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Private Security Services

US Industry Study with Forecasts for **2012 & 2017**

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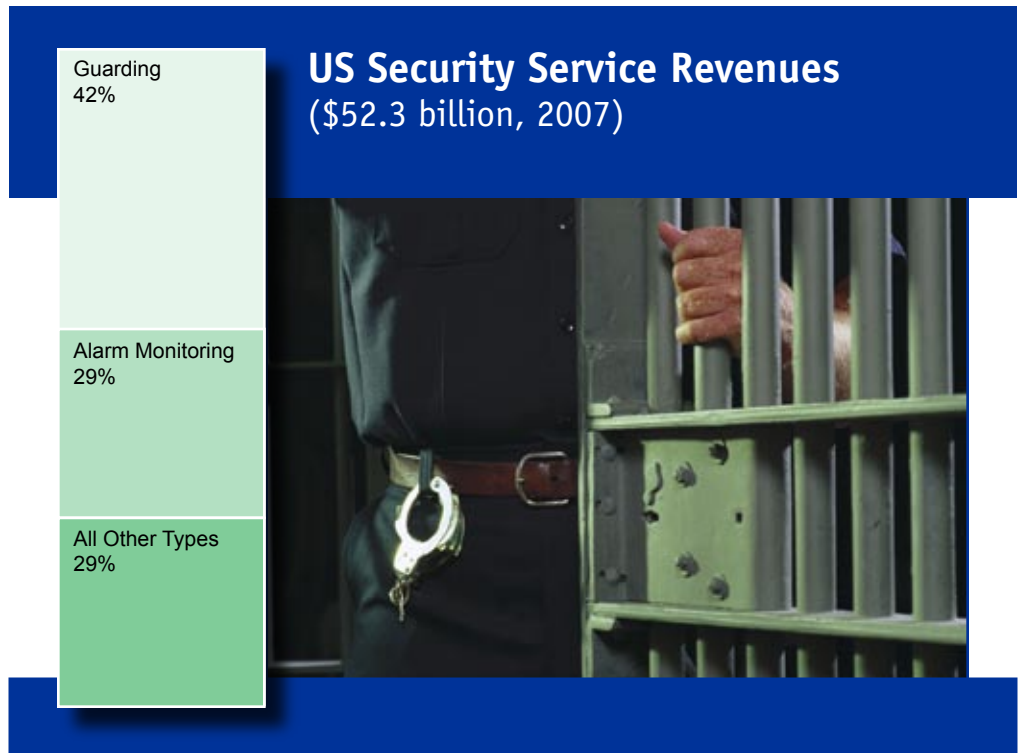
Gains will be fueled by a high perceived risk of crime, a belief that public safety officials are overburdened, and an ongoing trend in the privatization of some public safety operations.

US demand to grow 4.7% annually through 2012

US demand for private contracted security services is forecast to advance 4.7 percent per year to almost \$66 billion in 2012. Growth will be spurred by a high perceived risk of crime and a belief that public safety officials are overburdened. Gains will also be fueled by an ongoing trend in the privatization of some public safety operations such as guarding government facilities and correctional facilities management. Continuing changes in regulations, including background searches and training requirements, and changes in security technology make the use of contract security services more effective and less expensive than in-house security departments.

Guarding services to remain largest segment

Security services that capitalize on continuing technological developments and creative problem solving hold particularly good prospects. For instance, security consulting revenues are expected to achieve the strongest growth through 2012 because consultants are able to manage a wide variety of services when creating, upgrading or implementing security plans. Pre-employment screening, systems integration and guarding services are also expected to post above average gains. Pre-employment screening will benefit from not only increases in licensing procedures requiring background checks, but also growing interest in drug



testing and special screening procedures for contract workers and vendors. The trend toward more sophisticated and automated security electronics that are increasingly integrated with other building operations will boost growth for security consultants and systems integrators. Guarding service revenues will advance as providers continue to promote value-added services and features, emphasizing their guards' special skills and high level of training as a way to differentiate themselves from low-price vendors. In 2012, guarding services will continue to account for the largest share of private security services with 44 percent of revenues, followed by alarm monitoring services with 28 percent.

Dominant nonresidential sector to outpace residential

Growth in the dominant nonresidential market for private security services will outpace the residential segment through 2012, driven by strength in security spending in schools, health care facilities, retail outlets, government buildings and public venues. The commercial market is expected to remain the largest nonresidential market segment, accounting for 50 percent of demand in 2012. The government market will retain its position as the second largest market, benefitting from the continuing privatization of functions such as adult correctional facilities management and the guarding of government buildings.

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Sample Text, Table & Chart

SECURITY SERVICES

Residential Intrusion & Fire

The residential market for intrusion and fire alarm monitoring services is forecast to expand through 2017, reaching \$2.5 billion, a significant deceleration as the market continues to mature. The market is expected to be purchased an alarm monitoring system in 1997, particularly as the upper and upper middle classes move into city centers with real or perceived crime where the closest neighbors are not nearby. The home penetration rate, which was 14 percent in 1997, was 28 percent in 2007. However, the share of households with monitored alarm systems is expected to grow to 30 percent by 2012, a much slower growth because there is an effective cap on potential customers. Most households do not believe their risk is high enough to justify expending a security system and monthly monitoring fees. The relative monthly monitoring fees compared to the cost of other security services will help to attract some new middle class customers, but the core market continues to be upper class, middle-aged and older homeowners, and those who live alone.

A residential monitored alarm typically includes two components: intrusion detection and fire or smoke detection. The intrusion detection systems generally monitor information sent by several components of the alarm system, including motion detection sensors, door and window contacts, and panic buttons. However, alarm systems may also monitor other higher-end components such as window and door screen wires (which detect when the screen is cut), glass breakage sensors, stress sensors (which detect the pressure of a step) and closed-circuit television (CCTV). The fire or smoke detection component allows the security firm to monitor either ionization or photoelectric smoke detectors, and heat detectors which are tuned to notice when the room exceeds a certain fixed temperature and/or when the temperature rises quickly.

90

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SAMPLE
TEXT

TABLE III-1

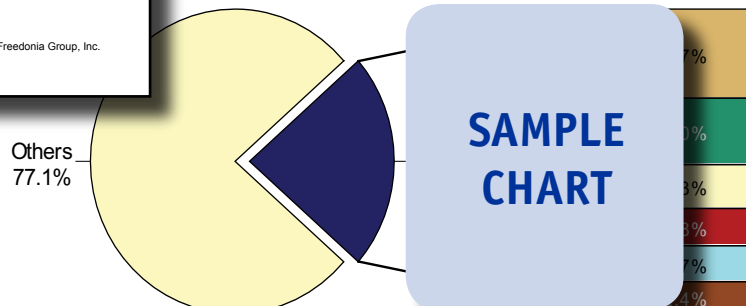
SECURITY SERVICE MARKET
(million dollars)

Item	1997	2002	2007	2012	2017
Gross Domestic Product (bil \$)	80,000	100,000	130,000	160,000	200,000
\$ security/000\$ GDP	0.0175	0.0200	0.0231	0.0250	0.0250
Security Service Revenues	2,000	2,500	3,000	3,500	4,000
Guarding	1,000	1,200	1,400	1,600	1,800
Alarm Monitoring	500	600	700	800	900
Private Investigations	200	250	300	350	400
Armored Transport	100	120	140	160	180
Correctional Facilities Management	50	60	70	80	90
Systems Integration & Management	20	25	30	35	40
Security Consulting	10	12	14	16	18
Pre-Employment Screening	5	6	7	8	9
All Other	5	6	7	8	9
000\$ revenue/employee	19	20	21	22	23
Security Services Employment (000)	105	125	143	159	174

SAMPLE
TABLE

CHART VI-1

SECURITY SERVICE MARKET SHARE, 2007
(\$52.3 billion)



SAMPLE
CHART

Sample Profile, Table & Forecast

TABLE V-13
SOUTH SECURITY SERVICES MARKET BY SUBREGION
 (million dollars)

Item	1997	2002	2007	2012	2017
South Population (mil persons)					5.0
South GDP (bil \$)					85
\$ security/capita					2.8
\$ security/000\$ GDP					3.3
South Security Service Revenue*					600
South Atlantic					100
East South Central					70
West South Central					230

* excluding correctional facilities management revenue



COMPANY PROFILES

Kessler International

45 Rockefeller Plaza, Suite 2000
 New York, NY
 212-286-9100
<http://www.investigation.com>

Annual Sales:
 Employment:

Key Services: protection, investigation, consulting



Kessler International offers a range of international corporate investigation, forensic accounting, brand protection and computer forensic services. The privately held company has offices in the US and the United Kingdom.

The Company participates in the US private security services industry through the provision of forensic accounting, intellectual property protection, investigation, computer crime prevention and risk management consulting. Forensic accounting services include royalty audits, fraud detection, discovery assistance, determination of compliance, claims analysis and discovery assistance. Among Kessler's intellectual property protection services are brand, media and Internet monitoring; trademark investigations; royalty compliance auditing; and anti-counterfeiting and anti-diversion programs. Specific intellectual property protection products include the MARKET CHECK investigative service, which monitors international and national markets for incidents of product diversion, counterfeiting and trademark infringement; the NEWS.SWEEP Internet clipping device, which is designed to provide clients with up-to-date information about their firms or competitors; and WEB.SWEEP software for detecting libelous statements

"Among the three Southern subregions, the West South Central offers the best growth prospects, followed by the South Atlantic. These subregions had the two highest crime rates in the US in 2006. Gains in both the South Atlantic and West South Central will also benefit from projected above average population and GDP growth through 2012. The East South Central is expected to see more moderate growth prospects, owing in large part to its more rural character."
 --Section V, pg. 247

OTHER STUDIES

World Security Services

This study analyzes the global security service industry. It presents historical demand data (1997, 2002 and 2007) and forecasts for 2012 and 2017 by service type (e.g., guard, alarm monitoring, prison management, consulting, private investigations), market sector, world region (e.g., North America, Western Europe, Asia/Pacific) and major country. The study also considers market environment indicators, details industry structure, evaluates company market share and profiles industry competitors.

#2395.....09/2008..... \$5900

Advanced Flat Glass

Demand for advanced flat glass in the US will grow 5% annually through 2012. Ongoing rapid growth in a variety of emerging technologies (e.g., smart glass, self-cleaning glass) and strong gains in laminated glass used as hurricane glass, ballistic glass and burglary resistant glass will help drive gains. This study analyzes the \$5.6 billion US advanced flat glass industry, with forecasts for 2012 and 2017 by product and market. It also considers market environment factors, profiles industry competitors and evaluates their market share.

#2342.....06/2008..... \$4500

World Security Equipment

Global demand for security equipment will climb 7.8% annually through 2012. Strongest gains will occur in the underdeveloped markets of Asia, Eastern Europe, Africa/Middle East and Latin America. Electronic security products will post stronger sales advances than mechanical security equipment. This study analyzes the \$62.1 billion world security equipment industry, with forecasts for 2012 and 2017 by product, market, world region and for 28 countries. It also evaluates market share and profiles industry players.

#2343.....05/2008..... \$5900

Waste Management & Remediation Services

Demand for US waste management and remediation services will rise 5.3% annually through 2012. Waste collection will remain dominant while remediation and material recovery grow the fastest based on more interest in public/environmental safety, brownfield development, waste recycling and material reuse. This study analyzes the \$84.6 billion US waste management and remediation industry, with forecasts for 2012 and 2017 by service, market and region. It also evaluates company market share and profiles major players.

#2327.....05/2008..... \$4500

Electronic Security Systems

US electronic security system demand will rise 7.8% yearly through 2012, driven in part by a high perceived crime risk despite falling crime rates. Access controls will see the fastest gains based on innovations that make them more accurate and easier to use. The more mature alarm and CCTV segments will rebound along with new housing. This study analyzes the \$10.7 billion US electronic security system industry, with forecasts for 2012 and 2017 by product and market. It also details market share and profiles major players.

#2332.....04/2008..... \$4600

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