Market Report

A Snapshot of your Market Sector

Security

This pack has been designed to provide information on setting up a business in the Security industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in August 2018. If you find the information contained in this document useful, tell us about it! Send us feedback here; we will use your comments to help improve our service.

What do I need to know about the Security market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

◆ Market value grew **by 4.6% in 2017 to reach £3.77 billion**, up from £3.6 billion the year before. This represented an eighth consecutive year of growth as confidence returned to the business and consumer base following hesitancy around the UK's decision to leave the European Union. Demand has been driven by a combination of broad factors, primarily: a resilient business climate; significant policing cuts and subsequent increases in crime rates; as well as the rise of DIY and lower end systems, often tied to the wider smart home market. (Mintel, *Security Equipment, Access Control and CCTV - UK*, April 2018).

◆ Over the past decade, the volume and sophistication of cyber-attacks has grown rapidly. In turn, businesses have been encouraged to increase their cyber security budgets for technology capable of keeping abreast of cyber assaults. Over the five years through 2018-19, revenue is forecast to **increase at a compound annual rate of 9.5%.** In recent years, high-profile cyber breaches, including the 2017 WannaCry attack, have resulted in accelerated investment in intrusion prevention systems and have given rise to innovation led cyber start-ups that are pioneering a new wave of security software. In 2018-19, revenue is expected to **grow by 12.8%, to reach £666.4 million**, and the average profit margin to be 18.8%. (IBISWorld, *Cyber Security Software Development in the UK*, April 2018).

◆ The UK manned security market grew in value by 2.5% over the past year, recovering the momentum evident prior to 2016. Overall, value grew by a total of 8.7% over the five-year period, from £3.6 billion in 2013 to £3.9 billion in 2017. (Mintel, *Manned Security - UK*, October 2017).

◆ The Scottish Government has published their Public Sector Action Plan for 2017-18 on Cyber Resilience which details the steps that the Scottish Government, public bodies and other key parties are taking to increase cyber resilience in the Scottish public sector. (Scottish Government, *Safe, Secure & Prosperous: A Cyber Resilience Strategy for Scotland*, November 2017) (tinyurl.com/yau9uxm6)

◆ The national organisation for this industry is the British Security Industry Association and the National Security Inspectorate. Other industry bodies include the Security Industry Authority, The National Cyber Security Centre and the Information Systems Security Association UK.

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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- **IBISWorld –** *Security Systems Services in the UK* **(April 2018).** Revenue is forecast to grow at a compound annual rate of 3.3% over the five years through 2023-24, reaching £1.7 billion. Over the next five years, IBISWorld expects public concern over terrorism to increase, supporting industry demand as more pressure is put on governmental bodies to upgrade security systems. However, uncertainty surrounding the EU Withdrawal Bill could limit the scope of downstream commercial markets as large-scale conglomerates consider relocating.

- **Mintel –** *Attitudes Towards Online Security - UK* **(June 2018).** Nearly six in 10 people (57%) include financial accounts in their top three biggest concerns when it comes to online hacking. This reflects earlier Mintel research that showed some 87% of people were concerned about the safety of their financial data (see Mintel's *Attitudes Towards Data Sharing – UK, March 2018* Report). Concern over hacking increases wherever there is access to personal funds, whether through online and mobile banking, savings accounts or investments. Financial accounts must ensure effective online security with additional checks such as two-factor authentication. While convenience is an important part of logins for many accounts (see Password Behaviour), it is not the primary concern when it comes to financial security.

- **Mintel –** *Computer Security - UK* **(January 2018).** Enterprise investment in computer security is believed to have increased by 31% between 2013 and 2017, and represents 48% of the total market. SMEs and consumers account for nearly 21% of the market, primarily comprising the acquisition of antivirus or anti-malware software. Defence and intelligence accounts for a further 7% of total spending, and increased by 14% between 2013 and 2017. The remainder of the market is accounted for by other public sector investment, which increased by 28% over the same period.

There are also a number of online resources you may find helpful:

- National Careers Service, *Job Profile: Security Officer* (tinyurl.com/y7czj7hf)

- National Careers Service, *Job Profile: Security service personnel* (tinyurl.com/y6u4o68h)

- National Careers Service, *Job Profile: IT security coordinator* (tinyurl.com/yalsr8fu)

- *Security Industry Authority Annual Report and Accounts 2016/2017*, **January 2018.** (tinyurl.com/y7zv8rnp). This report includes a performance report, accountability report as well as financial statements.

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How can I find out about my competitors?

Business Gateway's online guide to *Competitor Analysis* explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- General business directories such as Yell, Thomson Local or Google Maps
- Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the Scottish Chambers website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- Look for articles or adverts in local newspapers, trade press and directories.
- Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- Search for information on limited UK companies via the Companies House website
- Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**

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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on *Retaining and Grow Your Customer Base* (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.

- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.

- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.

- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.

- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.

- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "Find a Chartered Account" tool

Funding

Practical information on finance and funding for starting and growing your business

Insurance

Business insurance guide

Legal Help

Gov.uk "Licence Finder" tool
Law Society of Scotland's "Find a Solicitor" tool

Pricing

Business Companion Pricing & payment guide.
Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

BG guides to *Marketing*

Training

Skills Development Scotland's My World of Work
Funding for training
Small Business Bonus Scheme (Scotland)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback **here**.

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Updated by: Catriona MacTaggart

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