



SECURITY INDUSTRY — OVERVIEW



April 2018



Security Service – *Definition*

Security is the degree of resistance to, or protection from, harm. It applies to any vulnerable and valuable asset, such as a person, dwelling, community, nation, or organization

Major Security Services in Pakistan

Guarding
(Man Guarding, Escort Services, VIP Security etc)

Cash in Transit (Cash Transportation, ATM Management etc)

Electronic Monitoring
(Security Systems, Monitoring & Response etc)

Security service providers calculate risks and threats that could be possible and provide counter measures that mitigate the activity before it take place



International Industry – *Key Facts*

Market Size	\$221 billion
Guarding	\$160 billion (72%)
Cash Services	\$22 billion (10%)
Electronic Monitoring	\$40 billion (18%)
YOY Market Growth	6.5% / annum
Total No. of Private Security Guards	20 million





International Industry – *Key Facts*

G4S

- British Security Agency founded in 1901, employing more than 620,000 people with operations in more than 120 countries worldwide – *third biggest employer in the private sector globally*

Securitas
AB

- Swedish Security Agency founded in 1964, employing over 300,000 workers spread out over 53 countries

ADT

- American Security Agency founded in 1874, providing it services in 35 countries with employees over 16000. In 2014, its revenues were of \$3.2 billion.

AlliedBarton

- American Security Agency founded in 1957, employing over 55,000 employees in 120 countries

DYNCROP

- American Security Agency founded in 1951, employing over 48,000 people in 12 countries, with operations in twelve countries.



Security Industry in Pakistan – *Key Facts*

Fragmented industry, with over 1000 companies; 250 registered with APSAA

Manned guarding, labor intensive business, low margins due to tough competition on pricing from smaller players, who compromise on quality

Imposition of minimum tax to impact margins further, small players more likely to suffer

Switch to technology based solutions, a threat to industry. Large integrated players may benefit by strengthening technological framework

Weak security situation and influx of foreign investment may spur growth for industry

**Market Size ~
PKR 50 billion**

**Industry
Employees ~
250,000**

**CIT Vehicles ~
Over 1,600**



Conclusion

Man Guarding

- Competition due to large number of participants in the market
- Large players holding 23% market share only
- Pressure on Margins

Cash In Transit

- Market distributed among the large players – *Oligopoly Structure*
- Lucrative business due to high margins
- Expensive armored vehicles causing restrictions for small players

Electronic Monitoring

- Increasing share due to improvement in technology – *gradual shift towards this segment*
- Room for growth due to untapped market



Industry Opportunity & Challenges

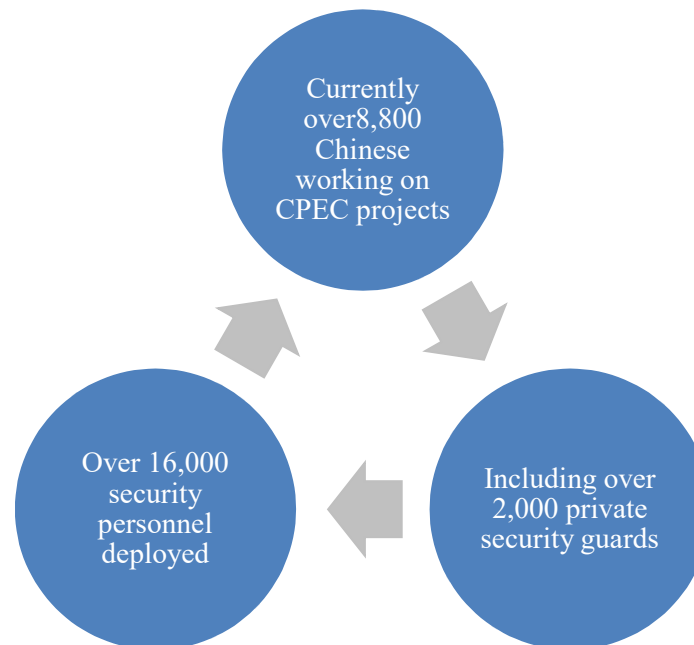
Segment	Growth Opportunities	Challenges
Manned Security/ Infrastructure Facility Management	<ul style="list-style-type: none">▪ Law and order situation in Pakistan. People looking towards private security providers for their security needs▪ Infrastructure spending one of the key drivers for sector growth▪ Foreign investment, especially CPEC, to create opportunities	<ul style="list-style-type: none">▪ Involvement of guards in robberies, creating negative perceptions▪ Tough competition leading to low margins in guarding services▪ Lack of awareness among general public related to security services
Cash in Transit	<ul style="list-style-type: none">▪ Target market – corporate cash handling▪ Increasing customer expenditure/retail patterns▪ High Margins▪ Focus on ancillary services, like provision of overnight vault and ATM replenishment	<ul style="list-style-type: none">▪ Expensive CIT vehicles▪ Limited number of customers▪ Relatively less movement of cash with emergence of e-channels, though unlikely to materialize in short term
Surveillance & Monitoring	<ul style="list-style-type: none">▪ Emerging/Growing segment of Pakistan▪ Shift towards electronic surveillance	<ul style="list-style-type: none">▪ Expensive technology▪ Limited customers



CPEC| Corridor of Opportunity

CPEC, over 3,000 km long route, to be built over next several years, consisting of highways, railways and pipelines.

CPEC projects cost estimated to be around \$50 billion



Deployment of more private security guards expected as developmental work and spending increases.



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