

F R O S T  S U L L I V A N



Market
Insight

An Analysis of the Global Security Industry in Q1 2014

Frost & Sullivan's Perspective on Key Issues

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Introduction

The security industry is evolving rapidly. Mergers, acquisitions, new competitors, and new solutions are a regular occurrence, with continually evolving customer needs. The following document highlights some of the main events in the first quarter of 2014 with opinion from Frost & Sullivan's analysts and supporting facts and figures.

Q1 2014 Leading Events

Flight MH370's Legacy

A wide variety of safety and security risks have been raised as possible causes of the MH370 tragedy. Whatever the exact combination of factors or single causal factor in this incident, it is clear that when multiple high-risk dynamics combine there is potential for a catastrophe. The MH370 tragedy may well be a result of this kind of scenario, a perfect storm.

Unless there is some evidence found in black box recordings, assuming they are recovered, we may never know the exact events that led to the accident. There is no need to elaborate further on the widely-publicised possibilities, and many of the risks highlighted have been long well known. Issues abound around passport screening, communications coverage, instrument failure, and so on. Such issues have been under scrutiny for many years and are being steadily addressed.

That said a key question remains: to what extent will the industry learn lessons from this event? Unfortunately, learning accurate lessons may never be possible without factual evidence in this case. However, the incident has re-emphasised many of the key risks the industry faces. Even so, the reaction over the following months and years is likely to see these risks addressed independently, with continued incremental change rather than an immediate and drastic change to the industry landscape.

At present, solutions to such industry challenges have not been satisfactorily achieved even where technology and operational solutions already exist, such as passport screening against security databases. Even with such a terrible tragedy demanding expedited mitigation, immediate solutions are going to be few and far between. Although airports and border controls in the region may well tighten practices and introduce further measures, Frost & Sullivan does not expect any security or operational shifts to revolutionise the market.