

# The Changing Face of World Security

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## **New global report now available by BSRIA**

BSRIA has recently published its new study of the world electronic security market and which breaks this down into 18 key countries and regions; covering both established and important emerging (BRIC) markets. These new reports have been compiled through findings from interviews with key industry contacts throughout the world. These findings were analysed by BSRIA's security market experts, incorporating existing technical and market expertise and extensive historical knowledge. The result is a unique and independent publication and an essential tool for any marketing professional in the security industry.

This report reveals that the world electronic security systems market is now worth more than US \$58 billion, has continued to grow on aggregate throughout the recession and is forecast to achieve double digit compound annual growth in the period up to 2015. Few other building technology markets exhibit such attractive statistics.

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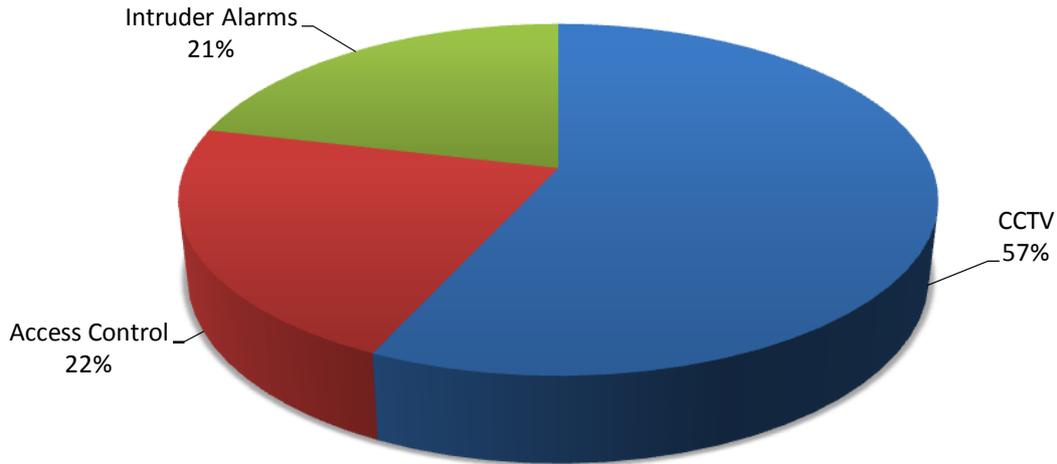
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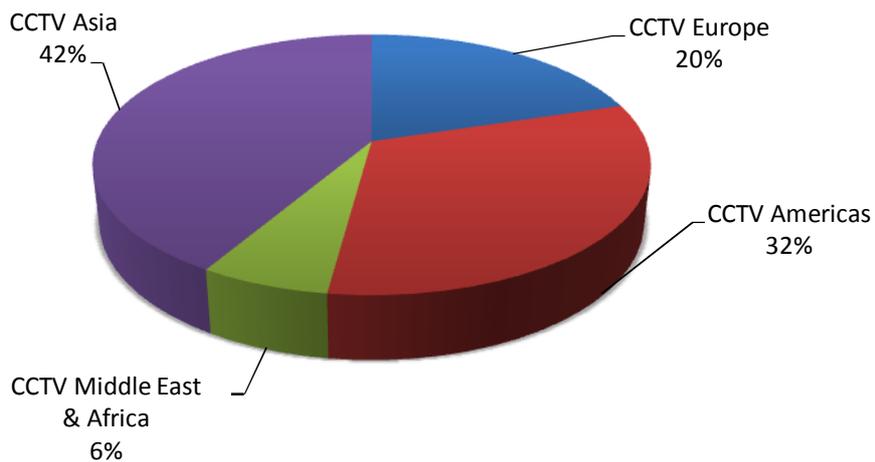
## World Market Share 2010



## CCTV / Video Surveillance

CCTV has the largest market share in world security with its largest markets being Asia and America. China represents 16% of the total world CCTV market and North America has a share of 23%. This contrast with the UK, which despite being one of the most developed markets for CCTV, accounts for only some 4% of the world market.

## World CCTV / Video Surveillance 2010



UK

The UK Security Market is considerably more mature than many other international markets and many of the world's leading players are present. Nevertheless, like the international market it remains highly

fragmented and is host to many small local companies. The new BSRIA report on the world market for electronic security systems shows that the UK market for CCTV, access control and intruder alarms was worth over US \$3.2 billion in 2010.

The UK is the most surveyed country in Europe with an estimated 4.25 million CCTV cameras. Despite this, because of the low quality image delivered by the majority of the installed base of cameras only one crime is solved for every 1,000 cameras. This is driving demand for technological improvement of all aspects of the systems. The industry has moved towards digital and networked systems, megapixel cameras and is currently addressing issues relating to digital video evidence and common communication protocols between different manufacturer's products.

Wide-ranging application of CCTV extends from simple scene monitoring to facial-recognition technology, remote video monitoring, video smoke detection, mobile systems and automatic number plate recognition. There is a growing trend for video analytic software which can be programmed to intelligently analyse and respond to a changing scene. Video analytic software is also being used to improve retail operations, such as queue monitoring, people counting and measuring traffic patterns to drive sales and customer satisfaction. Motorised point/tilt/zoom (PTZ) cameras can detect and track intruders and new, high definition (HDcctv) technology is also expected to accelerate in the next few years.

The use of 360° panoramic cameras as well as thermal infrared cameras, based on heat sensitive sensors that can operate in complete darkness, are both expected to grow very strongly over the next few years.

In the area of video recording, there is a growing trend away from basic digital video recorders (DVR) towards network video recorders (NVR) and hybrid DVRs that can accept signals from both traditional analogue cameras and the latest digital cameras.

IP network based systems continue to gain share as they offer enhanced flexibility and versatility, but also remote viewing and control of video data from one or more interfaces in different locations. They represent a lower total cost of ownership than a corresponding analogue system, particularly as the system size grows.

## North America

The largest providers of software in this market are Schneider Electric (Pelco), ISS, Tyco, Bosch and Honeywell. Video analytics are a very important part of ISS's business and will account for almost half of their market share. Video analytics is the fastest growing segment in the North American security software market and are widely requested. Video analytics will soon account for a third of the market but in the meantime, video management software (VMS) accounts for the lion's share.

There is also a strong demand for software which can more effectively compress data in order to better handle high volume data flow of IP cameras and systems. Although the analytics are mainly implemented in the management software or video recorder, they can also be integrated into the camera.

North America is one of the most competitive markets in the world, with many regional players and a few large multinational companies. There is strong Asian (Korean, Chinese imports) low price competition entering the lower-mid end of the market. The Market is slowly recovering from the aftermath of the global financial crisis and starting to show signs of recovery.

The systems and maintenance markets are forecast to grow more strongly than the product market due to upgrades and the demand for more sophisticated solutions in general. Consequently, although we are only forecasting single digit annual growth for product, both value add and service & maintenance are forecast to achieve annual growth in excess of 13% up to 2015.

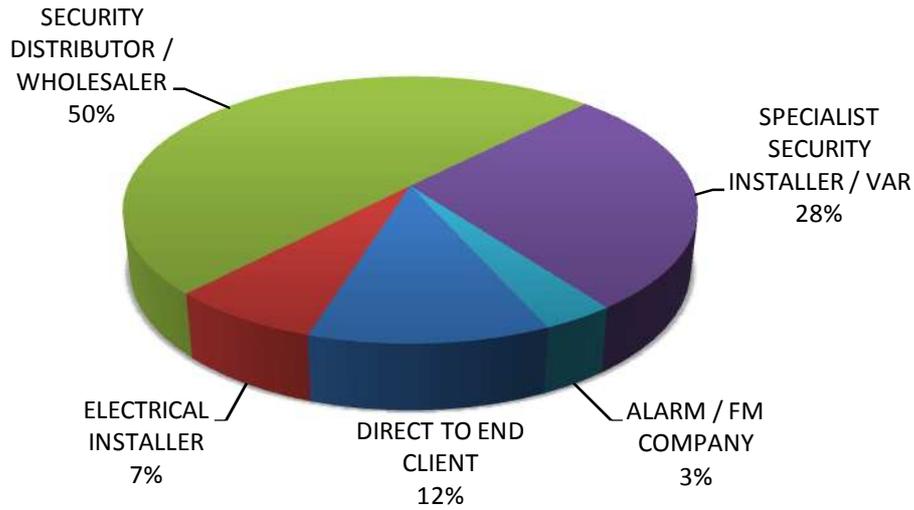
## China

CCTV technology has been rapidly embraced and further developed by Chinese Security entrepreneurs, such as HIK and Dahua. Chinese manufacturers now hold the intellectual property rights to a growing range of security products and are starting to penetrate the global market. The market is awash with manufacturers with around 450 players competing. Global suppliers like Panasonic, Tyco, Samsung, LG, Bosch, Honeywell, are all present and some of the larger local players include names like Guotong Chuangan, Yaan, Tiandi Weiye, Shenzhen Hongdi, infinova, Bell, Zhuhai Stone, Changzhou Mingjing, Zhejiang Dahua, HIK, Jingyang, CSST, TCL and H3C. System integrators are now providing not only design and installation services, but also many after-sales services such as training for clients on how to maintain the product and tutorials of how to use the software. These services are proving very profitable for them.

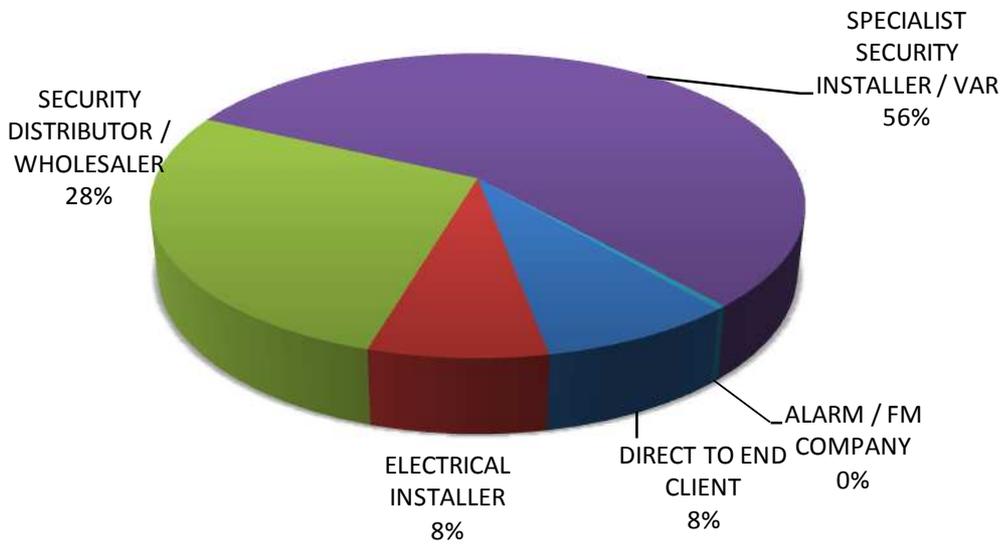
The Chinese market is one of the biggest for analogue cameras, with the total sales value US \$1 133 million in 2010, representing 38% of the total product market. The IP camera market is half that of analogue, amounting to US \$542 million. DVR and NVR also have a very sound performance in China; where the combined market size equals US \$728 million, accounting for 22% of the total product market. In China, all of the interviewed manufacturers claimed that moving towards network cameras (so adopting more NVRs) is no doubt the future product trend. It inevitably will happen and end-users will benefit from higher quality of images.

The BSRIA study has analysed the routes to market and vertical markets in each of the 18 countries and regions and this has highlighted some interesting differences. For example, in the Middle East, 50% of the product is sold to distributors, whereas in Asia/Pacific 56% is sold via the specialist security Installer/Value added resellers (VARs)

## Middle East & Africa



## Asia / Pacific



## Access Controls

The largest markets for Access Controls are in Japan with the market estimated to be worth US \$1260 million and North America at US \$3,050 million, which is up 7% from the previous year and forecast to

increase by a further 8% in 2011 and 8% again the year after. Within Europe the UK represents the largest market for Access Control at US \$820 million

The use of smart cards is increasing in offices, education and health sectors. Present examples include cashless vending, personal computer access, library systems, transport payment systems, authorising equipment use, biometric integration, printing/photocopying privileges, intelligent time and attendance analysis. In sports facilities and auditoriums there is growing interest in integrating security with building management systems including HVAC, lift management, lighting etc. to reduce energy costs. In education, key cards are deployed to allow access to specific areas for selected periods only, with the doors locking at pre-specified times.

Biometric readers appear to have a promising future, but despite having been available for several years, still only have a small penetration in the market due to price and questionable reliability. Various technologies are available but fingerprint scanners are by far the most popular choice.

Japan

The compound annual growth rate for Installed systems is forecast to be around 7.6% from 2010 to 2015. Growth will be very rapid in the integration and convergence markets as IP-based systems are playing an ever more important role. Smart-card readers and finger-print readers are the leading technologies sold.

## **Intruder Alarms**

Several mature Western European markets have stagnated and started to shrink but younger markets elsewhere in the world are still becoming established so that overall, the intruder market is still producing growth. This is well demonstrated by the Brazilian market.

Brazil

Driven by a developing market and major sporting events such as the 2014 football world cup and the 2016 Olympics, growth in the Brazilian intruder market will remain at above 4% growth during 2011-2015. However this is shadowed by the Brazilian CCTV and Access Control markets which are each expected to grow in excess of 18% per annum!

UK

The market for Intruder Alarm products in the UK continues to lose share of the total security market as more clients turn to CCTV based solutions which deliver much of the same functionality as well as the visual

evidence of crime incidents. Technological trends include the incorporation of multiple communications technologies and the use of dual sensors that combine more than one detecting technology. Intruder alarm remains a very large market and supports a very substantial remote monitoring business which is not likely to disappear any time soon.

## **Wireless**

The penetration of wireless connected security products remains low. They are still considered to be insufficiently reliable due to latency in data transfer. In addition, they do not always fulfil the data protection requirements. Currently, wireless systems are generally limited to the residential sector and small offices where installation work needs to be avoided.

## **Integration and Convergence**

Integration is the adding of value by linking different building service applications, typically with bi-directional data exchange. Convergence is the bringing together of autonomous systems onto a common communication platform within the business enterprise to create a single unified solution.

There are an increasing number of reasons for integrating security applications. For example, with access control, CCTV can record images of people entering an area when their card is presented; the intercom system can be activated to instruct cameras to record a vehicle at an entrance; ANPR can automatically open barriers to authorized vehicles. CCTV can be integrated with intruder alarm include alarms that activate 'out of hours' settings and cameras can be set to a higher resolution when intruder alarms trigger and even send live footage or video clips to a mobile device. Some systems even integrate all three security systems to make intelligent combined use of CCTV, access control and intruder alarms. HVAC and lighting systems can be activated only when a person assigned to that area enters the building and is turned off when areas are unoccupied for longer periods of time. Cameras with video analytics can count people and ramp up the HVAC based on occupancy. For lighting, occupancy can be verified before lights are turned on or off. Although fire systems are very much governed by regulations, fire alarms can be verified by transmitting video from the area where the smoke detector is in alarm to verify whether there is an actual fire and its severity. Fire escape doors can be automatically controlled; occupants can be alerted to the precise location of the fire on graphical floor plans and via voice alarms, and power can be isolated from vulnerable equipment such as server rooms, for example to reduce the impact of damage from sprinkler systems. Access control systems can automatically generate a roll call based on who is in the building. Access to meeting rooms can be based only on confirmed bookings in calendar systems as well as use with cashless vending; copying credits; computer log-on authentication to the network and time and attendance management.

There are many benefits to be obtained from integration, including reduction of false alarms; greater control; lower maintenance costs; reduced overheads; energy savings, increased productivity and ROI.

## **Market Forecast**

The perceived security threat ranging from crime, terrorist activity and internal fraud persists. There is also a need to manage and verify processes for regulation and insurance purposes. Governments are implementing greater border security and there is increasing demand for the protection of critical national infrastructure sites such as utility installations, government facilities, pipelines and transport hubs.

Continuous urbanisation, expansion of public transport networks and highly publicised security incidents are driving security spending in many facilities. For example in the UK, for the short term there will be a need for on-going counter-terrorist measures during the 2012 Olympics.

Compared to the building automation industry, the security industry has been slow to implement standards but this is now starting to gain momentum with the establishing of global initiatives such as ONVIF and PSIA, which are rapidly gaining traction.

Distributors and value added resellers account for more than three quarters of the manufacturers product sales and this pre-portion will be maintained. Due to technological innovation and integration of systems, the demand by system integrators for skilled labour will continue to grow.

There remains a high degree of alliance and acquisition activity which is expected to continue for quite a few years to come as the market consolidates.

Security has become an intrinsic part of our everyday lives and we can expect it to become ever more present and ever more discrete both inside and outside our buildings.

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This article is an overview taken from BSRIA's World Security Study released this summer.

This study differentiates itself from other market research reports through its special focus on:

- Detailed individual country reports, showing market shares by different product groups and by installed systems in each country
- The share of Security Products through 5 principle direct and indirect distribution channels
- 19 vertical markets by building end user type and % integration that occurs in each

- % integration by 6-7 different applications (e.g. CCTV/Video, Access, Intruder, HVAC, lighting, fire alarm etc.)
- % Convergence of security and other autonomous systems onto a common communication platform within the business enterprise to create a single unified solution
- Excel deliverables to support individual country PowerPoint style (pdf), country reports for each security subject (Access Control, CCTV / Video Surveillance, Intruder Alarms)

Countries included:

Europe

France , Germany, Italy, Spain, UK, Russia, Scandinavia and Rest of Europe

Americas

North America, Brazil and Rest of Latin America

Middle East & Africa

United Arab Emirates and Rest of Middle East & Africa

ASIA

India, China, Japan, Australia and Rest of Asia