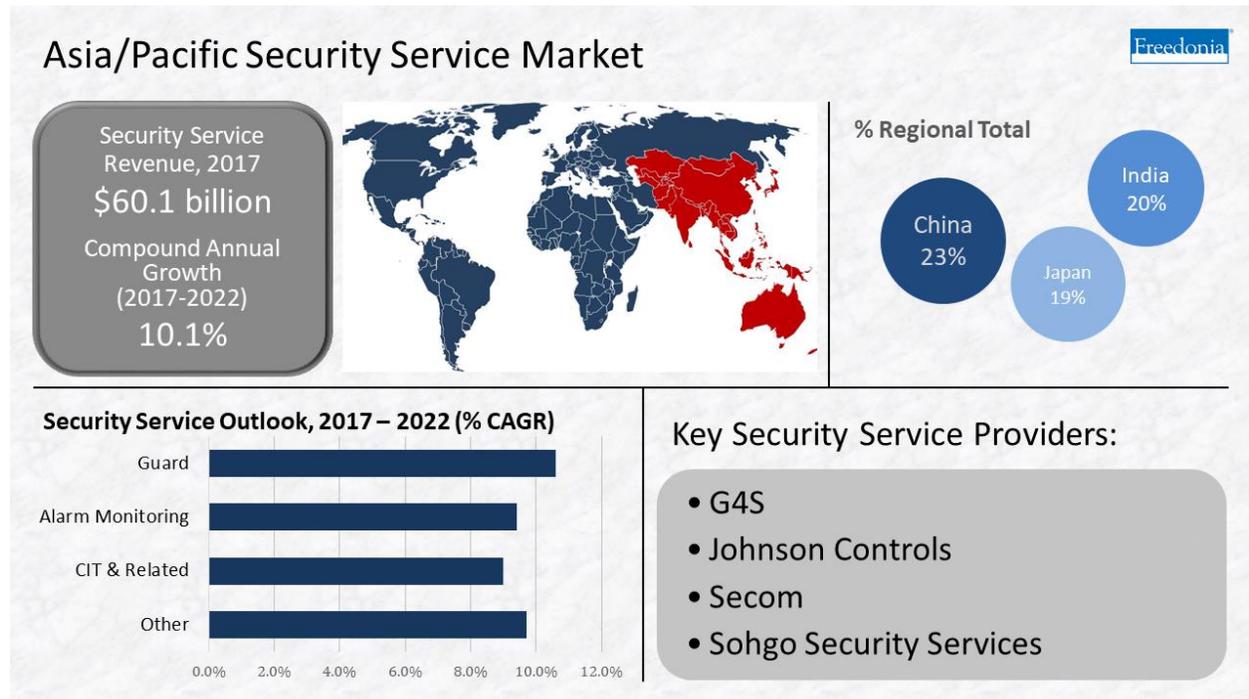
Chapter 9

ASIA/PACIFIC

Asia/Pacific: Key Findings

- China and India will be the two fastest growing national markets for security services worldwide, with guard services accounting for the majority of gains.
- The Chinese market remains well below its potential size, as industry participation by fully private and foreign firms was not allowed until 2006.
- Sales of increasingly sophisticated electronic security systems will support revenue growth in Japan, South Korea, and Australia.

Figure 9-1 | Asia/Pacific: Security Service Market



Source: The Freedonia Group

Asia/Pacific: Security Service Overview

Security service revenues in the Asia/Pacific region totaled \$60.1 billion in 2017, accounting for 30% of global revenues. The larger national markets in the region can be divided into two broad categories:

- highly populous nations with low labor costs and large manned guarding segments, such as China and India
- developed nations with intensive penetration of high-value electronic security systems, such as Japan, South Korea, and (to a lesser extent) Australia

Severity of crime varies significantly in the region. Developing nations tend to feature increasingly dense cities and high levels of income inequality, which contribute to risk of crime. Weak institutions in some of these countries also allow for the presence of armed militant groups, which create additional security concerns. The region's developed countries tend to have relatively low crime rates in comparison to similarly advanced economies in Western Europe, but high levels of accumulated wealth do create concern about property crime.

Figure 9-2 | Asia/Pacific: Security Service Market Key Indicators, 2017



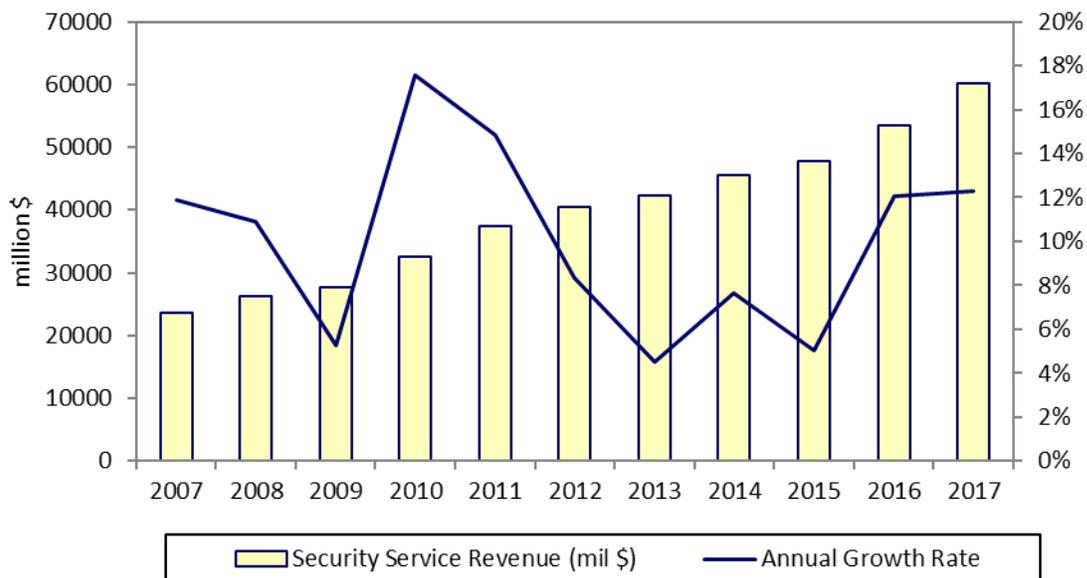
Source: The Freedonia Group

Asia/Pacific: Security Service Historical Trends

The security service market in the Asia/Pacific region expanded rapidly during the 2007-2017 period, with solid growth even in weak years such as 2009, which was impacted by the global recession and financial crisis. Growth between 2007 and 2012 was somewhat stronger than that between 2012 and 2017, due to two major factors:

- currency fluctuations during the 2012-2017 period led to market size reductions in US dollar terms in Japan and Australia, after previously boosting the size of the Japanese market during the 2007-2012 period
- growth in the Chinese market began to moderate following a period of extremely rapid gains, although China remained the fastest growing national market for security services worldwide

Figure 9-3 | Asia/Pacific: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Asia/Pacific: Security Service Forecast by Type & Market

Security service revenues in the Asia/Pacific region are forecast to rise more than 10% per year to \$97.3 billion in 2022, faster than any other world region. Continued industrialization and urbanization in developing countries throughout the region will spur widespread gains.

Guard service revenues will advance at the fastest rate, mainly due to the relative concentration of this segment in the fast-growing Chinese and Indian markets. Gains will be tempered to an extent by the maturity of this segment in the region's more developed countries, where high labor costs and falling equipment costs will promote greater investment in labor-saving security measures.

Revenues for alarm monitoring services will advance rapidly as rising income allows for increased penetration of residential markets. Growth in adoption of video monitoring services will also support revenues, particularly as expanded foreign investment boosts the presence of commercial users familiar with advanced security systems. Revenues for providers of security consulting and systems integration services will similarly benefit.

Growth in the cash-in-transit and related services segment will be fueled by the expanding network of banks and ATMs in the Asia/Pacific region's developing countries. However, faster gains will be restrained by the increasing penetration of electronic payment methods, particularly in developed countries.

Table 9-1 | Asia/Pacific: Security Service Revenue by Type & Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% Asia/Pacific	16.2	22.6	29.6	36.1	6.9 %	5.5 %	4.1 %
Security Service Revenue	<u>23680</u>	<u>40450</u>	<u>60140</u>	<u>97250</u>	11.3 %	8.3 %	10.1 %
By Type:							
Guard	12040	21260	33240	55110	12.0 %	9.4 %	10.6 %
Alarm Monitoring	6600	10740	14320	22420	10.2 %	5.9 %	9.4 %
Cash-in-Transit & Related Services	2580	4280	6110	9420	10.7 %	7.4 %	9.0 %
Other Security Services	2460	4170	6470	10300	11.1 %	9.2 %	9.7 %
Systems Integration	1115	1755	2395	3950	9.5 %	6.4 %	10.5 %
All Other Security Services	1345	2415	4075	6350	12.4 %	11.0 %	9.3 %
By Market:							
Commercial & Industrial	17825	30540	45370	73640	11.4 %	8.2 %	10.2 %
Government & Institutional	3835	6450	10050	16080	11.0 %	9.3 %	9.9 %
Residential	2020	3460	4720	7530	11.4 %	6.4 %	9.8 %
000\$ revenue/employee	3.1	3.1	2.7	2.6	0.0 %	-2.7 %	-0.8 %
Security Service Employment (000)	7615	12950	22310	36750	11.2 %	11.5 %	10.5 %

Source: The Freedonia Group

Asia/Pacific: Security Service Revenue by Country

Growth in security service revenues in the Asia/Pacific region will be led by China and India, which are expected to be the two fastest growing national markets worldwide through 2022. Combined, these two countries will account for 67% of regional revenue growth. Gains will be driven by rapid growth across all major sectors of the economy, as well as by increased licensing and professionalization of the security service industry. Other developing countries in the region are also expected to post strong gains.

Security service revenue growth in Japan will be restricted by the country's declining population size, although greater penetration of high-value services will contribute to some gains. The proliferation of complex electronic security systems will also allow both South Korea and Australia to post relatively healthy growth by developed-country standards.

Table 9-2 | Asia/Pacific: Security Service Revenues by Country, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	23680	40450	60140	97250	11.3 %	8.3 %	10.1 %
China	1945	5565	13750	29100	23.4 %	19.8 %	16.2 %
India	2345	5310	11830	21300	17.8 %	17.4 %	12.5 %
Japan	8690	13195	11480	13150	8.7 %	-2.7 %	2.8 %
South Korea	2530	3530	5230	7220	6.9 %	8.2 %	6.7 %
Australia	2380	3575	3250	4050	8.5 %	-1.9 %	4.5 %
Other Asia/Pacific	5790	9275	14600	22430	9.9 %	9.5 %	9.0 %

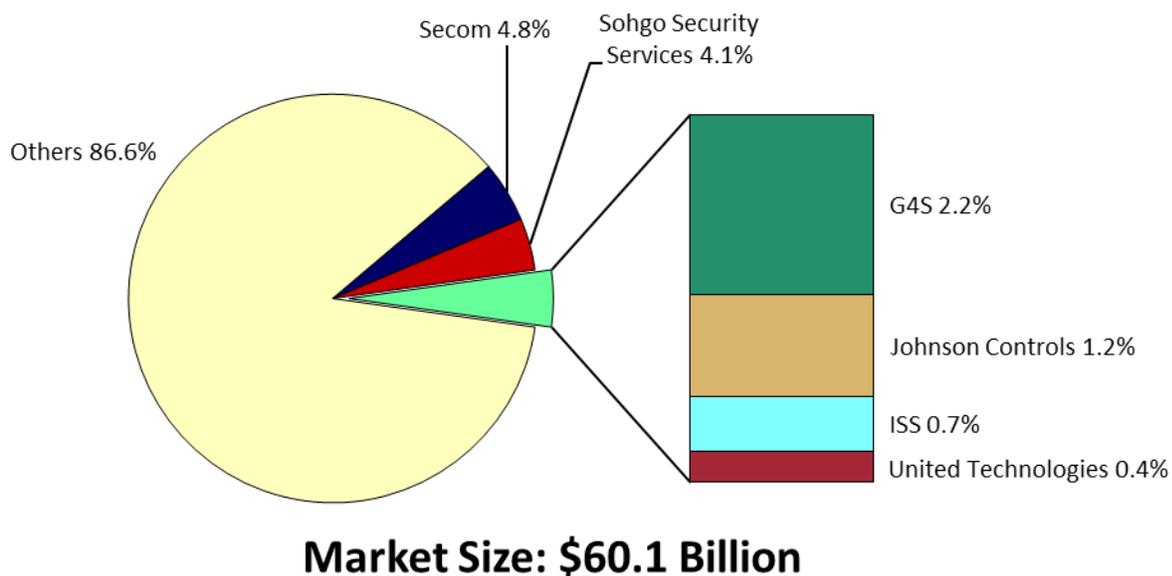
Source: The Freedonia Group

Asia/Pacific: Market Share

The market for security services in the Asia/Pacific region is particularly fragmented, in large part due to the many thousands of smaller firms operating in China and India. Major security service providers in China include Beijing Security Service General and China Cityguard Security Group, while the leading Indian providers are Security and Intelligence Services India (SIS India) and TOPSGRUP.

The largest providers of security services to the region in 2017 were Secom and Sohgo Security Services, both of which derive the majority of their revenues from their home market of Japan. Among foreign multinationals, the firms with the largest Asia/Pacific presence include G4S, Johnson Controls, ISS, and United Technologies.

Figure 9-4 | Asia/Pacific: Security Service Market Share, 2017 (billion dollars)



Source: The Freedonia Group

China

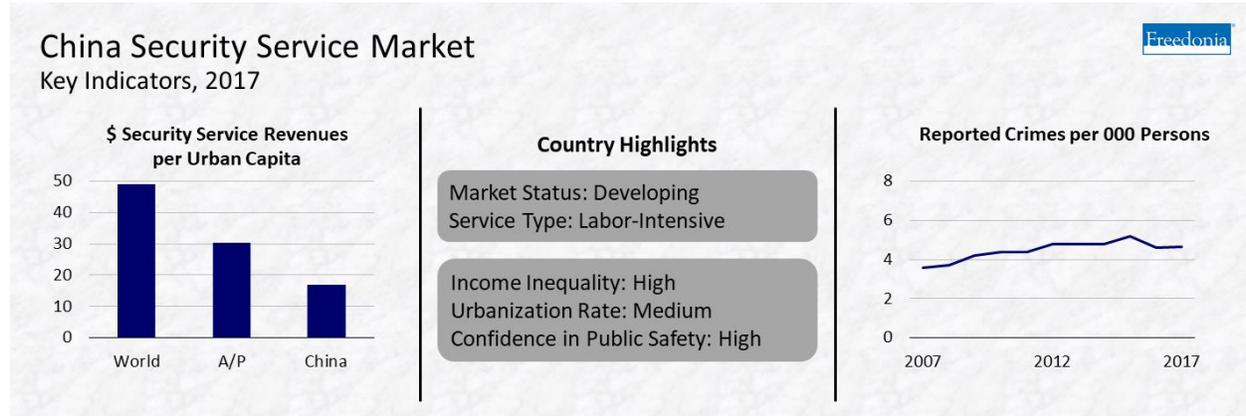
China: Security Service Overview

Security service revenues in China totaled \$13.7 billion in 2017, accounting for 23% of Asia/Pacific revenues and making the country the world's second largest national market after the US. The market size is largely a reflection of the sheer size of the Chinese population; revenues relative to GDP and urban population are low. The Chinese security service industry is very young, as these activities previously were heavily restricted:

- Prior to 1999, the private security industry was virtually nonexistent, as firms could only be set up if they were owned by a public security bureau (PSB).
- From 1999 to 2006, private security firms could only be established via partnership with a PSB.
- Fully private companies and participation by foreign firms have only been allowed since 2006.

Reported crime rates in China are very low and would rank among the lowest in the world if accurate. As in most developing countries, it is likely that underreporting is an issue, although in China this may be due more to corruption among reporting agencies than hesitation to report crime among the populace. Still, increasing urban development has heightened concerns about crime, particularly in the wealthier free trade zones situated along China's southern and eastern coasts. Ethnic conflict in Western China also contributes to terrorism-related security risks.

Figure 9-5 | China: Security Service Market Key Indicators, 2017



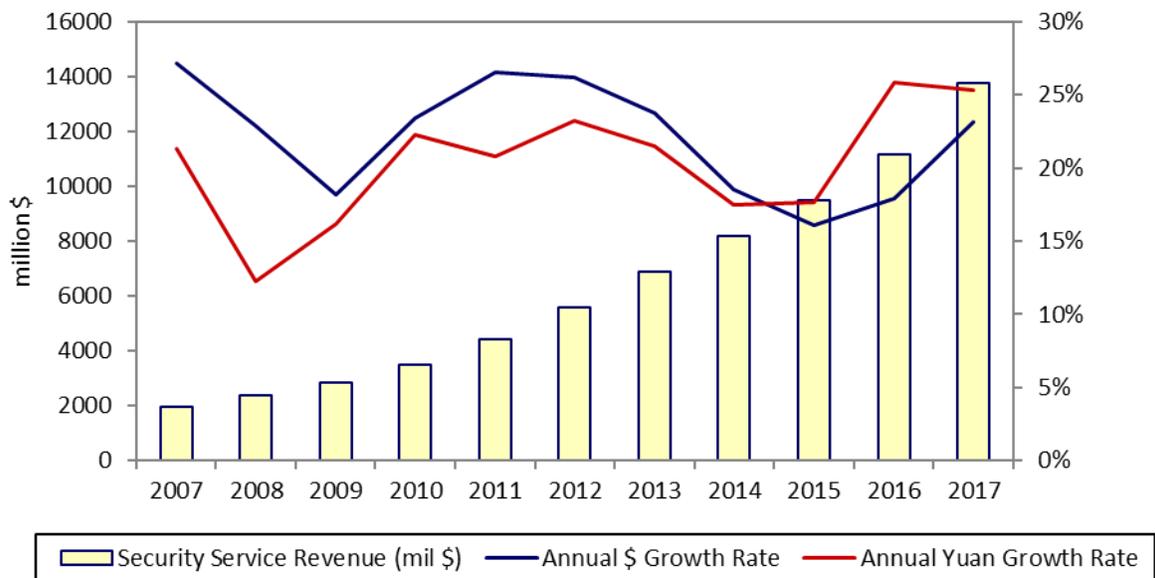
Source: The Freedonia Group

China: Security Service Historical Trends

China's security service market expanded rapidly throughout the entire 2007-2017 period, with annual growth rates exceeding 20% in most years. Strong economic gains and massive investment in urban construction greatly boosted the market base. During this period, the size of China's urban population increased by 214 million people.

Strict regulatory hurdles meant that China's private security industry was severely underdeveloped prior to 2006, and the opening up of the industry further contributed to rapid gains in an untapped market. The development of the industry allowed for continued strong revenue increases even as growth in China's economy entered a period of relative moderation from 2014 to 2017.

Figure 9-6 | China: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

China: Security Service Forecast by Type

Security service revenues in China are forecast to rise 16% per year to \$29.1 billion in 2022, faster than in any other country worldwide. Revenues will more than double, although China's market will still remain far smaller than that of the US. The industry still contains significant untapped potential, and greater market penetration will combine with a broadly strong economic outlook to support substantial gains.

Guard services will account for the majority of growth through 2022, as low labor costs will continue to enable widespread use of manned guards. As recently-founded guard service providers become more established, public trust will grow, allowing these firms to take market share from in-house security staff. However, a tight regulatory environment will continue to place some constraints on growth. For example, limited licensing for armed guards restricts opportunities in this typically higher-value segment.

Alarm monitoring revenues are expected to expand rapidly, due to:

- the large amount of new buildings under construction, which offer good opportunities for electronic security system installations

- the country's position as the world's largest supplier of electronic security products, which contributes to low equipment costs

Revenue growth in the cash-in-transit segment will be strong, but the size of this segment will remain limited by a regulatory environment that remains strict. In particular, armored transport services have disproportionately remained in the hands of PSBs, which have greater freedom to carry weapons.

Growth in revenues for other security services will be driven by increased need for expertise in the design and implementation of complex security systems, which will provide opportunities for security consultants and systems integrators. China's private investigation industry has also been expanding quickly, although many private investigators operate in a legal gray area and this segment holds significant risk in the event of a government crackdown.

Table 9-3 | China: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Asia/Pacific Security Service Revenue	23680	40450	60140	97250	11.3 %	8.3 %	10.1 %
% China	8.2	13.8	22.9	29.9	11.0 %	10.7 %	5.5 %
Security Service Revenue	<u>1945</u>	<u>5565</u>	<u>13750</u>	<u>29100</u>	23.4 %	19.8 %	16.2 %
Guard	1190	3400	8650	18330	23.4 %	20.5 %	16.2 %
Alarm Monitoring	310	850	2090	4600	22.4 %	19.7 %	17.1 %
Cash-in-Transit & Related Services	230	700	1630	3280	24.9 %	18.4 %	15.0 %
Other Security Services	215	615	1380	2890	23.4 %	17.5 %	15.9 %
000\$ revenue/employee	1.1	1.4	1.5	1.6	4.9 %	1.4 %	1.3 %
Security Service Employment (000)	1800	3900	9200	18200	16.7 %	18.7 %	14.6 %
Security Service Revenue (bil yuan)	14.8	35.1	92.9	196.7	18.9 %	21.5 %	16.2 %

Source: The Freedonia Group

China: Security Service Forecast by Market

Growth in China's security service market will be largely fueled by the commercial and industrial market, which will account for 83% of revenue growth through 2022:

- Private security services have penetrated this market to a much greater extent than the residential market.
- Growth in nonresidential construction activity will expand the commercial market base.
- The greater presence of foreign multinational firms will also boost market value, as these companies often prefer to use the same types of complex electronic security systems that they employ in developed countries.

Increased outsourcing will provide opportunities in the government and industrial market, with healthcare and education facilities holding significant potential. However, stronger growth will be restricted by the use of so-called "police assistants", which public safety forces hire to maintain basic security and provide a deterrent, similar to that offered by a private security guard. In addition, the Chinese government's preference for secrecy in the handling of sensitive security issues limits its willingness to involve private firms. For example, China has attempted to limit foreign knowledge of the security situation in the Xinjiang region, which has been a source of international concern due to the country's suspected mistreatment of the Uyghur ethnic minority.

The residential market for security services in China is underdeveloped and will grow at the fastest rate through 2022. Growth will be driven by the increasing number of wealthy individuals who utilize private guards to protect themselves. Use of bodyguards has been boosted by the fact that it is considered a status symbol, although contract bodyguards face significant competition from those hired directly by their clients. Rising personal incomes will also support greater use of residential alarm monitoring systems.

Table 9-4 | China: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>1945</u>	<u>5565</u>	<u>13750</u>	<u>29100</u>	23.4 %	19.8 %	16.2 %
Commercial & Industrial	1615	4615	11405	24075	23.4 %	19.8 %	16.1 %
Government & Institutional	265	840	2015	4210	26.0 %	19.1 %	15.9 %
Residential	65	110	330	815	11.1 %	24.6 %	19.8 %

Source: The Freedonia Group

China: Security Service Providers

At the end of 2017, there were about 8,200 companies registered with the Ministry of Public Security, the government agency that oversees PSBs and other security operations in China. Many of these are guard companies affiliated with, formed in partnership with, or partly owned by local public security departments. Such firms are generally small, typically employing 100 or so guards or other security workers and operating in a limited geographic area. Limited competition from locally owned and multinational guard firms has resulted in questionable service quality in many regions, including some publicly affiliated agencies with a reputation of using a level of force that is illegal.

However, the growth of Chinese guard training companies is helping to increase the professionalism of the market. While many graduates of these training centers are employed as bodyguards, since the pay for these services is better, the growth of a cadre of professionally trained security personnel is expected to improve the level of services provided by Chinese guard companies. China is also home to more than 350 armored transport companies, most of which operate in relatively limited geographic areas.

Investment by foreign multinationals has historically been limited both by the small size of the market and by governmental restrictions on operations by external private sector entities in the security industry. However, foreign participation in the industry has increased significantly since 2000 as the market has grown.

Table 9-5 | China: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Beijing Security Service General	China	Guard, systems integration
Beijing Shenzhidun Security	China	Guard, security consulting
Beijing Yangwu Hengyuan Security Service	China	Guard
Beijing Zhenyuan Security Service Center	China	Guard
Brink's	US	Cash-in-transit & related services
China Cityguard Security Group	China	Guard, cash-in-transit & related services
China Security & Protection	China	Guard, alarm monitoring, cash-in-transit & related services
Duff & Phelps (Kroll)	US	Security consulting, private investigation
G4S	UK	Guard, security consulting, cash-in-transit & related services
HXZA Group	China	Guard, alarm monitoring
ISS	Denmark	Guard
Johnson Controls	Ireland	Alarm monitoring
Prosegur	Spain	Cash-in-transit & related services, guard
Secom	Japan	Alarm monitoring, guard
Securitas AB	Sweden	Guard
Shandong Huawei Security	China	Guard, security consulting
Shanghai Security Service	China	Guard, alarm monitoring, cash-in-transit & related services
Shenzhen Zhongzhou Tewe Security	China	Guard
United Technologies	US	Alarm monitoring, systems integration

Source: The Freedonia Group

India

India: Security Service Overview

Security service revenues in India totaled \$11.8 billion in 2017, accounting for 20% of the Asia/Pacific total. India’s private security industry is underdeveloped, and revenues relative to GDP and urban population size are below the global average. However, the country’s massive population contributes to a sizable demand base.

India’s reported crime rate is very low, although this is mainly due to the perceived ineffectiveness and corruption of public security and justice organizations. Many crimes are not reported to the police, while other crimes are intentionally not registered by law enforcement. Large cities in India tend to be extremely dense, and rising income inequality has contributed to serious concerns about crime and high levels of security spending among those with the funds to afford it. India also has additional security concerns related to the presence of armed insurgent groups, both in Jammu and Kashmir near the Pakistani border and in the Northeast India panhandle.

Figure 9-7 | India: Security Service Market Key Indicators, 2017



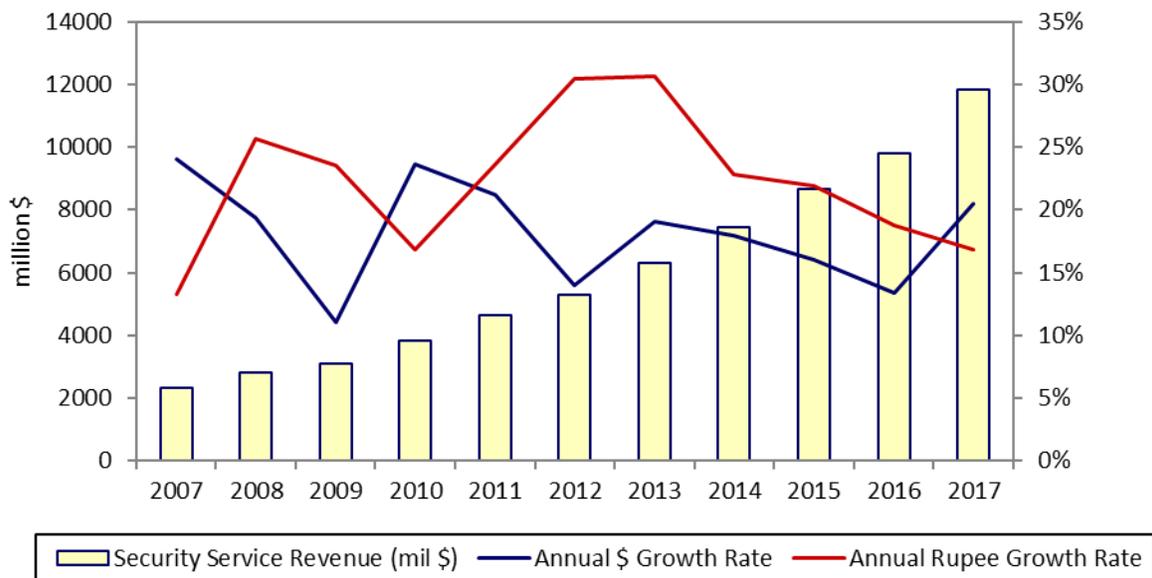
Source: The Freedonia Group

India: Security Service Historical Trends

The security service market in India grew rapidly between 2007 and 2017, with revenues in both rupee and US dollar terms expanding at a double-digit annual rate in every year of this period. Growth was driven by:

- high levels of construction activity expanding the market base
- rising income inequality increases in the middle- and upper-class populations
- efforts to professionalize and regulate the industry, which still includes a large number of unregistered operators
- greater commercial presence of foreign multinational firms, which are more likely to invest in high-value security services

Figure 9-8 | India: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

India: Security Service Forecast by Type

Security service revenues in India are forecast to rise over 12% per year to \$21.3 billion in 2022, second fastest among major nations worldwide behind China. Continued rapid expansion of the Indian economy will spur strong gains for all major security service segments.

Guard services will remain the dominant market segment, accounting for 74% of revenue growth. Low labor costs enable widespread use of manned guarding services, often without significant support from electronic security systems. Continued attempts to improve the effectiveness of industry regulation will strengthen public trust in licensed guarding firms and allow providers to take market share from in-house security staff. However, competition from unlicensed providers will continue to undercut prices.

India's alarm monitoring market is projected to more than double in size between 2017 and 2022, fueled by rising penetration of electronic security systems, particularly in newly constructed commercial buildings hosting foreign-owned businesses. The expanding prevalence of alarm and video monitoring systems will also provide opportunities for systems integrators. Use of basic alarm monitoring services in the residential market will also grow, although this segment will remain under-penetrated.

Demand for cash-in-transit services in India has historically been limited by the prevalence of in-house security staff among major banks. However, segment growth has been driven by regulatory shifts which have:

- allowed non-bank businesses to operate ATMs
- relaxed the need for new bank branches to obtain government approval prior to opening

As a result, the number of ATMs and banks in the country is growing rapidly, and this trend will continue to promote expanded opportunities for cash-in-transit service providers through 2022.

Table 9-6 | India: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Asia/Pacific Security Service Revenue	23680	40450	60140	97250	11.3 %	8.3 %	10.1 %
% India	9.9	13.1	19.7	21.9	5.8 %	8.5 %	2.1 %
Security Service Revenue	<u>2345</u>	<u>5310</u>	<u>11830</u>	<u>21300</u>	17.8 %	17.4 %	12.5 %
Guard	1820	4100	9210	16200	17.6 %	17.6 %	12.0 %
Alarm Monitoring	165	435	1040	2220	21.4 %	19.0 %	16.4 %
Cash-in-Transit & Related Services	245	495	960	1660	15.1 %	14.2 %	11.6 %
Other Security Services	115	280	620	1220	19.5 %	17.2 %	14.5 %
000\$ revenue/employee	0.6	0.8	1.1	1.4	5.9 %	6.6 %	4.9 %
Security Service Employment (000)	4200	7000	10400	14900	10.8 %	8.2 %	7.5 %
Security Service Revenue (bil rupees)	97	284	770	1390	24.0 %	22.1 %	12.5 %

Source: The Freedonia Group

India: Security Service Forecast by Market

The commercial and industrial market will account for the largest share of security service revenue growth in India through 2022, driven by:

- strong growth in the construction of nonresidential buildings
- greater opportunities for providers of high-value services as participation of multinational firms in India's economy expands
- proliferation of non-bank ATMs (commonly called white label ATMs), which tend to be serviced by outside providers to a greater extent than bank-run ATMs

Growth in the government and institutional market will be supported by concern about both crime and terrorist activities targeting government buildings or high profile public institutions. However, the government and institutional market for private security services remains relatively underdeveloped in India, primarily due to competition from the paramilitary Central Industrial Security Force (CISF) at a number of government facilities and airports.

The residential security market in India will grow rapidly through 2022 as the size of the population that can afford these services expands. In contrast to most developed countries, where the residential security market is mainly driven by alarm monitoring, use of manned guards by individuals is relatively common in India. This is largely due to:

- low labor costs
- the prevalence of gated communities among the wealthy population
- concerns about kidnappings and other crimes

Table 9-7 | India: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>2345</u>	<u>5310</u>	<u>11830</u>	<u>21300</u>	17.8 %	17.4 %	12.5 %
Commercial & Industrial	1875	4210	9355	16745	17.6 %	17.3 %	12.3 %
Government & Institutional	190	480	1055	1875	20.4 %	17.1 %	12.2 %
Residential	280	620	1420	2680	17.2 %	18.0 %	13.5 %

Source: The Freedonia Group

India: Security Service Providers

A significant share of security services firms are unlicensed local operators – particularly in the guard segment – but also among private investigators, security consultants, and security systems integrators. By some estimates, India’s guard industry alone may be composed of over 15,000 firms employing nearly 9 million workers.

G4S, Security and Intelligence Services India (SIS India), and TOPSGRUP are the largest security service providers in India. Each of these firms is estimated to have over 100,000 security employees in the country.

Table 9-8 | India: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Brink’s	US	Cash-in-transit & related services
Checkmate Services	India	Guard, cash-in-transit & related services
GI Group	India	Guard, security consulting, security guard training
GroupL	India	Guard
Globe Detective Agency	India	Private investigation, guard
G4S	UK	Guard, alarm monitoring
ISS	Denmark	Guard
Peregrine Security	India	Guard, security consulting
Securitas AB	Sweden	Guard
Sentinel Consultants (Sentinel Security Services)	India	Guard, alarm monitoring
SIS India	India	Guard, cash-in-transit & related services
Sohgo Security Services (ALSOK India)	Japan	Guard
TOPSGRUP	India	Guard, alarm monitoring, cash-in-transit & related services, security consulting
Writer Corporation	India	Cash-in-transit & related services

Source: The Freedonia Group

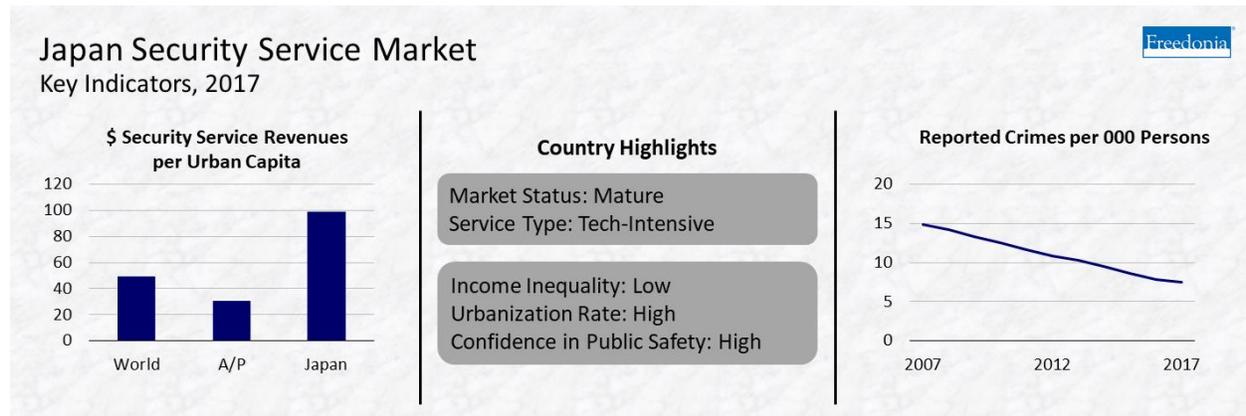
Japan

Japan: Security Service Overview

Security service revenues in Japan totaled \$11.5 billion in 2017, accounting for 19% of Asia/Pacific revenues. The country has one of the world’s most highly developed security service markets; in particular, Japan has very high penetration of complex electronic security systems. As a result, security service revenues relative to employment figures are by far the highest in the world.

Japan has a very low reported crime rate, particularly by the standards of developed countries. Social trust is high, and the country is widely regarded as extremely safe. In addition, the country’s declining population size contributes to a low unemployment rate. Nevertheless, high population density in cities does fuel some crime problems. To an extent, low perceived crime risk in Japan constrains the size of the security services market, but this is more than offset by extensive use of high-value services among those who do choose to invest in security.

Figure 9-9 | Japan: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

Japan: Security Service Historical Trends

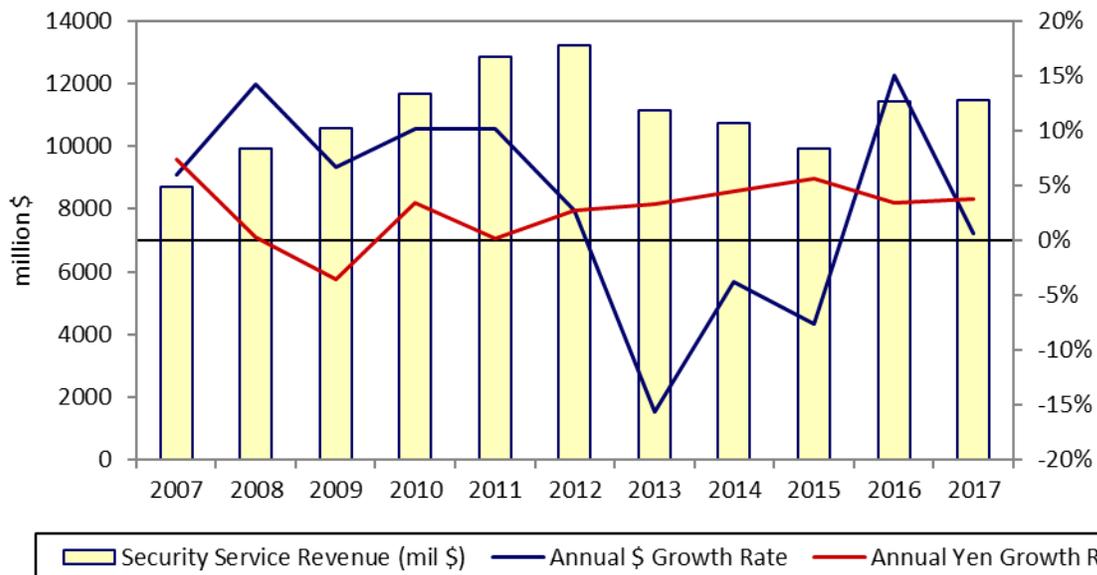
Growth in the security service market in Japan was modest during the 2007-2017 period, reflecting high market saturation and a generally sluggish economic performance. Growth in yen terms from 2012 to 2017 was somewhat stronger than that in the 2007-2012 period, which included the 2009 global recession and financial crisis.

Currency fluctuations have had a major impact on the value of the Japanese security service market in recent years:

- The value of the yen relative to the US dollar dropped for three straight years from 2013 to 2015, with a particularly severe decline in 2013.
- A partial recovery in the value of the yen boosted revenues in 2016.

In the aggregate, currency shifts reduced the value of the security service market in US dollar terms over the 2012-2017 period, although the size of the industry expanded in employment terms.

Figure 9-10 | Japan: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Japan: Security Service Forecast by Type

Security service revenues in Japan are projected to grow 2.8% per year to \$13.2 billion in 2022, trailing the global and regional averages. The shrinking size of the country's population and the maturity of the security service market will constrain the pace of gains.

Alarm monitoring accounts for the largest share of security service revenues in Japan, comprising 39% of the total in 2017. South Korea is the only other major national market where this segment is similarly prominent. Growth will be driven by:

- increasing interest in higher value alarm monitoring services, such as verified alarms and monitoring via drones
- a shortage of qualified security personnel

Expanded penetration of complex electronic security systems will also boost revenues for providers of related services such as systems integration and security consulting.

Growth in building construction activity and increased outsourcing of in-house security operations will provide opportunities for guard service providers through 2022. Surveys of Japanese security service providers in 2018 indicated that the industry was struggling with labor shortages, with the majority of firms reporting that they had raised wages or otherwise improved working conditions to attract new workers. This issue will constrain advances for manned security services relative to technology-driven solutions, but may also boost market value by contributing to higher prices.

The cash-in-transit and related services segment in Japan is mature and will advance at the slowest rate. Penetration of electronic payments and other non-cash transactions is extremely high, limiting cash-management needs.

Table 9-9 | Japan: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Asia/Pacific Security Service Revenue	23680	40450	60140	97250	11.3 %	8.3 %	10.1 %
% Japan	36.7	32.6	19.1	13.5	-2.3 %	-10.1 %	-6.7 %
Security Service Revenue	<u>8690</u>	<u>13195</u>	<u>11480</u>	<u>13150</u>	8.7 %	-2.7 %	2.8 %
Guard	3360	5000	4140	4700	8.3 %	-3.7 %	2.6 %
Alarm Monitoring	3370	5150	4420	5130	8.9 %	-3.0 %	3.0 %
Cash-in-Transit & Related Services	965	1505	1210	1360	9.3 %	-4.3 %	2.4 %
Other Security Services	995	1540	1710	1960	9.1 %	2.1 %	2.8 %
000\$ revenue/employee	94.5	136.0	99.8	109.6	7.6 %	-6.0 %	1.9 %
Security Service Employment (000)	92	97	115	120	1.1 %	3.5 %	0.9 %
Security Service Revenue (bil yen)	1020	1050	1290	1480	0.6 %	4.2 %	2.8 %

Source: The Freedonia Group

Japan: Security Service Forecast by Market

The commercial and industrial market will account for 77% of security service revenue growth in Japan through 2022. Revenue gains will be driven by the widespread use of technologically advanced, complex security systems that necessitate the use of higher value services, including integrated offerings such as manned guards to patrol the building, protect entrances and access points, and monitor systems. However, an overall sluggish forecast for economic growth will prevent faster gains.

The government and institutional market is forecast to advance at a below average pace through 2022, as outsourcing of public security duties is already very common. Notably, the provision of security services in the air transportation market is completely privatized in Japan. However, investment in the country's mass transportation system and government facilities such as post offices, government buildings, seaports, and military bases will support some gains. In addition, the 2020 Summer Olympics in Tokyo will provide a short-term boost to security service revenues, although the impact of this will largely dissipate by 2022.

Growth in the residential market will be fueled by the aging of the Japanese population, which will boost demand for monitoring services supporting the elderly, including crime, fire, and health-related alarms. Public acceptance of electronic monitoring systems is expected to grow as smart home technology becomes increasingly common. However, technological advances will also offer more robust and affordable self-monitoring systems, which compete with actively monitored alarm services.

Table 9-10 | Japan: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>8690</u>	<u>13195</u>	<u>11480</u>	<u>13150</u>	8.7 %	-2.7 %	2.8 %
Commercial & Industrial	6925	10480	9020	10300	8.6 %	-3.0 %	2.7 %
Government & Institutional	1045	1515	1380	1565	7.7 %	-1.8 %	2.5 %
Residential	720	1200	1080	1285	10.8 %	-2.1 %	3.5 %

Source: The Freedonia Group

Japan: Security Service Providers

The number of security services firms with operations in Japan has increased substantially since the early 1970s, when the country's Security Guard Services Law took effect. In 2017, roughly 9,500 firms (excluding those engaged in unrelated activities such as traffic control) were active in the Japanese security services market. Industry surveys in 2018 reported that the number of firms had remained relatively flat in recent years, and staffing shortages were hampering the ability of companies to expand in preparation for the 2020 Tokyo Olympics.

Table 9-11 | Japan: Key Security Service Providers

Company	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Central Security Patrols	Japan	Guard, alarm monitoring, systems integration
G4S	UK	Guard
ISS	Denmark	Guard
Secom	Japan	Alarm monitoring, cash-in-transit & related services, guard
Senon	Japan	Guard, alarm monitoring
Sohgo Security Services	Japan	Guard, alarm monitoring, cash-in-transit & related services

Source: The Freedonia Group

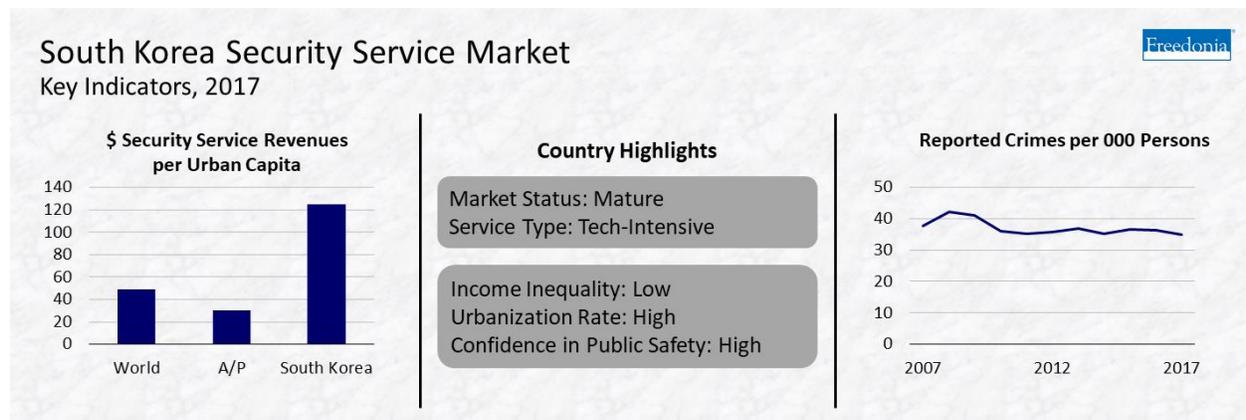
South Korea

South Korea: Security Service Overview

Security service revenues in South Korea totaled \$5.2 billion in 2017, accounting for 8.7% of Asia/Pacific revenues. Relative to GDP and urban population size, the country is an intensive user of these services, particularly by regional standards. Market value is boosted by very high penetration of electronic security equipment, which fuels revenues for providers of supporting services. In addition, the complexity of security systems used in the country contributes to high standards of training and professionalism among guards.

South Korea's reported crime rate is lower than those typical of developed countries, although a high rate of urbanization does contribute to property crime. Crime rates in South Korea rose from the 1980s into the early 21st century, but rates have generally declined since peaking in 2008.

Figure 9-11 | South Korea: Security Service Market Key Indicators, 2017



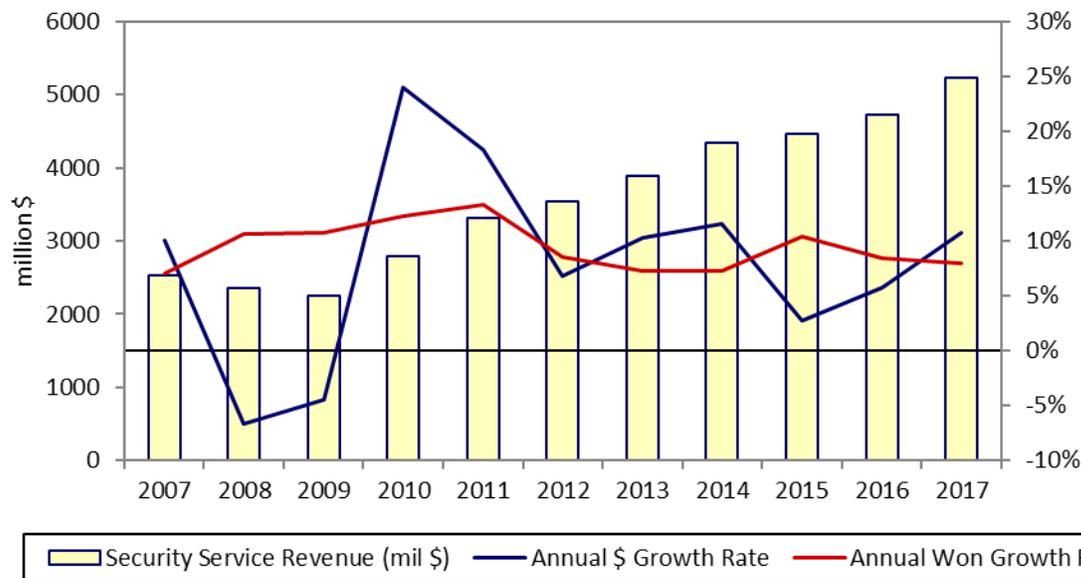
Source: The Freedonia Group

South Korea: Security Service Historical Trends

The security services market in South Korea grew considerably between 2007 and 2017, performing significantly better than most other developed countries. Growth was driven by rapid penetration of high-value electronic security systems, which greatly boosted revenues relative to employment. South Korea also hosted the 2018 Winter Olympics, which spurred increased security spending both during pre-event construction efforts and during the Olympic Games.

Currency fluctuations had a major impact on the South Korean security services market during the 2007-2012 period, as the value of the won relative to the US dollar depreciated in 2008 and 2009 before rebounding in the two following years. Volatility since then has been significantly less severe, and a decline in the value of the won in 2015 was not steep enough to cause a market contraction in dollar terms.

Figure 9-12 | South Korea: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

South Korea: Security Service Forecast by Type

Security service revenues in South Korea are forecast to rise 6.7% per year to \$7.2 billion in 2022. Growth will moderate somewhat relative to the 2012-2017 period, but will remain very strong by the standards of developed nations.

Alarm monitoring accounted for the greatest share of security service revenue in South Korea in 2017, a feature shared only with Japan among major national markets worldwide. While the penetration of monitored alarms and other electronic security systems in South Korea is already very high, the country's characteristically rapid adoption of newer technologies anticipates greater use of video monitoring services. Increasing technological complexity will also boost revenues for firms offering security consulting and systems integration services.

Guard service revenues in South Korea are substantial, reflecting a highly trained and reliable workforce that commands high wages. Industry standards are aided by the country's mandatory military service requirements, which contributes to a high prevalence of security-related skills. The growing prevalence of advanced technology will further boost the required capabilities of security guards, spurring wage growth. However, intensive adoption of labor-saving technology will constrain gains in guard service revenues to an extent. In addition, the US military uses private guards to protect the gates at a number of bases in South Korea, which will provide ongoing support for the guard market.

The cash-in-transit and related services segment in South Korea is relatively small, accounting for less than 7% of the total in 2017. This segment has not particularly benefited from the country's tech-friendly environment, as adoption of electronic payment methods has risen rapidly since regulations were loosened in 2014.

Table 9-12 | South Korea: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Asia/Pacific Security Service Revenue	23680	40450	60140	97250	11.3 %	8.3 %	10.1 %
% South Korea	10.7	8.7	8.7	7.4	-4.1 %	0.0 %	-3.2 %
Security Service Revenue	<u>2530</u>	<u>3530</u>	<u>5230</u>	<u>7220</u>	6.9 %	8.2 %	6.7 %
Guard	1040	1430	2035	2720	6.6 %	7.3 %	6.0 %
Alarm Monitoring	920	1350	2055	2970	8.0 %	8.8 %	7.6 %
Cash-in-Transit & Related Services	185	240	355	470	5.3 %	8.1 %	5.8 %
Other Security Services	385	510	785	1060	5.8 %	9.0 %	6.2 %
000\$ revenue/employee	52.7	63.0	69.7	80.2	3.6 %	2.0 %	2.8 %
Security Service Employment (000)	48	56	75	90	3.1 %	6.0 %	3.7 %
Security Service Revenue (bil won)	2350	3970	5910	8160	11.1 %	8.3 %	6.7 %

Source: The Freedonia Group

South Korea: Security Service Forecast by Market

The security service industry in South Korea is dominated by the commercial and industrial market, which accounted for 83% of revenues in 2017. Market growth will be driven by:

- increased nonresidential building construction
- greater outsourcing of in-house security functions to outside providers
- rising need for ancillary security services to support complex systems

The government and institutional market is forecast to grow at a below average rate through 2022, as revenues in 2017 were elevated due to preparations for the 2018 Winter Olympics. Government spending on security services could also be negatively impacted by shifts in South Korea's relationship with North Korea, as thawing relations in 2018 indicated a potential relaxing of the security environment. However, that situation remains highly uncertain.

Security service revenue growth in the residential market will be particularly fast, as this market is relatively underdeveloped. Unlike the commercial and industrial market, the residential segment features a low penetration rate for monitored alarms, leaving significant potential for growth. However, rising adoption of alarm systems that can be self-monitored via a smartphone or tablet computer will constrain further revenue growth for outside service providers.

Table 9-13 | South Korea: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>2530</u>	<u>3530</u>	<u>5230</u>	<u>7220</u>	6.9 %	8.2 %	6.7 %
Commercial & Industrial	2145	2960	4340	5985	6.7 %	8.0 %	6.6 %
Government & Institutional	215	320	495	650	8.3 %	9.1 %	5.6 %
Residential	170	250	395	585	8.0 %	9.6 %	8.2 %

Source: The Freedonia Group

South Korea: Security Service Providers

More than 2,500 firms provide private security services in South Korea, most of which have entered the market since the 1980s. The majority of the larger private security services providers are also engaged in related lines of business such as facilities management. In addition, the high degree of technological sophistication in South Korea's security industry allows for participation in electronic monitoring and systems integration activities by equipment providers.

The market is dominated by two firms: SK Telecom and S-1, which was formed as a joint venture between South Korea's Samsung Electronics and Japan's Secom. SK Telecom's share of the market was boosted by its October 2018 acquisition of ADT Caps, a former unit of Tyco International that had been owned by Carlyle since 2014.

Table 9-14 | South Korea: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Joeun Systems	South Korea	Guard, security consulting
S-1	South Korea	Alarm monitoring, security consulting, systems integration
Securitas (SKL Security Services)	Sweden	Guard, security consulting, private investigation
SK Telecom (ADT Caps)	South Korea	Guard, alarm monitoring
Sohgo Security Services	Japan	Guard, alarm monitoring

Source: The Freedonia Group

Australia

Australia: Security Service Overview

Security service revenues in Australia totaled U\$3.3 billion in 2017, accounting for 5% of Asia/Pacific revenues. The country is one of the world's most intensive users of these services, with revenues relative to GDP and urban population size even exceeding those in Western Europe. For the most part, this is a function of Australia's highly developed economy. In addition, tight regulations mean that the vast majority of security activities are captured by the formal industry.

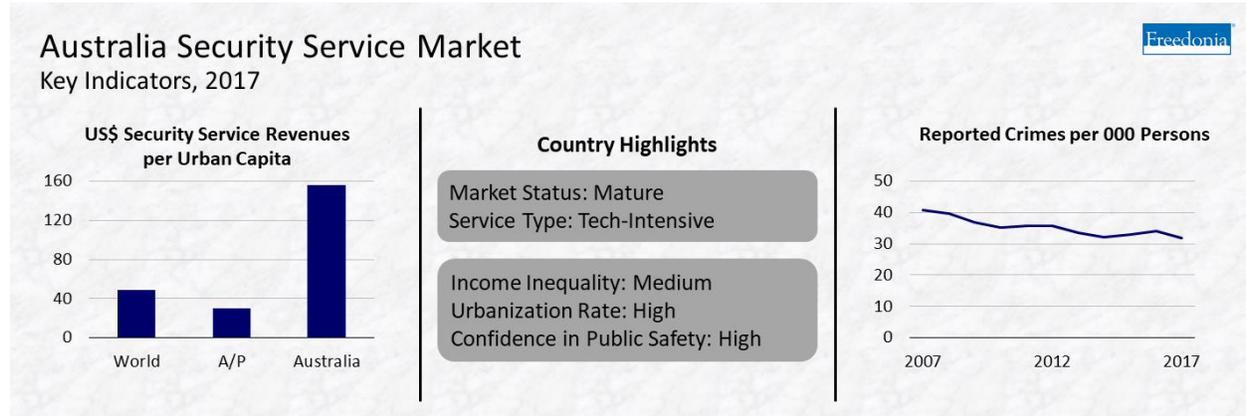
In Australia, both business owners and security employees are required to be licensed. Each of the six states and two territories has separate legislation regulating the security industry in an attempt to maintain professionalism. Requirements include:

- attending approved training courses
- having fingerprints taken
- passing a background check

In some areas, master licensees (those who operate a security company) are also required to be a member of an approved security industry association.

Reported crime rates in Australia are somewhat lower than those in Western Europe and have been declining over time. Still, concerns about property crime continue to drive security spending.

Figure 9-13 | Australia: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

Australia: Security Service Historical Trends

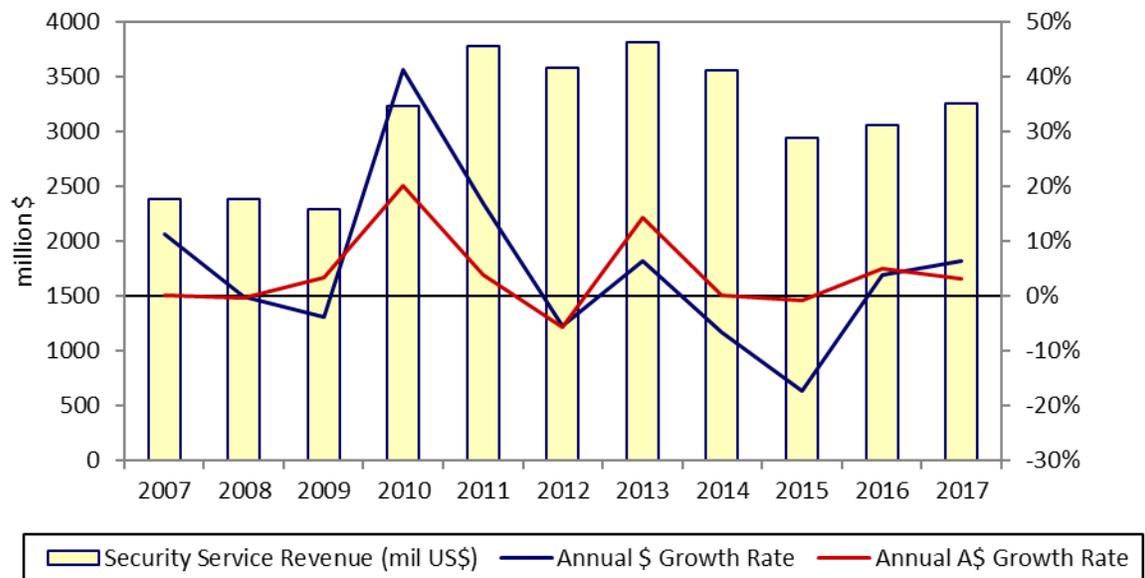
Australia's security service market was fairly volatile between 2007 and 2017, in large part due to regulatory changes:

- An increase in the minimum wage in 2010 led to increased costs and, correspondingly, increased prices for guard service providers.
- Industry employment figures dropped in 2012, likely due to the impact of 2011 regulations that tightened licensing requirements and contributed to a shortage of appropriately registered security personnel.

While these changes contributed to steep year-to-year fluctuations, the overall trend was one of modest growth, reflecting the maturity of the Australian economy.

The value of Australia's security service market in US dollar terms has also been impacted by currency fluctuations, which led to a spike in market value in 2010 and a sharp reduction in 2015. The net effect of this factor over the 2007-2017 period was negative, and the market in US dollar terms underperformed industry growth in Australian dollar terms.

Figure 9-14 | Australia: Security Service Revenue, 2007 – 2017 (million US dollars)



Source: The Freedonia Group

Australia: Security Service Forecast by Type

Security service revenues in Australia are projected to increase 4.5% per year to US\$4.1 billion in 2022, trailing the Asia/Pacific average:

- Growth in building construction activity will be sluggish.
- Australia’s relatively greater level of economic development contributes to a degree of market maturity.

However, strict licensing requirements and further increases in the minimum wage will continue to allow providers to hike prices. For example, among the 2011 regulatory changes was the introduction of a special licensing class allowing private security guards to carry firearms in property protection and cash-in-transit operations, which was previously forbidden.

Guard services will account for the largest share of revenue growth through 2022. Rising labor costs will restrain employment growth to an extent, but will boost opportunities for highly trained guards capable of operating labor-saving electronic security systems.

The alarm monitoring segment is forecast to grow at the fastest rate, continuing recent trends. Revenues will be boosted by:

- heavy regulation that ensures quality service and supports high prices
- increased penetration of high-value offerings like video monitoring, which enables easier alarm verification

The expanded prevalence of complex electronic security systems will also provide opportunities for systems integrators.

Revenues for providers of cash-in-transit and related services in Australia benefit from the country's large land mass and extensive amount of inter- and intra-urban commerce, resulting in a greater need for transport services. Increased outsourcing of ATM maintenance and other cash handling services are expected to drive growth going forward. Nonetheless, like many other developed nations, demand for armored transport services will continue to be limited by the rising use of electronic payments and other non-cash transactions.

Table 9-15 | Australia: Security Service Revenue by Type, 2007 – 2022 (million US dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Asia/Pacific Security Service Revenue	23680	40450	60140	97250	11.3 %	8.3 %	10.1 %
% Australia	10.1	8.8	5.4	4.2	-2.7 %	-9.3 %	-4.9 %
Security Service Revenue	<u>2380</u>	<u>3575</u>	<u>3250</u>	<u>4050</u>	8.5 %	-1.9 %	4.5 %
Guard	1680	2700	2095	2600	10.0 %	-4.9 %	4.4 %
Alarm Monitoring	260	365	515	670	7.0 %	7.1 %	5.4 %
Cash-in-Transit & Related Services	290	335	415	500	2.9 %	4.4 %	3.8 %
Other Security Services	150	175	225	280	3.1 %	5.2 %	4.5 %
000\$ revenue/employee	52.9	76.1	65.0	67.5	7.5 %	-3.1 %	0.8 %
Security Service Employment (000)	45	47	50	60	0.9 %	1.2 %	3.7 %
Security Service Revenue (mil A\$)	2840	3450	4240	5390	4.0 %	4.2 %	4.9 %

Source: The Freedonia Group

Australia: Security Service Forecast by Market

The commercial and industrial market will account for the largest share of security service revenue gains in Australia through 2022. The ongoing adoption of technologically advanced security systems will provide some opportunities, although this will be tempered to an extent by the labor savings these systems provide. Slow growth in nonresidential building will prevent faster gains.

Growth in the government and institutional market will be fueled by safety concerns at a variety of institutions, particularly schools and hospitals, which house vulnerable populations. Increased outsourcing of public functions may also provide benefits, although the size of the governmental and institutional security services market in Australia is limited by competition from public safety forces such as local police forces and the Australian Federal Police.

Increased penetration of alarm monitoring systems will be the primary driver of growth for security services in the residential segment, with greater price competition contributing to falling costs. However, a sluggish performance in new residential construction will constrain expansion of the market base. In addition, high penetration of technologies such as smartphones and tablet computers will contribute to competition from self-monitoring systems.

Table 9-16 | Australia: Security Service Revenue by Market, 2007 – 2022 (million US dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>2380</u>	<u>3575</u>	<u>3250</u>	<u>4050</u>	8.5 %	-1.9 %	4.5 %
Commercial & Industrial	1665	2440	2170	2655	7.9 %	-2.3 %	4.1 %
Government & Institutional	435	660	635	825	8.7 %	-0.8 %	5.4 %
Residential	280	475	445	570	11.1 %	-1.3 %	5.1 %

Source: The Freedonia Group

Australia: Security Service Providers

Approximately 2,000 security services companies are active in the Australian market, many of them small, locally owned businesses. Among the largest domestically headquartered security services companies is Linfox's Armaguard division, which provides cash collection; cash and change supply; and ATM, non-cash, and vending services.

Table 9-17 | Australia: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
ADT	US	Alarm monitoring
Brink's	US	Cash-in-transit & related services, guard
G4S	UK	Secure logistics, private investigation
ISS	Denmark	Guard
Linfox (Armaguard)	Australia	Cash-in-transit & related services
Prosegur	Spain	Cash-in-transit & related services
Secom	Japan	Alarm monitoring, systems integration
SIS India (MSS Security)	India	Guard
Stanley Black & Decker (Stanley Security Solutions Australia)	US	Systems integration
United Technologies (Interlogix)	US	Systems integration
Wormald Australia	Australia	Alarm monitoring, systems integration

Source: The Freedonia Group

Other Asia/Pacific

Other Asia/Pacific: Security Service Overview

Security service revenues in the other Asia/Pacific subregion totaled \$14.6 billion in 2017, accounting for 24% of the regional total. The large market is mainly a function of the subregion’s massive size. Revenues relative to GDP and urban population size are low, as the subregion as a whole is underdeveloped. The largest national markets include Indonesia, Malaysia, Taiwan, and Thailand, with Hong Kong and Singapore also representing significant markets due to their greater wealth and extreme population density.

Reported crime figures vary widely in the other Asia/Pacific subregion. Many of the subregion’s underdeveloped countries include large rural populations with limited material wealth, which limits the incidence of property crime. However, crime is a serious concern in the subregion’s cities, which tend to feature high density and severe income inequality. In addition, terrorism is a major concern in many countries, and the presence of separatists, religious extremists, and other militant groups contributes to significant security risks.

Figure 9-15 | Other Asia/Pacific: Security Service Market Key Indicators, 2017



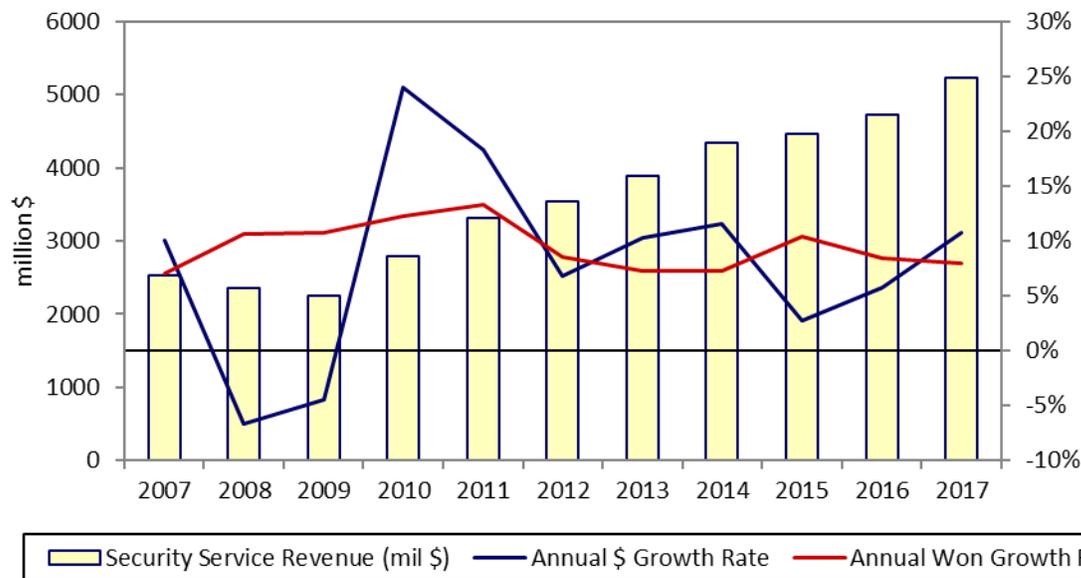
Source: The Freedonia Group

Other Asia/Pacific: Security Service Historical Trends

Security service revenues in the other Asia/Pacific subregion grew quickly between 2007 and 2017, fueled by rapid economic development. Annual revenue growth exceeded 10% in nearly every year of this period, with the 2009 global recession marking the only year of relatively sluggish gains.

Urbanization increased significantly throughout the subregion, with greater population density contributing to rising incidence of crime. The increasing size of the middle- and upper-class population expanded the residential market base, while significant foreign investment drove rising nonresidential construction and major increases in industrialization. In addition, development was coupled with increased efforts to regulate and professionalize local industries, resulting in greater formalization of security service activities.

Figure 9-16 | Other Asia/Pacific: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Other Asia/Pacific: Security Service Forecast by Type

The market for security services in the other Asia/Pacific subregion is forecast to rise 9.0% per year to \$22.4 billion in 2022, exceeding global average growth. Gains for all types of security services will be driven by:

- continued rapid development
- expanding population sizes
- increased urbanization rates

Guard services will account for the largest share of growth through 2022, as low labor costs encourage the use of manned guards for security solutions. Continued efforts to boost professionalism will lead to increased trust in private security providers. However, security firms will still face significant competition from in-house security staff.

Use of alarm monitoring services in the other Asia/Pacific subregion is substantial, especially in comparison to other areas at similar levels of development. The large market for these services is driven by the presence of major commercial hubs such as Hong Kong, Kuala Lumpur, and Singapore. Due to the rapid growth in nonresidential building construction since 2000, many of the subregion's cities include a large number of recently constructed buildings with modern electronic security systems. Continuation of this trend will further boost the use of alarm monitoring services as well as related high-value services such as security consulting and systems integration.

The continued deployment of ATM networks in a number of underserved areas in the subregion will boost demand for cash-in-transit and related services, both to protect the ATMs themselves and to supply these machines with cash. However, trends toward greater use of electronic payment will temper this to an extent.

Table 9-18 | Other Asia/Pacific: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Asia/Pacific Security Service Revenue	23680	40450	60140	97250	11.3 %	8.3 %	10.1 %
% other Asia/Pacific	24.5	22.9	24.3	23.1	-1.3 %	1.2 %	-1.0 %
Security Service Revenue	<u>5790</u>	<u>9275</u>	<u>14600</u>	<u>22430</u>	9.9 %	9.5 %	9.0 %
Guard	2950	4630	7110	10560	9.4 %	9.0 %	8.2 %
Alarm Monitoring	1575	2590	4200	6830	10.5 %	10.2 %	10.2 %
Cash-in-Transit & Related Services	665	1005	1540	2150	8.6 %	8.9 %	6.9 %
Other Security Services	600	1050	1750	2890	11.8 %	10.8 %	10.6 %
000\$ revenue/employee	4.0	5.0	5.9	6.6	4.6 %	3.4 %	2.3 %
Security Service Employment (000)	1430	1850	2470	3380	5.3 %	6.0 %	6.5 %

Source: The Freedonia Group

Other Asia/Pacific: Security Service Forecast by Market

The commercial and industrial market will account for 61% of security service revenue growth in the other Asia/Pacific subregion in 2022. This market will continue to expand rapidly as investment in local development boosts the construction of nonresidential buildings. In addition, a number of countries in the subregion have significant mineral wealth or petroleum and natural gas production. This has created opportunities for guard services in:

- the mining sector in countries such as Indonesia, Malaysia, Mongolia, and Thailand
- the oil and gas sector in Brunei, Indonesia, Kazakhstan, Malaysia, Turkmenistan, Uzbekistan, and Vietnam

Security service revenues in the government and institutional market are fueled by the use of public security forces to protect government structures, as well as outsourcing in institutions such as hospitals and schools. In addition, several countries – most notably Malaysia and Singapore – are major container port centers, and hence will be required to improve seaport security in line with emerging global standards as overseas trade intensifies.

ASIA/PACIFIC

The residential market for security services in the other Asia/Pacific region is particularly underdeveloped and holds strong potential in the long term as the size of middle- and upper-class populations rise. Gains will be aided by:

- substantial income inequality
- expanding material wealth leading to greater concerns about crime
- the increased use of community-wide security measures for neighborhoods or new residential developments

In more advanced markets like Hong Kong and Singapore, consumer markets include higher value security service niches such as nanny monitoring and bodyguards, although alarm monitoring is the segment with the greatest potential for growth in this market.

Table 9-19 | Other Asia/Pacific: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>5790</u>	<u>9275</u>	<u>14600</u>	<u>22430</u>	9.9 %	9.5 %	9.0 %
Commercial & Industrial	3600	5835	9080	13880	10.1 %	9.2 %	8.9 %
Government & Institutional	1685	2635	4470	6955	9.4 %	11.1 %	9.2 %
Residential	505	805	1050	1595	9.8 %	5.5 %	8.7 %

Source: The Freedonia Group

Other Asia/Pacific: Security Service Providers

The generally underdeveloped security services markets of the other Asia/Pacific subregion feature participation by thousands of locally based firms, ranging in size from a handful of employees to well over 10,000. Many are concentrated in countries such as Singapore, which have traditionally adopted relatively laissez-faire policies regarding the growth of the private security industry. For instance, Singapore's Certis CISCO Security, a subsidiary of Temasek Holdings, is a leading provider of guard, monitoring, and cash-in-transit services throughout the Asia/Pacific region.

Table 9-20 | Other Asia/Pacific: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Ademco Security Group	Singapore	Alarm monitoring, guard
Advanced Security Group	New Zealand	Systems integration
Brink's	US	Cash-in-transit & related services
GroupL	India	Guard
G4S	UK	Guard, cash-in-transit & related services, security consulting, systems integration
ISS	Denmark	Guard, alarm monitoring
Jardine Matheson (Jardine Engineering Corporation)	Hong Kong	Alarm monitoring, systems integration
Johnson Controls	Ireland	Alarm monitoring
Linfox (Armaguard)	Australia	Cash-in-transit & related services
Loomis	Sweden	Cash-in-transit & related services
Secom	Japan	Alarm monitoring, cash-in-transit & related services, guard
Sohgo Security Services	Japan	Guard, alarm monitoring, cash-in-transit & related services
Temasek Holdings (Certis CISCO Security)	Singapore	Guard, alarm monitoring, cash-in-transit & related services
United Technologies (Chubb)	US	Alarm monitoring, systems integration

Source: The Freedonia Group

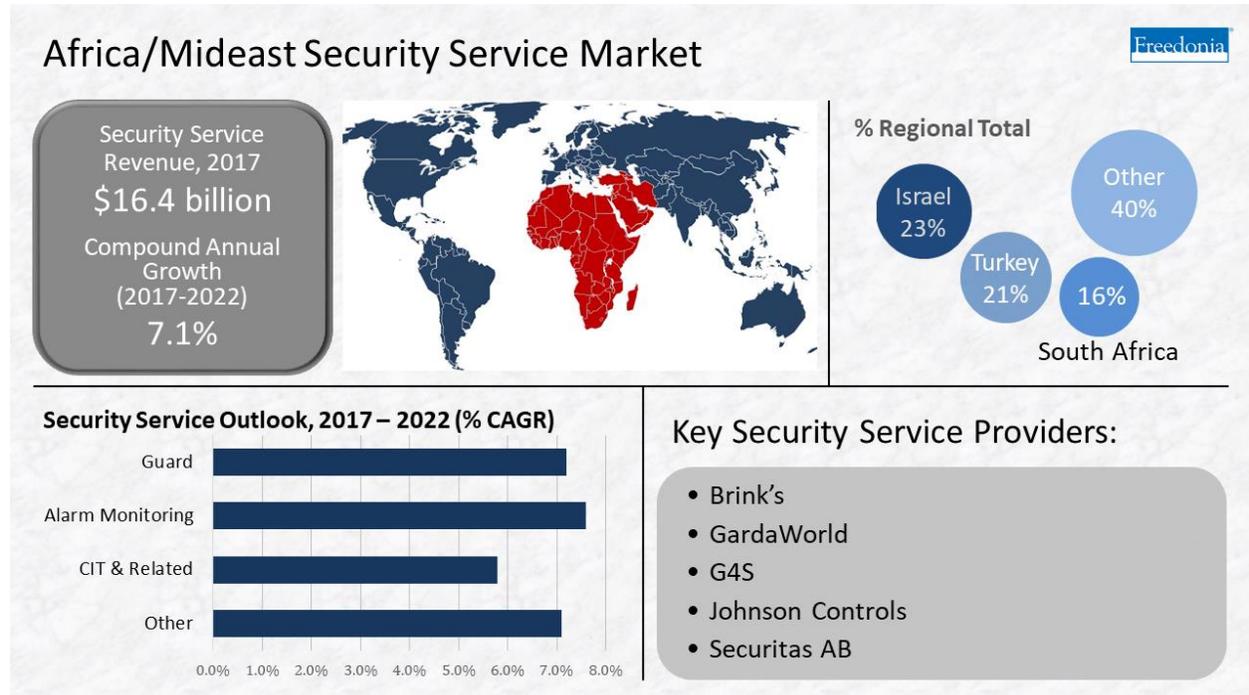
Chapter 10

AFRICA/MIDEAST

Africa/Mideast: Key Findings

- Growth in urbanization and nonresidential building construction will contribute to strong gains in security service revenues through 2022.
- Regional instability and the presence of armed militant groups will continue to fuel intensive use of security services in countries such as Israel.
- Guard services will continue to account for the largest market share, with rising standards of professionalization offering some opportunities for providers of highly trained guards.

Figure 10-1 | Africa/Mideast: Security Service Market



Source: The Freedonia Group

Africa/Mideast: Security Service Overview

Security service revenues in the Africa/Mideast region totaled \$16.4 billion in 2017, accounting for 8% of the global total. Revenues relative to the urban population size are low, as much of the region remains underdeveloped. However, the region's sheer size does contribute to a substantial market for these products. In addition, several of the more developed nations – most notably Israel and, to a lesser extent, South Africa and Turkey – are particularly intensive users of these services. Other significant national markets include Egypt, Kuwait, Nigeria, Saudi Arabia, and the UAE.

The size of the security service market is also limited by a low rate of urbanization, particularly in sub-Saharan Africa. Residents of rural communities generally have a tighter sense of community and often live among extended family members, so many of the sociodemographic sources of crime associated with modern urban lifestyles are limited. In addition, lesser material wealth in rural communities limits the prevalence and severity of property crime. However, many countries are plagued by armed militant groups, and security concerns are less tightly linked to simple crime than in developed regions.

Figure 10-2 | Africa/Mideast: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

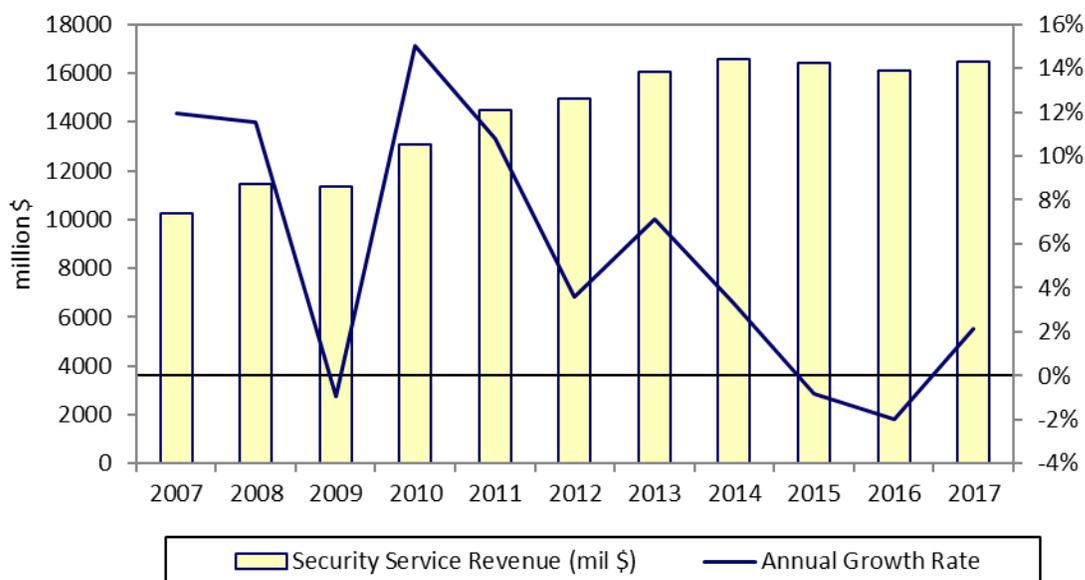
Africa/Mideast: Security Service Historical Trends

Rapid economic development and strong building construction activity contributed to fast growth in security service spending in the Africa/Mideast region for most of the 2007-2017 period. In spite of a brief downturn during the 2009 global recession, growth was particularly strong between 2012 and 2017.

During the 2012-2017 period, the value of the Africa/Mideast security service market in US dollar terms was hampered by unfavorable currency fluctuations. Both the South African and Turkish markets were severely reduced, with 2015 representing a particularly weak year. Measured in terms of employment, the size of the regional industry continued to grow during these years.

The rise of the Islamic State and the Syrian Civil War had destabilizing effects on the region, but the impact of these crises on the security services market was mixed, as the large volume of displaced refugees flowing throughout the region has contributed to a greater need for security spending.

Figure 10-3 | Africa/Mideast: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Africa/Mideast: Security Service Forecast by Type & Market

Security service revenues in the Africa/Mideast region are forecast to rise 7.1% per year to \$23.2 billion in 2022, outpacing the global average. Gains will be driven by:

- increased urban development and strong population growth
- strong growth in the population of young males, who tend to be the group most prone to crime and most likely to join militant groups
- resulting high levels of public concern about crime, terrorism, and social instability

Guard services will account for the bulk of growth in security service revenues, as low labor costs and limited funds for electronic security measures mean that manned guards are the most practical solution for most needs. Advanced technology is expected to increasingly penetrate the market, and revenues in alarm monitoring, systems integration, and cash-related applications like ATM management will rise. However, these products tend to be most widely used in the region's more established, slower growing markets, tempering the pace of growth to an extent.

Commercial and industrial applications will be the largest driver of security service revenues through 2022, with growth in nonresidential building construction creating a greater need for facilities security. The residential market for security services will grow quickly, but remains limited by low levels of disposable income among the population. The size of the government and institutional market is restrained by limited trust in private security contractors and preferences for government-controlled solutions in countries such as Saudi Arabia. However, increasing privatization of public security activities in Israel will provide some opportunities.

Table 10-1 | Africa/Mideast: Security Service Revenue by Type & Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Security Service Revenue	145800	179300	203500	269300	4.2 %	2.6 %	5.8 %
% Africa/Mideast	7.0	8.3	8.1	8.6	3.5 %	-0.5 %	1.2 %
Security Service Revenue	<u>10260</u>	<u>14970</u>	<u>16440</u>	<u>23150</u>	7.8 %	1.9 %	7.1 %
By Type:							
Guard	7720	11165	12380	17520	7.7 %	2.1 %	7.2 %
Alarm Monitoring	890	1460	1590	2290	10.4 %	1.7 %	7.6 %
Cash-in-Transit & Related Services	1170	1610	1675	2220	6.6 %	0.8 %	5.8 %
Other Security Services	480	735	795	1120	8.9 %	1.6 %	7.1 %
Systems Integration	150	240	265	400	9.9 %	2.0 %	8.6 %
All Other Security Services	330	495	530	720	8.4 %	1.4 %	6.3 %
By Market:							
Commercial & Industrial	8075	11725	12695	17655	7.7 %	1.6 %	6.8 %
Government & Institutional	1485	2215	2470	3520	8.3 %	2.2 %	7.3 %
Residential	700	1030	1275	1975	8.0 %	4.4 %	9.1 %
000\$ revenue/employee	8.0	8.9	7.7	8.9	2.2 %	-2.9 %	2.9 %
Security Service Employment (000)	1290	1675	2140	2605	5.4 %	5.0 %	4.0 %

Source: The Freedonia Group

Africa/Mideast: Security Service Revenue by Country

In 2017, the three largest national markets for security services in the Africa/Mideast region – Israel, Turkey, and South Africa – combined to account for 60% of regional revenues. Each of these countries has an above average level of development by regional standards, with Israel in particular having strong penetration of high-value security services incorporating electronic equipment. Intensive use of security services in Israel is highly linked to concerns about civil unrest and terrorism linked to the ongoing Israeli-Palestinian conflict, while markets in Turkey and South Africa tend to be driven more by conventional crime.

Security service revenues in Turkey are forecast to expand quickly through 2022, while the more mature Israeli and South African markets will advance at more moderate rates. Even faster growth is expected in the Africa/Mideast region's many developing countries, where the security service market size remains well below its potential.

Table 10-2 | Africa/Mideast: Security Service Revenue by Country, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>10260</u>	<u>14970</u>	<u>16440</u>	<u>23150</u>	7.8 %	1.9 %	7.1 %
Israel	2335	2825	3790	4640	3.9 %	6.1 %	4.1 %
Turkey	2560	3960	3385	4580	9.1 %	-3.1 %	6.2 %
South Africa	2275	3085	2700	3240	6.3 %	-2.6 %	3.7 %
Other Africa/Mideast	3090	5100	6565	10690	10.5 %	5.2 %	10.2 %

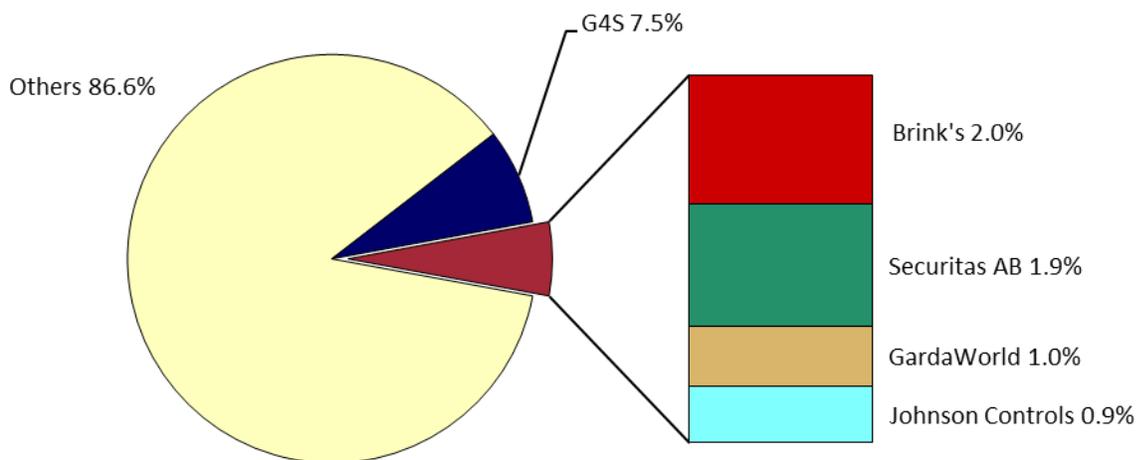
Source: The Freedonia Group

Africa/Mideast: Market Share

The underdevelopment of the Africa/Mideast security services market limits its attractiveness for foreign participants, as low value-added guard services account for the bulk of the industry. As a result, the market is fragmented. In addition, political and regulatory concerns restrain foreign involvement in Israel and South Africa, which represent two of the three largest national markets in the region. Multinational firms operating in Israel have faced activist pressure from the Boycott, Divestment, and Sanctions (BDS) movement, while a bill restricting foreign ownership of security service firms in South Africa has been under consideration since 2014.

G4S was the largest provider of security services to the Africa/Mideast region in 2017, with a market share of 7.5%. Other multinational firms with a significant presence in the region include Brink's, Securitas AB, GardaWorld, and Johnson Controls.

Figure 10-4 | Africa/Mideast: Security Service Market Share, 2017 (million dollars)



Market Size: \$16.4 Billion

Source: The Freedonia Group

Israel

Israel: Security Service Overview

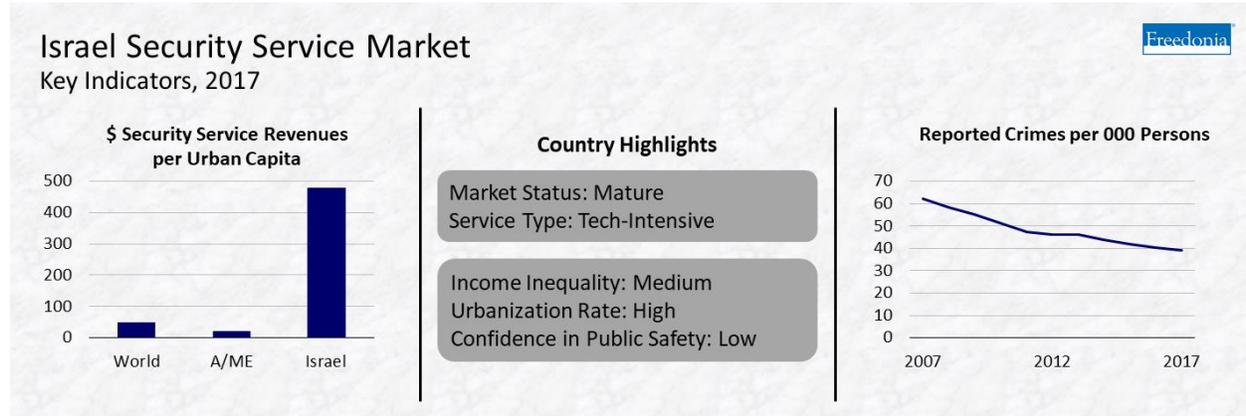
Security service revenues in Israel totaled \$3.8 billion in 2017, accounting for 23% of Africa/Mideast revenues. Relative to GDP and urban population size, the country is the world's most intensive user of these services. Unlike many nations where concerns about crime are the primary driver of security spending, the market in Israel is driven primarily by fears of terrorism and civil unrest relating in large part to:

- the Palestinian issue
- ongoing conflicts with regional militant groups
- tense political relationships with many neighboring countries

In addition, strong security is typically used in settlements in the West Bank and in areas near the borders of the West Bank and Gaza, particularly those areas not protected by the security fence.

A significant portion of Israel's security industry is operated and manned by former military personnel, a fact that instills a high level of confidence in private security providers. The significant level of military spending in Israel has also resulted in a spillover effect, enabling private security providers to capitalize on the products and practices developed by the country's military. As a result, private security providers in Israel offer a wide variety of highly integrated, high value solutions to end users that boost both consumer confidence in their reliability and sales in value terms.

Figure 10-5 | Israel: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

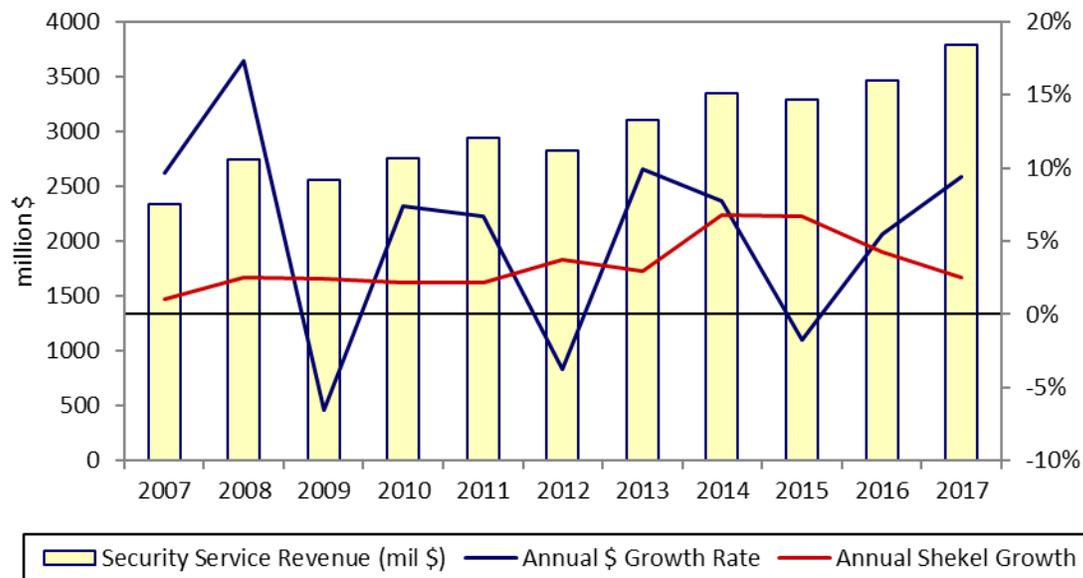
Israel: Security Service Historical Trends

While Israel's security service market is mature, demand in local currency terms rose steadily over the 2007-2017 period. Ongoing concerns about terrorism related to the Israeli-Palestinian conflict has made the market resilient to economic fluctuations, as high levels of both public and private security spending are necessary as a matter of course. In addition, Israel has continued to establish settlements in occupied territory, a process typically accompanied by high levels of security spending.

While the Israeli-Palestinian conflict is a constant factor in Israel's security environment, the intensity of the conflict tends to vary, contributing to short-term fluctuations in security service spending. For example, the 2014 Israel-Gaza conflict represented the deadliest eruption of violence in decades, with thousands of casualties and billions of dollars property damage. The operation lasted seven weeks and contributed to increased security expenditures.

The Israeli market for security services declined in US dollar terms in each of 2009, 2012, and 2015. However, market losses in each of these years were entirely attributable to fluctuating currency valuations. Measured in terms of employment figures, the security service industry in Israel grew continuously for the entire 2007-2017 period.

Figure 10-6 | Israel: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Israel: Security Service Forecast by Type

Security service revenues in Israel are forecast to grow 4.1% per year to \$4.6 billion in 2022. Guard services will account for 72% of gains, an above average share by developed-country standards. However, unlike in developing countries – where a high revenue share for guard services reflects low penetration of high-value services – the prominence of the guarding segment in Israel is more due to the country’s unique geopolitical situation. In addition, many guards are highly trained (often ex-military) and thus command a price premium. Growth in the guard services segment will be driven by increased outsourcing of border security and other public security activities.

Revenue growth in the alarm monitoring segment will be fueled by increased penetration of video monitoring and other value-added offerings. High levels of military spending on security support the presence of alarm monitoring firms able to provide comprehensive electronic security solutions. The rising prevalence of complex systems will also boost revenues for providers of security consulting and systems integration.

Table 10-3 | Israel: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Africa/Mideast Security Service Revenue	10260	14970	16440	23150	7.8 %	1.9 %	7.1 %
% Israel	22.8	18.9	23.1	20.0	-3.7 %	4.1 %	-2.8 %
Security Service Revenue	<u>2335</u>	<u>2825</u>	<u>3790</u>	<u>4640</u>	3.9 %	6.1 %	4.1 %
Guard	1800	2080	2780	3390	2.9 %	6.0 %	4.0 %
Alarm Monitoring	240	340	450	550	7.2 %	5.8 %	4.1 %
Cash-in-Transit & Related Services	175	215	290	350	4.2 %	6.2 %	3.8 %
Other Security Services	120	190	270	350	9.6 %	7.3 %	5.3 %
000\$ revenue/employee	20.3	21.7	24.5	26.5	1.3 %	2.5 %	1.6 %
Security Service Employment (000)	115	130	155	175	2.5 %	3.6 %	2.5 %
Security Service Revenue (bil shekels)	9.6	10.9	13.6	16.7	2.6 %	4.5 %	4.2 %

Source: The Freedonia Group

Israel: Security Service Forecast by Market

The commercial and industrial market will be the largest driver of security service revenue growth in Israel through 2022. The segment benefits from the high market penetration of supplemental security services among businesses, as well as the use of high value integrated services in conjunction with technologically advanced security systems. In addition, Israel is an important producer of cut diamonds, and this industry employs a wide range of security services. However, faster gains will be limited by a moderation in nonresidential building activity, which will restrain expansion in the base of potential end users.

The government and institutional market is forecast to grow at an above average pace through 2022. The Israeli government will increase the use of private contractors to handle public security needs at borders and settlements. However, this practice has been controversial and has contributed to a global political environment discouraging industry participation by international firms.

The residential security service market in Israel is projected to grow particularly quickly.

Gains will be supported by:

- the increasing use of higher value monitoring services
- rising incomes allowing consumers to invest in either new or additional services

Furthermore, occasional kidnappings of Israeli citizens by Palestinian groups will continue to support demand for bodyguards.

Table 10-4 | Israel: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>2335</u>	<u>2825</u>	<u>3790</u>	<u>4640</u>	3.9 %	6.1 %	4.1 %
Commercial & Industrial	1810	2155	2860	3450	3.6 %	5.8 %	3.8 %
Government & Institutional	360	460	610	760	5.0 %	5.8 %	4.5 %
Residential	165	210	320	430	4.9 %	8.8 %	6.1 %

Source: The Freedonia Group

Israel: Security Service Providers

The security services industry in Israel includes more than 1,000 companies, most of them small local suppliers of guard or consulting services.

In June 2017, G4S completed the sale of its Israeli operations to FIMI, a local private equity firm. At the time of the sale, G4S Israel was the largest private security company in the country, with around 7,000 employees and annual revenues of over \$200 million. The sale followed a period of activist pressure on G4S from the BDS movement, although G4S denied that this pressure was a factor in the divestiture.

Table 10-5 | Israel: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Avidar Group	Israel	Alarm monitoring
Brink's	US	Cash-in-transit & related services
FIMI (G4S Israel)	Israel	Guard
ICTS Europe (DiagNose)	France	Detection dog services
Sheleg Lavan	Israel	Guard
Shmira Ubitahon Guarding Group	Israel	Guard, alarm monitoring
T&M Protection Resources (T&M Israel)	US	Guard, alarm monitoring

Source: The Freedonia Group

Turkey

Turkey: Security Service Overview

Security service revenues in Turkey totaled \$3.4 billion in 2017, accounting for 21% of Africa/Mideast demand. Revenues relative to the urban population size are well above the regional average, reflecting Turkey's greater level of economic development. However, revenues are limited to an extent by competition from public safety agencies, particularly because Turkish companies and citizens have a long history of relying on public officials, as well as in-house security staff and unlicensed guards.

Reported crime rates in Turkey rose between 2007 and 2017, in contrast to the global trend. However, significant reasons for this increase include:

- an expanding definition of crime
- improved reporting to local authorities
- improved collection of crime data nationally

Many local observers believe that the actual occurrences of crime, particularly in major urban areas, have declined, due in part to increased utilization of electronic security systems by Turkish police. Still, Turkey has a high urbanization rate by regional standards, and crime in cities remain a concern.

Figure 10-7 | Turkey: Security Service Market Key Indicators, 2017



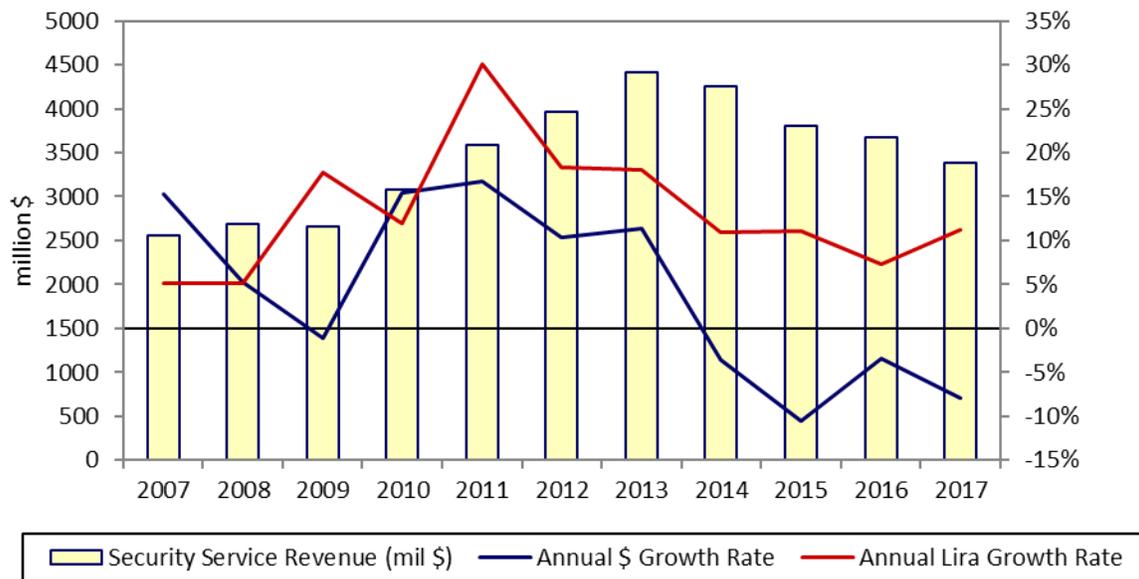
Source: The Freedonia Group

Turkey: Security Service Historical Trends

Turkey’s economy expanded rapidly for most of the 2007-2017 period, and security service revenues in local currency terms rose correspondingly. Increasing professionalism within the industry and greater penetration of higher-value services also contributed to growth. The pace of gains slowed somewhat in 2016, when the aftermath of a failed coup attempt had a negative impact on related sectors of the economy, particularly tourism.

Steep currency fluctuations had a major impact on the value of the Turkish security services market from 2014 to 2017, and the market in US dollar terms declined in each of these years. Over this period, the value of the Turkish lira relative to the US dollar fell by 40%. However, foreign firms have continued to invest in the local security service market.

Figure 10-8 | Turkey: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Turkey: Security Service Forecast by Type

Security service revenues in Turkey are projected to rise 6.2% per year to \$4.6 billion in 2022. While growth in GDP and nonresidential building construction spending are expected to decelerate relative to the 2012-2017 period, potential for development-driven gains remains.

Guard services will account for the largest share of revenue growth due to:

- concerns about terrorism and crime
- efforts to improve industry professionalism via guard training, resulting in growing public trust
- increased revenues due to higher wages because of the increased training
- participation of international firms within the Turkish market, as these end users are typically among the most intensive users

However, demand for guard services will be restrained by competition from both public safety forces and in-house security operations, which remain popular in Turkey.

The alarm monitoring segment is expected to post above average gains as labor costs rise and equipment costs fall. Revenues will also be boosted by greater use of higher-value services such as video monitoring. Regulations requiring the installation of fire alarms in commercial and industrial buildings will continue to contribute a sizable market base.

The market for cash-in-transit services is relatively under penetrated due to the widespread use of in-house security staff among Turkish banks, providing opportunities for outside providers to make inroads as they establish trust. Greater industry participation from foreign firms with high levels of expertise will also contribute to increased revenues from services such as security consulting and systems integration.

Table 10-6 | Turkey: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Africa/Mideast Security Service Revenue	10260	14970	16440	23150	7.8 %	1.9 %	7.1 %
% Turkey	25.0	26.5	20.6	19.8	1.2 %	-4.9 %	-0.8 %
Security Service Revenue	<u>2560</u>	<u>3960</u>	<u>3385</u>	<u>4580</u>	9.1 %	-3.1 %	6.2 %
Guard	2000	3010	2610	3480	8.5 %	-2.8 %	5.9 %
Alarm Monitoring	240	440	355	520	12.9 %	-4.2 %	7.9 %
Cash-in-Transit & Related Services	215	320	265	365	8.3 %	-3.7 %	6.6 %
Other Security Services	105	190	155	215	12.6 %	-4.0 %	6.8 %
000\$ revenue/employee	19.0	22.6	12.5	13.5	3.5 %	-11.2 %	1.6 %
Security Service Employment (000)	135	175	270	340	5.3 %	9.1 %	4.7 %
Security Service Revenue (bil lira)	3.3	7.1	12.3	16.7	16.6 %	11.6 %	6.3 %

Source: The Freedonia Group

Turkey: Security Service Forecast by Market

The commercial market will comprise the majority of growth in security services revenue in Turkey through 2022, supported by continued strength in nonresidential construction activity. Improvements in industry standards of professionalism, aided by greater industry participation by established multinational firms, will boost trust and allow providers to increasingly displace in-house security operations.

Growth in the government and institutional market will be supported by increased use of security in schools, hospitals, and museums. However, government attitudes toward outsourcing have shifted in recent years amid worker dissatisfaction with subcontracting firms. A decree issued in December 2017 indicated that hundreds of thousands of previously outsourced jobs could be brought under direct government control, potentially limiting revenues for private contractors in the government market.

The residential market for security services in Turkey will post the strongest growth through 2022, although this market represents only a small share of the total. Increased

urbanization and the expanding middle- and upper-classes will allow for increased personal spending on both manned security and alarm monitoring systems.

Table 10-7 | Turkey: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>2560</u>	<u>3960</u>	<u>3385</u>	<u>4580</u>	9.1 %	-3.1 %	6.2 %
Commercial & Industrial	2145	3320	2825	3815	9.1 %	-3.2 %	6.2 %
Government & Institutional	320	490	420	555	8.9 %	-3.0 %	5.7 %
Residential	95	150	140	210	9.6 %	-1.4 %	8.4 %

Source: The Freedonia Group

Turkey: Security Service Providers

The security services industry in Turkey includes approximately 1,400 companies, many of them small local suppliers of guard services. Several leading multinational security service providers also operate in the country.

In July 2018, Securitas AB agreed to acquire local firm Pronet Security, a leading provider of guard services. This continues a pattern of expansion in the Turkish market by Securitas, which has completed several acquisitions in the country since 2006.

Table 10-8 | Turkey: Key Security Service Providers

Company	Headquarters	Key Security Services
Alternatif Güvenlik	Turkey	Guard
Brink's	US	Cash-in-transit & related services
G4S	UK	Guard, cash-in-transit & related services, security consulting
Loomis	Sweden	Cash-in-transit & related services
Securitas AB	Sweden	Guard, systems integration, security consulting
SecurVerdi Güvenlik Hizmetleri	Turkey	Cash-in-transit & related services

Source: The Freedonia Group

South Africa

South Africa: Security Service Overview

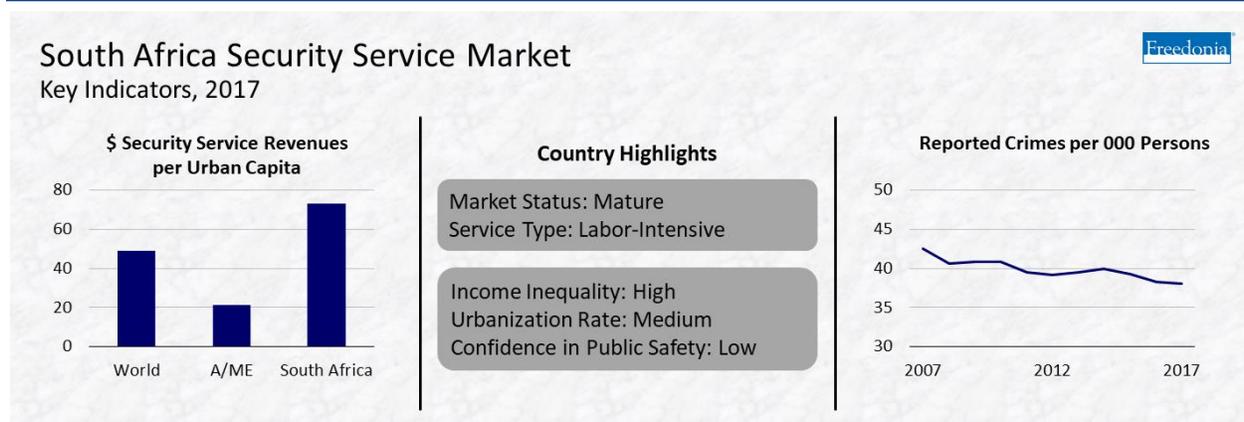
Security service revenues in South Africa totaled \$2.7 billion in 2017, accounting for 16% of Africa/Mideast revenues. Relative to GDP and urban population size, use of security services exceeds the global and regional averages. South Africa has among the highest levels of income inequality in the world, a legacy of the country's social structure during the Apartheid era. As a result, spending on security services to combat property crime is high.

Data on crime in South Africa is spotty, as it is estimated that as many as half of all crimes are never reported to authorities. Reporting of crime is limited by:

- low trust in the effectiveness of both public security forces and the judicial system
- social pressures associated with offenses such as sex crimes and domestic violence

Available data does suggest that crime rates have fallen since a peak in 2002, but concern about crime remains very high. In addition, recent decades have seen an expansion of crime outside of dense urban communities into rural areas. Upper-class landowners have responded by significantly increasing their investment in security.

Figure 10-9 | South Africa: Security Service Market Key Indicators, 2017



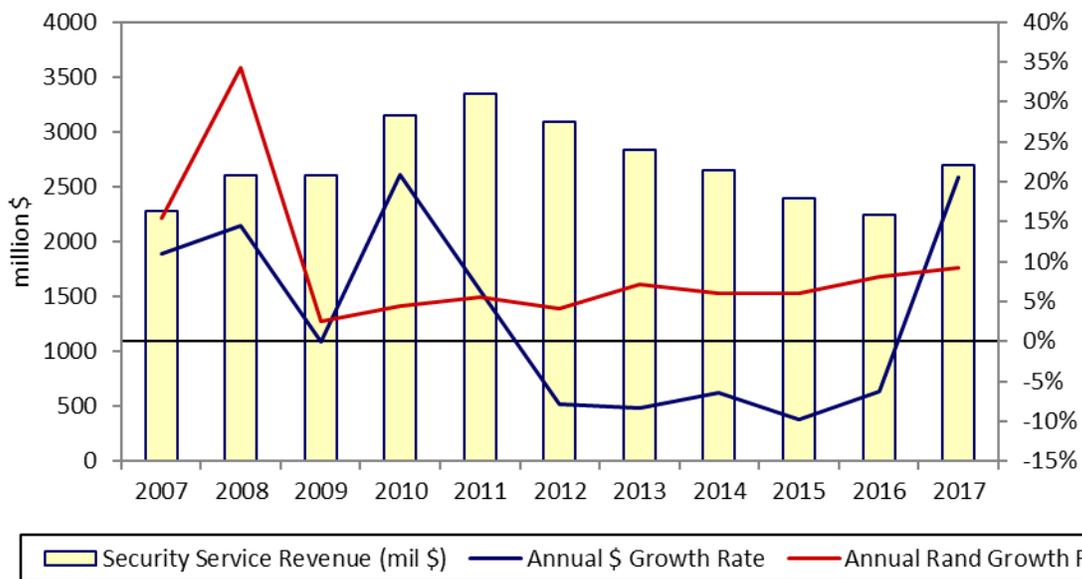
Source: The Freedonia Group

South Africa: Security Service Historical Trends

Security service revenues in South Africa rose rapidly in both real and US dollar terms for most of the 2007-2011 period, with the exception of a brief slowdown during the 2009 global recession. Beginning in 2012, the value of the South African rand fell for five consecutive years, resulting in a reduced market size in dollar terms. However, this trend reversed in 2017.

In local currency terms, security service revenues continued to rise over the 2012-2017 period amid increased crime concerns in wealthier areas. However, strong growth in the industry contributed to a harsher regulatory environment, as the South African government increasingly grew concerned that the large number of private security workers (many of whom were employed by foreign firms) posed a threat to national security. Discussions related to this issue have resulted in declining foreign investment in the security industry, although activities by local firms have continued to expand.

Figure 10-10 | South Africa: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

South Africa: Security Service Forecast by Type

Security service revenues in South Africa are projected to grow 3.7% per year to \$3.2 billion in 2022, trailing the global and regional averages. The market is mature, particularly compared to typical levels in the Africa/Mideast region, and political and regulatory concerns will continue to restrain foreign investment. In addition, continued concerns about crime and the government's failure to provide adequate public security have led to increased emigration, particularly among the wealthy classes who drive residential security spending.

Guard services will account for the largest share of revenue growth through 2022, as basic manned guarding services continue to comprise the bulk of the market. Increased regulation and attempts to improve the professionalism of the industry will provide some opportunities for firms to boost value and differentiate themselves. However, existing in-house security staffs limit demand for private security services, in part due to public distrust of private security providers.

The alarm monitoring segment is forecast to grow at an above average rate, as this market is underdeveloped and there remains potential for greater penetration of electronic services. However, faster gains will be limited by the persistent belief that manned security is more effective at limiting crime than electronic measures, especially given the ineffectiveness of public security forces.

Gains in the cash-in-transit and related services segment will primarily be driven by the ongoing development of the ATM network in South Africa. However, the growing use of electronic and mobile payments will prevent more rapid increases. Demand for less traditional services, particularly systems integration and security consulting, will be supported by rising implementation of technologically advanced security systems

Table 10-9 | South Africa: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Africa/Mideast Security Service Revenue	10260	14970	16440	23150	7.8 %	1.9 %	7.1 %
% South Africa	22.2	20.6	16.4	14.0	-1.5 %	-4.5 %	-3.1 %
Security Service Revenue	<u>2275</u>	<u>3085</u>	<u>2700</u>	<u>3240</u>	6.3 %	-2.6 %	3.7 %
Guard	1500	2050	1800	2150	6.4 %	-2.6 %	3.6 %
Alarm Monitoring	250	380	350	440	8.7 %	-1.6 %	4.7 %
Cash-in-Transit & Related Services	360	455	390	460	4.8 %	-3.0 %	3.4 %
Other Security Services	165	200	160	190	3.9 %	-4.4 %	3.5 %
000\$ revenue/employee	5.8	5.5	3.9	4.2	-1.1 %	-6.6 %	1.5 %
Security Service Employment (000)	395	560	700	780	7.2 %	4.6 %	2.2 %
Security Service Revenue (bil rand)	16.0	25.3	36.0	43.2	9.6 %	7.3 %	3.7 %

Source: The Freedonia Group

South Africa: Security Service Forecast by Market

The commercial and industrial market will account for 75% of revenue growth through 2022. Businesses in dense urban areas will continue to spend heavily on services to prevent property crime. Many trucking and transport firms have also invested in supplemental security services in order to maintain their insurance protection due to a high incidence of hijacking and cargo thefts.

Revenue growth in the government and institutional market will be supported by concerns about terrorism, including protecting local government offices and officials, which have been targets in several attacks. However, the government's persistently expressed concerns about the size of the private security industry suggest that significant increases in the outsourcing of public security functions are unlikely.

The residential market for security services in South Africa is expected to grow at an above average pace through 2022, although gains will be more in line with other markets than they were in the 2007-2017 period. Growth during this earlier period was driven by rising public perception of farm attacks, which fueled high levels of security investment by

landowners in rural areas. While statistics indicate that farm attacks have declined since peaking in 2001, this issue is extremely politically charged and the accuracy of the official statistics have been disputed. Crime concerns continue to contribute to high rates of emigration, and a potential decline in the size of South Africa's wealthy population could restrain growth in residential security revenues through 2022.

Table 10-10 | South Africa: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>2275</u>	<u>3085</u>	<u>2700</u>	<u>3240</u>	6.3 %	-2.6 %	3.7 %
Commercial & Industrial	1765	2355	2040	2445	5.9 %	-2.8 %	3.7 %
Government & Institutional	350	500	435	520	7.4 %	-2.7 %	3.6 %
Residential	160	230	225	275	7.5 %	-0.4 %	4.1 %

Source: The Freedonia Group

South Africa: Security Service Providers

In 2017, over 9,000 accredited firms were engaged in providing guard and other private security services in South Africa. Private security services in South Africa are supplied primarily by locally based firms, staffed in part by former police officers and paramilitary members. In addition to serving the domestic market, some of these firms have sought to operate in other markets in southern Africa.

In 2014, South Africa's parliament passed a bill that would limit foreign ownership of local security companies to 49% and allow for government expropriation of foreign-owned security firms. The bill was not signed into law by then-President Jacob Zuma, but variations of the bill continue to be discussed as of October 2018.

While the South African security services industry has grown rapidly since 2014, the threat of unfavorable regulations has dampened foreign investment and encouraged divestitures. For example, in February 2018, United Technologies sold its Chubb South Africa business to a local consortium led by Kilimanjaro Capital. Following the divestiture, the business was renamed National Security & Fire.

Table 10-11 | South Africa: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Bidvest Protea Coin	South Africa	Guard, alarm monitoring
Brink's	US	Cash-in-transit & related services
Fidelity Security	South Africa	Guard, alarm monitoring, cash-in-transit & related services
Fidelity Security (ADT Security)	South Africa	Alarm monitoring, guard
G4S	UK	Cash-in-transit and related services, guard, alarm monitoring
National Security & Fire	South Africa	Alarm monitoring, guard
SBV Services	South Africa	Cash-in-transit & related services
Securitas AB	Sweden	Guard
Stallion Security	South Africa	Guard, alarm monitoring, private investigation

Source: The Freedonia Group

Other Africa/Mideast

Other Africa/Mideast: Security Service Overview

Security service revenues in the other Africa/Mideast subregion totaled \$6.6 billion in 2017, accounting for 40% of the regional total. Economic underdevelopment limits the market size, and revenues relative to GDP are very low. In addition, low population density limits the need for security services in rural areas. However, the subregion's sheer size does enable a considerable market these services. The largest national markets for private security in the subregion include Algeria, Egypt, Morocco, Nigeria, Tunisia, and the wealthy oil-exporting nations of the Middle East.

While low levels of accumulated wealth in the other Africa/Mideast subregion limit concerns about property crime to an extent, weak institutions and unreliable public security forces create a need for private security. In addition, many countries face issues with separatists, religious extremists, and other militant groups, boosting demand for security services for personal and public safety purposes.

Figure 10-11 | Other Africa/Mideast: Security Service Market Key Indicators, 2017



Source: The Freedonia Group

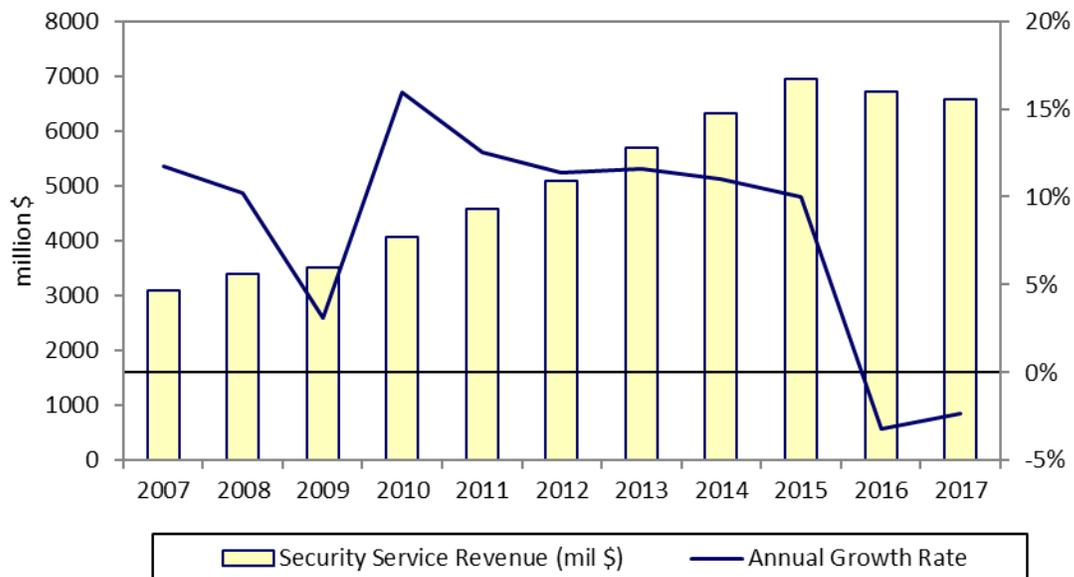
Other Africa/Mideast: Security Service Historical Trends

The underdevelopment typical of countries in the other Africa/Mideast region leaves significant untapped potential for economic growth, and security service revenues rose rapidly for most of the 2007-2017 period. Levels of accumulated wealth rose significantly in Saudi Arabia, the UAE, and other Gulf States, enabling greater spending on security services. Some of these countries – particularly the UAE – have emphasized developing the tourism industry as a way to decrease reliance on oil revenues, and investment in security at facilities like resorts and shopping malls has been important in attracting wealthy tourists.

Many of the subregion’s less-developed countries have seen rapid growth in nonresidential building construction, fueled by high levels of foreign (particularly Chinese) investment. This has significantly expanded the commercial market base for security services.

Revenues in US dollar terms declined in 2016 and 2017, but this was largely due to unfavorable currency fluctuations, as countries such as Egypt and Nigeria saw the value of their local currencies decline relative to the dollar. In terms of employment, the subregional industry continued to expand during these years.

Figure 10-12 | Other Africa/Mideast: Security Service Revenue, 2007 – 2017 (million dollars)



Source: The Freedonia Group

Other Africa/Mideast: Security Service Forecast by Type

Security service revenues in the other Africa/Mideast subregion are forecast to grow over 10% per year to \$10.6 billion in 2022, ahead of the global average pace. Countries in the subregion will continue to develop rapidly, and nonresidential building construction spending will accelerate relative to the 2012-2017 period.

Growth in guard service revenues will account for the majority of gains, as:

- Low labor costs tend to make manned guarding more affordable than more technology-intensive security solutions.
- Bodyguards are frequently used by wealthy individuals in the Middle Eastern oil kingdoms and by industrialists in sub-Saharan Africa.
- Increased regulations for private security guards and investigators – particularly in sub-Saharan Africa – have improved professionalism in this industry, in turn boosting public trust and driving additional revenue.

However, security activities such as guarding and investigations will remain under the control of state authorities in many countries, placing a ceiling on the potential size of private security services markets.

The size of the cash-in-transit and related services segment is boosted by the prominence of high-value mineral assets – such as gold and diamonds – in many local economies. The market has been driven by the need to both protect these valuables when travelling to ports for export and to improve the flow of goods through high risk areas. While increased economic activity will spur greater revenues, this segment suffers from low levels of public trust. Greater participation by multinational market leaders will alleviate this issue to an extent.

Markets for alarm monitoring and high-value secondary services – including security consulting and systems integration – will grow quickly from a low base. However, markets are limited due to:

- lack of funds to purchase reliable electronic security equipment
- strong competition from the low cost of manned security

However, these underdeveloped segments hold strong potential for growth and are expected to advance at an above average rate through 2022.

Table 10-12 | Other Africa/Mideast: Security Service Revenue by Type, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Africa/Mideast Security Service Revenue	10260	14970	16440	23150	7.8 %	1.9 %	7.1 %
% other Africa/Mideast	30.1	34.1	39.9	46.2	2.5 %	3.2 %	3.0 %
Security Service Revenue	<u>3090</u>	<u>5100</u>	<u>6565</u>	<u>10690</u>	10.5 %	5.2 %	10.2 %
Guard	2420	4025	5190	8500	10.7 %	5.2 %	10.4 %
Alarm Monitoring	160	300	435	780	13.4 %	7.7 %	12.4 %
Cash-in-Transit & Related Services	420	620	730	1045	8.1 %	3.3 %	7.4 %
Other Security Services	90	155	210	365	11.5 %	6.3 %	11.7 %
000\$ revenue/employee	4.8	6.3	6.5	8.2	5.6 %	0.6 %	4.8 %
Security Service Employment (000)	645	810	1015	1310	4.7 %	4.6 %	5.2 %

Source: The Freedonia Group

Other Africa/Mideast: Security Service Forecast by Market

Growth in security service revenues in the other Africa/Mideast subregion will be driven by the commercial and industrial market, with strong growth in nonresidential building construction greatly expanding the market base. Key segments for security services in this market include:

- hospitality outlets, particularly high-profile hotels and resorts
- financial institutions
- facilities related to natural resource extraction

Revenues in the government and institutional market are projected to increase at an above average rate. Demand will be supported by efforts to upgrade security measures at airports, embassies, tourist centers, and other high-risk venues due to the ever-present threat of terrorist attacks and attacks brought on by local instability. In addition, moves to outsource government services to reduce the strain on budgets will provide opportunities.

The residential market for security services will grow particularly quickly, with rapid growth in the size of the middle- and upper-class populations greatly expanding the market base. Rising income inequality will fuel concerns about crime, driving residential spending on alarm monitoring services. Use of guard services by individuals will be restrained by limited public trust, as many countries lack effective regulations. However, low labor costs mean that this segment holds significant potential if providers can improve professionalism and establish a reputation for trustworthiness.

Table 10-13 | Other Africa/Mideast: Security Service Revenue by Market, 2007 – 2022 (million dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Security Service Revenue	<u>3090</u>	<u>5100</u>	<u>6565</u>	<u>10690</u>	10.5 %	5.2 %	10.2 %
Commercial & Industrial	2355	3895	4970	7945	10.6 %	5.0 %	9.8 %
Government & Institutional	455	765	1005	1685	11.0 %	5.6 %	10.9 %
Residential	280	440	590	1060	9.5 %	6.0 %	12.4 %

Source: The Freedonia Group

Other Africa/Mideast: Security Service Providers

Security services in the other Africa/Mideast subregion are supplied principally by thousands of small, locally based providers, which in some areas enjoy legal/regulatory protection from foreign competition. Some companies headquartered in Africa or the Middle East have expanded into neighboring countries, creating regionally important suppliers of security services. For instance, Fidelity Security Group, a leading supplier of security services in South Africa, also operates in Botswana, Namibia, Swaziland, Zambia, and Zimbabwe.

In addition, while not yet major providers of security services in the other Africa/Mideast subregion, a number of Chinese security services providers are establishing operations in the area. These firms tend to concentrate primarily on providing services to Chinese construction, mining, and manufacturing firms active in the subregion, but they increasingly are participating directly in local markets. However, many of these firms could more accurately be described as private military services, which are excluded from the scope of this study.

Table 10-14 | Other Africa/Mideast: Key Security Service Providers

Company (Division)	Headquarters	Key Security Services
Brink's	US	Cash-in-transit & related services
Day & Zimmermann (SOC)	US	Guard, security consulting
Fidelity Security	South Africa	Guard, alarm monitoring, cash-in-transit & related services
GardaWorld	Canada	Cash-in-transit & related services, guard
G4S	UK	Guard, cash-in-transit & related services, security consulting, systems integration
Grupo EULEN	Spain	Guard, security consulting, systems integration
Johnson Controls	Ireland	Alarm monitoring
Linfox (AVM UAE)	Australia	Cash-in-transit & related services
Loomis	Sweden	Cash-in-transit & related services
Nesma Security	Saudi Arabia	Guard, cash-in-transit & related services, security consulting
Prosegur	Spain	Cash-in-transit & related services, guard, alarm monitoring
Securitas AB	Sweden	Guard, security consulting

Source: The Freedonia Group

Chapter 11

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Key Findings & Industry Composition

- The vast majority of industry firms – particularly in developing countries – are smaller companies offering basic guard services.
- The guard services segment in developed countries is mature and consolidating.
- The alarm monitoring segment includes a number of electronic equipment and telecommunications firms in addition to dedicated security service providers.
- The cash-in-transit segment is relatively concentrated, reflecting greater capital requirements in comparison to guarding and aggressive global expansion by the market leaders.
- The scope of the industry will broaden as security service providers increasingly emphasize ancillary services such as ATM services, data security, security consulting and training, private investigative services, and systems integration.
- Growth in systems integration will continue to be a driver of acquisition activity as larger firms seek to acquire greater technological expertise.

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Table 11-1 | Global Security Service Revenue by Company, 2017 (million dollars)

Company (Division)	Total Company Sales	Security Service Revenues	Principal Security Services
ADT	4316	4030	Alarm monitoring, systems integration
Allied Universal*	5300	4510	Guard, alarm monitoring, security consulting
Brink's	3347	3290	Cash-in-transit & related services
GardaWorld	2035	1940	Cash-in-transit & related services, guard, security consulting
G4S	10075	9260	Guard, cash-in-transit & related services, security consulting, systems integration, alarm monitoring
ISS	12102	715	Guard, alarm monitoring
Johnson Controls	30172	3460	Alarm monitoring, systems integration
Loomis	2015	2015	Cash-in-transit & related services
Prosegur	4835	4150	Cash-in-transit & related services, guard, security consulting
Secom	9772	2900	Alarm monitoring, cash-in-transit & related services, guard
Securitas AB	10785	9220	Guard, security consulting, alarm monitoring
Sohgo Security Services	3935	2470	Guard, alarm monitoring, cash-in-transit & related services
Stanley Black & Decker	12747	1200	Alarm monitoring, systems integration
United Technologies	59837	1100	Alarm monitoring, systems integration
US Security Associates*	1500	1230	Guard, security consulting
Verisure	1580	1340	Alarm monitoring

Note: Fiscal years for corporate sales may vary.

Source: The Freedonia Group

*Allied Universal is expected to complete acquisition of US Security Associates in 2018.

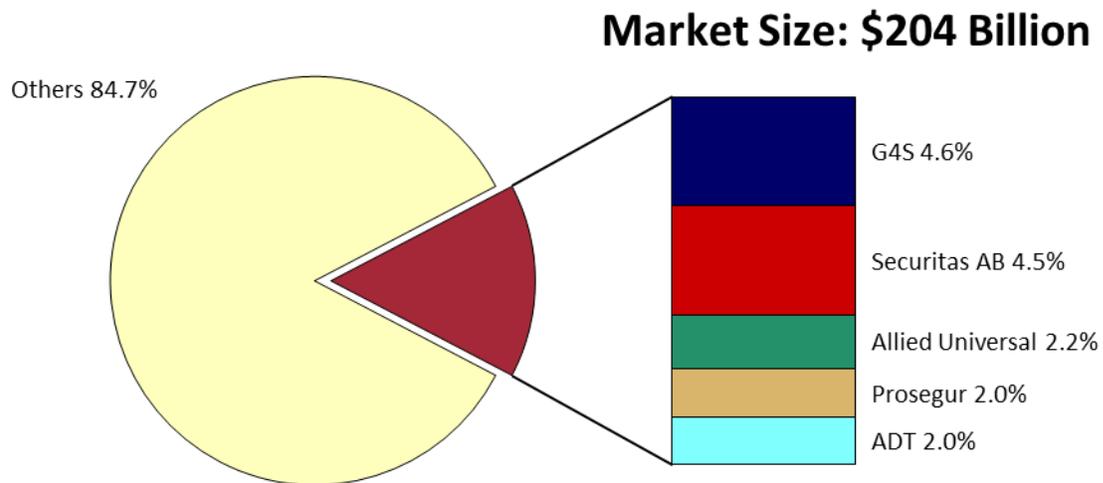
Market Share

Overview

In 2017, the world’s five largest providers of security services – G4S, Securitas AB, Allied Universal, Prosegur, and ADT – combined to account for 15.5% of the global market. Each of these firms had in excess of \$4.0 billion in industry revenues, but the massive scale and fragmentation of the global security services market limits the market share of any individual firm.

Other leading providers of security services to the global market include Brink’s, Loomis, Secom, and Sohgo Security Services, each of which had related revenues of over \$2.0 billion.

Figure 11-1 | Global Security Services Market Share, 2017 (billion dollars)



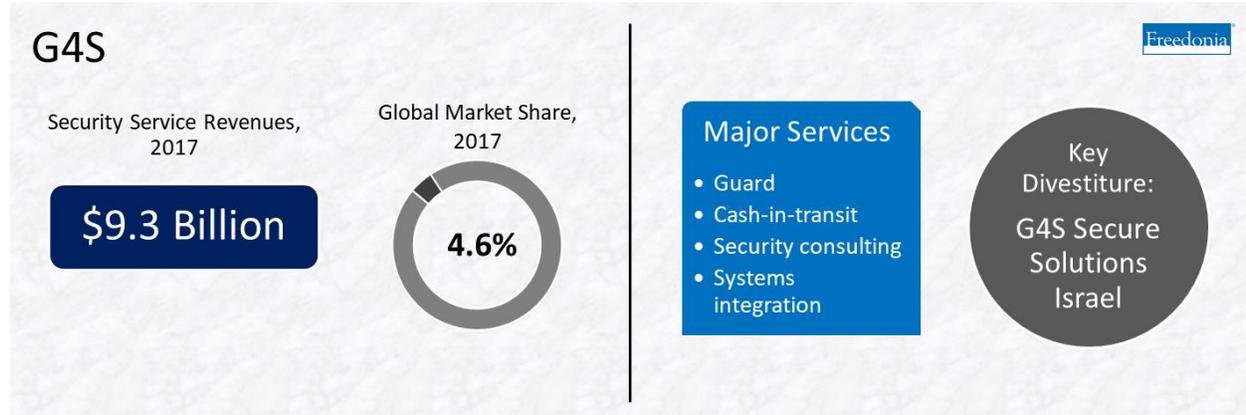
Source: The Freedonia Group

G4S

G4S was the largest provider of security services to the global market in 2017, with a market share of 4.6% on industry revenues of \$9.3 billion. The company has a massive global scope, with a presence in every world region and related revenues in excess of \$1.0 billion in each of Western Europe, North America, and the Asia/Pacific and Africa/Mideast regions. Guard services account for the majority of G4S’s security service revenues, but the company is also a major provider of cash-in-transit, security consulting, systems integration, and alarm monitoring services.

G4S has a large presence in the government market, which accounts for about a quarter of the company’s revenues. Involvement in this market has exposed the company to high levels of controversy, and fluctuating geopolitical environments continue to impact the company’s activities in foreign markets. For example, in June 2017 G4S divested its operations in Israel, where it was the largest security service provider. The divestiture followed years of activist pressure from the BDS movement, although G4S denied that the decision was influenced by this pressure.

Figure 11-2 | Global Security Services: First Market Leader



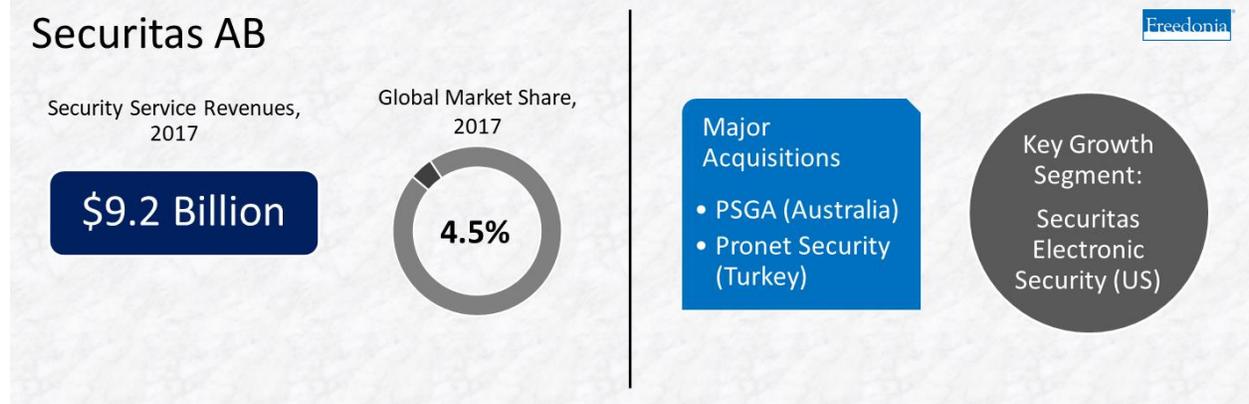
Source: The Freedonia Group

Securitas AB

Securitas was the second largest provider of security services to the global market in 2017, with industry revenues of \$9.2 billion and a market share of 4.5%. Guard services account for the majority of the company’s related revenues, with alarm monitoring and security consulting accounting for the bulk of the remainder. Securitas’ presence in the alarm monitoring segment was boosted by the October 2015 acquisition of Diebold’s Electronic Security business in North America, reflecting increasing investment in the US and Canadian markets.

Securitas has a particularly large presence in North America and Western Europe, which together accounted for over 75% of its revenues in 2017. The company has operations in 60 countries and continues to expand into new markets. Newer markets for the company include Bulgaria, Panama, Paraguay, and Slovenia.

Figure 11-3 | Global Security Services: Second Market Leader



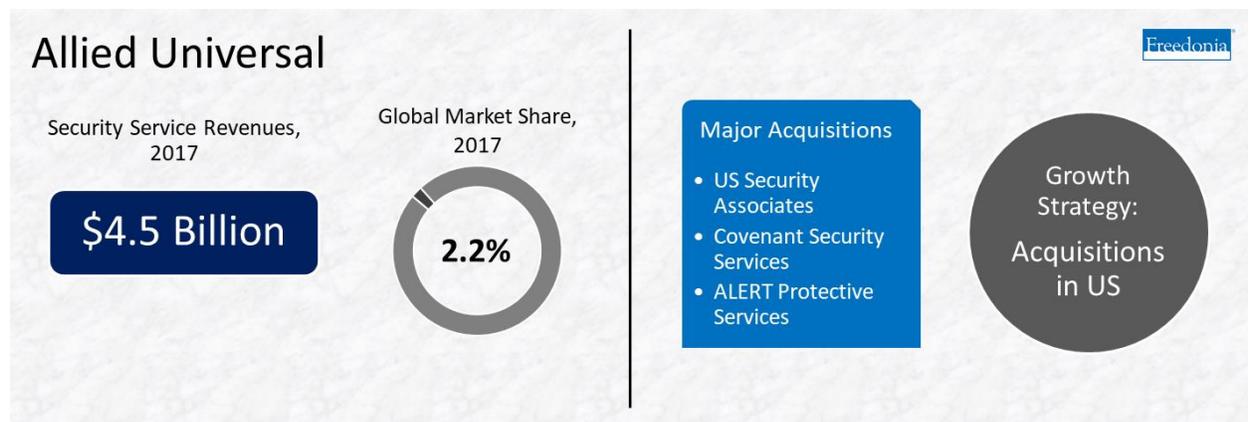
Source: The Freedonia Group

Allied Universal

Allied Universal was the third largest provider of security services to the global market in 2017, with industry revenues of \$4.5 billion and a market share of 2.2%. The US and Canada account for the vast majority of the company’s revenues, with an additional small share derived from US territories in the Caribbean. Guard services account for the bulk of the company’s revenue, although Allied Universal is also a major provider of alarm monitoring and security consulting services.

Allied Universal has grown its guard service revenues via acquisitions in the consolidating US industry. The company announced a particularly large acquisition in July 2018, when it agreed to acquire US Security Associates. At the time of the announcement, US Security Associates had industry revenues of \$1.5 billion and represented the fourth largest provider of guard services to the North American market, behind Allied Universal, Securitas AB, and G4S. The transaction is expected to be completed by the end of 2018.

Figure 11-4 | Global Security Services: Third Market Leader



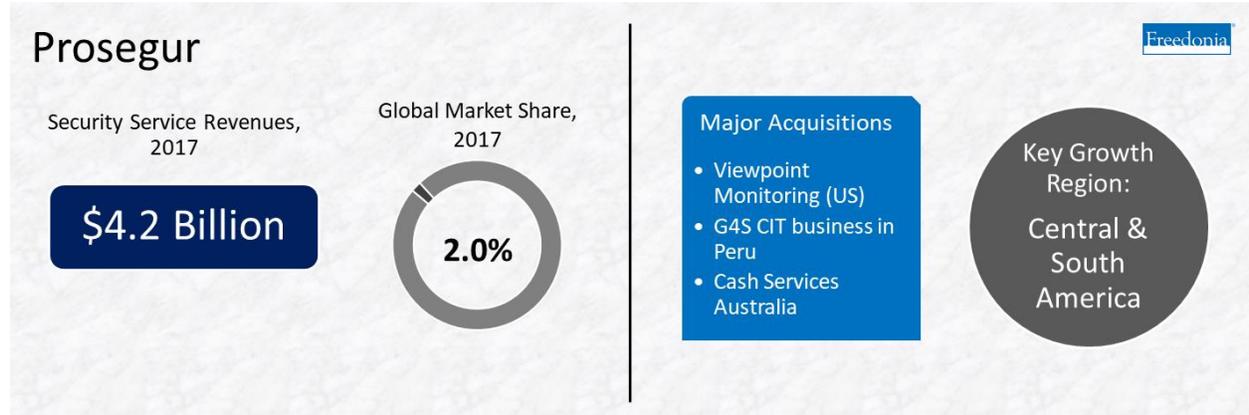
Source: The Freedonia Group

Prosegur

Prosegur was the fourth largest provider of security services to the global market in 2017, with a market share of 2.0% on industry revenues of \$4.2 billion. The company was the second largest provider of cash-in-transit and related services worldwide with revenues of \$2.2 billion, behind only Brink’s. Compared to Brink’s and Loomis – the third largest cash-related service provider – Prosegur is less heavily concentrated in this segment, with an additional \$1.6 billion in revenue from guard services. The company’s guard services revenues have grown rapidly since 2015, driven by gains from increased use of high-value technological tools in manned guarding.

Prosegur is the largest provider of security services to the Central and South American market, and the region accounted for the largest share of the company’s revenues in 2017. The scale of Prosegur’s Central and South American operations is even larger when measured in terms of employment; around two-thirds of the company’s employees were located in the region as of 2017. Cultural and linguistic ties have aided Prosegur’s efforts to expand in Central and South America relative to other West European firms.

Figure 11-5 | Global Security Services: Fourth Market Leader



Source: The Freedonia Group

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ADT

ADT was the fifth largest provider of security services to the global market in 2017, with a market share of 2.0% on industry revenues of \$4.0 billion. The company is primarily a provider of alarm monitoring services, ranking first worldwide in this segment.

Use of the **ADT** brand is governed by a licensing agreement between ADT and Johnson Controls, under which ADT controls the brand in the US and Canada, while Johnson Controls owns the brand name in other countries. This restriction on ADT's use of the brand has hindered international expansion, and the US and Canada accounted for the entirety of the company's revenues in 2017.

ADT completed a merger with Protection 1 in 2017, significantly increasing the company's size. The combined company's alarm monitoring revenues in 2017 were boosted by increased prices, which offset a decline in customer volume. In addition, in 2017 and 2018 the company made several acquisitions geared toward boosting its market share in the fast-growing US systems integration market.

Figure 11-6 | Global Security Services: Fifth Market Leader



Source: The Freedonia Group

Marketing

Marketing Overview

In developed countries, the incidence and widespread media reporting of crimes, fires, and other security threats are often as powerful as any vendor-created marketing variables in the private security services business. However, a number of factors have prompted security services providers to take an increasingly proactive approach to marketing and service delivery functions, such as:

- slowing growth in large developed markets
- increased emphasis on expansion into developing countries
- technological advances creating greater opportunities to provide high-value services

In addition, the diversity of available services, users, and applications virtually demands that all but the most narrowly specialized vendors employ multifaceted marketing strategies. This is even more critical for firms that operate on an international basis, since they must factor differing socioeconomic and cultural perspectives into their marketing efforts. However, the use of competitive bidding, which is common in many parts of the security industry, limits the need for and the impact of marketing strategies.

Manned Security

In general, the more value-added the service, the more complex its marketing program tends to be. For example, in most countries a significant portion of the security guard industry consists of undifferentiated firms offering commodity-type services. Such companies compete largely on the basis of price and reputation, although guard service providers can differentiate themselves by:

- offering highly trained guards, including those with police or military experience
- providing guards with specialized skills, such as emergency medical skills or the ability to operate increasingly complex technological systems
- acquiring the necessary licensing to provide guards armed with firearms

Larger multinational firms that offer guard services tend to emphasize high-value related services such as security consulting or systems integration. These companies offer guard services as part of a package that includes design, implementation, operation, and maintenance of a complete security system.

The cash-in-transit segment is also largely price-driven, although firms are increasingly establishing a degree of differentiation through the provision of ancillary services such as payroll processing and automated teller machine maintenance and replenishment, in addition to traditional armored transport services. Similar to the guard segment, company reputation and name recognition are key marketing variables in the armored car transport segment.

Private investigation and security consulting firms can more easily differentiate themselves based on their expertise and reputation, as well as on their area of specialization (e.g., insurance investigations or due diligence checks). However, many of these more specialized firms are small and therefore lack the resources to mount complex marketing programs. For these firms, such alternatives as word-of-mouth and building a reputation via commenting on news events or providing information – via a blog, newsletter, or other resources – are important.

Electronics-Intensive Services

While price is a major consideration in the alarm monitoring segment, product differentiation is possible based on such variables as:

- speed of response
- reliability
- performance of alarm hardware

Additionally, the bundling of monitoring with a firm's own armed response services is also important, especially in developing countries – where police response is often poor or nonexistent – and in areas that require an alarm to be confirmed before the police are dispatched.

Larger vendors can operate multiple central stations on a national or international level, offering the protection of full monitoring redundancy should a disaster render the primary station inoperable. However, this is less of an advantage in developed markets, where central station monitoring companies have back-up operations as a matter of practice.

Video monitoring services have emerged as an increasingly important way to differentiate on quality. Video monitoring allows alarms to be immediately verified offsite, resulting in quicker police response compared to providers relying on in-person verification.

Monitoring firms increasingly emphasize comprehensive security systems with extensive video coverage, rather than simple alarms, allowing greater opportunities to sell value-added services.

Aggressive marketing is especially important in the residential segment, given the natural responsiveness of the consumer sector to promotional advertising, as well as the need for consumers to be informed and educated about security threats and available residential security options. Consumers are often targeted through direct mail, e-mail, radio, television, and internet campaigns, as well as through in-store brochures. Word-of-mouth remains an important source of new customers, especially higher end clients, so alarm monitoring companies often offer extra incentives, such as discounts on monitoring fees and gift cards, for new client referrals. Home security products and services are also being promoted through partnerships with various nonsecurity-related service providers, including

- consumer electronics firms
- home builders
- realtors
- utilities
- telecommunications providers

Acquisitions & Divestitures

The highly fragmented nature of the global security services industry contributes to persistent acquisition and divestiture activity. Transactions were particularly frequent from 2016 to 2018. While industry restructuring is motivated by a wide variety of factors, there are several common categories of transaction.

One of the most common reasons for acquisitions is to gain presence in foreign markets. As the relative size of markets in developing countries has grown, such transactions have become increasingly commonplace. Recent examples include:

- Prosegur's May 2017 acquisition of G4S' cash transport business in Peru
- the June 2017 purchase of Chile's Global Security by Brink's
- Securitas AB's July 2018 acquisition of Turkish guarding firm Pronet Security

The security industry is often a politically sensitive subject, and shifting geopolitics can drive firms to divest from foreign markets. For example:

- In March 2017, Johnson Controls sold its South African ADT Security subsidiary to Fidelity Security Group. The South African government has indicated that it views foreign-owned security service companies as a threat to national security, and a bill under development since 2014 could even allow expropriation of foreign-owned security firms.
- In June 2017, G4S sold its business in Israel to FIMI Opportunity Funds, a move that was likely influenced at least in part by pressure from activists associated with the BDS movement.

Security service firms are increasingly emphasizing value-added secondary services as a way to compensate for market maturity in core businesses, and acquisitions represent a key way to gain market share and expertise in specialized segments. Notably, a number of smaller systems integration specialists were acquired by larger firms in 2017 and 2018:

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- Over these two years, ADT purchased four firms offering systems integration services: Protec, MSE Corporate Security, Gaston Security, and Acme Security Systems.
- In January 2018, Securitas AB acquired Automatic Alarm, a French provider of security systems installation and integration services.

The largest security industry transaction of 2018 is Allied Universal's pending acquisition of US Security Associates, which is expected to be completed by the end of the year. This reflects a trend of consolidation in the mature guarding segment.

Table 11-2 | Selected Acquisitions & Divestitures

Company	Acquiring	From Whom	Date
ADT (US)	Protec (US – commercial security systems integration)	–	7/17
ADT (US)	MSE Corporate Security (US – commercial security systems integration)	–	9/17
ADT (US)	Gaston Security (US – video surveillance integration & intrusion, access control, & perimeter protection services)	–	10/17
ADT (US)	Acme Security Systems (US – security systems integration)	–	3/18
ADT (US)	Aronson Security Group (US – security risk management services)	–	3/18
Allied Universal (US)	Source Security & Investigations (Canada – VIP, industrial, & event security services; & private investigations)	–	11/16
Allied Universal (US)	Security Services division (US – uniformed security professionals, mobile patrol, physical security, & life safety services)	Yale Enforcement Services (US)	2/17
Allied Universal (US)	ALERT Protective Services (US – uniformed security professionals & integrated security systems for homes)	–	5/17

Source: The Freedonia Group

Table continued on next page

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Table 11-2 (continued) | Selected Acquisitions & Divestitures

Company	Acquiring	From Whom	Date
Allied Universal (US)	Covenant Security Services (US – guarding & other services)	Covenant Services Worldwide (US)	2/18
Allied Universal (US)	US Security Associates (US – security, janitorial, & maintenance services)	Goldman Sachs Incorporated (Goldman Sachs Merchant Banking)	7/18 (agrmt)
Brink's (US)	American Armored Transport (US – secured trucking transportation of high-value cargo)	–	3/17
Brink's (US)	Global Security (Chile – cash-in-transit & automated teller machine services)	–	6/17
Brink's (US)	Maco Transportadora de Caudales (Argentina – cash-in-transit & money processing services)	–	7/17
Brink's (US)	Maco Litoral (Argentina – cash-in-transit & automated teller machine services)	–	8/17
Brink's (US)	Temis (France – cash-in-transit & money processing services)	–	10/17
Brink's (US)	Rodoban (Brazil – cash-in-transit, money processing, & automated teller machine services)	–	1/18 (agrmt)
Brink's (US)	Dunbar Armored (US – cash management services)	–	8/18
Fidelity Security Group (South Africa)	ADT Security (South Africa – guards, alarm monitoring, & other security services)	Johnson Controls International (Ireland)	3/17
FIMI Opportunity Funds (Israel)	G4S Secure Solutions Israel (security services)	G4S plc (UK)	6/17
Garda World Security (Canada)	Kenya Kazi (security services for embassies, non-governmental organizations, large corporations, & private institutions)	–	12/16

Source: The Freedonia Group

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INDUSTRY STRUCTURE

Table 11-2 (continued) | Selected Acquisitions & Divestitures

Company	Acquiring	From Whom	Date
Garda World Security (Canada)	Primary Response (Canada – design, implementation, & management of private security, investigations, & consultant services)	–	1/18
GEO Group (US)	Community Education Centers (US – security & other management services for correctional & detention facilities; & rehabilitative services for re-entry & in-prison treatment facilities)	–	4/17
Intera Partners (Finland)	ISS Security Oy (Finland – security services) & related business assets	ISS A/S (ISS Finland)	12/16
Kilimanjaro Capital (South Africa)	Chubb South Africa (South Africa – alarm monitoring, guard services)	United Technologies (US)	2/18
Loomis (Sweden)	Cobelguard CIT (Belgium – cash handling services)	–	1/17
Loomis (Sweden)	Wagner Seguridad Custodia y Transporte de Valores (Chile – cash handling services)	–	12/17
Loomis (Sweden)	KÖTTER Geld- und Wertdienste SE & Co. KG (Germany – cash handling services)	KÖTTER GmbH (Germany)	1/18
Loomis (Sweden)	Sequel International Logistics USA (secure logistics services)	Sequel International Logistics Private Limited (India)	1/18
Loomis (Sweden)	Compañía Chilena de Valores (Chile – cash handling services)	–	6/18
Nokas (Norway)	AVARN Security Holding (Norway – security services, including guards, alarm monitoring, & cash-in-transit services)	Sector Alarm Holding (Norway)	6/18
private investor	ISS Greece (facilities management operations, including physical, surveillance, workplace emergency management, consulting, & technical installation security services)	ISS A/S (Denmark)	1/18

Source: The Freedonia Group

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INDUSTRY STRUCTURE

Table 11-2 (continued) | Selected Acquisitions & Divestitures

Company	Acquiring	From Whom	Date
Prosegur Compañía de Seguridad (Spain)	Toll Secure (Australia – secure logistics & cash management)	Toll Transport (Australia)	11/16
Prosegur Compañía de Seguridad (Spain)	Cash Services Australia (cash & valuables in-transit & cash management services)	–	2/17
Prosegur Compañía de Seguridad (Spain)	Peruvian cash transport business	G4S plc (UK)	5/17
Prosegur Compañía de Seguridad (Prosegur Alarmas Paraguay)	security service assets related to the RADAR brand (Paraguay – residential alarm monitoring, video surveillance, & localization)	Omni (Paraguay)	12/17
Prosegur Compañía de Seguridad (Prosegur Cash – Spain)	Central American cash-in-transit operations	Grupo Alamo (Guatemala)	6/18
Prosegur Compañía de Seguridad (Spain)	Viewpoint Monitoring (US – remote video monitoring & event-based monitoring; & security products)	–	9/18
Rhône Capital (US) & private investors	remaining stake in Garda World Security (Canada – security services & products)	Apax Partners (UK)	5/17
S Bulgaria Group AD (VIP Security – Bulgaria)	G4S Security Solutions EOOD (Bulgaria – guards, cash-in-transit, & other security services)	G4S plc (UK)	3/17
Secom Company Limited (Japan)	80.1% stake in Toshiba Security Guard (Japan – static guards, maintenance & inspection, & other business support services)	Toshiba Corporation (Japan)	8/18
Sector Alarm Holding (AVARN Security Finland)	Prevent 360 Holding (Finland) & Prevent 360 Turvallisuuspalvelut (Finland – guards & other security services)	Intera Partners (Finland)	1/18 (agrmt)
Securitas AB (Securitas Mexico SA de CV)	Central de Alarmas Adler (Mexico – electronic security systems & services)	Diebold Nixdorf (US)	5/17
Securitas AB (Sweden)	PSGA (Australia – consulting & investigation services)	–	8/17

Source: The Freedonia Group

Table continued on next page

INDUSTRY STRUCTURE

Table 11-2 (continued) | Selected Acquisitions & Divestitures

Company	Acquiring	From Whom	Date
Securitas AB (Sweden)	Automatic Alarm (France – installation & integration of electronic security systems, & alarm monitoring & other services)	–	1/18
Securitas AB (Sweden)	Süddeutsche Bewachung (Germany – on-site, mobile, & remote guarding services)	–	1/18
Securitas AB (Sweden)	Johnson & Thompson (Hong Kong – security monitoring, maintenance, & installation services)	–	1/18
Securitas AB (Sweden)	Pronet Güvenlik ve Dan.Hiz (Turkey – commercial guarding services)	–	7/18
Securitas AG (Switzerland)	Alpha Protect (Switzerland – guards, alarm monitoring, public transport security, & other security services)	–	7/17
Security and Intelligence Services India (SIS Australia Group)	additional 41% stake in Southern Cross Protection (Australia – guards & patrols, alarm monitoring, cash logistics, & other security services; & security products)	–	7/17
Security and Intelligence Services India	51% stake in SLV Security Services (India – guards, event security, & emergency response services; & facilities management services)	–	8/18 (agrmt)
SERIS (France)	Brink's Security Services (France)	Brink's	6/18
SK Telecom (South Korea)	55% stake in ADT Caps (South Korea – alarm monitoring, guard services)	Siren Holdings Korea	10/18
Sohgo Security Services (Japan)	49% stake in PT Barungu Aneka Sistem Sekuriti (Indonesia – residential guard services; commercial patrol & access control services; & security products)	–	11/16
Sohgo Security Services (Japan)	49% stake in Royal Haiphong Security Service (Vietnam – guard services & security products)	–	12/16

Source: The Freedonia Group

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INDUSTRY STRUCTURE

Table 11-2 (continued) | Selected Acquisitions & Divestitures

Company	Acquiring	From Whom	Date
Sohgo Security Services (Japan)	90% stake in Hitachi Security Service Company (Japan – guarding, risk assessment, & other security services)	Hitachi Limited (Japan)	2/17
Sohgo Security Services (Japan)	security services business (Japan – includes security guard services)	Nippon Telegraph and Telephone (TelWel East Japan)	4/17
Sohgo Security Services (Japan)	36.1% stake in Keihanshin Security Services (Japan – guarding & transportation security services; & facilities management & cleaning services)	Keihanshin Building (Japan)	4/17
Sohgo Security Services (Japan)	Delivery Service Company (Japan – transportation security services)	Tobu Railway (Tobu Delivery – Japan)	7/17
Sohgo Security Services (Japan)	remaining 50% stake in Gunma Sohgo Guard System (Japan – guard services & security products)	–	11/17
United American Security (US)	Uniguard Security (US – facilities services, including security guards)	ISS A/S (Denmark)	4/18
US Security Associates	Murray Guard (US – security protection services)	–	10/17

Source: The Freedonia Group

Cooperative Agreements

The trend toward integration in the security industry, both within the security services segment and between security products and related services, has contributed to heightened interest in strategic partnerships and other forms of cooperative agreements. The most common form of cooperative agreement is a joint venture geared toward building presence in a foreign market, a practice which most major multinational firms engage in to an extent:

- G4S operates via joint ventures in India, Kuwait, and Malta.
- Grupo EULEN maintains a presence in the Middle East via joint ventures in Qatar and the UAE.
- Securitas AB maintains joint ventures in India and Vietnam.

Firms can also use joint ventures for other purposes, such as managing large special projects. For example, security services at Japan's 2020 Tokyo Summer Olympics will be provided by Tokyo 2020 Games Security, a joint venture of the country's two largest security firms, Secom and Sohgo Security Services.

As the security services industry has become more technologically complex, it has become more common for firms to engage in cooperative agreements with equipment manufacturers and other tech companies:

- In March 2017, US Security Associates was named an authorized reseller of Sharp Electronics' **Sharp INTELLOS** Automated Unmanned Ground Vehicle, a mobile surveillance robot. The agreement allows US Security Associates to advertise a high degree of technological sophistication in its services, while allowing Sharp to benefit from US Security Associates' marketing, customer relationships, and industry reputation.
- In February 2018, Allied Universal announced an agreement to offer enterprise security software designed by PlanetRisk. Allied Universal will both sell the software as a stand-alone solution and include it as a component of broader contract security packages.

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Table 11-3 | Selected Cooperative Agreements

Company	Type of Agreement	With Whom	Products Covered
ADT (US)	brand governance	Johnson Controls International (Ireland)	ADT tradename outside of US & Canada
ADT (US)	distribution	Arrow Electronics (US)	managed detection & response services
ADT (US)	strategic partnership	Plug and Play Tech Center (US)	security for startup businesses in Silicon Valley, California, US
ADT (US)	product integration	Samsung (South Korea)	monitored life safety systems
Allied Universal (US)	strategic partnership	PlanetRisk (US)	enterprise security software-as-a-service platform
Brink's (US)	licensing	Ascent Capital Group (MONI Smart Security – US)	Brink's Home Security residential smart home & home security products & services
Garda World Security (Canada)	strategic alliance	IHS Markit (UK)	travel security services integrated with Crisis24 digital dashboard
GEO Group Incorporated (GEO Group UK)	joint venture (GEOAmev PECS – UK)	Amey plc (UK)	prison escort & custody services in the UK
GEO Group Incorporated (US)	joint venture (South African Custodial Services)	Kensani Holdings (South Africa)	operation of correctional, detention, & health facilities worldwide
GEO Group Incorporated (US)	joint venture (South African Custodial Management)	Kensani Holdings (Kensani Corrections – South Africa)	security & other facility management services, including control room monitoring services, for correctional facilities in South Africa
G4S plc (UK)	joint venture (Al Mulla Security Services – Kuwait)	Al Mulla Group (Kuwait)	alarm monitoring, guarding, & cash logistics services
G4S plc (UK)	joint venture (Parksec – Malta)	private investor	security services

Source: The Freedonia Group

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INDUSTRY STRUCTURE

Table 11-3 (continued) | Selected Cooperative Agreements

Company	Type of Agreement	With Whom	Products Covered
G4S plc (UK)	joint venture (Forbes G4S Solutions – India)	Eureka Forbes (India)	residential alarm monitoring services
Grupo EULEN (Spain)	joint venture (EULEN Management & Facilities Services – UAE)	Ahmed Almazrouei Group (UAE)	integrated facilities management services, including security services
Grupo EULEN (Spain)	Joint venture (EULEN Middle East – Qatar)	Qatari Al Jassra Enterprises (Qatar)	Integrated facilities management, including security services
ISS (Denmark)	strategic partnership	Telenor (Norway)	security & other integrated facility services in Norway, Sweden, & Denmark
Jardine Matheson Holdings (Hong Kong)	joint venture (Jardine Aviation Services Group – Hong Kong)	China National Aviation Corporation Group	aviation ground handling services
Linfox Proprietary (Linfox Armaguard – Australia)	joint venture (Armaguard Valuables Management – UAE)	Etihad Airways (UAE)	secure transport & other services
Prosegur Compañía de Seguridad (Prosegur Cash – Spain)	strategic partnership	Armored Transport Plus (Philippines)	cash management & logistics services
Prosegur Compañía de Seguridad (Singpai Private Limited – Singapore)	joint venture (SIS Cash Services – India)	Security and Intelligence Services India	cash logistics services
Prosegur Compañía de Seguridad (Singpai Alarms Private Limited – Singapore)	joint venture (SIS Prosegur Alarms Monitoring and Response Services – India)	Security and Intelligence Services India	residential & commercial alarm, monitoring, & response solutions
Secom Company Limited (Japan)	joint venture (Tokyo 2020 Games Security JV)	Sohgo Security Services (Japan)	planning & implementation of security services for Tokyo 2020 Olympic Games
Secom Company Limited (Japan)	joint venture (Taiwan Secom)	Goldsun Group (Taiwan)	static guards, cash transport services, & security products

Source: The Freedonia Group

Table continued on next page

Table 11-3 (continued) | Selected Cooperative Agreements

Company	Type of Agreement	With Whom	Products Covered
Secom Company Limited (Japan)	joint venture (S-1 Corporation – South Korea)	Samsung Group (South Korea)	static guards & security products
Secom Company Limited (Japan)	joint venture (Secom Malaysia)	Lion Group (Malaysia) & Malaysian Police Cooperative Foundation	static guards, security management services, & security products
Secom Company Limited (Japan)	joint venture (Secom Singapore)	System-Bilt (Singapore) & Singapore Police Cooperative Society	static guards, access management services, & other security services & products
Securitas AB (Sweden)	joint venture (Securitas India)	Walsons Services (India)	guards & other security services & security products
Securitas AB (Sweden)	joint venture (Long Hai Securitas – Vietnam)	Long Hai Security Services JSC (Vietnam)	guards, alarm & video monitoring services, & other security services & products
Securitas AG (Switzerland)	joint venture (Certas – Switzerland)	Siemens AG (Germany)	alarm system monitoring services
Securitas AG (Switzerland)	joint venture (Securitrans Public Transport Security – Switzerland)	Swiss Federal Railways	uniformed security guards
Stanley Black & Decker (Stanley Security Solutions – US)	partnership	3xLOGIC (US)	SONITROL security systems & products & related services
US Security Associates	authorized reseller	Sharp Corporation (Sharp Electronics Corporation – US)	Sharp INTELLOS Automated Unmanned Ground Vehicle

Source: The Freedonia Group

List of Industry Participants

Ademco (Far East) Private Limited

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ademcosecurity.com

Addici Security

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ADT Caps Company Limited

(subsidiary of SK Telecom Company Limited (South Korea))
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South Korea
82-1588-6400

ADT Incorporated

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ADT Private Security Services SA de CV

(subsidiary of Johnson Controls International plc (Ireland))

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Colonia Tlacoquemécatl del Valle

Benito Juárez, Mexico City 03270

Mexico

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www.adt.com.mx

Advanced Security Group

(subsidiary of TPT Group Holdings (NZ) Limited (New Zealand))

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www.asgl.co.nz

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United Arab Emirates

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Akal Security Incorporated

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akalglobal.com

Al Mulla Group

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Kuwait
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Al Mulla Security Services Company WLL

(joint venture between G4S plc (United Kingdom) and Al Mulla Group (Kuwait))
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Safat 13002
Kuwait
965-2434-3114

AlarmForce Industries Incorporated

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714-619-9700
www.aus.com

Allied Universal

(dual headquarters)

8 Tower Bridge

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484-351-1300

www.aus.com

ALSOK Shojitsu Security Service Company Limited (Japan)

(majority owned subsidiary of Sohgo Security Services Company Limited (Japan) and minority owned subsidiary of Hitachi Limited (Japan))

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Japan

81-3-4554-4030

www.shojitsu.alsok.co.jp

ALSOK Vietnam Security Services Joint Stock Company

(affiliate of Sohgo Security Services Company Limited (Japan))

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Hong Bang, Hai Phong City

Vietnam

84-225-379-8966

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Alternatif Güvenlik

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Turkey

90-216-545-8845

www.alternatifguvenlik.com.tr

Andrews International Incorporated

(subsidiary of US Security Associates (United States))

455 North Moss Street

Burbank, CA 91502

United States

818-487-4060

www.andrewsinternational.com

APX Group Holdings Incorporated

4931 North 300 West

Provo, UT 84604

United States

801-377-9111

www.vivint.com

Armaguard Valuables Management

(does business as AVM UAE, a joint venture between the Linfox Armaguard Proprietary Limited subsidiary (Australia) of Linfox Proprietary Limited (Australia) and Etihad Airways (United Arab Emirates))

Sheikh Zayed 1st Street

Abu Dhabi

United Arab Emirates

971-2-634-3531

uae.armaguardgroup.com

Aronson Security Group Incorporated

(subsidiary of ADT Incorporated (United States))

600 Oakesdale Avenue Southwest, Suite 100

Renton, WA 98057

United States

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www.aronsonsecurity.com

Asahi Security Company Limited

(subsidiary of Secom Company Limited (Japan))

4-2, Kaigan 2-chome
Minato-ku, Tokyo 105
Japan
81-3-5441-8383
www.assjapan.co.jp

ASP Security Services

(subsidiary of ICTS Europe (France))

1450 Appleby Line
Suite 200
Burlington, Ontario L7L 6V1
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877-552-5535
security-asp.com

Automatic Alarm

(subsidiary of Securitas AB (Sweden))

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Parc Club des Aygalades
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France
33-4-91-65-86-86
www.automatic-alarm.fr

Avidar Group

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Tel Aviv
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972-072-3213906
www.avidar.co.il

Beijing Security Service General Company

Road No. 23
ChengShousi
Beijing Fentai District, Beijing 100164
China
86-67-6169-69

Beijing Shenzhidun Security Guard Service Company Limited

100M, South Of Government
Beiwu, Shunyi
Beijing 100201
China
86-77-1799-9986

Beijing Zhenyuan Security Service Center

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Chaoyang District
Beijing 100016
China
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BI Incorporated

(subsidiary of Garda World Security Corporation (Canada))
6265 Gunbarrel Avenue, Suite B
Boulder, CO 80301
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303-218-1000
bi.com

Bidvest Protea Coin

222 Witch Hazel Avenue
Highveld
Techno Park
Centurion
South Africa
27-012-665-8000
www.proteacoin.co.za

Booz Allen Hamilton Incorporated

8283 Greensboro Drive
McLean, VA 22102
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703-902-5000
www.boozallen.com

Brink's Company

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804-289-9600
www.brinks.com

Brinks Home Security

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Canadian Corps of Commissionaires

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Central Security Patrols Limited

Enterprise House, Suite 4A
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44-20-8270-9442
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Certas AG

(joint venture between Securitas AG (Switzerland) and Siemens Schweiz AG (Switzerland), itself a subsidiary of Siemens AG (Germany))

Schweizerische Alarm- und Einsatzzentrale

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8003 Zürich

Switzerland

41-446-37-37-37

certas.ch

Certis CISCO Security Private Limited

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www.certisgroup.com

Checkmate Services Private Limited

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Gujarat 390002

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Chubb Fire & Security Limited

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CoreCivic Incorporated

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Corps Security (UK) Limited

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D'Garde Security Private Limited

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Dunbar Armored Incorporated

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EULEN Middle East

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Fidelity Security Group Proprietary Limited

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FraSec Fraport Security Services GmbH

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Garda World Federal Services Incorporated

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Garda World Security Corporation

(does business as GardaWorld, a subsidiary of Rhône Capital LLC (United States) and other private investors)

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GardaWorld International Protective Services

(international headquarters of Garda World Security Corporation (Canada), which does business as GardaWorld)

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GEO Group Australia Proprietary Limited

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GEO Group Incorporated

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GEO Transport Incorporated

(subsidiary of GEO Group Incorporated (United States))
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Boca Raton, FL 33487
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GEOAmey PECS Limited

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G4S Facilities Management Limited

(subsidiary of G4S China, itself a business of G4S plc (United Kingdom))

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G4S Nuclear Security Services Company

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G4S plc

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G4S Secure Solutions USA Incorporated

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G4S Soluciones de Seguridad SA

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multisistemasdeseguridad.com

Grupo Verzani & Sandrini

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Gunma Sohgo Guard System Company Limited

(subsidiary of Sohgo Security Services Company Limited (Japan))
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Maebashi-shi, Gunma 371
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Gunnebo AB

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www.hitachi.com

ICTS Europe SA

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IMI Security Service Sas di Cristian Ricci

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International Intelligence Limited

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www.international-intelligence.co.uk

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20156 Milano
Italy
39-0238-0871
www.ivri.it

Jardine Engineering Corporation

(subsidiary of Jardine Matheson Holdings Limited (Bermuda))

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852-2807-1717

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Jardine Matheson Holdings Limited

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Hamilton

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Joeun Systems

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KK Security Limited

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www.kksecurity.com

Konsalnet

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Kroll LLC

(subsidiary of Duff & Phelps LLC (United States))

600 3rd Avenue Floor 4

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212-593-1000

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LexisNexis Risk Solutions Incorporated

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1000 Alderman Drive, Suite 21 N57

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678-694-6000

risk.lexisnexis.com

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Linfox Proprietary Limited

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Lion Group

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Long Hai Security Services Joint Stock Company

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Loomis Belgium NV/SA

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Maco Litoral SA

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Maco Transportadora de Caudales SA

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Mason & Hanger Group Incorporated

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MIV Gestión SA

(subsidiary of Prosegur Compañía de Seguridad SA (Spain))

Centro de Carga Aérea

Edificio Swissport

Aeropuerto de Barajas

28042 Madrid

Spain

34-91-329-2344

www.mivgestion.com

MSS Security Proprietary Limited

(subsidiary of Security and Intelligence Services India Limited, which does business as SIS India)

Level 2, 63-79 Parramatta Road

Silverwater, New South Wales 2128

Australia

61-2-9737-6500

msssecurity.com.au

Murray Guard Incorporated

(subsidiary of US Security Associates (United States))

58 Murray Guard Drive

Jackson, TN 38305

United States

731-664-1343

murrayguard.com

National Security & Fire

842 Pheasant Street

Horison Park 1724

South Africa

27-11-761-7000

national.co.za

Nesma Security Services

Prince Turkey Street, Eastern Province

Al Khobar 31952

Saudi Arabia

966-5525-44312

nesmasecurity.com

Niedersächsische Wach- und Schliessgesellschaft Eggeling & Schorling KG

Vahrenwalder Straße 136

30165 Hannover

Germany

49-0511-16320

www.nwsg.de

Nokas AS

Træleborgodden 6
3112 Tønsberg
Norway
47-915-02580
www.nokas.com

NOONAN Services Group Limited

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Swords Business Park
Swords K67 X971
Dublin
Ireland
353-1-8839800
noonan.ie

ONET Sécurité

(subsidiary of Groupe Onet)
36 Boulevard De L Ocean
Marseille, Bouches Du Rhone 13009
France
fr.groupeonet.com/Nos-metiers/Securite

Organización de Seguridad Privada SA de CV

Federico T de la Chica No.17, 3er Piso
Ciudad Satélite, Naucalpan de Juárez
Mexico
52-55-5374-7550
www.osp.com.mx

ÖWD Security & Services GmbH

Bayerhamerstraße 14c
5020 Salzburg
Austria
43-57-8830-3780
www.owd.at

Paladin Security

3001 Wayburne Drive, #201
Burnaby, British Columbia V5G 4W3
Canada
604-677-8700
paladinsecurity.com

Peregrine Guarding Private Limited

Plot 13, Sector 18
Electronic City, Gurgaon
Haryana 122016
India
91-12-4400-4321
www.peregrine-security.com

Pinkerton Consulting & Investigations Incorporated

(does business as Pinkerton Corporate Risk Management, a subsidiary of Securitas Holding GmbH (Germany))
101 North Main Street, Suite 300
Ann Arbor, MI 48104
United States
248-948-0075
www.pinkerton.com

Post Office Limited

Finsbury Dials, 20 Finsbury Street
London EC2Y 9AQ
United Kingdom
44-8457-223-344
www.postoffice.co.uk

Prestibel

Av. Torre de Belém, 24
1400-343 Lisbon
Portugal
351-21-303-06-70
prestibel.pt

Prosegur Cash SA

(majority-owned subsidiary of Prosegur Compañía de Seguridad SA (Spain))
Calle Santa Sabina, 8
28007 Madrid
Spain
34-91-589-55-06
www.prosegurcash.com

Prosegur Compañía de Seguridad SA

Calle Pajaritos 24
28007 Madrid
Spain
34-902-57-79-99
www.prosegur.com

Protection One

(division of ADT LLC (United States), itself a subsidiary of ADT Incorporated (United States))

1267 Windham Parkway

Romeoville, IL 60446

United States

815-306-4675

www.protection1.com

Protection One Suisse SA

(subsidiary of Securitas AG (Switzerland))

Chemin des Champs-Courbes 15

1024 Écublens

Switzerland

41-848-300-306

www.protectionone.ch

RELX Group plc

1-3 Strand

London WC2N 5JR

United Kingdom

44-20-7166-5500

www.relx.com

S Bulgaria Group AD

123, Arsenalski Boulevard

1421 Sofia

Bulgaria

359-2-963-05-43

www.sgroup.bg

S-1 Corporation

(joint venture between Secom Company Limited (Japan) and Samsung Group (South Korea))

S-1 Building

Sejongdaero 7-gil

Jung-gu, Seoul 1588

South Korea

82-2-1588-3112

www.s1.co.kr

Saladin Security Limited

7 Abingdon Road

London W8 6AH

United Kingdom

44-20-7376-2655

www.saladin-security.com

SBV Services Proprietary Limited

(affiliate of Prosegur Compañía de Seguridad SA (Spain))

No. 17 8th Street

Corner of 11th Avenue and 8th Street

Houghton, Johannesburg

South Africa

27-11-283-2000

www.sbv.co.za

Secom Company Limited

5-1, Jingumae 1-chome

Shibuya-ku, Tokyo 150

Japan

81-3-5775-8100

www.secom.co.jp

Secom Malaysia Sendirian Berhad

(joint venture between Secom Company Limited (Japan), Lion Group (Malaysia), and Malaysian Police Cooperative Foundation)

12, Jalan Astaka U8/82 Bukit
Jelutong Business & Technology Park
Shah Alam, Selangor
Malaysia
60-3-7843-2000
www.secom.com.my

Secom Singapore Private Limited

(joint venture between Secom Company Limited (Japan), System-Bilt (Singapore), and Singapore Police Cooperative Society)

81 Toh Guan Road East
Secom Centre
Singapore 608606
Singapore
65-3157-3700
www.secom.com.sg

Securitas AB

Lindhagensplan 70
102 28 Stockholm
Sweden
46-10-4703-000
www.securitas.com

Securitas AG

Alpenstraße 20
3052 Zollikofen
Switzerland
41-31-910-1111
www.securitas.ch

Securitas Holding GmbH

Wahlerstraße 2a
40472 Düsseldorf
Germany
49-30-5010-00615
www.securitas.de

Securitas India

(joint venture between Securitas AB (Sweden) and Walsons Services Proprietary Limited (India))
Corporate Resource Centre
The Walsons House
496, Udyog Vihar Phase III
Gurgaon, Haryana 122016
India
91-124-471-8888
www.securitas.in

Securiton AG

(subsidiary of Securitas AG (Switzerland))
Alpenstraße 20
3052 Zollikofen
Switzerland
41-31-910-1111
www.securiton.com

Securitrans Public Transport Security AG

(joint venture between Securitas AG (Switzerland) and Swiss Federal Railways SBB)
Bubenbergplatz 10
3001 Bern
Switzerland
41-51-220-4600
www.securitrans.ch

Security and Intelligence Services India Limited

(does business as SIS India)

A-28 and 29 Okhla Industrial Area

Phase-1, New Delhi 110020

India

91-11-4646-4444

sisindia.com

SecurVerdi Güvenlik Hizmetleri AŞ

Havuzbaşı Değirmen Sok. No: 4 Kasimpaşa

Istanbul

Turkey

90-0212-256-77-37

www.securverdi.com

Senaca Group

Senaca House

Unit 12M, Alder Road

Naas Enterprise Park

Naas, County Kildare W91 A3V1

Ireland

353-45-408-116

www.senacagroup.com

Senon Limited

Shinjuku Mitsui Building, 16th Floor

1-1, Nishi Shinjuku 2-chome

Shinjuku-ku, Tokyo 160

Japan

81-3-3348-7111

www.senon.co.jp

Sentinel Security Services

(division of Sentinel Consultants Private Limited)

SCF- 35-36, Sector-16A, Part 1

Faridabad, Haryana 121002-02

India

91-129-400-0000

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Sequel Logistics Private Limited

5th Main Road, VI Sector

HSR Layout

Bangalore 560102

India

91-80-6638-2200

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SERIS

6 Rue Du General De Larminat

Paris, Paris, 75015

France

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Servicios Privados de Seguridad SA de CV

Matamoros 572 Pte. Centro

Monterrey, Nuevo León

Mexico

52-0181-8343-1013

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Shandong Huawei Security Group Company Limited

No.23, North Middle Section of Wumaci Street

Qufu, Shandong 273100

China

86-53-7441-4074

Shanghai Security Service Corporation

30 Jianguo Road, Middle Road
Huangpu District
Shanghai 200025
China
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www.security.sh.cn

Sheleg Lavan (1986) Limited

4 Hatzoran
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972-9864-2000

Shenzhen G4S Donar Technology Limited

(subsidiary of G4S China, itself a business of G4S plc (United Kingdom))
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No. 1001 Lianhuazhi Road
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China
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Shmira Ubitahon Guarding Group

Rotem Street 4
Tel Aviv
Israel
972-03-6392233
www.sbisrael.co.il

Siba security service GmbH

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49-0721-6627-0
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Siemens AG

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Siemens Schweiz AG

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41-585-585-585
www.siemens.com/ch

Singpai Alarms Private Limited

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111 Geylang Road, 01-01
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65-6786-4233

SIS Cash Services Private Limited

(does business as SIS Cash, a joint venture between Singpai Private Limited (Singapore), a subsidiary of Prosegur Cash SA (Spain) that is itself a subsidiary of Prosegur Compañía de Seguridad SA (Spain); and Security and Intelligence Services India Limited, which does business as SIS)

B-26, Okhla Industrial Area
Phase 1, New Delhi 110020
India
91-11-4040-4444
sisprosegur.com

SIS Prosegur Alarms Monitoring and Response Services Limited

(does business as SIS Alarms, also known as SIS Prosegur VProtect; a joint venture between Singpai Alarms Private Limited (Singapore), a subsidiary of Prosegur Compañía de Seguridad SA (Spain); and Security and Intelligence Services India Limited, which does business as SIS)

4th & 5th Floor, GNG Tower
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www.vprotectindia.com

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15002 Northridge Drive, Suite 100
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703-955-5700
www.soc-usa.com

Sodexo

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92866 Issy-les-Moulineaux
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Sohgo Security Services Company Limited

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6-6, Motoakasaka 1-chome
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www.alsok.co.jp

Solid Security

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Sonitrol Corporation

(subsidiary of Stanley Black & Decker Incorporated (United States))
1000 Westlakes Drive, Suite 150
Berwyn, PA 19312
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860-225-5111

SOS Security LLC

1 Security Plaza
1915 Route 46 East
Parsippany, NJ 07054
United States
973-402-6600
www.sossecurity.com

South African Custodial Management

(does business as SACM, a joint venture between GEO Group Incorporated (United States) and Kensani Corrections Proprietary Limited (South Africa), itself a subsidiary of Kensani Holdings Proprietary Limited (South Africa))
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145 Western Service Road
Woodmead, Sandton 2191
South Africa
27-11-802-4440
www.sacms.com

SPGO High Tec

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www.spgo-hightec.fr

Stallion Security

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27-11-533-8888
www.stallion.co.za

Stanley Black & Decker Incorporated

1000 Stanley Drive
New Britain, CT 06053
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860-225-5111
www.stanleyblackanddecker.com

Stanley Convergent Security Solutions Incorporated

(does business as Stanley CSS, a subsidiary of Stanley Security Solutions Incorporated (United States), itself a subsidiary of Stanley Black & Decker Incorporated (United States))
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630-245-7100
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Stanley Security Solutions Incorporated

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www.strongcharon.pt

Sddeutsche Bewachung GmbH

(subsidiary of Securitas AB (Sweden))

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68167 Mannheim

Germany

49-621-405-101-0

www.sbg-online.de

T&M Israel

(subsidiary of T&M Protection Resources LLC (United States))

Le Guardia Street

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972-03-6376900

T&M Protection Resources LLC

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New York, NY 10169

United States

212-422-0000

www.tmprotection.com

TFI International Incorporated

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514-331-4000

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Aarey Milk Colony
Goregoan (E), Mumbai 400 065
India
91-22-6771-1000
www.topsgrup.com

Toshiba Corporation

1-1, Shibaura 1-chome
Minato-ku 105
Japan
81-3-345-4511
www.toshiba.co.jp

Toshiba Security Guard Corporation

(does business as TOSEC, a majority-owned subsidiary of Secom Company Limited (Japan) and an affiliate of Toshiba Corporation (Japan))
Kawasakisunago Building, 9th Floor
2-4, Isago 1-chome, Kawasaki-ku
Kawasaki-shi, Kanagawa 210
Japan
81-44-221-6650
www.toshibasecurity.com

TransCor America LLC

(subsidiary of CoreCivic Incorporated (United States))
646 Melrose Avenue
Nashville, TN 37211
United States
615-251-7008
www.transcor.com

Trigion Beveiliging

Karel Doormanweg 4,
3115 JD Schiedam
Netherlands
31-088-298-62-00
trigion.nl

Triton Global Services

4295 East Jurupa Street, Suite 100
Ontario, CA 91761
United States
877-212-2577
tritonglobalservices.com

TSU Protection Services Proprietary Limited

Corner of Borchards Quarry Road and Montreal Drive
Cape Town, Western Cape 7490
South Africa
27-21-385-0116
www.tsuafrica.com

Tyco Integrated Security LLC

(subsidiary of Johnson Controls International plc (Ireland))
4700 Exchange Court, Suite 300
Boca Raton, FL 33431
561-988-7200
United States
www.tycois.com

Tyco SimplexGrinnell LP

(subsidiary of Johnson Controls International plc (Ireland))

50 Technology Drive

Westminster, MA 01441

United States

978-731-2500

www.tycosimplexgrinnell.com

Uniguard Security Incorporated

(subsidiary of United American Security LLC (United States))

1 205 East 18th Street

Kansas City, MO 64108

United States

816-842-9881

United American Security Incorporated

7610 Falls of Neuse Road, Suite 290

Raleigh, NC 27615

United States

919-847-8180

unitedamericansecurity.com

United Technologies Corporation

10 Farm Springs Road

Farmington, CT 06032

United States

860-728-7000

www.utc.com

US Security Associates

200 Mansell Court 5th Floor

Roswell, GA 30076

United States

770-625-1500

www.ussecurityassociates.com

UTC Climate, Controls, & Security

(business of United Technologies Corporation (United States))

13995 Pasteur Boulevard

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561-365-2000

www.ccs.utc.com

Verisure Sàrl

Chemin Jean-Baptiste Vandelle 3A

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33-22-700-8585

www.verisure.com

Viewpoint Monitoring

(subsidiary of Prosegur Compania de Seguridad SA (Spain))

220 Howard Street

Lowell, MA 01851

United States

978-364-5555

viewpointmonitoring.com

VIP Security Limited

(subsidiary of S Bulgaria Group AD)

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1407 Sofia

Bulgaria

359-2-963-52

vipsecurity.bg

Visonic Limited

(subsidiary of Johnson Controls International plc (Ireland))

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Israel

972-3-645-6789

www.visonic.com

Vivint

(subsidiary of APX Group Holdings Incorporated (United States))

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801-377-9111

United States

www.vivint.com

Walsons Services Private Limited

Corporate Resource Centre

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India

91-124-471-8888

www.walsonsgroup.com

Wormald Australia Proprietary Limited

38 South Street

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Australia

61-2963-88500

www.wormald.com.au

Writer (PN) and Company Private Limited

(does business as Writer Corporation)

Plot No. 105

Dr. Babasaheb Ambedkar Road

Lalbaug, Mumbai 400 033

India

91-22-6617-0111

www.writercorporation.com

WSH GmbH

(subsidiary of Securitas AG (Switzerland))

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78224 Singen

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List of Industry Participants by Geographic Region

North America

United States

ADT Incorporated
 Akal Security Incorporated (subsidiary of Akal Global Incorporated (United States))
 Allied Universal
 Andrews International Incorporated (subsidiary of US Security Associates (United States))
 APX Group Holdings Incorporated
 Aronson Security Group Incorporated (subsidiary of ADT Incorporated (United States))
 BI Incorporated (subsidiary of Garda World Security Corporation (Canada))
 Booz Allen Hamilton Incorporated
 Brink's Company
 Brinks Home Security (subsidiary of Ascent Capital Group Incorporated)
 Constellis Group Incorporated
 Convergent Technologies LLC
 CoreCivic Incorporated
 Day & Zimmermann Group Incorporated
 Dunbar Armored Incorporated (subsidiary of Brink's Incorporated (United States))
 DynCorp International LLC
 Garda World Federal Services Incorporated (subsidiary of Garda World Security Corporation (Canada), which does business as GardaWorld)
 GEO Group Incorporated
 GEO Transport Incorporated (subsidiary of GEO Group Incorporated (United States))
 G4S Nuclear Security Services Company (does business as G4S NSSC, a subsidiary of G4S plc (United Kingdom))
 G4S Secure Solutions USA Incorporated (subsidiary of G4S plc (United Kingdom))
 Kroll LLC (subsidiary of Duff & Phelps LLC (United States))
 LexisNexis Risk Solutions Incorporated (subsidiary of RELX Group plc (United Kingdom))
 Mason & Hanger Group Incorporated (subsidiary of Day & Zimmermann Group Incorporated (United States))
 Murray Guard Incorporated (subsidiary of US Security Associates (United States))
 Pinkerton Consulting & Investigations Incorporated (does business as Pinkerton Corporate Risk Management, a subsidiary of Securitas Holding GmbH (Germany))
 Protection One (division of ADT LLC (United States), itself a subsidiary of ADT Incorporated (United States))
 SOC LLC (subsidiary of Day & Zimmermann Group Incorporated (United States))
 Sonitrol Corporation (subsidiary of Stanley Black & Decker Incorporated (United States))

INDUSTRY STRUCTURE

SOS Security LLC

Stanley Black & Decker Incorporated

Stanley Convergent Security Solutions Incorporated (does business as Stanley CSS, a subsidiary of Stanley Security Solutions Incorporated (United States), itself a subsidiary of Stanley Black & Decker Incorporated (United States))

Stanley Security Solutions Incorporated (subsidiary of Stanley Black & Decker Incorporated (United States))

T&M Protection Resources LLC

TransCor America LLC (subsidiary of CoreCivic Incorporated (United States))

Triton Global Services

Tyco Integrated Security LLC (subsidiary of Johnson Controls International plc (Ireland))

Tyco SimplexGrinnell LP (subsidiary of Johnson Controls International plc (Ireland))

Uniguard Security Incorporated (subsidiary of United American Security LLC (United States))

United American Security Incorporated

United Technologies Corporation

US Security Associates

UTC Climate, Controls, & Security (business of United Technologies Corporation (United States))

Viewpoint Monitoring (subsidiary of Prosegur Compania de Seguridad SA (Spain))

Vivint (subsidiary of APX Group Holdings Incorporated (United States))

Canada

AlarmForce Industries Incorporated (subsidiary of Bell Canada Enterprises (Canada))

ASP Security Services (subsidiary of ICTS Europe (France))

Canadian Corps of Commissionaires

Chubb Edwards (subsidiary of United Technologies Corporation (United States))

Garda World Security Corporation (does business as GardaWorld, a subsidiary of Rhône Capital LLC (United States) and other private investors)

Paladin Security

TFI International Incorporated

Mexico

ADT Private Security Services SA de CV (subsidiary of Johnson Controls International plc (Ireland))

Grupo Multisistemas de Seguridad Industrial SA de CV

Organización de Seguridad Privada SA de CV

Servicios Privados de Seguridad SA de CV

Central & South America

Argentina

G4S Soluciones de Seguridad SA (subsidiary of G4S plc (United Kingdom))

Maco Litoral SA (subsidiary of Brink's Incorporated (United States))

Maco Transportadora de Caudales SA (subsidiary of Maco Litoral SA (Argentina), itself a subsidiary of Brink's Incorporated (United States))

Bermuda

Jardine Matheson Holdings Limited

Brazil

Gocil Serviços de Vigilância e Segurança Limitada

Grupo Graber

Grupo Verzani & Sandrini

Western Europe

Austria

ÖWD Security & Services GmbH

Belgium

Loomis Belgium NV/SA (subsidiary of Loomis AB (Sweden))

Denmark

ISS A/S

France

Automatic Alarm (subsidiary of Securitas AB (Sweden))

Delta Security Solutions SA (division of the Chubb Fire & Security Group Limited subsidiary (United Kingdom) of United Technologies Corporation (United States))

DiagNose SAS (subsidiary of ICTS Europe SA (France))

FIDUCIAL Sécurité (subsidiary of FIDUCIAL (France))

ICTS Europe SA

ONET Sécurité (subsidiary of Groupe Onet (France))

SERIS

INDUSTRY STRUCTURE

Sodexo
SPGO High Tec

Germany

Dussmann Stiftung & Co. KGaA
FraSec Fraport Security Services GmbH (subsidiary of Fraport AG (Germany))
Kieler Wach- und Sicherheitsgesellschaft mbH & Company KGaA
KÖTTER GmbH & Company KG Verwaltungsdienstleistungen
Niedersächsische Wach- und Schliessgesellschaft Eggeling & Schorling KG
Securitas Holding GmbH
Siba security service GmbH
Siemens AG
Suddeutsche Bewachung GmbH (subsidiary of Securitas AB (Sweden))
WSH GmbH (subsidiary of Securitas AG (Switzerland))

Ireland

Johnson Controls International plc
NOONAN Services Group Limited
Senaca Group

Italy

Chimaera Security srl
IMI Security Service Sas di Cristian Ricci
IVRI

Netherlands

Trigion Beveiliging

Norway

Nokas AS

Portugal

Prestibel
Strong Charon - Soluções De Segurança SA

Spain

CASESA

Grupo EULEN

MIV Gestión SA (subsidiary of Prosegur Compañía de Seguridad SA (Spain))

Prosegur Cash SA (majority-owned subsidiary of Prosegur Compañía de Seguridad SA (Spain))

Prosegur Compañía de Seguridad SA

Sweden

Addici Security (subsidiary of Coor Group (Sweden))

Gunnebo AB

Loomis AB

Securitas AB

Switzerland

Certas AG (joint venture between Securitas AG (Switzerland) and Siemens Schweiz AG (Switzerland), itself a subsidiary of Siemens AG (Germany))

Groupe Barec

Protection One Suisse SA (subsidiary of Securitas AG (Switzerland))

Securitas AG

Securiton AG (subsidiary of Securitas AG (Switzerland))

Securitrans Public Transport Security AG (joint venture between Securitas AG (Switzerland) and Swiss Federal Railways SBB)

Siemens Schweiz AG (subsidiary of Siemens AG (Germany))

Verisure Sàrl

United Kingdom

Central Security Patrols Limited

Chubb Fire & Security Limited (subsidiary of United Technologies Corporation (United States))

Control Risks Group Holdings Limited

Corps Security (UK) Limited

GEO Group UK Limited (subsidiary of GEO Group Incorporated (United States))

GEOAmey PECS Limited (joint venture between the GEO Group UK Limited subsidiary of GEO Group Incorporated (United States); and Amey plc (United Kingdom))

G4S plc

INDUSTRY STRUCTURE

International Intelligence Limited

Mitie Group plc

Post Office Limited

RELX Group plc

Saladin Security Limited

Eastern Europe

Bulgaria

S Bulgaria Group AD

VIP Security Limited (subsidiary of S Bulgaria Group AD)

Poland

EKOTRADE

Konsalnet

Solid Security

Russia

GULF STREAM Security Systems

Asia/Pacific

Australia

GEO Group Australia Proprietary Limited (subsidiary of GEO Group Incorporated (United States))

Linfox Armaguard Proprietary Limited (subsidiary of Linfox Proprietary Limited (Australia))

Linfox Proprietary Limited

MSS Security Proprietary Limited (subsidiary of Security and Intelligence Services India Limited, which does business as SIS India)

Wormald Australia Proprietary Limited

China

Beijing Security Service General Company

Beijing Shenzhidun Security Guard Service Company Limited

Beijing Zhenyuan Security Service Center

China Cityguard Security Service Group

China Security & Protection Group Company Limited

INDUSTRY STRUCTURE

G4S Facilities Management Limited (subsidiary of G4S China, itself a business of G4S plc (United Kingdom))

G4S Zhejiang Secure Solutions Company Limited (subsidiary of G4S China, itself a business of G4S plc (United Kingdom))

Shandong Huawei Security Group Company Limited

Shanghai Security Service Corporation

Shenzhen G4S Donar Technology Limited (subsidiary of G4S China, itself a business of G4S plc (United Kingdom))

Hong Kong

Jardine Engineering Corporation (subsidiary of Jardine Matheson Holdings Limited (Bermuda))

India

Checkmate Services Private Limited

Eureka Forbes Limited

Forbes G4S Solutions Private Limited (joint venture between G4S plc (United Kingdom) and Eureka Forbes Limited (India))

GI Group

Globe Detective Agency Private Limited

GroupL Services Private Limited

Peregrine Guarding Private Limited

Securitas India (joint venture between Securitas AB (Sweden) and Walsons Services Proprietary Limited (India))

Security and Intelligence Services India Limited (does business as SIS India)

Sentinel Security Services

Sequel Logistics Private Limited

SIS Cash Services Private Limited (does business as SIS Cash, a joint venture between Singpai Private Limited (Singapore), a subsidiary of Prosegur Cash SA (Spain), itself a subsidiary of Prosegur Compañía de Seguridad SA (Spain); and Security and Intelligence Services India Limited, which does business as SIS)

SIS Prosegur Alarms Monitoring and Response Services Limited (does business as SIS Alarms, also known as SIS Prosegur VProtect; a joint venture between Singpai Alarms Private Limited (Singapore), a subsidiary of Prosegur Compañía de Seguridad SA (Spain); and Security and Intelligence Services India Limited, which does business as SIS)

TOPSGRUP

Walsons Services Private Limited

INDUSTRY STRUCTURE

Writer (PN) and Company Private Limited

Japan

ALSOK Shojitsu Security Service Company Limited (majority owned subsidiary of Sohgo Security Services Company Limited (Japan); and minority owned subsidiary of Hitachi Limited (Japan))

Asahi Security Company Limited (subsidiary of Secom Company Limited (Japan))

Central Security Company Limited

Gunma Sohgo Guard System Company Limited (subsidiary of Sohgo Security Services Company Limited (Japan))

Hitachi Limited

Keihansin Building Company Limited

Secom Company Limited

Senon Limited

Sohgo Security Services Company Limited (does business as ALSOK)

Toshiba Corporation

Toshiba Security Guard Corporation (does business as TOSEC, a majority-owned subsidiary of Secom Company Limited (Japan) and an affiliate of Toshiba Corporation (Japan))

Malaysia

Lion Group

Secom Malaysia Sendirian Berhad (joint venture between Secom Company Limited (Japan), Lion Group (Malaysia), and Malaysian Police Cooperative Foundation)

New Zealand

Advanced Security Group (subsidiary of TPT Group Holdings (NZ) Limited (New Zealand))

Singapore

Ademco (Far East) Private Limited

Certis CISCO Security Private Limited (subsidiary of Temasek Holdings (Singapore))

D'Garde Security Private Limited (subsidiary of Secom Singapore Private Limited, itself a joint venture between Secom Company Limited (Japan), System-Bilt (Singapore), and Singapore Police Cooperative Society)

Secom Singapore Private Limited (joint venture between Secom Company Limited (Japan), System-Bilt (Singapore), and Singapore Police Cooperative Society)

Singpai Alarms Private Limited (subsidiary of Prosegur Compañia de Seguridad SA (Spain))

South Korea

ADT Caps Company Limited (subsidiary of SK Telecom Company Limited (South Korea))
Joeun Systems
S-1 Corporation (joint venture between Secom Company Limited (Japan) and Samsung Group (South Korea))

Vietnam

ALSOK Vietnam Security Services Joint Stock Company (affiliate of Sohgo Security Services Company Limited (Japan))
Long Hai – Securitas (joint venture between Securitas AB (Sweden) and Long Hai Security Services Joint Stock Company (Vietnam))
Long Hai Security Services Joint Stock Company

Africa/Mideast

Israel

Avidar Group
Sheleg Lavan (1986) Limited
Shmira Ubitahon Guarding Group
T&M Israel (subsidiary of T&M Protection Resources LLC (United States))
Visonic Limited (subsidiary of Johnson Controls International plc (Ireland))

Kenya

KK Security Limited (subsidiary of GardaWorld Kenya, which does business as GWK, itself a holding company owned by Garda World Security Corporation (Canada))

Kuwait

Al Mulla Group
Al Mulla Security Services Company WLL (joint venture between G4S plc (United Kingdom) and Al Mulla Group (Kuwait))

Qatar

EULEN Middle East (joint venture between Grupo EULEN (Spain) and Qatari Al Jassra Enterprises (Qatar))

Saudi Arabia

Nesma Security Services

South Africa

Bidvest Protea Coin

Fidelity ADT Proprietary Limited (subsidiary of Fidelity Security Group Proprietary Limited (South Africa))

Fidelity Security Group Proprietary Limited

G4S Secure Solutions South Africa Proprietary Limited (subsidiary of G4S South Africa, itself a business of G4S plc (United Kingdom))

G4S South Africa (business of G4S plc (United Kingdom))

National Security & Fire

SBV Services Proprietary Limited (affiliate of Prosegur Compañía de Seguridad SA (Spain))

South African Custodial Management (does business as SACM; a joint venture between GEO Group Incorporated (United States) and Kensani Corrections Proprietary Limited (South Africa), itself a subsidiary of Kensani Holdings Proprietary Limited (South Africa))

Stallion Security

TSU Protection Services Proprietary Limited

Turkey

Alternatif Güvenlik

SecurVerdi Güvenlik Hizmetleri AŞ

United Arab Emirates

Ahmed Almazrouei Group LLC

Armaguard Valuables Management (does business as AVM UAE; a joint venture between the Linfox Armaguard Proprietary Limited subsidiary (Australia) of Linfox Proprietary Limited (Australia); and Etihad Airways (United Arab Emirates))

EULEN Management & Facilities Services (joint venture between Grupo EULEN (Spain) and Ahmed Almazrouei Group LLC (UAE))

GardaWorld International Protective Services (international headquarters of Garda World Security Corporation (Canada), which does business as GardaWorld)

Chapter 12

APPENDIX

Scope

This study analyzes global markets for private contractual security services. Revenues by service and market are presented in US dollars. Total revenues for individual countries are also presented in local currency terms. Services covered include:

- guard and guard patrol services
- alarm monitoring services
- cash-in-transit and related services, which includes armored car transport and related cash handling and automated teller machine (ATM) services
- private investigations, security consulting, systems integration, and other miscellaneous security services

Excluded from the scope of this study are:

- public safety personnel (e.g., police officers, public corrections officers, federal agents, and fire fighters)
- in-house, proprietary security services, such as guards, detectives, and off-duty police officers on the paid staff of (non-security) business establishments
- equipment installation services (aside from systems integration)
- locksmith activities
- security products distribution and sales
- private correctional facility management

Markets covered include:

- commercial and industrial
- government and institutional
- residential

Data from the US Census Bureau were consulted in the preparation of this study and a list of related codes is presented here for informational purposes. However, these codes may

not include all services covered in this report or may exclude some services of interest and the data have thus been adjusted accordingly.

Table 12-1 | Relevant Industry Codes

NAICS/SCIAN 2007 North American Industry Classification System		SIC Standard Industrial Classifications	
56161	Investigation, guard, and armored car services	7381	Detective, guard, and armored car services
561611	Investigation services	7382	Security systems services
561612	Security guards and patrol services		
561613	Armored car services		
56162	Security systems services		
561621	Security systems services (except locksmiths)		

Source: US Census Bureau

Various other countries' statistical databases were consulted as well. The European Commission's codes that include security services are listed in the table below.

Table 12-2 | Relevant NACE Codes

NACE Code	Definition
80.1	Private security activities
80.2	Security systems service activities

Source: European Commission

Definitions

General

Revenues

All demand from services provided in a country; used interchangeably with “demand”, “market”, and “sales”.

Current Dollars

Dollar value not adjusted to reflect such factors as inflation or seasonality; also referred to as “nominal dollars”.

Services

Guarding

Manned, on-site security services including patrolling, monitoring surveillance equipment, and overseeing stationary locations.

Alarm Monitoring

Monitoring services provided to residential and nonresidential customers for burglary and fire protection and also personal emergency response systems (PERS) to individuals who carry personal alarms for medical or safety reasons.

Cash-in-Transit & Related Services

These services include the transport of cash, other legal tender, and valuables via armored transport vehicles, as well as the provision of ATM management and replenishment, cash management, secured logistics, and other back office services.

Other Security Services

Services within the scope of this segment include:

- security consulting
- systems integration
- private investigation
- pre-employment screening
- training for guards and other security personnel

Markets

Commercial

Includes commercial offices and office buildings, financial institutions, retail, and other commercial (primarily hotels, casinos, and foodservice) end users.

Industrial

Spans both manufacturing and warehousing end users.

Government

Includes federal, state, and local government end users, such as:

- courthouses
- embassies
- jails
- military bases
- monuments
- other government buildings
- prisons
- publicly owned utilities

Institutional

Markets included here are:

- community centers
- healthcare facilities
- libraries
- museums
- religious institutions
- schools

Residential

All consumer end uses, such as personal bodyguards and home security.

Abbreviations

Table 12-3 | Abbreviations & Acronyms Used in Study

Abbreviation/Acronym	Definition
ATM	automated teller machine
BDS	boycott, divestment, and sanctions
CIT	cash-in-transit
EU	European Union
IoT	Internet of Things
IT	Information technology
PERS	personal emergency response system
POS	point of sale
PSB	Public security bureau

Source: The Freedonia Group

Freedonia Methodology

A Comprehensive Approach to Data Analysis

The Freedonia Group, a subsidiary of MRDC, has been in business for more than 30 years and in that time has developed a comprehensive approach to data analysis that takes into account the variety of industries covered and the evolving needs of our customers.

Every industry presents different challenges in market sizing and forecasting, and this requires flexibility in methodology and approach. Freedonia methodology integrates a variety of quantitative and qualitative techniques to present the best overall picture of a market's current position as well as its future outlook:

- When published data are available, we make sure they are correct and representative of reality. We understand that published data often have flaws either in scope or quality, and adjustments are made accordingly.
- Where no data are available, we use various methodologies to develop market sizing (both top-down and bottom-up) and then triangulate those results to come up with the most accurate data series possible.
- Regardless of approach, we also talk to industry participants to verify both historical perspective and future growth opportunities.

Methods used in the preparation of Freedonia market research include, but are not limited to, the following activities:

- comprehensive data mining and evaluation
- primary research
- consensus forecasting and analysis
- ratio analysis using key indicators
- regression analysis
- end use growth indices and intensity factors
- purchase power parity adjustments for global data
- consumer and end user surveys
- market share and corporate sales analysis
- product lifespan analysis

- product or market life cycle analysis
- graphical data modeling
- long-term historical trend analysis
- bottom-up and top-down demand modeling
- comparative market size ranking

Comprehensive Data Mining & Evaluation

The first step in any Freedonia research project is finding published data on the topic. We check available sources for sales, production, trade, and pricing statistics including online databases, government organizations, industry associations, trade agencies, third-party experts, and investment reports. We also utilize consumer and end user survey data.

Once data are gathered, we carefully assess their quality, looking for missing and/or inconsistent data and possible definitional issues. We generally use the most common and current industry definitions and then adjust the reported data to be consistent with those definitions by removing irrelevant products or adding missing product categories.

Primary Research

Primary research is a key part of our production process, and we talk to customers and industry participants throughout the course of each project. Early on, we contact past purchasers to obtain feedback on previous versions and guidance on how to improve study coverage. We strive to make our studies as useful to our customers as possible, and hearing from them personally ensures that we meet those goals.

After we develop data for the study and have analyzed all secondary research, we contact industry participants to verify our data and get further feedback on report coverage. This collaboration with key players in the industry helps us keep on top of new trends and fosters trust in our customers that we are producing a quality product.

Interviewing key industry participants, market leaders, distributors, end users, and other experts in the field provides our analysts with a number of benefits including:

- perspectives on market size
- insights on industry trends and drivers

- validation of our growth outlook
- input on product use characteristics for model development

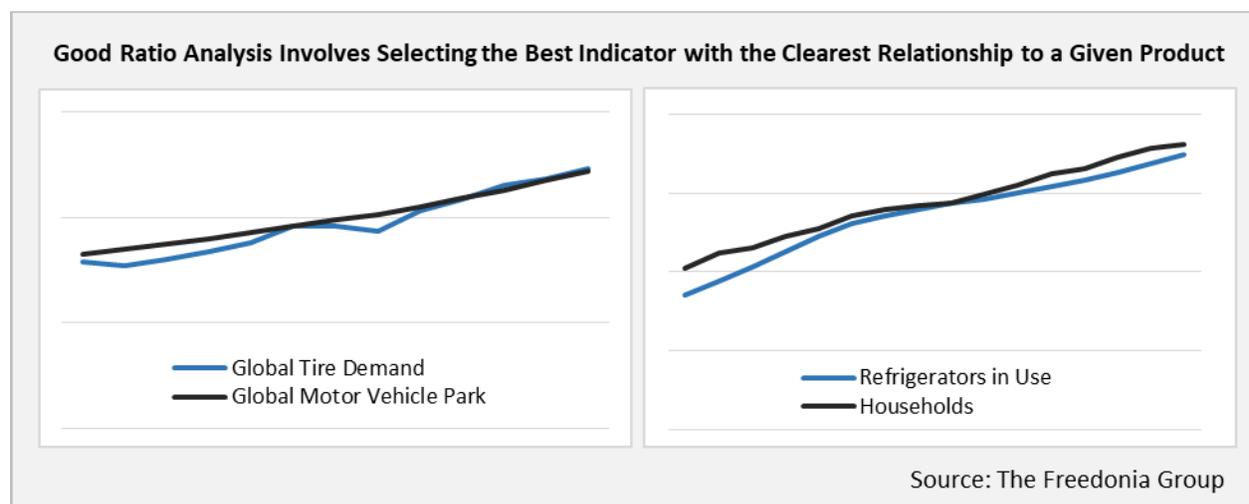
Consensus Forecasting & Analysis

When official published data do not exist, one of the approaches Freedonia uses is consensus analysis and forecasting. We gather estimates from available sources – including industry participants, trade journals, investor presentations, reputable third parties, and others – and consolidate them into an extensive raw data worksheet. We then analyze the data for trends, eliminating outliers in order to focus in on a consensus market size or growth trend.

Ratio Analysis Using Key Indicators

Ratio analysis is a useful method to develop data series and forecasts when available statistics on an industry are incomplete. This technique relies on looking at the historical relationships between products and indicators and postulating the evolution of those relationships into the future. Related to this method is the use of loading factors, treat rates, or other formularies to develop demand for intermediate materials used in the production of finished products. An example of the latter technique would be using the treat rate for detergents and the amount of treated gasoline to develop demand for gasoline detergents.

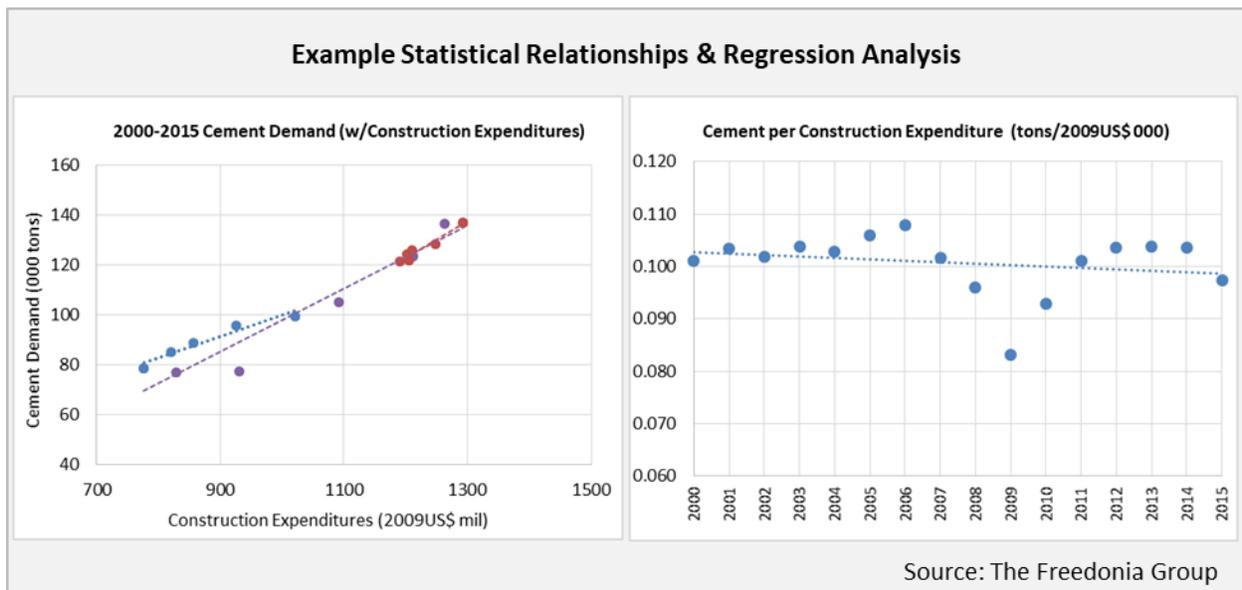
Choosing the best indicator is critical for ratio analysis, and this technique only works when there is a clear and consistent relationship to the product being analyzed.



Regression Analysis

The statistical relationship between dependent and independent variables – series for which numbers are desired and series for which numbers have already been produced, respectively – are used for baseline interpolation of missing historical information and extrapolation of forecasts. For instance, independent variables may include macroeconomic measures calculated by MRDC Economics or statistics quantifying a different stage of a supply chain, produced by authors of related MRDC Publishing content.

Regression is used to visualize and quantify the strength of relationships between variables – as measured by the coefficient of determination, r^2 – and therefore, predictive power. Shifts in elasticity between dependent and independent variables over time, such as due to structural change, are also visualized and computed. Chronology of elasticities is taken into account for interpolation and extrapolation and serves as a quantitative foundation for discussion of qualitative trends. Regression also proves useful for analysis of change over time in parameters such as loading factors in a manufacturing context and per capita statistics in a consumer context. Such analysis establishes historical precedence against which interpolations and extrapolations are checked for sensibility.

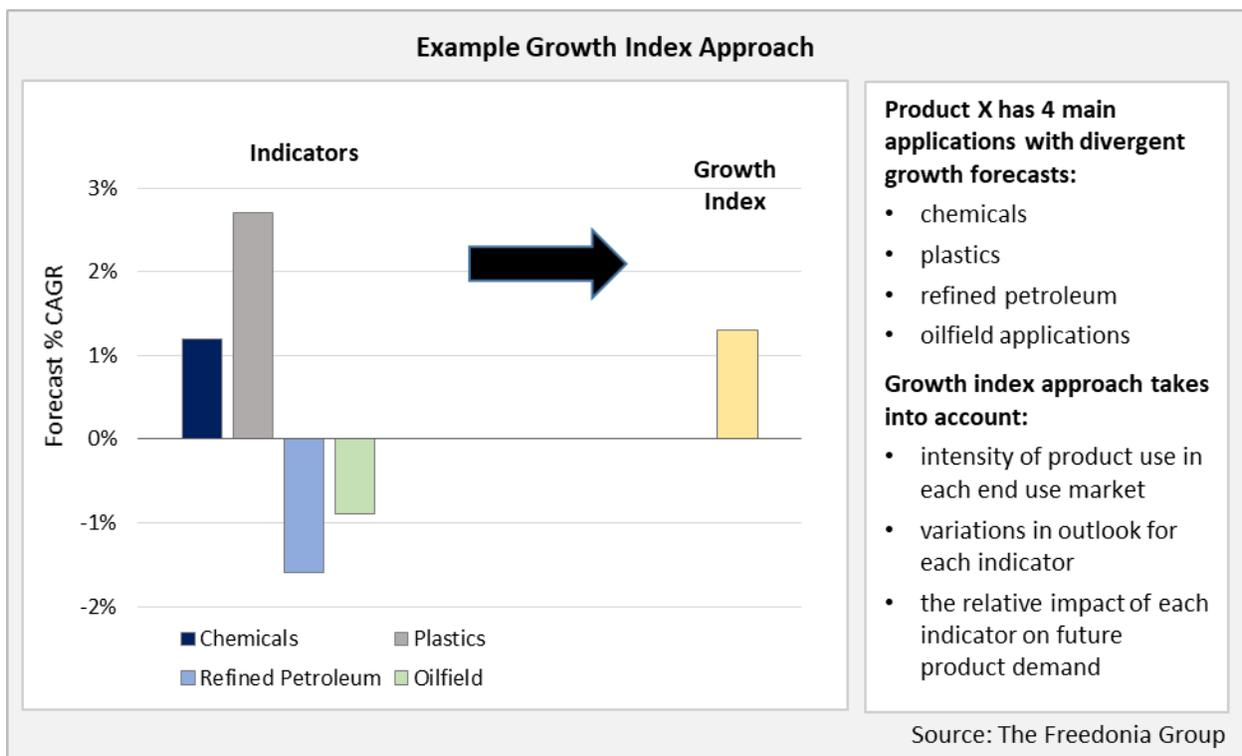


End Use Growth Indices & Intensity Factors

It is easy to understand the relationship between tire sales and cars in use. But what if a product is used in multiple applications and production in those end use industries is following different trends? Freedonia has developed a proprietary process that creates an end use growth index that can be used as a master indicator to help forecast future trends.

For products used in multiple industries, we have developed a **growth index approach** that combines the impact of each of the product's applications based on each end use industry's growth and the importance each of those industries has on demand for the analyzed product. This complex analytical tool helps consolidate the impact of end use trends into one super indicator.

In a similar manner, for global studies, to help estimate market sizing for countries where no data are available, we develop intensity factors that help take into account differences in market variables among countries and account for intangibles in market trends.



Purchase Power Parity Adjustment

When Freedonia generates estimates of global macroeconomic data, we rely on purchasing power parity to make sure we provide the most accurate picture of the industry possible. Data are expressed in each individual country's local currency and then converted to US dollars by valuing each country's output at US prices in the benchmark year. This approach values the same physical output at a consistent price across all countries, thereby reducing the distorting influence of different price levels in the different countries.

Market Share & Corporate Sales Analysis

Freedonia has an experienced in-house corporate research staff who are experts at teasing out company sales and product trend information, especially for private companies. Since corporate sales analysis is especially important in concentrated industries, we make sure corporate sales data are consistent with our market sizing so we can provide a complete picture of the industry. In cases where no data are available, we estimate product sales for industry participants and then build up market size from that corporate information.

Analysts also gather employment information and assess trends in sales per employee; data on plant size, location, and production capacity; recent acquisitions or divestitures; recently announced plans for expansion or downsizing; and any other corporate developments.

Freedonia develops competitive analysis information by reviewing company-published reports, including corporate financials, 10-K reports, Annual Reports, Investment Reports and Presentations, and direct interviews; proprietary databases and resources; and third-party databases, trade journals, and vendors. The analyst consults, reviews, and evaluates trends discussed in SEC reports, corporate press releases, reputable news sources, third-party sources like Hoovers, and industry-specific online trade newspapers in order to target and extract critical information to establish key trendsetters in the industry and what those trends are – particularly principal competitors, competitive strategies, market environment shifts, significant acquisitions, novel cooperative agreements, product price changes, new market breakthroughs, facility expansions and closures, and outsourcing.

Product development is a major area of focus, in particular discovering and tracking trends in market breakthroughs, product launches, and new product announcements to analyze

where an industry is moving. Attention is especially given to products that have unique physical properties and/or are suited for end use markets not yet penetrated by the industry. This allows clients to capitalize on trends that are shaping an industry and/or propelling innovation in the market. We also comprehensively examine company catalogs, websites, and press releases for trends in long-standing industry-specific products to establish and confirm market leaders' strengths and areas of participation.

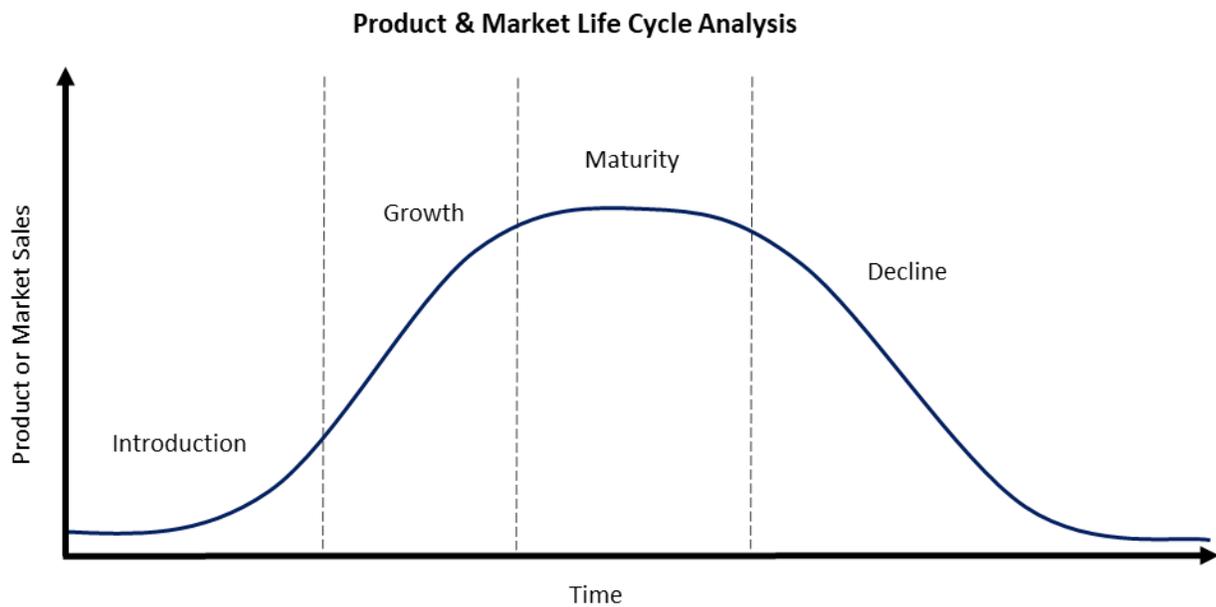
Product Lifespan Analysis

Understanding a product's lifespan is important for forecasting future sales, especially for products that require frequent replacement. The lifespan of a product is the time between when it is sold and when it is discarded. For items that are frequently replaced, aftermarket demand is usually more substantial to market sizing than OEM or new sales.

Developing replacement rates is an important tool in market sizing for both manufactured (e.g., automobiles) and consumer products (e.g., water filters). This type of analysis can also apply to some reusable products, which, while they can be used multiple times and can often be repaired, eventually need to be replaced. For some reusable products, like pallets or reusable drums, developing the product's lifespan measured in trips is also a valuable tool.

Product or Market Life Cycle Analysis

Forecasting the outlook for a market or a particular product is aided by understanding what stage it is in on the development curve from first introduction to final decline and obsolescence. Products in different stages of development experience different sales growth rates and require different competitive strategies and types of marketing support.



Source: The Freedonia Group

High Quality, Industry-Leading Market Research

In addition to a comprehensive methodology that produces high quality, trusted market forecasts, Freedonia research also benefits from:

- 30 years of experience analyzing markets and products
- an experienced in-house Economics Group
- an industry-leading Quality Control Team
- a deep understanding of data, their use, and their flaws
- vast industry analysis and customer service expertise
- the breadth of coverage of MRDC publishing brands

In-House Economics Group

Our in-house economics team develops the macroeconomic and industrial production indicators used in our reports. These data are updated throughout the year so analysts always have a good sense of overall economic conditions and outlook. All Freedonia analysts use these basic indicator data as the underpinning of their analysis, ensuring a consistent framework and set of assumptions across all Freedonia reports and making forecasts from various studies comparable with each other.

The Economics group not only produces statistics on population, GDP, and manufacturing overall, but also provides our analyst team with data on key indicators like oil and gas pricing and energy costs. These data are key for our analysts in understanding factors that impact the production and use of various manufactured goods.

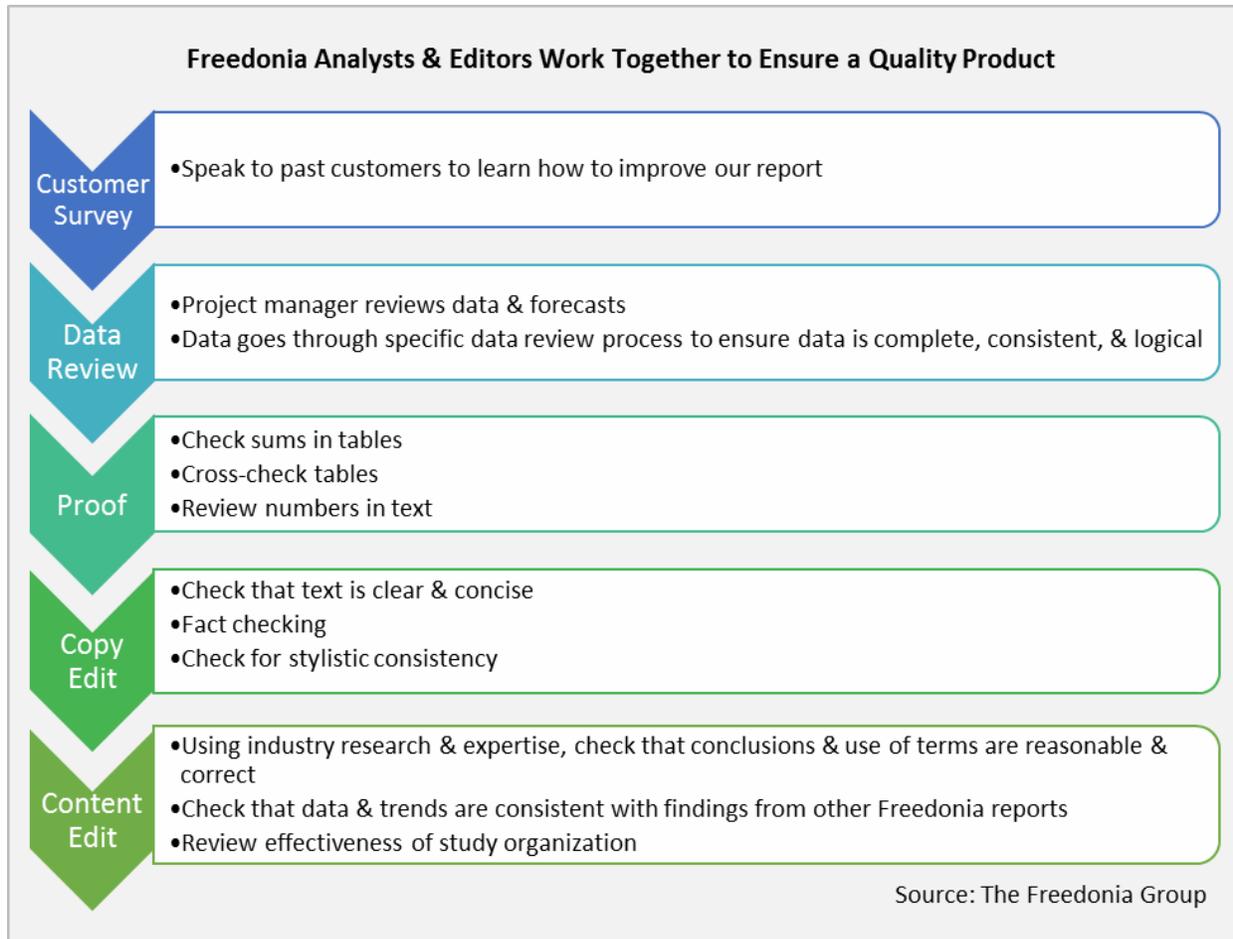
Industry-Leading Quality Control Processes

All Freedonia reports go through a rigorous quality control process. This starts before the study goes into production with calls to past customers to discover ways to improve the report. Once data for the study are developed, they are first reviewed by the project manager and then go through a specific data check process to determine that they are complete, consistent, and logical. During this process, analysts are asked to defend their conclusions and support their arguments related to forecast trends.

Once the report draft is finished, it goes through a three-step editorial process:

- First, all data tables and charts are checked to confirm they add up and that totals are consistent. Then any reference to data in the text is verified.
- Next, the study is thoroughly copy edited, making sure it is readable, grammatically correct, and easy to use.
- Finally, the report goes through a content edit to ensure that all findings and conclusions are logical and supported and that the coverage of the topic is complete.

After these steps are finished, the study is reviewed several more times before publication.



Freedonia Understands Published Data Sources & Their Flaws

After 30 years of market research, Freedonia understands published data, how they can be used, and all of their shortcomings, and our various methodologies were developed to help compensate for the issues found in available data. When assessing data sources, it is important to understand the definition or scope of the data (what is included and what is not), how they are gathered or generated, and the possible bias of the organization providing them. We look at available government or third-party data carefully and adjust for definitional issues and incomplete and/or erroneous data. Our goal is to provide an accurate, unbiased, and useful data source for our customers.

For example, while government data exist for many products, they can almost never be used without modification. Our analysts understand this. Government categories often do not reflect current industry definitions. Data are based on surveys that can be prone to

errors. There is almost always a significant portion of the total that was not allocated so that many breakouts are undercounted. Trade data on their own do not provide the full picture needed to understand a market or industry, so we combine them with production and sales data to provide our customers with a complete analysis.

Questions we ask when evaluating data include:

- If data are based on a survey, what does their sampling look like?
- If data are based only on members, how can we adjust them to reflect the entire industry?
- If data are incomplete, how can we find out what is missing and use that knowledge to estimate the market total?

Freedonia Benefits from Vast Industry Analysis & Customer Service Expertise

Freedonia was among the leading developers of the industrial market research industry and has been in business for over 30 years. Our analysts have accrued decades of experience in conducting market research and analyzing industries, and this allows Freedonia to continuously improve our methods and expertise and to be the most reliable provider of broad-based industrial market research in the world.

Freedonia's long tenure in the market research industry has provided a database of historical statistics that we can draw on to understand long term industry patterns and thus provide better forecasts.

Our customer service representatives also have decades of experience answering customer questions and pride themselves on providing the fastest customer response times in the industry.

		<p>The MarketResearch.com brands offer industry leading analysis based on decades of experience</p>	
			
<p>30+ Years</p>	<p>30+ Years</p>	<p>50+ Years</p>	<p>30 Years</p>

MRDC Publishing Brands Provide Comprehensive Industry Coverage

The MRDC Publishing brands – the Freedonia Group, Kalorama Information, Packaged Facts, and Simba – provide comprehensive coverage of industries in all sectors of the economy from manufacturing to healthcare, mining, transportation, consumer goods, services, and publishing.

Freedonia Industry Studies

Freedonia Industry Studies publishes about 100 studies per year on a variety of industrial and consumer topics including consumer goods, construction and building materials, equipment and components, motor vehicles and transportation goods, chemicals, polymers, coatings and packaging. Industry Studies are comprehensive reports ranging in length from about 100 to 300 pages and provide product and market segmentation, forecasts, and competitive analysis.

	<ul style="list-style-type: none"> ▪ Consumer Goods ▪ Construction & Building Materials 	<ul style="list-style-type: none"> ▪ Equipment & Components ▪ Motor Vehicles & Transportation Goods 	<ul style="list-style-type: none"> ▪ Chemicals ▪ Polymers, Coatings, & Packaging
	<p>Reliable and unbiased industry market research. www.freedoniagroup.com</p>		

Freedonia Focus Report Collection

Each month, the Freedonia Focus division publishes over 20 new reports, providing fresh, unbiased analysis on a wide variety of markets and industries. The Focus Collection, which is sold on a subscription basis, provides coverage of 18 industry categories and 2 major

geographic collections, totaling over 600 reports and representing the broadest range of off-the-shelf coverage offered by The Freedonia Group. These reports, generally between 20 and 30 pages, provide a quick understanding of each market, supplying market sizing and segmentation data and trend analysis.



- 18 Industry Categories
- 2 Major Geographic Collections
- 600 Report Titles
- Over 20 New Reports per Month

Short-format market research reports providing quick insights across most key industry sectors.

www.freedoniafocusreports.com

Kalorama Information

For more than 30 years, Kalorama Information has been a leading publisher of market research on healthcare-related topics, including in vitro diagnostics (IVD), imaging, biotechnology, healthcare, medical devices, and pharmaceuticals. The company's *In Vitro Diagnostics Market* report is the industry standard.



- In Vitro Diagnostics (IVD)
- Imaging
- Biotechnology
- Medical Devices
- Pharmaceuticals
- Healthcare

The leading source of market research on the healthcare industry.

www.kaloramainformation.com

Packaged Facts

For more than 50 years, Packaged Facts has been a leading publisher of market research on the food, beverage, consumer packaged goods, and demographic sectors. More recently, the company has become the premier source of market research for the pet industry, offering its benchmark *US Pet Market Outlook* report, as well as numerous titles covering pet supplies and pet food trends.



**Packaged
Facts**

- Food & Beverage
- Consumer Packaged Goods
- Demographic Sectors
- Pet

The leading source of market research on the consumer goods & services industries.

www.packagedfacts.com

Simba Information

Since 1989, Simba Information has been widely recognized as the leading authority for market intelligence on the education instructional materials, legal and business information, and professional publishing industries.



**Simba
Information**

- Education (PreK, K-12, Higher Education/Post Secondary)
- Legal & Business
- Scientific, Technical & Medical Publishing

The leading authority for market intelligence on the education & professional publishing industries.

www.simbainformation.com

Still Need More? Custom Research Available.

MRDC publishes market research studies covering a broad spectrum of industries. These reports include market sizing, new product development, trend analysis, forecasts, and competitive analysis. However, if you need more targeted market intelligence to support your strategic planning and growth initiatives, Freedonia Custom Research can help with in-depth analysis on a variety of topics, including:

- market sizing, segmentation, and forecasting
- market drivers and trends
- competitive landscape
- industry supply and capacity
- voice-of-market
- value chain characteristics

Freedonia Custom Research is skilled in analyzing global industrial and business-to-business markets, with over 15 years of experience completing projects across a wide range

of markets. Our process includes access to the most accurate and reliable market data available; a targeted primary research capability that provides deep and proprietary market insight; and decades of experience in developing analysis and insights on complex markets globally.

<https://www.freedoniagroup.com/Content/Custom-Research>

Study-Specific Methodology

Information and data on security services were obtained from numerous primary and secondary sources, including industry participants, government agencies, trade associations, online databases, company annual reports and investor presentations, and other Freedonia Group studies.

Methods key to the development of this study include:

- primary research involving security service providers
- secondary research into security service market and regulatory developments

Exchange Rates

For any given historical year, US dollar amounts are obtained from values expressed in the applicable local currency. These local currency values are converted to US dollars at the average annual exchange rate for that year. For forecast years, the US dollar amounts assume the same annual exchange rate as that prevailing in 2017.

Macroeconomic & Demographic Indicators

Macroeconomic and demographic indicators presented in this study were obtained from The Freedonia Group Consensus Forecasts dated August 2018. Gross domestic product (GDP) historical data are derived from the national income and products accounts from the Organisation for Economic Co-Operation and Development (OECD) for its member countries, and from the International Monetary Fund for its member countries that are not part of the OECD. Sources of GDP estimates for other countries are based on information from the World Bank and a variety of sources including the countries' statistical bureaus. GDP forecasts are developed from a consensus of public agencies and private firms. Historical data and forecasts for personal consumption expenditures, manufacturing value added, and agricultural value added are derived from the Oxford Economics Global Industry Databank.

Purchasing Power Parity

All estimates of gross domestic product and components of GDP are made in terms of constant purchasing power parity in a benchmark year (2016) that is one year before the base year (2017) used in this study. Purchasing power parity GDP estimates for the benchmark year are obtained from the OECD, Eurostat, the World Bank, the International Monetary Fund, the US Central Intelligence Agency, and selected other sources. These purchasing power parity GDP estimates for the benchmark year are based on gross domestic product data expressed in the individual countries' local currency, which are then converted to US dollars by valuing each country's output at US prices in the benchmark year. This approach values the same physical output at a consistent price for all countries, thereby reducing the distorting influence of different price levels in the different countries. The alternative approach of using exchange rates to convert local currency GDP to US dollars would tend to overvalue the output of countries with high average price levels and undervalue the output of countries with low average price levels, because exchange rate conversions only partially reflect the relative prices for goods and services that are domestically consumed and invested. Furthermore, factors other than relative prices – such as demand and supply in currency markets, interest rates, and capital flows – affect exchange rates.

Once the GDP values for a country are estimated for the benchmark year, we then calculate inflation-adjusted GDP for all other years for that country based on historical and forecast growth rates of GDP expressed in inflation-adjusted units of that country's local currency. This approach ensures that the GDP series for any given country is an accurate index of changes in inflation-adjusted GDP for that country. However, it also implicitly assumes that the price structures across countries do not change from those of the benchmark year. Therefore, caution should be used in comparing the relative GDP of countries in years other than the benchmark year. If the ratio of prices across two countries in a given year differs from the ratio of prices across those countries in the benchmark year, then the change in the relative sizes of those two economies as measured will not accurately reflect changes in output.

The benchmark year is chosen to be one year prior to the base year for the study for reasons of data availability. One benefit of that choice is that the ratio of prices across countries in the base year is usually similar to that in the benchmark year. Therefore, the ratio of real GDP between two countries in the base year of 2017 is generally a reasonably accurate representation of the relative sizes of their economies.

Sources

Primary information was gathered through consultations with marketing/technical personnel of participating companies and other industry specialists.

Secondary data and background information were derived from numerous trade publications, including:

- *A&S International*
- *SDM*
- *Security*
- *Security Management*
- *Security Sales & Integration*
- *Security Systems News*
- *Security World Magazine*
- *SP&T News*

Corporate annual reports, SEC Form 10-K filings, product catalogs, and other company information were also used extensively in framing the industry and market environments and as input for market size assessments.

Associations & Agencies

Trade associations and government agencies are key sources of data and qualitative information for Freedonia studies.

Key points of data were gathered from the following government agencies and organizations:

- Australian Bureau of Statistics
- Eurostat
- Federal Bureau of Investigation (US)
- Federal Criminal Police Office (Germany)
- Fórum Brasileiro de Segurança Pública
- Institut National des Hautes Études de la Sécurité de la Justice (France)
- Instituto Nacional de Estadística (Spain)
- Instituto Nacional de Estadística y Geografía (Mexico)
- Israel Central Bureau of Statistics
- Italian National Institute of Statistics
- KOSIS (Korean Statistical Information Service)
- National Bureau of Statistics of China
- National Crime Records Bureau (India)
- Office for National Statistics (UK)
- Russian Federal State Statistics Service
- South African Police Service
- Statistics Bureau (Japan)
- Statistics Canada
- Statistics Poland
- Swedish National Council for Crime Prevention
- United States Census Bureau

Associations consulted for this study include:

- Security Industry Association

Related Freedonia Group Studies

US Studies

- #3639 *Smart Home Security Market* (April 2018)
- #3594 *Safety & Security Drones in the US* (December 2017)
- #3587 *Elder Care Services Market in the US* (November 2017)
- #3566 *Electronic Security Products US Market Forecasts* (September 2017)
- #3558 *Access Controls Market in the US* (August 2017)
- #3553 *Video Surveillance Equipment Market in the US* (August 2017)
- #3533 *Security Alarms Market in the US* (July 2017)
- #3517 *Private Security Services in the US* (April 2017)
- #3431 *Law Enforcement & Guarding Equipment* (August 2016)
- #3401 *Education Security Market* (April 2016)
- #3387 *Mechanical Security Products* (February 2016)

Global Studies

- #3228 *World Security Equipment* (March 2015)

Knowledge Center

These and other studies are available in the Freedonia Group's state-of-the-art Knowledge Center platform, which offers convenient access to Freedonia's library of unbiased and reliable market research.

Country Lists by Region

North America

Table 12-4 | Countries in North America

Major Security Service Markets
Canada
Mexico
United States

Source: The Freedonia Group

Central & South America

Table 12-5 | Countries in Central & South America

Antigua and Barbados	Costa Rica	Haiti	Saint Kitts and Nevis
Argentina	Cuba	Honduras	Saint Lucia
Bahamas	Dominica	Jamaica	St. Vincent & the Grenadines
Barbados	Dominican Republic	Nicaragua	Suriname
Belize	Ecuador	Panama	Trinidad and Tobago
Bolivia	El Salvador	Paraguay	Uruguay
Brazil	Grenada	Peru	Venezuela
Chile	Guatemala	Puerto Rico & other Caribbean territories	
Colombia	Guyana		

*Major security service markets highlighted

Source: The Freedonia Group

Western Europe

Table 12-6 | Countries in Western Europe

Andorra	Gibraltar	Jersey	Saint Pierre and Miquelon
Austria	Greece	Liechtenstein	San Marino
Belgium	Greenland	Luxembourg	Spain
Channel Islands	Guernsey	Malta	Sweden
Faeroe Islands	Iceland	Monaco	Switzerland
Finland	Ireland	Netherlands	United Kingdom
France	Isle of Man	Norway	Vatican City
Germany	Italy	Portugal	

*Major security service markets highlighted

Source: The Freedonia Group

Eastern Europe

Table 12-7 | Countries in Eastern Europe

Albania	Hungary	Romania
Belarus	Latvia	Russia
Bosnia and Herzegovina	Lithuania	Serbia
Bulgaria	Macedonia	Slovakia
Croatia	Moldova	Slovenia
Czech Republic	Montenegro	Ukraine
Estonia	Poland	

*Major security service markets highlighted

Source: The Freedonia Group

Asia/Pacific

Table 12-8 | Countries in the Asia/Pacific Region

Afghanistan	Hong Kong	Nauru	South Korea
American Samoa	India	Nepal	Sri Lanka
Australia	Indonesia	New Caledonia	Taiwan
Bangladesh	Japan	New Zealand	Tajikistan
Bhutan	Kazakhstan	Niue	Thailand
Brunei	Kiribati	N. Mariana Islands	Tonga
Burma (Myanmar)	Kyrgyzstan	North Korea	Turkmenistan
Cambodia	Laos	Palau	Tuvalu
China	Macau S.A.R.	Pakistan	Uzbekistan
Cook Islands	Malaysia	Papua New Guinea	Vanuatu
East Timor	Maldives	Philippines	Vietnam
Fiji	Marshall Islands	Samoa	Wallis and Futuna
French Polynesia	Micronesia	Singapore	
Guam	Mongolia	Solomon Islands	

*Major security service markets highlighted

Source: The Freedonia Group

Africa/Mideast

Table 12-9 | Countries in the Africa/Mideast Region

Algeria	Egypt	Liberia	Senegal
Angola	Equatorial Guinea	Libya	Seychelles
Armenia	Eritrea	Madagascar	Sierra Leone
Azerbaijan	Ethiopia	Malawi	Somalia
Bahrain	Gabon	Mali	South Africa
Benin	Gambia	Mauritania	South Sudan
Botswana	Georgia	Mauritius	Sudan
Burkina Faso	Ghana	Morocco	Swaziland
Burundi	Guinea	Mozambique	Syria
Cabo Verde	Guinea-Bissau	Namibia	Tanzania
Cameroon	Iran	Niger	Togo
Central African Republic	Iraq	Nigeria	Tunisia
Chad	Israel	Oman	Turkey
Comoros	Jordan	Qatar	Uganda
Côte d'Ivoire	Kenya	Republic of the Congo	United Arab Emirates
Cyprus	Kuwait	Rwanda	Yemen
Democratic Republic of the Congo	Lebanon	São Tomé and Príncipe	Zambia
Djibouti	Lesotho	Saudi Arabia	Zimbabwe

*Major security markets highlighted

Source: The Freedonia Group

Macroeconomic Assumptions

The following macroeconomic information is provided to illustrate the assumptions behind the data and forecasts in this study.

Global Economic Outlook

The pace of world economic activity quickened in 2017, with real (i.e., inflation-adjusted) GDP expanding 3.7%, the best performance in six years. Most regions enjoyed an acceleration in economic growth in 2017, spurred by stronger business investment and increased volumes of global trade. The Asia/Pacific region had the strongest growth of any region, a feat it achieved for the thirteenth consecutive year. China led the way among the larger economies in the region, with not just a high level of growth, but also a slight acceleration from the previous year's performance.

Real GDP increased more than 2% in Western Europe, a pace not achieved since 2010. Countries that had suffered extended economic doldrums, such as Italy and Portugal, achieved a surge in growth in 2017, while Greece managed meaningful gains in output for the first time in a decade. Concerns about the economic impact of the United Kingdom's decision to leave the European Union subsided a bit, and both France and Germany achieved faster growth boosted from exports.

Real GDP growth in Eastern Europe more than doubled from that seen in 2016. Investment spending recovered after a downturn in the previous year and most of the large economies in the region posted faster growth. Russia, the region's largest economy, saw growth well below the regional average, but a firming of crude petroleum prices generated an economic expansion in the country after two years of recession.

In Central and South America, economic gains trailed the world average, but represented a reversal from the declines of 2016. Brazil's economy managed modest gains following a two-year contraction that saw real GDP decline by a cumulative 7%. Argentina was a particular bright spot in the region, but Venezuela suffered a fourth consecutive year of contraction, combined with political unrest.

Through 2022, worldwide real GDP is forecast to increase 3.7% per annum, with the Asia/Pacific region again leading the way. However, growth in that region will be slower than during the 2012-2017 period as China's economy resumes its longer-term trend of moderation in annual growth. India, Indonesia, the Philippines, and Vietnam will enjoy strong economic growth. Expansion of real GDP in the Africa/Mideast region will nearly match the world average, allowing for an acceleration in per capita incomes. Increases in prices of crude petroleum and other commodities will support economic growth in many of the region's economies.

Table 12-10 | Global Gross Domestic Product by Region & Country, 2007 – 2022 (billion 2016 dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Gross Domestic Product	<u>91350</u>	<u>105890</u>	<u>125080</u>	<u>149800</u>	3.0 %	3.4 %	3.7 %
North America:	19880	20730	23130	25890	0.8 %	2.2 %	2.3 %
Canada	1432	1518	1688	1855	1.2 %	2.1 %	1.9 %
Mexico	1897	2053	2320	2625	1.6 %	2.5 %	2.5 %
United States	16551	17159	19122	21410	0.7 %	2.2 %	2.3 %
Central & South America:	6192	7309	7454	8495	3.4 %	0.4 %	2.6 %
Argentina	775	876	908	1040	2.5 %	0.7 %	2.8 %
Brazil	2723	3258	3172	3590	3.7 %	-0.5 %	2.5 %
Chile	320	386	430	503	3.8 %	2.2 %	3.2 %
Colombia	491	596	698	817	4.0 %	3.2 %	3.2 %
Peru	264	357	426	511	6.2 %	3.6 %	3.7 %
Venezuela	516	570	374	350	2.0 %	-8.1 %	-1.3 %
Other Central & South America	1103	1266	1446	1684	2.8 %	2.7 %	3.1 %
Western Europe:	17540	17350	18730	20370	-0.2 %	1.5 %	1.7 %
Austria	409	422	449	488	0.6 %	1.2 %	1.7 %
Belgium	484	500	531	573	0.7 %	1.2 %	1.5 %
France	2620	2657	2809	3045	0.3 %	1.1 %	1.6 %
Germany	3661	3787	4111	4470	0.7 %	1.7 %	1.7 %
Italy	2476	2302	2339	2465	-1.4 %	0.3 %	1.1 %
Netherlands	818	816	891	979	0.0 %	1.8 %	1.9 %
Spain	1692	1586	1740	1925	-1.3 %	1.9 %	2.0 %
Sweden	426	436	501	557	0.5 %	2.8 %	2.1 %
Switzerland	466	492	532	581	1.1 %	1.6 %	1.8 %
United Kingdom	2559	2554	2852	3095	0.0 %	2.2 %	1.6 %
Other Western Europe	1929	1798	1975	2192	-1.4 %	1.9 %	2.1 %

Source: The Freedonia Group

Table continued on next page

Table 12-10 (continued) | Global Gross Domestic Product by Region & Country, 2007 – 2022 (billion 2016 dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Eastern Europe:	6488	7001	7456	8385	1.5 %	1.3 %	2.4 %
Czech Republic	326	329	380	435	0.2 %	2.9 %	2.7 %
Hungary	248	236	275	315	-1.0 %	3.1 %	2.8 %
Poland	786	932	1092	1285	3.5 %	3.2 %	3.3 %
Romania	379	388	483	572	0.5 %	4.5 %	3.4 %
Russia	3351	3702	3754	4070	2.0 %	0.3 %	1.6 %
Ukraine	445	409	362	421	-1.7 %	-2.4 %	3.1 %
Other Eastern Europe	953	1005	1110	1287	1.1 %	2.0 %	3.0 %
Asia/Pacific:	30650	40810	53460	68950	5.9 %	5.5 %	5.2 %
Australia	908	1037	1169	1335	2.7 %	2.4 %	2.7 %
China	10348	16226	22887	30530	9.4 %	7.1 %	5.9 %
India	4712	6584	9304	13200	6.9 %	7.2 %	7.2 %
Indonesia	1843	2483	3186	4125	6.1 %	5.1 %	5.3 %
Japan	5132	5072	5401	5630	-0.2 %	1.3 %	0.8 %
Malaysia	576	711	914	1150	4.3 %	5.2 %	4.7 %
Pakistan	735	849	1062	1375	2.9 %	4.6 %	5.3 %
Philippines	499	626	860	1155	4.6 %	6.6 %	6.1 %
South Korea	1420	1661	1926	2185	3.2 %	3.0 %	2.6 %
Taiwan	897	1042	1165	1295	3.0 %	2.3 %	2.1 %
Thailand	899	1056	1211	1430	3.3 %	2.8 %	3.4 %
Other Asia/Pacific	2681	3463	4375	5540	5.3 %	4.8 %	4.8 %
Africa/Mideast:	10600	12690	14850	17710	3.7 %	3.2 %	3.6 %
Egypt	774	949	1145	1455	4.2 %	3.8 %	4.9 %
Iran	1376	1383	1643	1985	0.1 %	3.5 %	3.9 %
Israel	230	273	324	383	3.5 %	3.5 %	3.4 %
Nigeria	682	963	1099	1275	7.1 %	2.7 %	3.0 %
Saudi Arabia	1229	1558	1743	1975	4.9 %	2.3 %	2.5 %
South Africa	631	697	751	828	2.0 %	1.5 %	2.0 %
Turkey	1322	1605	2153	2585	4.0 %	6.1 %	3.7 %
United Arab Emirates	517	574	675	786	2.1 %	3.3 %	3.1 %
Other Africa/Mideast	3839	4688	5317	6438	4.1 %	2.6 %	3.9 %

Source: The Freedonia Group

Global Population

By 2022, the global population is forecast to rise to 7.9 billion persons on per annum growth of 1.1%. The pace of population growth will be similar to that of the 2012-2017 period, but the absolute increase in the population will be slightly smaller. Over the long term, there has been a general demographic trend of decreasing fertility rates as income and education levels rise. The fastest population increases will be in Sub-Saharan Africa, where the population will grow 2.6% per year. Even so, that pace will represent a marginal deceleration from the 2007-2017 period.

The Asia/Pacific region was home to 56% of the global population in 2017. Four of the world's six most populous countries are in the region: China, India, Indonesia, and Pakistan. Through 2022, population growth in the region will be below the global average, even given the change in the one-child policy in China that occurred in late 2015 and allowed all families to have two children. Changing social norms and rising incomes in China will keep birth rates subdued through the forecast.

In Eastern Europe, most countries are projected to suffer a contraction in population through 2022 as birth rates continue to decline. While Western Europe's population is expected to increase slightly, countries such as Greece, Italy, and Portugal will see their populations fall.

Table 12-11 | Global Population by Region & Country, 2007 – 2022 (million persons)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Population	<u>6660</u>	<u>7069</u>	<u>7484</u>	<u>7887</u>	1.2 %	1.1 %	1.1 %
North America:	444.9	467.7	488.5	509.0	1.0 %	0.9 %	0.8 %
Canada	32.9	34.7	36.4	37.9	1.03 %	0.97 %	0.85 %
Mexico	110.8	119.0	126.4	133.6	1.46 %	1.24 %	1.08 %
United States	301.2	314.0	325.7	337.5	0.83 %	0.74 %	0.71 %
Central & South America:	461.9	488.3	513.0	536.0	1.1 %	1.0 %	0.9 %
Argentina	39.9	42.0	44.2	46.4	1.07 %	1.02 %	0.94 %
Brazil	190.4	199.9	208.4	215.6	0.98 %	0.83 %	0.68 %
Chile	16.4	17.3	18.1	18.8	1.00 %	0.89 %	0.81 %
Colombia	43.8	46.4	48.8	50.9	1.15 %	1.00 %	0.86 %
Peru	28.2	30.0	31.8	33.5	1.23 %	1.18 %	1.07 %
Venezuela	27.5	29.6	31.7	33.6	1.51 %	1.35 %	1.19 %
Other Central & South America	115.7	123.1	130.0	137.2	1.25 %	1.10 %	1.08 %
Western Europe:	405.0	413.6	421.0	426.0	0.4 %	0.4 %	0.2 %
Austria	8.3	8.5	8.8	8.9	0.36 %	0.68 %	0.38 %
Belgium	10.6	11.1	11.4	11.7	0.84 %	0.59 %	0.52 %
France	62.4	64.0	65.4	66.7	0.52 %	0.43 %	0.39 %
Germany	81.7	80.8	82.0	81.8	-0.22 %	0.28 %	-0.04 %
Italy	59.0	60.2	60.7	60.6	0.40 %	0.16 %	-0.02 %
Netherlands	16.4	16.8	17.1	17.3	0.43 %	0.37 %	0.31 %
Spain	45.3	46.9	47.0	47.4	0.69 %	0.07 %	0.15 %
Sweden	9.2	9.5	10.0	10.4	0.80 %	0.92 %	0.83 %
Switzerland	7.5	8.0	8.4	8.8	1.14 %	1.02 %	0.85 %
United Kingdom	61.3	63.7	65.7	67.4	0.75 %	0.64 %	0.51 %
Other Western Europe	43.3	44.1	44.5	45.0	0.51 %	0.18 %	0.24 %

Source: The Freedonia Group

Table continued on next page

Table 12-11 (continued) | Global Population by Region & Country, 2007 – 2022 (million persons)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Eastern Europe:	327.8	325.3	322.5	319.0	-0.2 %	-0.2 %	-0.2 %
Czech Republic	10.3	10.5	10.6	10.6	0.44 %	0.12 %	0.06 %
Hungary	10.0	9.9	9.8	9.6	-0.25 %	-0.26 %	-0.32 %
Poland	38.3	38.3	38.1	37.8	0.00 %	-0.07 %	-0.17 %
Romania	21.3	20.5	20.1	19.6	-0.71 %	-0.43 %	-0.50 %
Russia	142.9	143.1	143.6	142.7	0.04 %	0.06 %	-0.12 %
Ukraine	46.4	45.5	43.8	43.0	-0.40 %	-0.72 %	-0.37 %
Other Eastern Europe	58.6	57.5	56.5	55.7	-0.40 %	-0.31 %	-0.30 %
Asia/Pacific:	3768	3964	4154	4327	1.0 %	0.9 %	0.8 %
Australia	20.9	22.6	24.2	25.8	1.62 %	1.38 %	1.25 %
China	1323	1357	1391	1413	0.51 %	0.48 %	0.33 %
India	1158	1241	1319	1396	1.39 %	1.23 %	1.13 %
Indonesia	232.2	248.0	262.6	276.2	1.32 %	1.15 %	1.01 %
Japan	128.0	127.7	126.8	124.9	-0.04 %	-0.14 %	-0.30 %
Malaysia	26.8	29.3	31.7	33.8	1.76 %	1.59 %	1.29 %
Pakistan	163.6	181.3	199.0	216.9	2.07 %	1.89 %	1.74 %
Philippines	88.9	96.6	104.8	113.6	1.67 %	1.65 %	1.62 %
South Korea	48.7	50.0	51.3	52.2	0.54 %	0.48 %	0.36 %
Taiwan	22.9	23.3	23.6	23.8	0.32 %	0.25 %	0.17 %
Thailand	66.1	67.7	68.9	69.4	0.49 %	0.34 %	0.16 %
Other Asia/Pacific	488.9	519.5	551.1	581.4	1.15 %	1.15 %	1.04 %
Africa/Mideast:	1252	1410	1585	1770	2.4 %	2.4 %	2.2 %
Egypt	77.1	85.9	96.7	106.9	2.17 %	2.41 %	2.03 %
Iran	71.9	76.4	81.4	85.6	1.22 %	1.28 %	1.00 %
Israel	7.1	7.8	8.5	9.2	1.98 %	1.76 %	1.59 %
Nigeria	146.3	167.0	190.3	216.1	2.68 %	2.64 %	2.58 %
Saudi Arabia	25.0	28.5	31.7	34.5	2.65 %	2.16 %	1.70 %
South Africa	49.5	52.6	56.2	59.7	1.21 %	1.35 %	1.20 %
Turkey	70.5	75.3	80.7	84.7	1.32 %	1.41 %	0.96 %
United Arab Emirates	5.7	8.0	8.8	9.7	6.98 %	1.89 %	1.99 %
Other Africa/Mideast	798.9	908.5	1030.7	1163.6	3.93 %	2.70 %	2.58 %

Source: The Freedonia Group

Global Urban Population

The global urban population is projected to advance 1.9% annually through 2022 to more than 4.5 billion persons. The urban population will grow faster than the total world population through the forecast period in continuation of a trend that has lasted for centuries as rural residents migrate to urban areas in search of economic opportunity and more amenities of modern life. In 2017, 55% of the world's population resided in urban areas. That percentage has been steadily rising and is expected to surpass 57% by 2022.

The fastest growth in urban populations will occur in Africa and Asia, which have the world's lowest concentrations of residents in urban areas despite being home to many of the world's largest cities. Africa's increasing urbanization is the result of both its high overall population growth rate – which is well above the global average – and an influx of rural residents into urban centers. Asia's urban population growth will exceed the global average, with the urbanization rates in China and Vietnam rising even more rapidly than the regional average. Other countries with urbanization rates exceeding the world pace include:

- Egypt
- India
- Indonesia
- Nigeria
- Pakistan

Table 12-12 | Global Urban Population by Region & Country, 2007 – 2022 (million persons)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Urban Population	<u>3344</u>	<u>3729</u>	<u>4115</u>	<u>4515</u>	2.2 %	2.0 %	1.9 %
North America:	353.4	376.1	398.0	420.0	1.3 %	1.1 %	1.1 %
Canada	26.5	28.1	29.6	31.0	1.2 %	1.0 %	0.9 %
Mexico	85.1	93.3	101.1	108.6	1.9 %	1.6 %	1.4 %
United States	241.8	254.7	267.3	280.4	1.0 %	1.0 %	1.0 %
Central & South America:	360.0	387.3	413.6	438.5	1.5 %	1.3 %	1.2 %
Argentina	36.0	38.3	40.6	42.8	1.2 %	1.2 %	1.1 %
Brazil	158.9	169.8	179.8	188.7	1.3 %	1.2 %	1.0 %
Chile	14.3	15.1	15.8	16.5	1.1 %	0.9 %	0.9 %
Colombia	33.7	36.5	39.2	41.8	1.6 %	1.4 %	1.3 %
Peru	21.3	23.0	24.7	26.4	1.5 %	1.4 %	1.3 %
Venezuela	24.2	26.1	27.9	29.7	1.5 %	1.3 %	1.3 %
Other Central & South America	71.6	78.5	85.6	92.6	1.9 %	1.7 %	1.6 %
Western Europe:	309.3	320.7	331.4	340.5	0.7 %	0.7 %	0.5 %
Austria	4.8	4.9	5.1	5.3	0.4 %	0.8 %	0.8 %
Belgium	10.4	10.8	11.2	11.5	0.8 %	0.7 %	0.5 %
France	48.4	50.5	52.5	54.4	0.9 %	0.8 %	0.7 %
Germany	62.4	62.3	63.4	63.5	0.0 %	0.4 %	0.0 %
Italy	40.1	41.4	42.6	43.4	0.6 %	0.6 %	0.4 %
Netherlands	13.9	14.8	15.5	16.1	1.3 %	0.9 %	0.8 %
Spain	35.2	37.0	37.7	38.5	1.0 %	0.4 %	0.4 %
Sweden	7.8	8.2	8.7	9.2	1.0 %	1.2 %	1.1 %
Switzerland	5.5	5.9	6.2	6.5	1.4 %	1.0 %	0.9 %
United Kingdom	49.3	52.1	54.7	57.0	1.1 %	1.0 %	0.8 %
Other Western Europe	31.5	32.8	33.8	35.1	0.8 %	0.6 %	0.8 %

Source: The Freedonia Group

Table continued on next page

Table 12-12 (continued) | Global Urban Population by Region & Country, 2007 – 2022 (million persons)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Eastern Europe:	219.9	219.8	219.8	220.0	0.0 %	0.0 %	0.0 %
Czech Republic	7.6	7.7	7.8	7.9	0.3 %	0.3 %	0.3 %
Hungary	6.8	6.9	7.0	7.0	0.3 %	0.3 %	0.0 %
Poland	23.4	23.2	23.0	22.8	-0.2 %	-0.2 %	-0.2 %
Romania	11.4	11.1	10.9	10.7	-0.5 %	-0.4 %	-0.4 %
Russia	105.1	105.7	106.7	107.3	0.1 %	0.2 %	0.1 %
Ukraine	31.6	31.3	30.4	30.1	-0.2 %	-0.6 %	-0.2 %
Other Eastern Europe	34.0	33.9	34.0	34.2	-0.1 %	0.1 %	0.1 %
Asia/Pacific:	1544.0	1768.0	1981.0	2199.0	2.7 %	2.3 %	2.1 %
Australia	17.7	19.3	20.8	22.3	1.7 %	1.5 %	1.4 %
China	597.6	710.4	811.6	909.0	3.5 %	2.7 %	2.3 %
India	346.5	393.1	443.7	501.0	2.6 %	2.5 %	2.5 %
Indonesia	110.4	127.1	143.5	159.9	2.9 %	2.5 %	2.2 %
Japan	112.5	116.3	116.1	114.9	0.7 %	0.0 %	-0.2 %
Malaysia	18.3	21.1	23.9	26.4	2.9 %	2.5 %	2.0 %
Pakistan	56.3	64.2	72.6	82.0	2.7 %	2.5 %	2.5 %
Philippines	40.5	44.2	49.0	54.6	1.8 %	2.1 %	2.2 %
South Korea	39.7	40.9	41.8	42.5	0.6 %	0.4 %	0.3 %
Taiwan	16.8	17.6	18.3	18.9	0.9 %	0.8 %	0.6 %
Thailand	26.4	30.7	33.9	36.7	3.1 %	2.0 %	1.6 %
Other Asia/Pacific	161.3	183.1	205.8	230.8	2.6 %	2.4 %	2.3 %
Africa/Mideast:	557.6	657.1	770.9	896.6	3.3 %	3.2 %	3.1 %
Egypt	33.2	36.9	41.4	46.0	2.1 %	2.3 %	2.1 %
Iran	49.5	54.8	60.6	65.7	2.1 %	2.0 %	1.6 %
Israel	6.5	7.2	7.9	8.5	2.1 %	1.9 %	1.5 %
Nigeria	59.8	75.5	94.2	115.6	4.8 %	4.5 %	4.2 %
Saudi Arabia	20.3	23.5	26.5	29.2	3.0 %	2.4 %	2.0 %
South Africa	30.0	33.2	37.0	40.8	2.0 %	2.2 %	2.0 %
Turkey	48.7	54.2	60.2	65.2	2.2 %	2.1 %	1.6 %
United Arab Emirates	4.7	6.8	7.5	8.5	7.7 %	2.0 %	2.5 %
Other Africa/Mideast	304.9	365.0	435.6	517.1	3.7 %	3.6 %	3.5 %

Source: The Freedonia Group

Global Building Construction

Through 2022, global spending on building construction is forecast to expand 3.5% annually. Gains will be paced by activity in the Asia/Pacific and Africa/Mideast regions, with building construction resulting from rising incomes and economic growth in developing countries. Growth will decelerate from the 2012-2017 performance, however, with China's building construction expenditures rising only half as rapidly as they did during the previous five years.

Among the standout markets in the Asia/Pacific region will be India, Indonesia, Pakistan, the Philippines, and Vietnam. In the Africa/Mideast region, building construction activity will rebound in Iran. Egypt and the United Arab Emirates will also see above-average growth. Activity in the latter will be boosted by high-profile residential projects in urban areas.

Building construction spending in Central and South America will rebound from the declines of the 2012-2017 period as economic activity picks up in Brazil and many other large countries in the region. In North America, continued growth in the Canadian market and improvements in the outlook for the Mexican market will not be sufficient to offset a deceleration in the US. As a result the region's pace of gains will cool through 2022.

Table 12-13 | Global Building Construction Expenditures by Region & Country, 2007 – 2022 (billion 2016 dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Global Building Construction Expenditures	<u>8137</u>	<u>9434</u>	<u>11905</u>	<u>14130</u>	3.0 %	4.8 %	3.5 %
North America:	1541	1146	1395	1558	-5.8 %	4.0 %	2.2 %
Canada	123.3	134.8	144.8	155.5	1.8 %	1.4 %	1.4 %
Mexico	205.7	197.7	195.2	220.5	-0.8 %	-0.3 %	2.5 %
United States	1212	813.5	1055	1182	-7.7 %	5.3 %	2.3 %
Central & South America:	406.9	520.9	514.3	600.5	5.1 %	-0.3 %	3.1 %
Argentina	46.9	52.5	47.0	54.8	2.3 %	-2.2 %	3.1 %
Brazil	153.4	209.5	194.7	227.8	6.4 %	-1.5 %	3.2 %
Chile	28.8	34.0	34.4	40.2	3.4 %	0.2 %	3.2 %
Colombia	43.1	55.6	69.5	81.8	5.2 %	4.6 %	3.3 %
Peru	21.8	36.7	37.1	44.0	11.0 %	0.2 %	3.5 %
Venezuela	39.3	49.3	30.2	33.3	4.6 %	-9.3 %	2.0 %
Other Central & South America	73.6	83.3	101.4	118.6	2.5 %	4.0 %	3.2 %
Western Europe:	1721	1359	1466	1565	-4.6 %	1.5 %	1.3 %
Austria	33.2	31.1	32.1	33.2	-1.3 %	0.6 %	0.7 %
Belgium	48.2	43.4	43.6	46.2	-2.1 %	0.1 %	1.2 %
France	314.1	248.2	254.0	274.5	-4.6 %	0.5 %	1.6 %
Germany	291.3	316.5	336.1	346.0	1.7 %	1.2 %	0.6 %
Italy	225.8	167.9	149.2	160.5	-5.8 %	-2.3 %	1.5 %
Netherlands	71.6	51.7	66.9	73.1	-6.3 %	5.3 %	1.8 %
Spain	240.4	130.3	139.9	156.6	-11.5 %	1.4 %	2.3 %
Sweden	31.4	26.1	40.2	42.0	-3.6 %	9.0 %	0.9 %
Switzerland	40.2	45.2	51.1	53.7	2.4 %	2.5 %	1.0 %
United Kingdom	236.6	179.6	224.8	238.4	-5.4 %	4.6 %	1.2 %
Other Western Europe	188.2	119.0	128.1	140.8	-8.8 %	1.5 %	1.9 %

Source: The Freedonia Group

Table continued on next page

Table 12-13 (continued) | Global Building Construction Expenditures by Region & Country, 2007 – 2022 (billion 2016 dollars)

Item	2007	2012	2017	2022	% Compound Annual Growth		
					07-12	12-17	17-22
Eastern Europe:	452.2	400.1	429.7	474.5	-2.4 %	1.4 %	2.0 %
Czech Republic	26.4	22.2	24.4	27.5	-3.4 %	1.9 %	2.4 %
Hungary	16.9	11.8	18.2	20.2	-6.9 %	9.1 %	2.1 %
Poland	46.1	53.2	65.6	76.7	2.9 %	4.3 %	3.2 %
Romania	30.1	29.1	38.6	35.4	-0.7 %	5.8 %	-1.7 %
Russia	196.0	194.2	190.1	205.8	-0.2 %	-0.4 %	1.6 %
Ukraine	50.6	19.8	22.2	27.3	-17.1 %	2.3 %	4.2 %
Other Eastern Europe	86.1	69.8	70.6	81.6	-4.1 %	0.2 %	2.9 %
Asia/Pacific:	3182	4931	6797	8340	9.2 %	6.6 %	4.2 %
Australia	93.9	87.3	110.9	114.7	-1.4 %	4.9 %	0.7 %
China	1258	2766	4046	4904	17.1 %	7.9 %	3.9 %
India	547.0	735.0	887.5	1243.0	6.1 %	3.8 %	7.0 %
Indonesia	190.0	246.2	324.2	428.0	5.3 %	5.7 %	5.7 %
Japan	481.0	416.7	488.0	519.5	-2.8 %	3.2 %	1.3 %
Malaysia	41.7	60.2	89.1	110.2	7.6 %	8.2 %	4.3 %
Pakistan	33.9	37.3	52.0	67.6	1.9 %	6.9 %	5.4 %
Philippines	33.8	53.9	79.0	101.0	9.8 %	7.9 %	5.0 %
South Korea	179.6	120.4	216.0	235.3	-7.7 %	12.4 %	1.7 %
Taiwan	58.9	63.0	64.8	70.8	1.4 %	0.6 %	1.8 %
Thailand	40.8	46.7	48.2	58.7	2.7 %	0.6 %	4.0 %
Other Asia/Pacific	223.4	298.3	391.3	487.2	6.0 %	5.6 %	4.5 %
Africa/Mideast:	833.9	1077.0	1303.0	1592.0	5.2 %	3.9 %	4.1 %
Egypt	38.6	55.3	91.0	115.7	7.5 %	10.5 %	4.9 %
Iran	112.8	130.5	84.4	104.3	3.0 %	-8.3 %	4.3 %
Israel	15.4	22.5	29.1	33.7	7.9 %	5.3 %	3.0 %
Nigeria	24.4	45.9	58.8	70.7	13.5 %	5.1 %	3.8 %
Saudi Arabia	98.0	144.9	155.9	176.2	8.1 %	1.5 %	2.5 %
South Africa	44.1	33.6	45.3	53.8	-5.3 %	6.2 %	3.5 %
Turkey	158.6	165.9	229.9	272.5	0.9 %	6.7 %	3.5 %
United Arab Emirates	58.3	58.9	73.1	93.3	0.2 %	4.4 %	5.0 %
Other Africa/Mideast	283.7	419.5	535.5	671.8	8.1 %	5.0 %	4.6 %

Source: The Freedonia Group

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North America

Demand for wine packaging in North America is projected to increase 4.6% annually to \$2.8 billion in 2020. For the purposes of this report, North America is defined as the US and Canada. (Mexico is included in Latin America.) Gains will be primarily attributable to increased production in both the US and Canada. Packaging demand in the region is also supported by the fact that the US and Canada are both substantial bulk wine importers, and bottle more wine domestically than they produce.

Chart 7 | North America: Wine Packaging Demand by Product, 2010, 2015, 2020 (US\$ mil)

	2010	2015	2020	2010-2020 CAGR
Total Demand	1723	2260	2820	4.6%
- Glass Bottles	1015	1240	1475	3.5%
- Bag-in-Box	190	230	277	6.4%
- Other Containers	15	60	118	14.9%
+ Closures	277	323	423	4.9%
+ Labels	140	180	230	5.1%
+ Capsules	73	88	102	3.6%
- Bulk Packaging	22	31	31	3.4%
- Wine Hoods	3	4	5	4.8%

While glass bottles will continue to account for about three-quarters of demand in value terms, they will also continue to lose market share to other packaging formats, such as bag-in-box containers, aseptic cartons, and 187-ml plastic bottles. Glass bottles remain the preferred container option for most wines, in no small part because of consumer expectations about how wine is to look in the store and how it is to be presented at the table. Glass bottles remain the unquestioned leader at the top tiers of the wine market, while alternative packaging formats have generally

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