



The Physical Security Business 2020 to 2025

ACCESS CONTROL, VIDEO SURVEILLANCE &
INTRUDER ALARM / PERIMETER PROTECTION

Published: Q4 2020

Physical Security Business 2020 to 2025



memoori

Synopsis

This report aims to assist all stakeholders and investors in the physical security industry in identifying business opportunities in growth sectors of the market; and forecasts demand to 2025

© Meemoori Research AB

Introduction

This Report is the New 2020 Definitive Resource for Access Control, Video Surveillance & Intruder Alarm / Perimeter Protection Market Research.

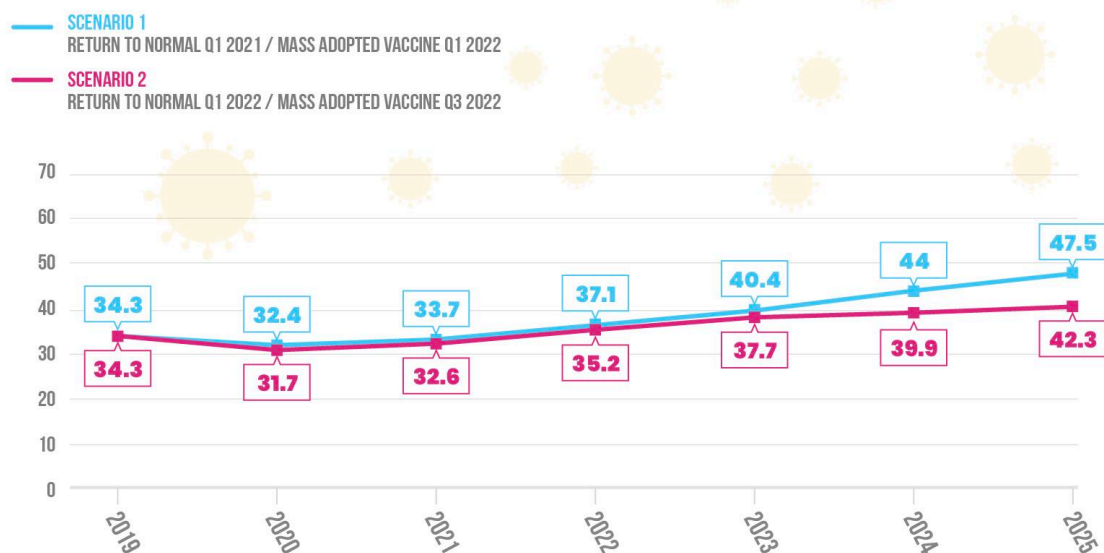
In March 2020, The World Health Organization declared COVID-19 a global pandemic. Within a few weeks it was clear that the pandemic was highly likely to cause the world's worst recession in the last 100 years. In June 2020, the World Bank published a baseline forecast envisioning a 5.2% contraction in global GDP in 2020.

Against this backdrop, our report delivers a best estimate of the global market for physical security products going forward to 2025 based on two scenarios. At this time, COVID-19 has been having second spikes in Q3 / Q4 and several countries are experiencing rolling lockdowns. We believe our 2nd scenario looks more feasible where global markets take around a year to return to some normality and mass global adoption of a vaccine is achieved within 18 months. We believe this has a probability of 65%.

Despite all this we are still confident of the industries robustness and prospects for growth over the medium to long term. Market drivers like the threat from terrorism and crime are unlikely to abate, whilst urbanization and smart infrastructure will further drive demand for more and better security systems.

FIG 1.1

Forecast of the Physical Security Market 2020 to 2025 The Impact of Covid-19



 memoori

This report is our 12th annual detailed analysis that brings together all the factors that influence this industry's future. To do this we assess the structure and size of the combined physical security

industry then break down by size of product, sales by major sector and geographic region and forecast sales to 2025.

What Impact has the COVID-19 Pandemic had on this Business?

Above all the COVID-19 outbreak will force suppliers to radically rethink how they operate their business, in particular resilience to externalities. In parallel, there will be lessons to learn on having a more coordinated and resilient supply chain. The Video Surveillance business is too dependent on Chinese OEM's and component manufacturers. With many of these factories closed for the first two months of 2020, it caused temporary supply chain issues.

The pandemic has created demand for new solutions to help control the spread of the virus. Physical security products have risen to the challenge, helping to implement social distancing protocols through existing access and video systems with AI-powered analytics. Thermal cameras have also been deployed to measure people's temperature, with demand being strong. However their usefulness has been questioned, with the World Health Organisation saying that on its own temperature screening "may not be very effective".

We estimate that the total value of world production of Physical Security products at factory gate prices in 2020 will be \$31.7Bn, a decline of over 7.5% on 2019. Sales declined over the first 3 quarters of 2020 as a result of COVID-19. This has stopped 11 consecutive years of growth.

Based on our Scenario 2, growth will recover by Q3 2021 and by the end of that year it will have grown by nearly 3%, however different rates of growth apply in each of the 3 businesses and geographic territories. We forecast the market will reach over \$42Bn by the end of 2025 at a CAGR of 6% over the next 5 years.

China continues to increase its share of the physical security product market. The Chinese market has grown rapidly through a boom in new construction and 'Sharp Eyes' surveillance projects driven by the public sector. However very little of this vast expanding market is accessible to overseas manufacturers, nor is it likely to be in the foreseeable future, with ongoing political and trade tensions between the US and China.

Within its 324 Pages and 31 Charts and Tables, the Report Presents all the key facts and draws conclusions, so you can understand what is shaping the future of the Physical Security Industry.

FIG 11.3

Merger & Acquisition by Business Segment 2020



KEY

% Of Total M&A Spend by Value 2019/20

Value of Deals
Number of Deals



As we move forward Post-COVID, vendors will need to investigate customer's requirements thoroughly, particularly those businesses that have been severely damaged by COVID-19. It will be more difficult for these customers to find the budget to invest and therefore they have to be convinced of a return on their investment. ACaaS and VSaaS can provide a solution to this problem and there is evidence of significant accelerating growth in cloud services.

Software has always been an important factor in the development and growth of the Physical Security business. We are now entering a new epoch in the Video surveillance business driven by Artificial Intelligence (AI). AI Technology can and will make a direct and massive contribution to increasing the performance and value of video surveillance solutions. However security systems are by no means an island and in many cases they will ultimately need to be connected with the wider IoT, if all the information is to be converted into actionable data.

The average annual value of M&A deals over the last 13 years is \$6,717m. In 2020 we identified 20 deals compared with 26 in the previous year. And in 2020 the value of mergers and acquisitions was \$5,285m an increase on 2019 but still below the 13 year average. M&A measured by value is currently in a cycle of decline.

Starting at only USD \$1,995 for a Single User License, this report provides valuable information into how Physical Security companies can develop their business strategy through Merger, Acquisition and Alliance.

Table of Contents

Preface

Executive Summary

1. Introduction

2. Structure, Shape & Size of the Physical Security Business

- 2.1 Structure of the Business
- 2.2 Trends in Market Share by Group 2012 – 2020
- 2.3 Sizing the Physical Security Business 2020 & Forecast to 2024
- 2.4 World Distribution of Security Products by Major Region
- 2.5 Market Size & Trends by Vertical Sector
- 2.6 Market Size by Region & Penetration
- 2.7 The Best Prospects for Regional Growth
- 2.8 Comparing & Sizing, Access – Intruder – Video 2020

3. The Video Surveillance Market 2020 – 2025

- 3.1 The World Market Video Surveillance 2020 & Forecast to 2025
- 3.2 The World Market for Video Cameras 2020 – 2025
- 3.3 The World Market for Video Management Software 2020 -2025
- 3.4 Identifying & Measuring the Performance of Leading Camera Suppliers
- 3.5 Identifying & Measuring the Performance of Leading VMS Suppliers
- 3.6 Channels of Distribution & Trends
- 3.7 Major Factors that Determine Video Surveillance Strategy
- 3.8 Technology that Drives Demand for Video Surveillance
- 3.9 The Market for Video Surveillance as a Service (VSaaS)
- 3.10 Video Camera Technology
- 3.11 Body Worn Cameras
- 3.12 Video Surveillance Storage Recorders
- 3.13 Video Management Software (VMS)
- 3.14 New Chip Technology & AI Video Analytics

4. The Access Control Market 2020 to 2025

- 4.1 Market Size 2020 & Forecast to 2025
- 4.2 Identifying & Measuring the Performance of Leading Access Control Suppliers
- 4.3 Channels of Distribution for Access Control Systems
- 4.4 Major Technology & Commercial Demand Drivers for Access Control
- 4.5 The Impact of Technologies from Outside the Access Control Business
- 4.6 Access Control as a Service (ACaaS)

5. Intruder Alarms / Perimeter Protection (IA/PP) Market 2020 to 2025

- 5.1 Market Size 2020 & Forecast to 2025
- 5.2 Demand Drivers & Technology Trends
- 5.3 Identifying & Measuring the Performance of Leading Suppliers

6. Wireless Technology

- 6.1 Wireless in the Video Surveillance Market
- 6.2 Will 5G be the Optimum Solution for Connecting Video Cameras Outdoors?
- 6.3 Wireless in the Access Control Market
- 6.4 Wireless in the Intruder Alarm Market
- 6.5 IoT Needs Wireless Technology

7. Standards, Cyber Security & Privacy

- 7.1 ONVIF for Physical Security Products
- 7.2 Cyber Security
- 7.3 GDPR – Privacy & Ethics

8. Software Markets in the Physical Security Business

- 8.1 Physical Security & Information Management (PSIM)
- 8.2 Physical Identity and Access Management (PIAM)
- 8.3 Will Virtual Assistants Migrate to Physical Security
- 8.4 Blockchain – A Vital Part in Integrating IoT Systems

9. The Impact of Open Systems – Integration – BAS Services & IoT & Real Estate Platforms

- 9.1 Growth Through “Open Systems”
- 9.2 Growth Through Integration of BAS Services & IT Convergence
- 9.3 Growth Through IoT & the Building Internet of Things (BIoT)

9.3 Real Estate Platforms Manage Buildings

10. Growth Though New Business Opportunities

10.1 New Industry Verticals & Market Segments

10.2 Shared Services, Smart & Safe Cities

10.3 Solutions Vs Products

10.4 Business Models Focused on Product Specialization, Brand, & Scale

10.5 Maintaining a Viable Business in the IP Camera Market is a Real Challenge

10.6 The Video Surveillance Supply Structure Is Unbalanced & Unhealthy

10.7 VSaaS / ACaaS Services Have at Last Taken Off

11. M&A Performance by Sector – Valuation and Outlook 2020 to 2025

11.1 M&A Performance 2000 – 2020

11.2 M&A Performance in 2020

11.3 M&A Forecast 2020 – 2025

11.4 M&A Analyzed by Business Segment 2020

11.5 M&A Valuation – Exit Multiple Benchmarks

11.6 M&A Activity by Country

11.7 Strategic Buys Dominate M&A Activity but Private Equity Contributes

12. Identifying Potential Acquisition Targets & High Growth Sectors

12.1 Potential Acquisition Targets

12.2 Identifying Prospects in High Growth Sectors

13. The Boom in VC Investment to 2020 is now Under Review

13.1 The Impact of Venture Capital on the Physical Security Business Pre-COVID-19

13.2 COVID-19 Changes the Game?

14. Strategic Alliances – Partnerships & Investments in Startups

14.1 Strategic Alliances

14.2 Partnerships & Investments in Startups Gain Momentum

List of Figures

Fig 1.1 – Forecast of the Physical Security Market 2020 to 2025: The Impact of COVID-19

Fig 2.1 – Distribution of Sales by Major Grouping by Value 2020

Fig 2.2 – Distribution of Sales by Major Grouping by Number of Companies 2020

Fig 2.3 – Average Revenue for Group A, B, C, & D Companies 2012 – 2020 (\$bn)

Fig 2.4 – World Sales of Security Products 2008 – 2025

Fig 2.5 – World Distribution of Security Products by Major Regions 2020

Fig 2.6 – Distribution of Security by Building Type, 2006 compared with 2020

Fig 2.7 – Comparison of Physical Security Penetration by Major Region 2020

Fig 2.8 – World Sales of Security Products by Type 2020 (\$bn)

Fig 3.1 – World Sales of Video Surveillance Products 2017 to 2025 (\$bn)

Fig 3.2 – World Sales of Video Surveillance Cameras 2017 to 2025 (\$bn)

Fig 3.3 – World VMS Market for Video Surveillance 2017 to 2025 (\$m)

Fig 3.4 – Relative Performance of Vendors in the Video Surveillance Camera Market 2020

Fig 3.5 – Relative Performance of Vendors in the VMS Market 2020

Fig 3.6 – Distribution Channels of Video Surveillance 2020

Fig 4.1 – World Sales of Access Control Products 2017 to 2025 (\$Bn)

Fig 4.2 – Relative Performance of Vendors in the Access Control Market 2020

Fig 4.3 – Distribution Channels of Access Control Systems 2020

Fig 5.1 – World Sales of Intruder Alarm & Perimeter Protection Products 2017 to 2025 (\$Bn)

Fig 5.2 – Relative Performance of Vendors in the Intruder Alarm Market 2020

Fig 7.1 – Building Elements perceived to be at High Risk

Fig 8.1 – PSIM Software Landscape

Fig 11.1 – Security Deals Completed from 2000 to 2020

Fig 11.2 – Forecast of Deals 2021 to 2025

Fig 11.3 – Merger & Acquisition by Business Segment 2020

Fig 11.4 – Acquisition Valuation Benchmarks 2005 to 2020

Fig 14.1 – Strategic Alliances 2008 to 2020

List of Tables

A1 – The World's Major Physical Security Companies 2020

A2 – Acquisitions Announcements in 2019 to 2020

A3 – Potential Acquisition Targets 2020

A4 – Directory of AI Video Analytic Suppliers

How to Order

The report is priced at **\$2,250 USD (Enterprise License) / \$1,995 USD (Single User License)**.
It is delivered as an electronic PDF download, via email.

To order, or if you require further information please contact; **James McHale** -
jim@memoori.com / +46 8 501 64 177

Alternatively you can order direct through our Website -

<https://memoori.com/portfolio/the-physical-security-business-2020-to-2025/>