



# **Project: Physical Security Solutions**

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## Reciprocus is delighted to present to you our initial views on potential growth of physical security solutions in APAC market

- Our indicative view is predicted on publicly available information and our knowledge of physical security solutions
- Our high-level research has identified a sustained and substantial overall demand from the APAC region for physical security solutions
- We have identified two potential growth opportunities in APAC across our observation – mainly China and Indonesia
- This growth is supported by the key driver, which is mainly spurred by the increasing incidences of crime and terrorism along with continued investments in infrastructure
- Aside from potential growth opportunities in APAC region, we see optimistic signs in global market market overview as well.
- Overall, global physical security market is forecasted to grow steadily at a CARG of 10.2% by 2019. This is due to rising development of infrastructure; increasing threats of terrorism and growing adoption in business organizations.
- In our opinions, cost effective and quality products with customized network-based technologies will be the key differentiator amongst the physical security vendors in the markets.
- Given the exciting prospects in both global and APAC markets, we would recommend company to explore and expand into other markets (particularly China and Indonesia) in APAC region.

## Business Overview

- **Trend Analysis:**

The global physical security market is forecasted to reach US\$ 156 billion by 2019, growing at a CAGR of 10.2%. The rise in infrastructure development will subsequently increase the demand for physical securities for premises security purposes. Other factors include the increasing threat of terrorism globally as well as the growing adoption of physical security solutions in business organizations.

- **Competitive Analysis:**

Whilst global revenues for physical security equipment and services continue to increase, any expectations that the security industry supply market would start to consolidate appear premature. The top 15 manufacturers and service providers accounted for only 22% of the global market in 2013 – a decrease of 3% on just 12 months earlier. Furthermore, no single company can boast a market share above 5%, proving the fragmented nature of this growing industry and the high levels of competition.

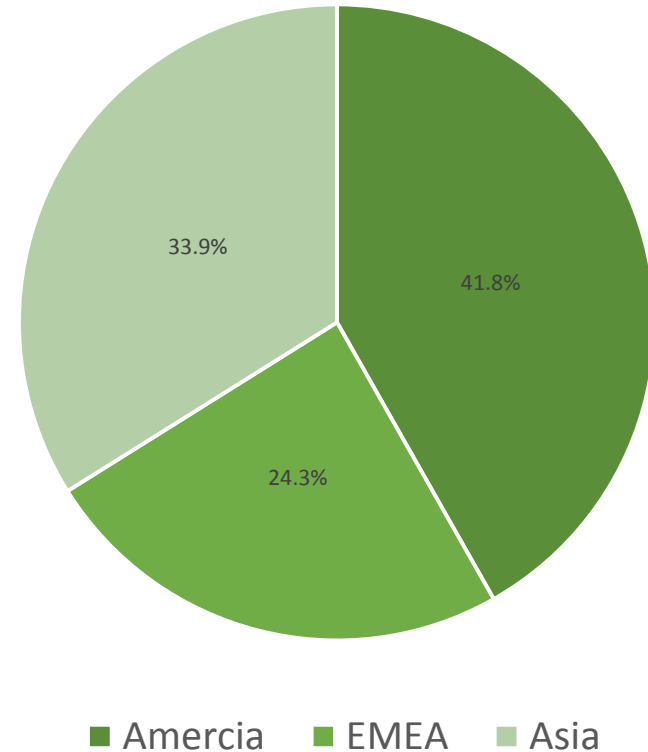
## Region Analysis

1) **Asia:** The Asian physical security market is anticipated to witness significant growth on account of increasing demand for physical security system due to rising criminal activities. The market is estimated to reach US\$ 55.09 billion, growing at a CAGR of 13.6% by 2019.

2) **America:** American physical security market is expected to grow owing to rising technological shift towards physical security system, supportive government regulations and growing demand from high-growth business verticals. The market is expected to reach US\$ 64.71 billion, growing at a CAGR exceeding 9.5% by 2019.

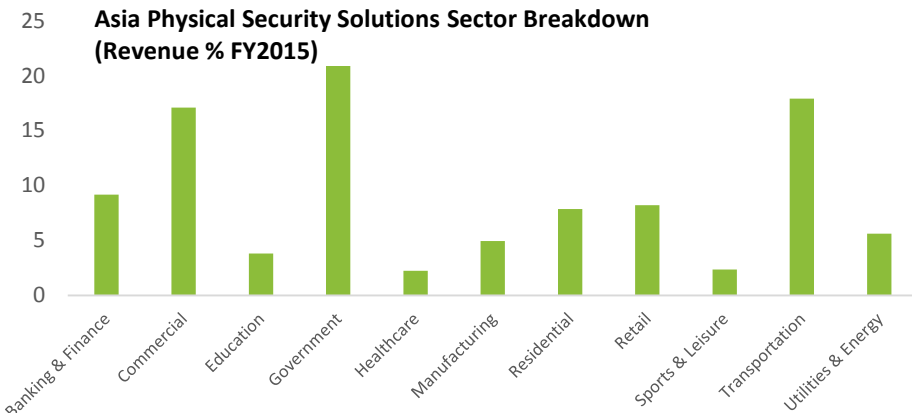
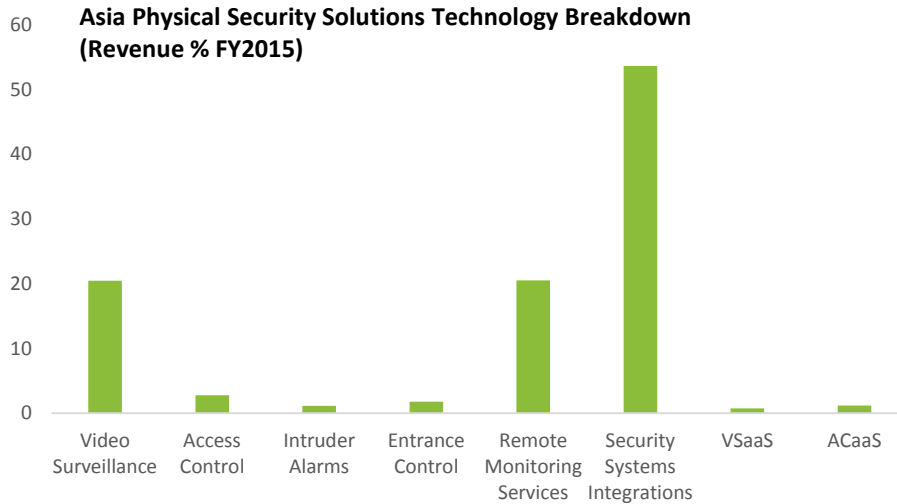
## Geographical Segments

**Distribution of Physical Security Market Share  
(Revenue Bn. FY 2015)**

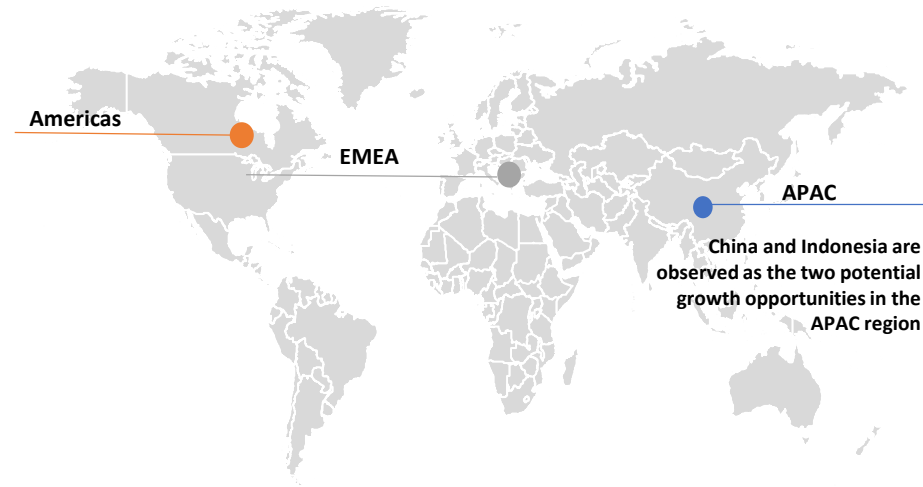


- **America** – the largest market share with 41.8%
- **Asia** – market share of 33.9% indicates a potential growing opportunity for company to tap on

# Regional Landscape and Analysis - ASEAN



- Security System Integration looks to be the main revenue driver in Asia Physical Security Solutions
- Government, Commercial and Transportation are deemed as the exciting sectors to target at in the future



**China**

- Population: 1.3 billion
- Total GDP (2015): US\$ 11.4 trillion
- Physical security market (2015): US\$ 7 billion
- 10-Year CAGR: 17%



**Indonesia**

- Population: 257.6 million
- Total GDP (2015): US\$ 861.9 billion
- Physical security market (2015): US\$ 1.2 billion
- 10-Year CAGR: 11.4%



## Why China?

- **China's** physical security market has grown considerably in 2015, and is still the second largest global market in terms of revenues. With huge spending on infrastructures, the demand for physical security solutions will remain high and the market is expected to grow at 14.1% by 2019
- **China** holds 59% of the Video Surveillance as a Service (VSaaS) and the Access Control as a Service (ACaaS) market which is expected to see some of the highest growth among physical security solutions. These services allows customer to manage the respective systems at a third party location and is more cost effective.



## Why Indonesia?

- Having a moderately high crime index and terrorism incidence, the **Indonesian** government has increased budget allocation for implementing physical security solutions in order to ensure security of their premises, assets and people. This will spur the growth of Indonesia's physical security market at 15.6% CAGR.
- Further, booming construction and tourism industry, surging commercial sector, new infrastructure and transportation projects will provide necessary boost to the market demand.

## Conclusion:

We have shortlisted China and Indonesia as our key potential opportunities, which, in our opinions, generally fits company's business strategy. We are open to exploring other markets in the APAC region





## About Reciprocus

We specialize in assisting small and medium-sized businesses with expansion into overseas markets:

- Selecting and Structuring Route to Entry;
- Mergers, Acquisitions, Joint Ventures;
- Distributorships, Franchising and Licensing;
- Capital Raising.

For more information about our practice, visit our website at: [www.reciprocus.com](http://www.reciprocus.com).



## IE Singapore Assistance

The Singapore Government co-funds up to 70% of the third party professional fees for internationalization activities under the following schemes:

**Market Readiness Assistance Grant:** Market assessment, market entry and business matching activities.

**Global Company Partnership Grant:** Market research, scouting for overseas partners and due diligence activities.

More information available at:  
<http://www.iesingapore.gov.sg/Assistance>.



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