

# Executive Summary

## The United States Security Industry

Size and Scope, Insights, Trends, and Data

## Executive Summary - The United States Security Industry

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Late in 2012, ASIS International and IOFM conducted the United States Security Industry Survey. Participation was limited to organizations' most senior security executive (or his/her assistant) or other senior security executives with access to their organization's full U.S. security budget and personnel plan. Survey invitations were sent to select U.S. members of ASIS and IOFM.

A companion survey—of security manufacturers and vendors; security service providers; and security dealers, distributors, installers, and integrators—was also conducted in order to enhance confidence in market projections (and is included in this report).

In all, 453 security executives participated in the ASIS/IOFM United States Security Industry Survey (hereafter referred to as the ASIS/IOFM survey).

The failure of recent research to track security's growth and evolution gave rise to this endeavor. Despite challenges—reluctance to share information, lack of agreed-on definitions in the security field, and the scope of the security market, just to name a few—the authors moved forward with a comprehensive survey because data on the security market in the United States is both vital and overdue. In addition to documenting and analyzing the responses of more than 450 security professionals, the authors included other relevant research carried out by ASIS and IOFM individually, as well as by reliable sources such as the U.S. Bureau of Labor Statistics. This other research rounds out the results of the survey and also highlights trends in and insights into private security today.

In order to better understand the included data, readers should note that this report defines “operational security” to mean traditional protection activities undertaken to keep an organization from harm and which are typically carried out by a security department. This encompasses physical security and also protection functions such as threat management, investigations, fraud detection, and intelligence. The term is used to differentiate all of these activities from IT security.

Among the major findings in the report:

### **THE U.S. SECURITY MARKET EXCEEDS \$350 BILLION ANNUALLY**

The estimate of the size of the U.S. security industry, based on aggregate demand and aggregate supply for both operational and IT security, is \$350.51 billion. This includes \$281.61 billion of spending by the private sector on security products and services in 2012 and proposed \$68.9 billion of federal government spending on homeland security in 2013. Of the \$281.61 billion devoted to private sector security, operational security expenditures amounted to about \$200 billion, with IT security expenditures contributing another \$80 billion.

By means of comparison, the U.S. truck transportation industry is valued at \$275 billion, telecom at \$556 billion, hospitals at \$665 billion, and hotels/motels at \$219 billion.

### **PRIVATE SECURITY MARKET TO GROW AT HEALTHY RATE IN 2013**

The overall security market will grow by 6.59 percent in 2013. It is anticipated that the IT security market (9.3 percent) will grow faster than the operational security market (5.51 percent) in 2013.

According to manufacturers and providers, the primary driver of growth in the security industry today is end-users' desire to reduce the cost of security. An increase in use of technology and an increase in physical security risks were identified as the second and third most important drivers, respectively.

### **PRIVATE SECTOR SPENDING ON OPERATIONAL SECURITY PRODUCTS AND EQUIPMENT TOPPED \$38 BILLION IN 2012**

The operational security products and equipment market totaled \$38.6 billion in 2012. This is the total amount spent by the private sector on security equipment, devices, and technology.

The expected level of growth in the products and equipment market is the same as for the overall market (equipment plus services): 6.6 percent in 2013.

Much of the growth will be in basic security systems, such as access control technology, video surveillance, and intrusion detection.

### **OPERATIONAL SECURITY PRODUCT MARKET HAS DOUBLED IN TWO DECADES**

The last major examination of the security industry, *The Hallcrest Report II—Private Security Trends 1970-2000*, was conducted in 1990. At that time, the current year estimate for gross equipment sales was \$11.7 billion.

The valuation in 2012 was \$38.6 billion. Putting 1990's figure in today's dollar terms (\$20.55 billion), the security equipment market has nearly doubled in little more than two decades.

Growth appears to be keeping pace with—or even exceeding—expectations. In 1990, *Hallcrest II* estimated that security equipment sales would grow by \$12 billion between 1990 and 2000. In reality, security equipment sales have grown by \$27 billion in roughly two decades.

### **VIDEO SURVEILLANCE IS FASTEST GROWING SEGMENT OF OPERATIONAL SECURITY MARKETPLACE**

The use of video surveillance by private sector organizations has increased in recent years. The evolution of the technology has resulted in falling costs, making video surveillance increasingly accessible to a wide range of organizations.

Some 19 percent of respondents increased spending on video surveillance by more than 10 percent between 2011 and 2012; 17 percent expect to increase spending by that much in 2013. Both figures reflect the fastest rate of growth for market segments examined in the survey. Almost 65 percent of organizations will spend more on video surveillance in 2013 than 2012.

### **PRIVATE SECTOR SPENDING ON OPERATIONAL SECURITY SERVICES TOPPED \$140 BILLION IN 2012**

Spending on operational security services by private sector organizations exceeded \$140 billion in 2012 based on market estimates derived from the ASIS/IOFM survey. Services include such items as provision of contract officers, investigations, background screening, consulting, alarm system monitoring, and systems maintenance.

Growth in the security services sector should top 6 percent in 2013, slightly higher than the average sector growth over the last decade.

### NUMBER OF FULL-TIME OPERATIONAL SECURITY WORKERS IN U.S. NEARING 2 MILLION

Based on extrapolations from the ASIS/IOFM survey, the number of full-time workers in service of operational security in the U.S. ranges between 1.75 and 1.93 million. More of these workers are employed by firms that provide security services to organizations than are direct hires. The total is expected to eclipse 2 million by as early as 2015.

Another one million security professionals work in the IT sector, with job prospects in that area to be robust through 2020.

Among other trends identified in the report:

- Nearly all organizations plan to spend the same or more on IT security in 2013
- More than one in three organizations plans to increase spending on guard services in 2013
- Consulting, planning, and management services are experiencing solid growth
- Complicated technical systems will keep demand high for integration services
- In operational security, investigators will experience the most auspicious hiring prospects in the immediate future
- Use of contract security staff has grown since 2009
- 9/11 did not substantially alter the number of private security workers over the long term
- Nearly 200,000 security officer jobs will be added by 2020
- Security is now acting more often as a strategic advisor, resource for communicating risk
- The perception of security's place in the organization is slowly changing from incident response to business driver
- Brand protection is the top reason CEOs care about preventing security incidents
- While conjoining operational and IT security departments remains rare, where it occurs the top job falls more often to the IT security professional
- 37 percent of today's top security executives have a master's degree, three times more than in 2001, with a recent surge in number of business degrees
- ERM/ESRM is emerging as a popular approach to interdependent risks
- The security function is most closely aligned with safety, operations, facilities, and top management; aligned least with marketing
- The greatest percentage of top security executives—31 percent—reports to an executive within facilities or operations
- Board oversight of physical security is less common than for information security
- Operational security budgets grew in nearly half of organizations in 2012
- Training is the first item cut from most security budgets
- One security employee for every 129 general workers is the industry average

Despite the sheer volume of information provided in this 189-page report, the publishers intend for the document to be the foundation for a continuing effort to value—and evaluate—the security industry. The industry and all stakeholders would benefit from a more detailed picture.

### About ASIS International

ASIS International (ASIS) is the preeminent organization for security professionals, with more than 38,000 members worldwide. Founded in 1955, ASIS is dedicated to increasing the effectiveness and productivity of security professionals by developing educational programs and materials that address broad security interests, such as the ASIS Annual Seminar and Exhibits, as well as specific security topics. ASIS also advocates the role and value of the security management profession to business, the media, government entities, and the public. By providing members and the security community with access to a full range of programs and services, and by publishing the industry's number one magazine — *Security Management* — ASIS leads the way for advanced and improved security performance.



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