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# STATE OF THE SECURITY INDUSTRY:

## AN INTEGRATOR'S PERSPECTIVE

### 2018's Annual Business and Technology Trends & Projections

For the second consecutive year SecurityInfoWatch.com completed a comprehensive research survey of the industry's top security systems integrators from across the United States looking to assess the state of business in the security marketplace, the challenges facing integrators, along with budget and planning projections based on current markets.



# 2018 STATE OF THE SECURITY INDUSTRY:

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## Mission Statement & Introduction

The market forces affecting the strategic business planning of today's systems' integrators are both external and internal by nature. This survey's purpose is to paint a picture of those forces which are impacting U.S.-based projects and technology partnerships.

For security industry technology vendors and solutions providers, it is imperative that there is an understanding of the challenges and market pressures faced by their integration partners, since those events will ultimately shape the relationships with end-user clients. The published results in our second annual security industry survey is a detailed overview of the current state of affairs in the U.S. technology integration market, providing vendors, consultants, A&Es and integrators the most up-to-date assessment of useful business data and trends.

With the volatile business policies related to trade, tariffs and regulations being directed by the current Federal government, now more than ever, all security executives must absorb as much pertinent information as possible and stay current as the market changes. This report seeks to arm practitioners with enough actionable intelligence to anticipate the security roadmap for 2018 and beyond.

All questions or report clarifications should be directed to the security editorial staff via email at [editor@siw.com](mailto:editor@siw.com) or by calling 800-547-7377 and asking for a security media group editorial staff member.



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## Tracking The Respondent Demographics

### METHODOLOGY

The Endeavor Security Media Group

**STATE OF THE SECURITY INDUSTRY:**

**AN INTEGRATOR'S PERSPECTIVE** was delivered

to approximately 50,000 e-mail subscribers

from opt-in only qualified professionals

from our **SecurityInfoWatch.com** web portal,

and our print publications *Security Dealer &*

*Integrator* and *Security Technology Executive*.

Of those, we tabulated the responses from the 210

respondents who participated in this survey.



## Organization's Primary Business Function

### OF THE 210 RESPONDENTS:

**40.5%** were a Physical

Security Systems Integration firm that handles total enterprise commercial systems design using multiple technology solutions and vendors, offering consulting services and out-source resources.

**15%** were classified

as OTHER, with the top 3 categories being security consultants, A&Es and locksmith/installers.

**7%** were

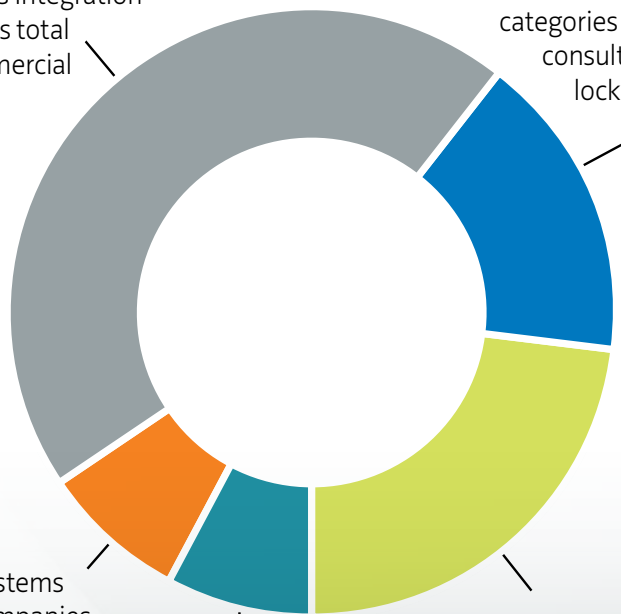
IT-centric Systems Installing companies that sell, implement and service a full range of IT infrastructure solutions but not all security based.

**7%** were Security

installing dealers with primary emphasis in residential systems.

**20.5%** were

Security installing dealers with primary emphasis in commercial systems.

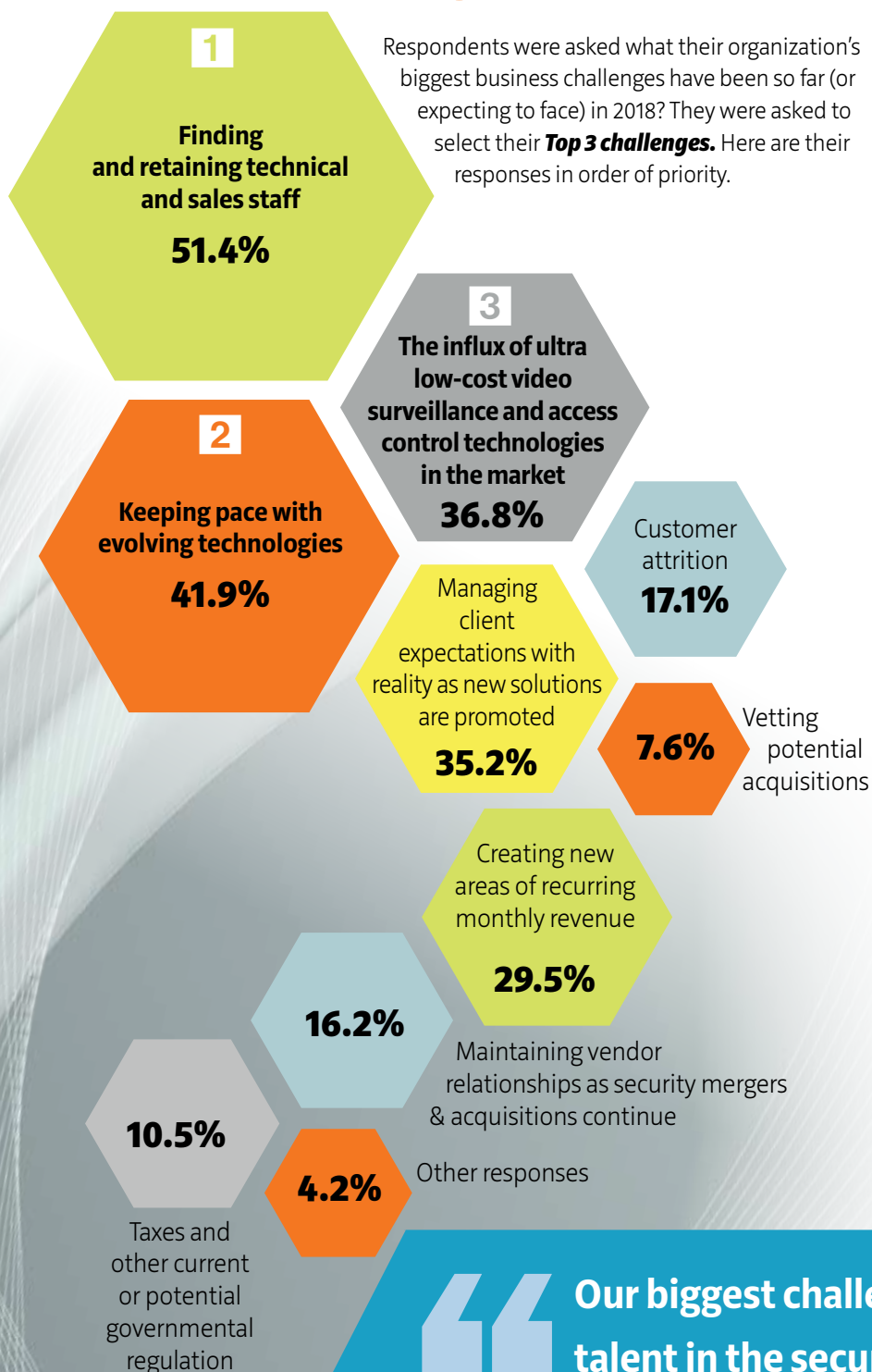


### Respondents Profile Demonstrates Diversity

As it was a year ago, the largest percentage of the 210 responding integrators to our annual survey were physical security systems integration firms that handle total enterprise commercial systems design using multiple technology solutions and vendors, offering consulting services and out-source resources. This group checked in at 40.5%.

Security installing dealers with primary emphasis in commercial systems were the next largest group of responders at 20.5%. These continue to show the diversity of today's integrators who provide more expertise in not only hardware and software solutions, but in managing a variety of intricate projects from large to smaller commercial jobs in myriad vertical markets.

## Greatest Challenges to Business



### Technology and Personnel Rank High

As the economy expands and capital spending improves, more jobs mean stiffer competition to earn a client's business. However, it also impacts the integrator who is looking to hire qualified techs or just simply retaining them. The issue of finding and retaining technical and sales staff rose sharply this year as the major challenge to integrators, with more than 51% expressing concerns. This challenge overtook last year's critical issue of trying to keep pace with advancing technologies (42%).

As one integrator said; "Our biggest challenge is the lack of available talent in the security industry. We have resorted to growing our own talent because the industry has become so complex. It takes years for someone entering the business to fully grasp the breadth of it."

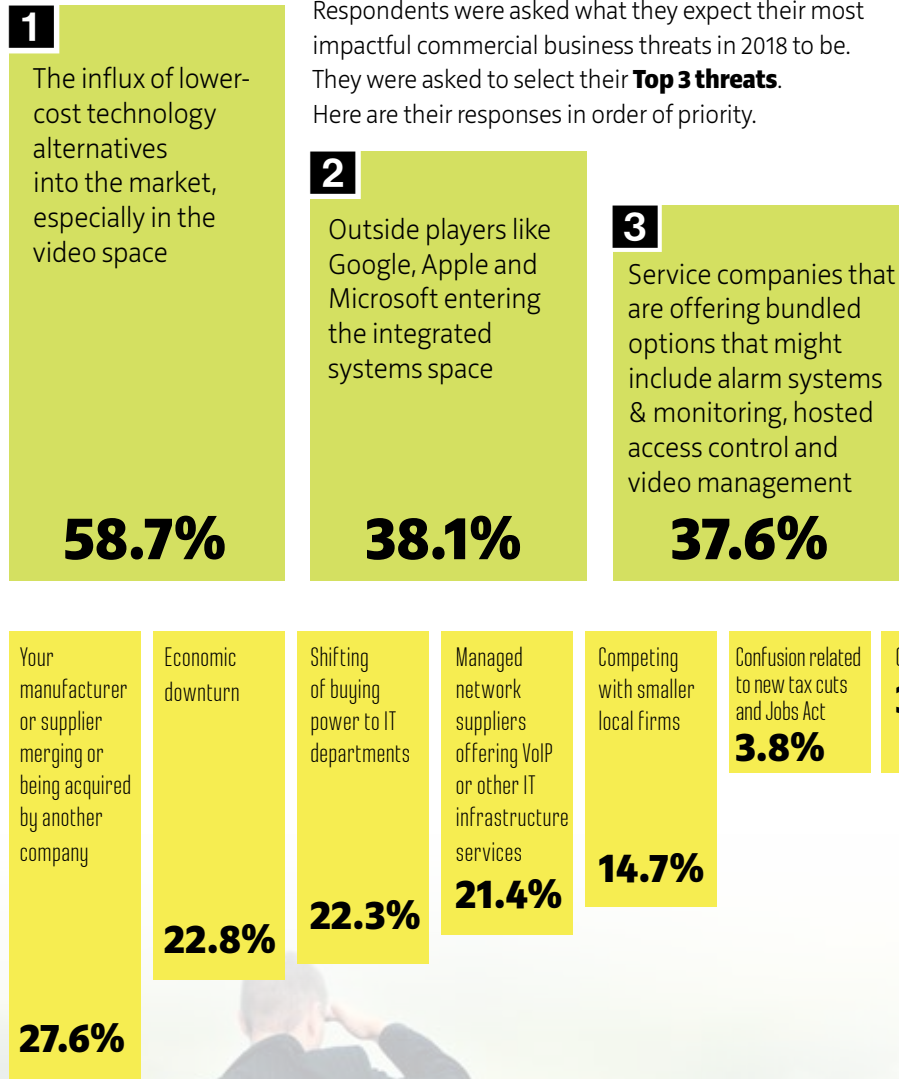
Integrator's concerns over the influx of ultra-low-cost video surveillance and access control technologies in the marketplace raised a couple of spots on the challenge scale, as they see prices on Asian products cut to rock bottom and margins suffering. Systems integrators not only have issues with staying current with evolving technology, but sustaining their professional credibility with clients who perhaps expect too much, as well as maintaining a competitive business edge by keeping technical talent in-house. As more technology option widen for end users, it becomes even more difficult for integrators to manage their client's needs.

It is interesting to note that the subject of taxes and other governmental regulations dropped almost five percent as a concern to just over 10 percent saying the issue was on their radar. When you consider the sweeping tax reforms enacted by Congress in 2018, that lack of urgency was puzzling.

**“Our biggest challenge is the lack of available talent in the security industry. We have resorted to growing our own talent because the industry has become so complex. It takes years for someone entering the business to fully grasp the breadth of it.”**

– Steve Piechota, Vice President & CFO, Netronix Integration Inc.

## Most impactful commercial business threats for 2018



Respondents were asked what they expect their most impactful commercial business threats in 2018 to be. They were asked to select their **Top 3 threats**. Here are their responses in order of priority.

### Commercial Integrators Worry About Cut-Rate Technology

One issue that has stayed top of mind for integrators is concern with the influx of lower-cost technology alternatives flooding the security marketplace – especially in the video space. That figure ticked up just over a percent, but was more than 20% higher than the second leading response. Outside players like Google, Apple and Microsoft entering the integrated systems space (38.1%), which was up from third in 2017. The saturation of low-cost video camera systems, primarily from China, has integrators worried about margins and gross revenues.

As one integrator said; “The most significant challenge we face is the continued commoditization of the security industry – the ‘race to the

bottom’ as it relates to price. (Our company) has addressed this challenge by developing value-added services that ultimately create business outcomes for clients.”

Also a top three concern a year ago, integrators’ fear of service companies like Verizon, Comcast and others that are offering bundled options that include alarm systems, monitoring, along with hosted service in access control and video management would impact them. Close to 38% of respondents expressed fears of these non-traditional competitors. When it comes to real outsiders, almost 37% of responding integrators see the ultimate outsiders like Google, Microsoft and Apple as potential threats if they make their way into this space.

“The most significant challenge we face is the continued commoditization of the security industry – the ‘race to the bottom’ as it relates to price. Convergent has addressed this challenge by developing value-added services that ultimately create business outcomes for clients.”

– Tony Varco, Vice President, Security, Convergent Technologies



## Most impactful **residential** business threats for 2018

Respondents were asked what they expect their most impactful residential business threats in 2018 to be. They were asked to select their **Top 3 threats**. Here are their responses in order of priority.

### The explosion of the Do-it-Yourself (DIY) consumer base

56.2%

### The growing number of phone telecom providers entering the industry

34.3%

### Bundled options from cable providers

29%

### Increasing cybersecurity threats to home systems and IoT devices

20.4%

### Questionable or illegal sales/business practices of competing firms

19.5%

### Unpredictable construction cycles

15.7%

### Competing with smaller local firms

12.8%

### Rising cost & complexity of residential and home automation technologies

12.4%

### Other

11.4%

### Customer/account attrition

8.6%

### 2G sunset and customer conversion to 3G

5.7%

### FYI: It's DIY

The proliferation of the Do-it-Yourself (DIY) consumer base rang the alarm bell for the second straight year with integrators. More than 56% are concerned that as the DIY market continues to grow exponentially through direct and consumer retail channel, an eventual erosion of business is something that needs to be addressed.

One integrator said; "DIY is our greatest threat, and it is our job to educate and promote the quality difference."

While another added; We are addressing DIY by deepening the services we offer our residential customers – strengthening the relationship we have with them and shifting the playing field to one that better leverages our strengths."

According to Blake Kozak, Principal Analyst for Smart Home and Security Technologies at IHS Markit, security providers will continue to comprise more than 80% of monitored systems through 2022; however, multiple-system operators (MSOs), such as cable and telcos, and DIY installations will begin to erode the market share of traditional alarm dealers shortly thereafter.

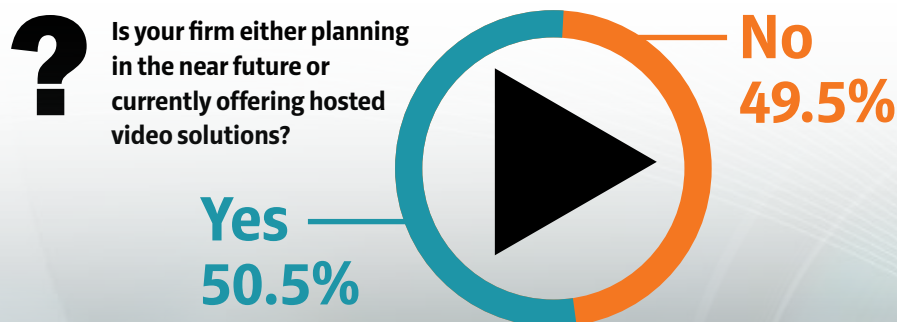
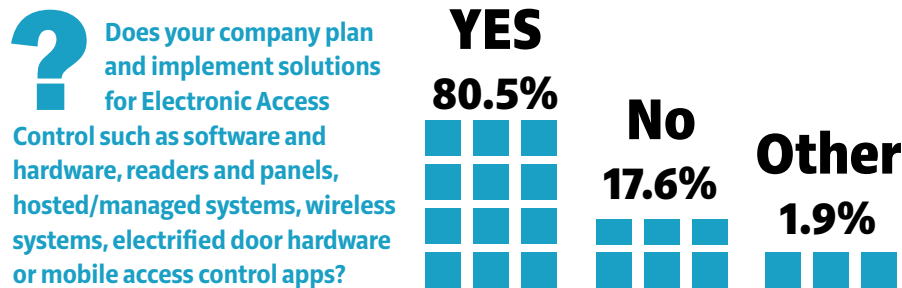
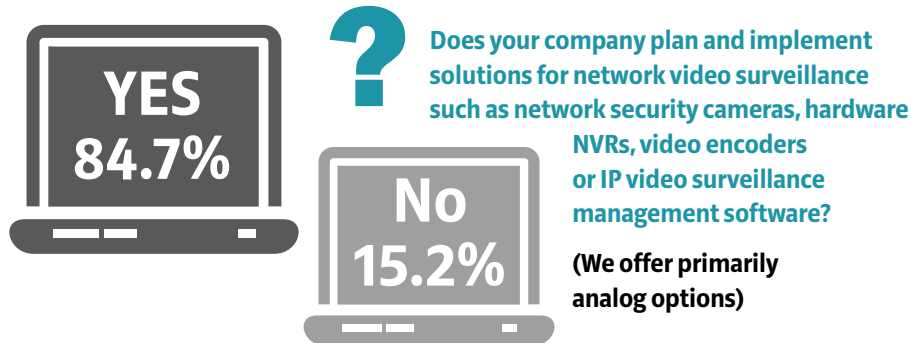
Kozak's comments reflect the feelings of more than 34% of integrator respondents who feel threatened by the growing number of phone and telecom providers entering the industry.

**“DIY is our greatest threat, and it is our job to educate and promote the quality difference.”**

– Jeff Torok, Vice President, Am-Tec Total Security Inc.

## Technology Implementation and Planning

Respondents were asked if they **planned and implemented** solutions for both video surveillance and IP-centric video, along with access control and electrified door hardware. The responses to both questions were overwhelmingly positive. Here is the breakdown per technology.



### Integrators Ride the IP Wave

While the IP-migration of security systems is certainly not new, the ability of more end users to create the proper infrastructure to accommodate the technology is increasing rapidly. This fact certainly allows integrators to expand their options when it comes to current technology solutions.

The percentages are almost identical to 2017's survey, as the majority of integrators said they plan and implement the full spectrum of video surveillance solutions that are network-centric. Almost 85% are providing network video surveillance such as network security cameras, hardware NVRs, video encoders or IP video surveillance management software, while just 15% are primarily analog-based providers.

Access control technology firms are still entrenched even though video seems to be a lead system, as 80% of integrators now say they plan and implement for Electronic Access Control such as software and hardware, readers and panels, hosted/managed systems, wireless systems, electrified door hardware or mobile access control apps.

As one integrator said; "The reality today is less about the technology buzzwords, like the Cloud or IoT, than it is about whether the existing systems at a client facility are up to par and integrated both physically and virtually. Sometimes merging old communication and server technology with new requires bridging a networking and technology span of 30 years or more."

**“The reality today is less about the technology buzzwords like the Cloud or IoT than it is about whether the existing systems at a client facility are up to par and integrated both physically and virtually. Sometimes merging old communication and server technology with new requires bridging a networking and technology span of 30 years or more.”**

– Michael McWilliams, President and CEO, Red Hawk Fire and Security

## Influence of the Internet of Things

Respondents were asked how your organization will incorporate the **Internet of Things** movement into the mix. They were asked to select all that applied. Here are their responses in order of priority.

Physical security and IT network converged solutions

**53.8%**

Total IP-network solutions from analytics to storage

**44.3%**

### IoT Brings Benefits & Risk

As physical and IT security partners look to incorporate the evolving world of IoT into the organizations, there are both benefits and potential gaping potholes for integrators to be aware. A new Gartner research project said that securing the Internet of Things (IoT) involves a change of mindset among current security practitioners. The upsurge in technological innovation that permits unprecedented access to data for visibility and initiates physical actions (automation) has also raised complexity levels and coordination requirements, resulting in an increase in the "surface of threat" across technologies and processes. New security thinking must incorporate the blurring of the physical and digital lines of businesses and society itself by gathering and using data about the physical and digital business, effecting physical and digital changes as well.

Rodney Thayer, a convergence engineer with Smithee Solutions LLC, who currently works with physical security systems integrators looking to conquer the IoT puzzle said: "The introduction of the IoT concept to physical security provides several benefits. Generally these are based on scale, availability of data, and new applications. The continued introduction of new (IoT) devices will impact the risks to the infrastructure from the use of networking. Some risks will be diminished while other risks will increase."

In a recent Gartner's study, the group predicts that by 2020 there will be 28.1 billion devices offering connectivity and data, from smartphones and vehicles to embedded microcomputers and security devices. The interesting fact is that business users often consume data from IoT devices using similar processes as their consumer counterparts.

Yet, while our survey shows that the jury for IoT may still be out for some integrators (close to 30% said they will not be playing in the IoT sandbox at all), an overwhelming number of them see IoT meshing into their physical security and IT network converged solutions (53.8%) – close to 10% more than those responding last year, and another 44.3% saying IoT will figure in their total IP-network solutions from analytics to storage – that number up an astounding 21% from 2017!

Data analytics

**23.8%**

Building automation, facilities and infrastructure management options

**36.7%**

Bundled services for Big Data, logistics and situational awareness

**25.2%**

**19.5%**

End-point physical security only

**13.8%**

None of the above

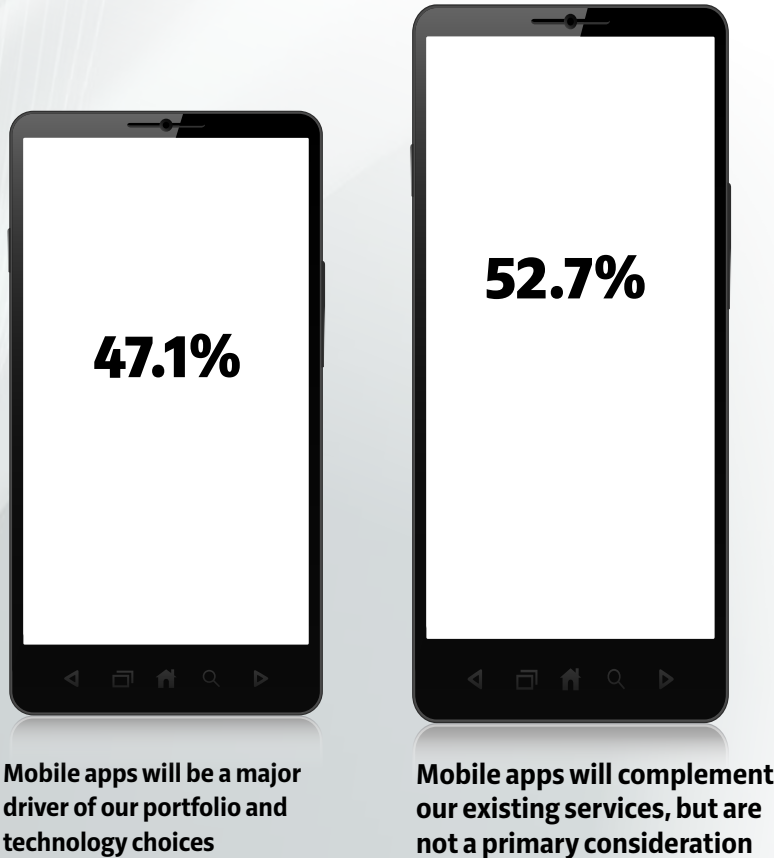
**3.8%**

Other



## Impact of **Mobile Apps**

Respondents were asked what impact **mobile apps** will have on your integrated solutions within the next 3 years. Here are their responses in order of priority.



**“Within the systems integration industry, the availability of quality mobile applications and products enrich our ability to sell on-system usability and flexibility.”**

### **Integrators Show Little Change in Mobile Strategies**

The advent of the Cloud has reshaped the physical security industry. It has been integrated with physical security – from monitoring and video surveillance to access control and digital badging. Globally, the market reached a record high of 17.5 billion connected devices in 2017. By 2023, that number is expected to increase to 31.6 billion (Source: Ericsson Mobility Report, November 2017). Mobile devices are now an indispensable tool for residential customers controlling their Smart Homes.

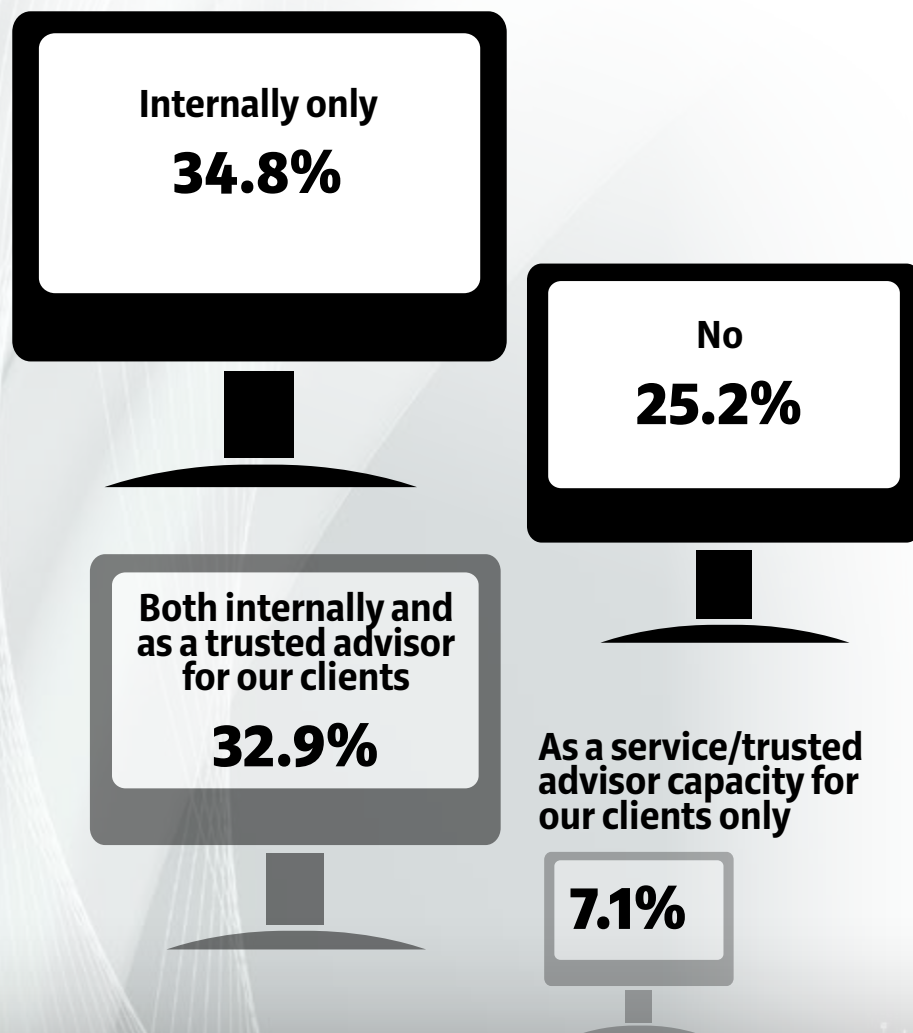
On the commercial side, the Gartner “Predicts 2017” report forecasts that 20% of organizations will drop traditional ID cards in favor of using mobile credentials by 2020. This growing trust aligns with the proliferation of cloud-based physical access control systems (PACs) that allow entry. Integrators may eventually move away from proprietary access control to cheaper, more efficient open systems in the cloud.

As one integrator said; “Within the systems integration industry, the availability of quality mobile applications and products enrich our ability to sell on-system usability and flexibility. We take great pride providing our clients with true end-to-end solutions that encompass the various technologies and disciplines required to design and implement modern physical security and intelligent building systems. Mobile technologies and products represent a critical part of an end-to-end solution that enhance the user experience and break down connectivity barriers.”

Our respondents said the impact mobile apps would have on their integrated solutions within the next 3 years was essentially the same as 2017. 52.7% said that mobile apps will complement existing services but will not be a primary consideration, while 47% saw mobile apps becoming a major driver of their portfolio of technology choices.

## Implementation of **Cybersecurity** strategy and policy

Respondents were asked if their firm has created a **Cybersecurity strategy for internal policy** and/or for your clients.



“With all of the concerns over cybersecurity with (some) video surveillance manufacturers, it is simply not worth the risk to be included with those on a race to the bottom where price is concerned.”

– David Vermillion, President, Vermillion Systems Inc.

### Cybersecurity is the Buzz

As end users continue their migration to IP-based physical security with applications like access control in the Cloud and remote monitoring of video surveillance, the deployment of each additional IP security devices enhances the threats of a network hack and data breach.

According to a recent article in Security Dealer & Integrator magazine, one industry expert suggests security professionals – both end-users and integrators – should follow the cyber controls laid out in standards, such as the “CIS Critical Security Controls” from the SANS institute. “The CIS Critical Security Controls are a recommended set of actions for cyber defense that provide specific and actionable ways to stop today’s most pervasive and dangerous attacks,” SANS explains on its website.

Considering several recent headline-grabbing incidents involving Asian camera manufacturers who were charged with embedding suspicious software in their devices, the call for integrators to be more discerning when it comes to potential cyber threats is even greater.

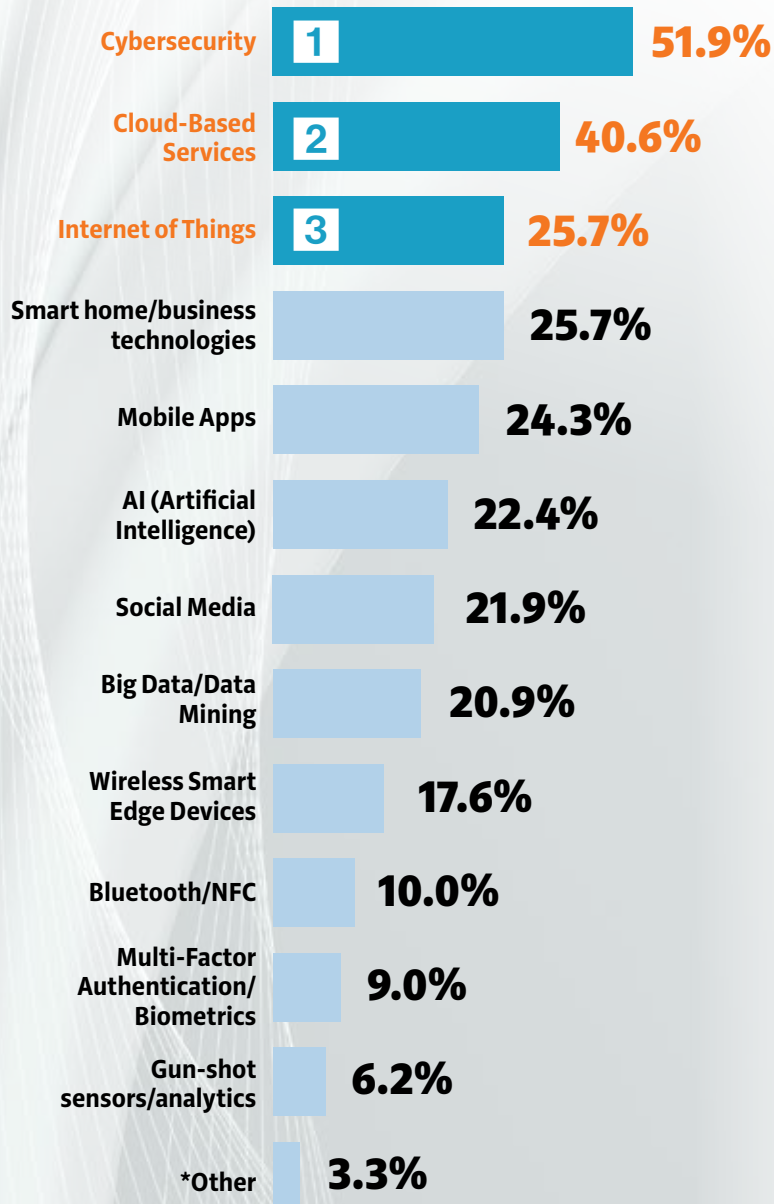
As one integrator said; “We have increased our internal training efforts and have hired a third-party consultant to help us evaluate and continuously improve our own cyber practices. At the same time, we have increased our work with clients to help them understand what they can do to better protect themselves.”

Using some of these simple practices, integrators can help clients identify vulnerabilities, discover relevant actors and assess services and strategies. This year’s survey shows a slight increase over last year with more than 7% responding integrators are either increasing their internal strategies for battling cyber threats or working as a trusted advisor for the clients as well.

As one integrator said; “With all of the concerns over cybersecurity with (some) video surveillance manufacturers, it is simply not worth the risk to be included with those on a race to the bottom where price is concerned.”

## Major Technology Disruptors

Respondents were asked what you view as the major and key technology disrupters in the security industry. They were asked to select their **Top 3 disrupters**. Here are their responses in order of priority.



### Industry Disruptors Are All in the Network

According to our Security Dealer & Integrator magazine in a recent issue, things are changing in so many ways: market construction and consolidation; the rapidly evolving technology landscape; the entrance of new players into the marketplace; even the overall business structure of the traditional security dealer and/or integrator.

For integrators, hardware commoditization means the days of reaping healthy profit margins on the products themselves are nearing an end. For alarm dealers, the proliferation of Do-it-Yourself and smart home technology continues to alter the traditional RMR business model of monitoring contracts – so much so that it is affecting the overall valuation of RMR and security companies in general.

Change, of course, presents both challenges and potential opportunities for companies that are willing to embrace it. A good example is the rise of the cloud and the ability to capitalize on Software-as-a-Service (SaaS) and Infrastructure-as-a-Service (IaaS) offerings.

As one integrator said; “The reality today is less about the technology buzzwords, like the Cloud or IoT, than it is about whether the existing systems at a client facility are up to par and integrated both physically and virtually. Sometimes merging old communication and server technology with new requires bridging a networking and technology span of 30 years or more.”

The one constant security businesses can count on is the need to adapt to always-evolving technology. One trend or technology may be on its way out the door, but there is always another waiting in the wings to take its place. That said, the rise of new technologies often opens the door to opportunity, and it likely will again in 2018.

More than 90% of all integrator respondents to the survey consider cybersecurity and Cloud-based services as the two biggest technology disruptors in the security industry. One notable stat shows that Smart Home & Business technologies rocketed from eighth on the 2017 to fourth in 2018 – a jump off close to 7%, while social media fell 7% from last year.

“Major retailers and technology companies will continue to develop technologies for smartphones, tablets, TVs, and other connected home products. It is our job as integrators to adapt these products/technologies into our own business strategies.”

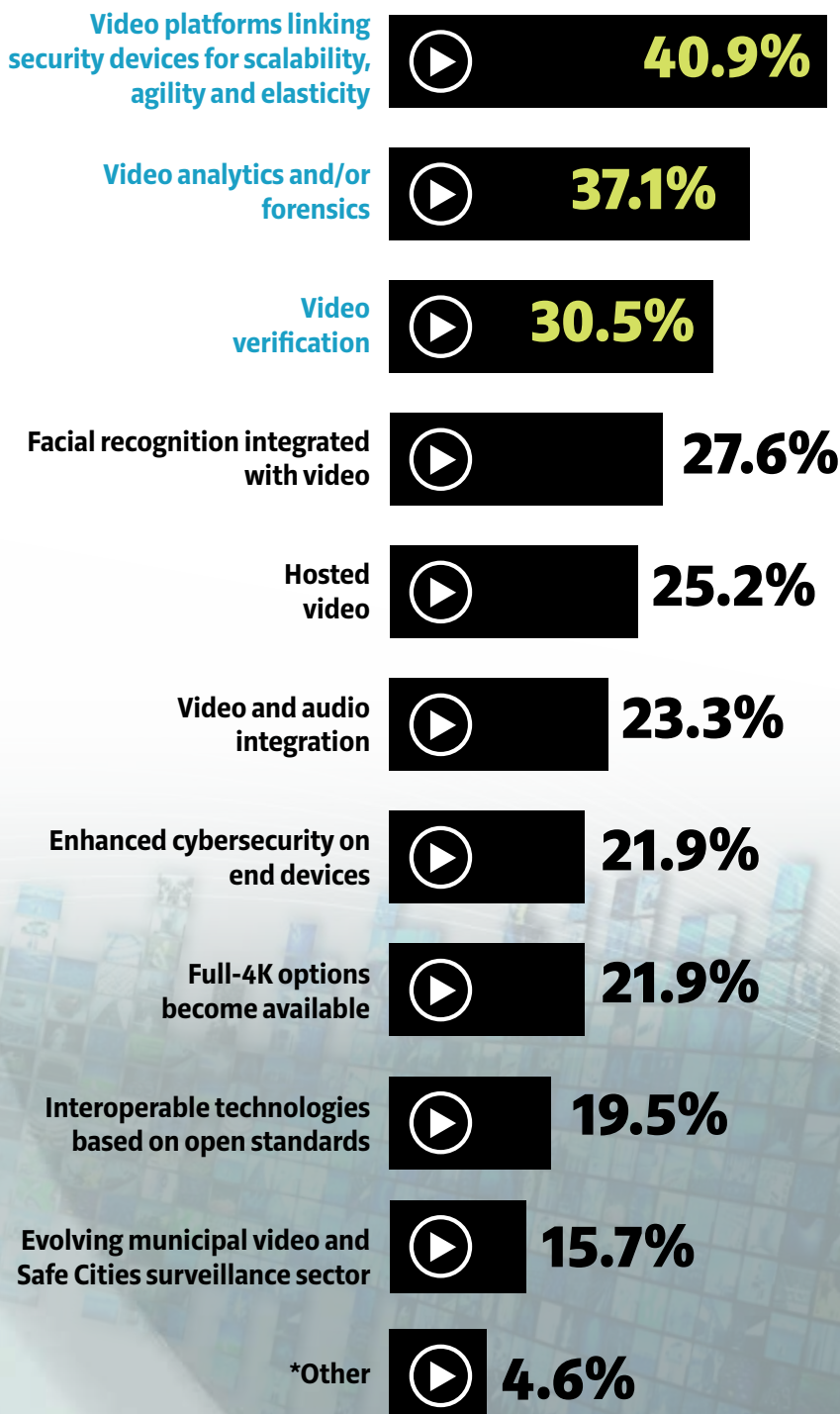
– Matthew Zucker, President of Sales, Beacon Protection



## Key Video Technology and Service Advancements

Respondents were asked what video technology or service advancements are most important to your business. They were asked to select their

**Top 3 advancements.** Here are their responses in order of priority.



### Video Solutions Bring Integrators Myriad Options

Perhaps not since the market's transition from analog to IP has the video surveillance industry found itself in such a state of flux. While the number of camera deployments continues to grow steadily with each passing year, the technology and the companies that manufacture it are being influenced by what seems like an ever-growing number of trends and changing market dynamics.

In a recent vendor roundtable conducted by *SecurityInfoWatch.com*, several shared insights related to where they see the market headed in 2018.

A veteran video industry expert said that The Internet of Things will continue to dominate the security industry as we accelerate convergence and integration of IP-based systems such as access control, audio and intercoms with network video solutions. Collecting, transporting and synthesizing the data generated by all these systems will open more opportunity for Big Data and storage companies to offer cloud services and Security as a Service (SaaS) support.

One industry vendor thinks that 2018 will be a big year for more powerful multi-sensor/multi-directional cameras, saying these cameras will be more flexible with features such as 60 fps, 150 dB wide dynamic range and H.265 compression.

While the industry is seeing more network conflict with advancing AI, facial recognition and analytics software emerging, security vendors seem serious about working with users and integrators to ensure safe devices. As one vendor said; "The issue of cybersecurity and protecting network surveillance systems will be at the center of every discussion with vendors and existing and new end-user customers."

The 2018 survey demonstrates that security integrators have remained consistent on what they feel their main drivers in the video technology market are; first, being able to provide their clients video platforms linking security devices for a more scalable, agile and elastic solution was their top preference (41% percent), which was actually down 12% from last year, followed closely by improved video analytics and forensics software (37%), along with video verification capabilities (30%) and facial recognition integrated with video (26 percent) – which was not included as an option last year.

## Impact of New Video Compression Technologies

Respondents were asked how much of an impact do you expect newer **video compression technologies**, such as H.265, will have on your business.



### Video Compression Options Vary

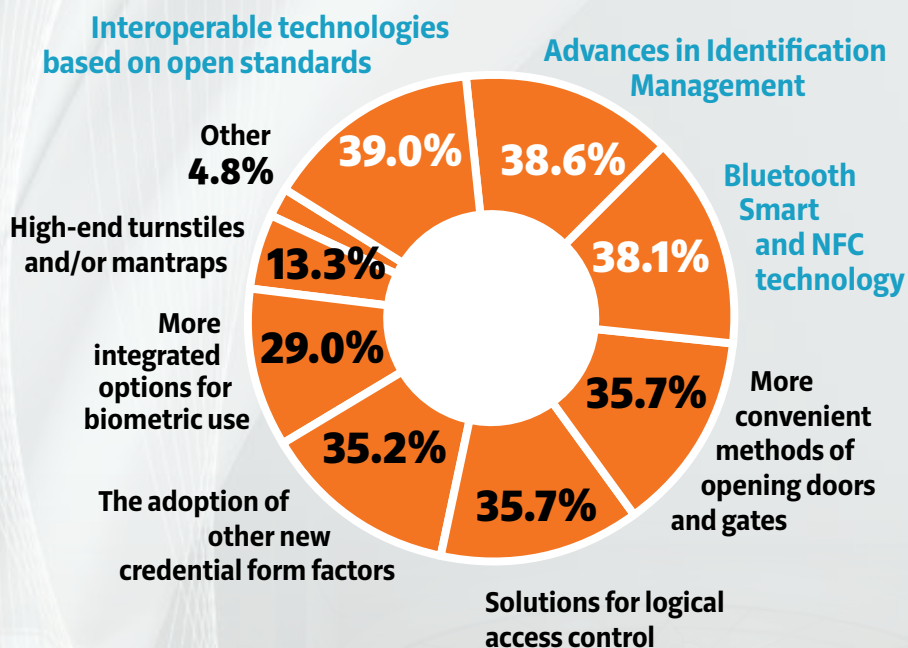
According to information on SecurityInfoWatch.com, as with many new technologies, it is often difficult to immediately ascertain its best fit in the security landscape. Such is the case with new H.265 cameras. If you are a systems integrator trying to figure out how to counsel customers on the best approach for taking advantage of this new technology, you are certainly not alone. These new-to-market models can reduce file size by half without compromising video quality, saving customers money on storage hardware and network infrastructure. At the same time, displaying and processing H.265 video requires far greater horsepower, which can add to system costs elsewhere.

Balancing a range of considerations is essential to providing meaningful guidance to customers. And that sentiment is reflected in how our responding integrators answered this question. Like last year, the 2018 survey showed just over 74% see moderate to substantial impact with newer video compression technologies, while close to 36% say their impact is insignificant.



## Key EAC Technology and Service Advancements

Respondents were asked what access control technology or service advancements are most important to your business. They were asked to select their **Top 3 advancements**. Here are their responses in order of priority.



### Convenience, Interoperability Drive EAC

SecurityInfoWatch.com reported early in 2018 that 2017 had certainly been an interesting one with regards to technology innovations on the access control front – from an American-based company offering RFID implants to its employees for both physical and logical access to Apple making the long-anticipated announcement that it would finally open its NFC chip for third-party developers beginning with the iPhone 7 and iPhone 7 Plus. However, unlike other product segments in the industry where early adopters are willing to serve as beta test sites for bleeding-edge products in exchange for the ancillary benefits they may provide, access control remains the security backbone for most organizations and as such, end users are much more hesitant to deploy what they see as unproven technologies.

One major security vendor said the adoption of more intelligent devices being incorporated into the access control solution will drive a more IoT centric model. These devices will help expand the use and scope of access control systems beyond traditional security and help start to drive a better understanding of the environment, including throughput and efficiency. More intelligent devices will also help generate better service and customer satisfaction ratings as these devices will help troubleshoot and assist the integrator in understanding the problem before they deploy.

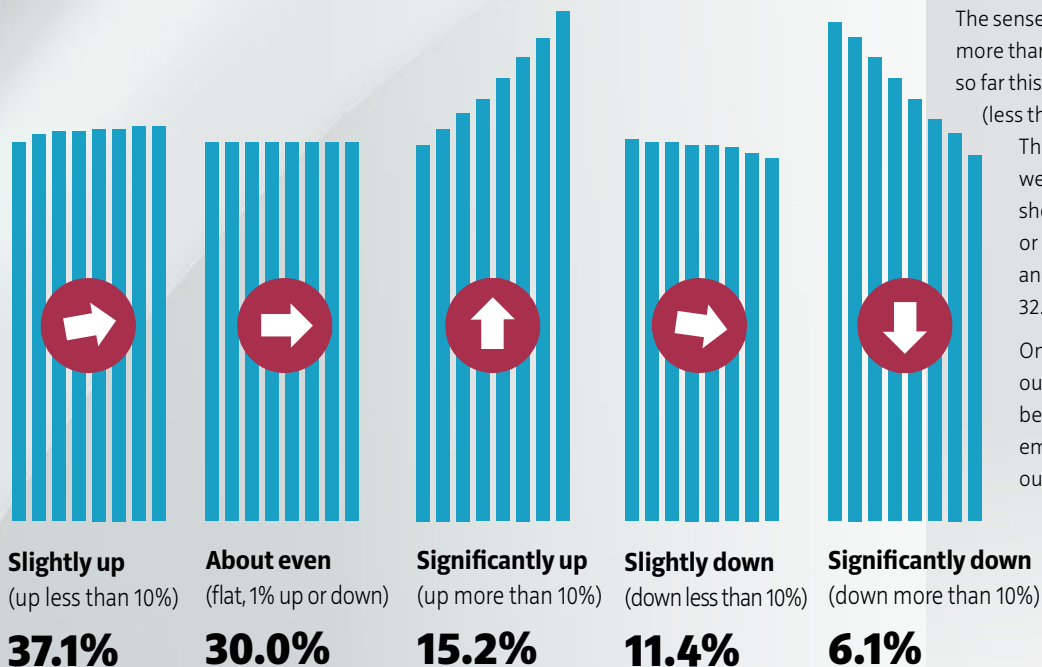
But when push comes to shove, integrators in the 2018 survey were divided in their assertions of what were the most important access control business drivers, though their top 3 included interoperable technologies based on open standards (39%), advances in Identification Management (38.6%) and Bluetooth Smart and NFC technology (38.1). It was interesting to note that calls for more convenience in opening doors and gates dropped more than 13% year to year.



## Revenue and Margin Trends

Respondents were asked how their 2018 **revenues and gross margins** are currently trending to their 2017 revenues. Here are their responses.

### 2018 REVENUE COMPARISONS TO 2017



### Economic Figures Show Modest Gains

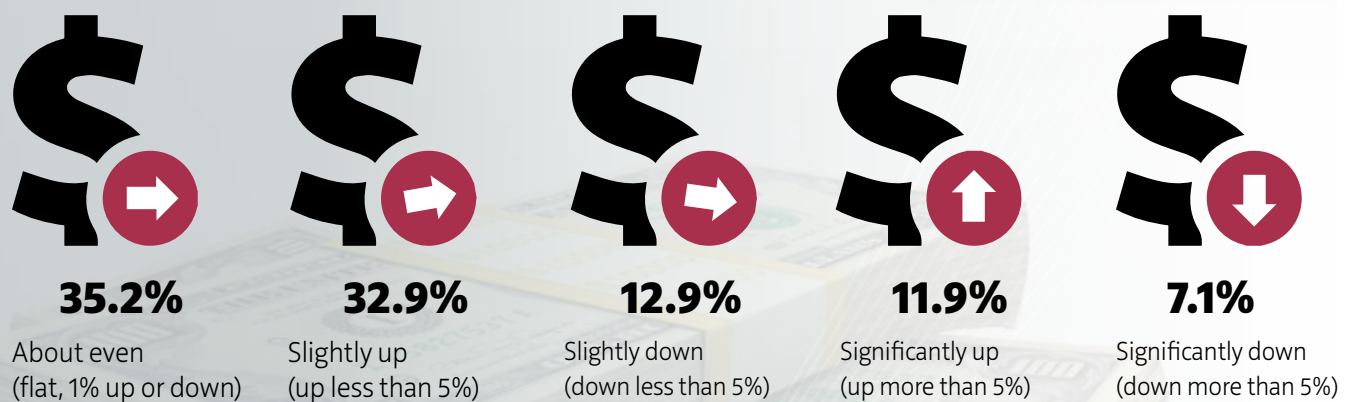
Integrators reflect the overall feelings of the general business community that the economy, along with the new tax breaks have been to their benefit. The responses by integrators to the questions related to revenue and margins were almost identical to 2017.

The sense of optimism is highlighted by more than 68% reported their revenues so far this year compared to last are up (less than 10% overall) or about even.

The gross margin comparisons were in line with 2017 as well, showing about even (flat, 1% up or down) at 35.2% of respondents and slightly up (up less than 5%) at 32.9% of respondents.

One integrator said; "In 2018, our biggest challenge will be succession planning and employee acquisition to sustain our year-over-year growth."

### 2018 GROSS MARGIN COMPARISONS TO 2017



## Assessing **Business Metrics** and **Forecasting Analytics**

Respondents were asked to compare their customer project backlog for the next six-months to the same period last year, in addition to forecasting the costs to implement a client solution in the next six months compared to the same period last year.

### Customer Projects Backlog Assessment

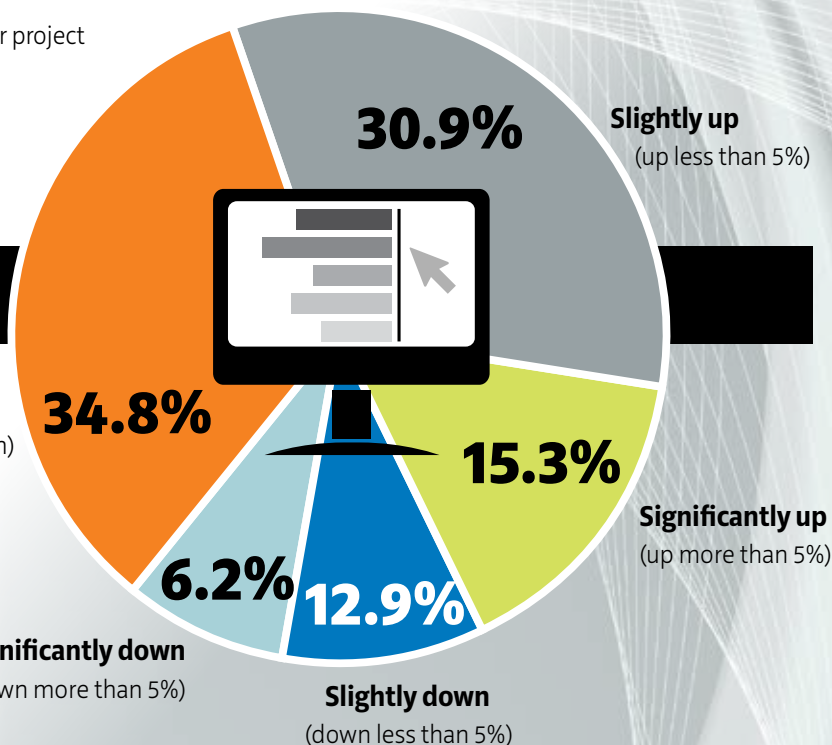
**About even**  
(flat, 1% up or down)

**Significantly down**  
(down more than 5%)

**Slightly down**  
(down less than 5%)

**Slightly up**  
(up less than 5%)

**Significantly up**  
(up more than 5%)



### Customer Costs for Client-Solution Implementation

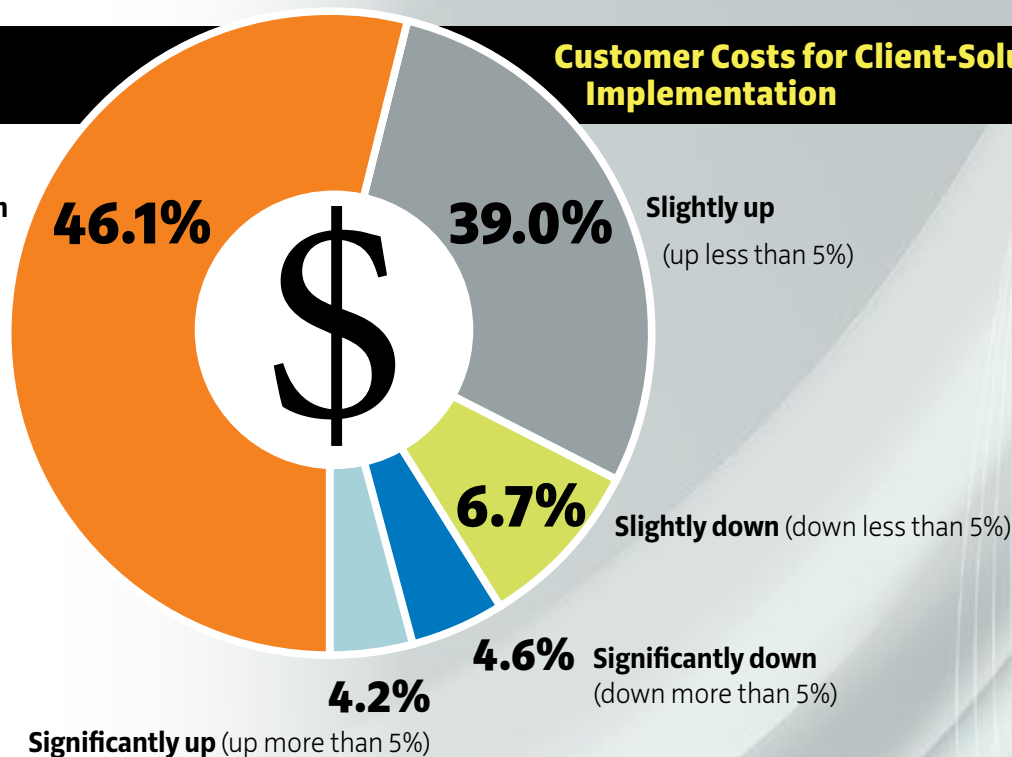
**About even**  
(flat, 1% up or down)

**Slightly up**  
(up less than 5%)

**Slightly down** (down less than 5%)

**Significantly down**  
(down more than 5%)

**Significantly up** (up more than 5%)



## Top **Video** Vendor Partners

Integrator respondents were asked to share their **Top 2** video surveillance technology hardware and software vendor partners. Here are the top 15 in each group listed in order from 1 to 15:

### Number 1 Video Partner

Hikvision  
Axis  
Avigilon  
Milestone  
American Dynamics  
Genetec  
Honeywell  
Dahua  
OnSSI  
Salient  
3XLOGIC  
Vicon  
Bosch  
Pelco  
Sony

### Number 2 Video Partner

Axis  
Hikvision  
Avigilon  
Genetec  
Milestone  
Bosch  
Hanwha  
Panasonic  
Honeywell  
Speco  
FLIR  
Salient  
Digital Watchdog  
Clinton  
Pelco

### Hikvision, Axis and Avigilon Ranks in Top 3 – Again!

Respondents were asked to provide the survey the two video surveillance technology hardware and software vendors they worked with most. The results were not surprising. As systems integrators' preferences for Hikvision, Axis Communications, Avigilon and Milestone were their top four selections just as last year. But American Dynamics did manage to crack the top 10 in a big way by moving into the number five spot. The remaining top five for 2018 were Genetec, Honeywell, Dahua, OnSSI and Salient. The top five second-choice video vendors named by the integrators included Axis, Hikvision, Avigilon, Genetec and Milestone.



## Top EAC Vendor Partners

Integrator respondents were asked to share their **Top 2** electronic access control (EAC) technology hardware and software vendor partners. Here are the top 15 in each group listed in order from 1 to 15:

### Number 1 EAC Partner

Honeywell  
Lenel  
HID  
Kantech  
AMAG  
Software House  
ASSA ABLOY  
DMP  
S2  
Galaxy Controls  
Open Options  
Keyscan  
Linear  
DSX  
Paxton  
Brivo  
Continental  
Bosch

### Number 2 EAC Partner

Honeywell  
Lenel  
Software House  
HID  
ASSA ABLOY  
Doorking  
RS2  
Galaxy  
Keyscan  
Gallagher  
Kantech  
Schlage  
DMP  
DSX  
Brivo  
Continental  
AMAG  
Paxton

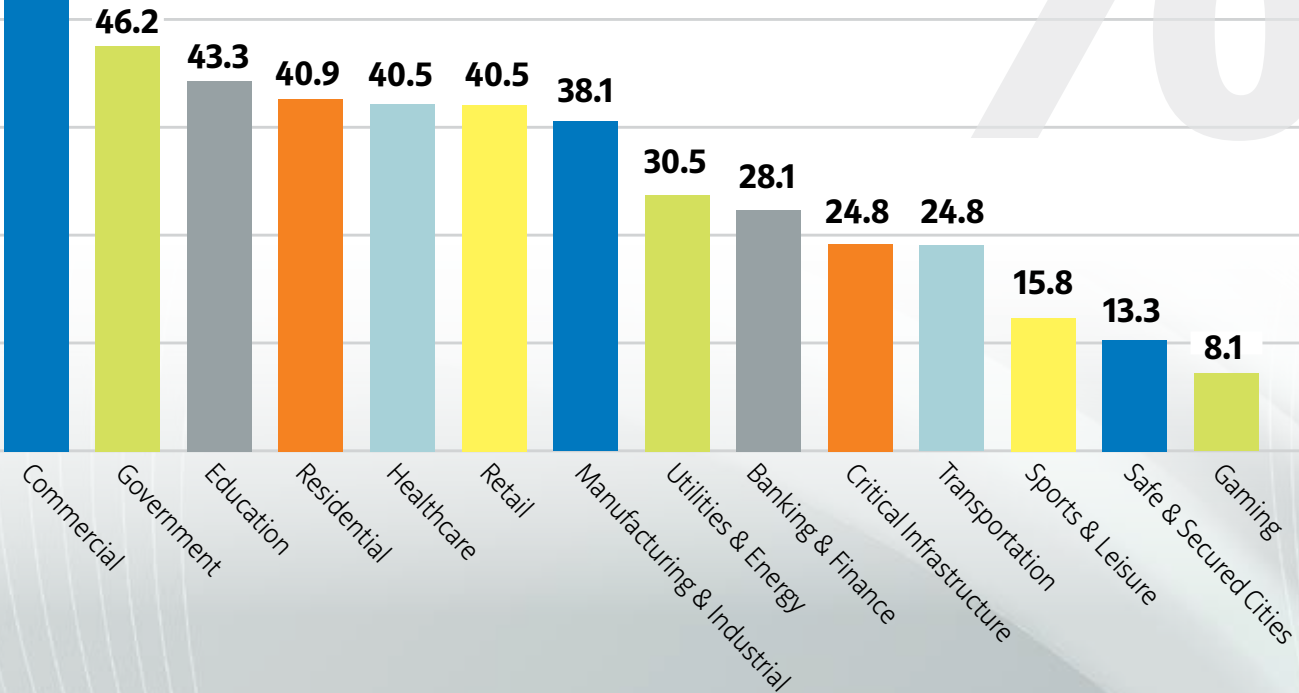
### Honeywell and Lenel are Top EAC Vendors

Respondents were asked to provide the survey the two electronic access control technology hardware and software vendors they preferred as lead partners and the top five selected were Honeywell, Lenel, HID, Kantech and AMAG. Also popular as lead partners were Software House, ASSA ABLOY, DMP, S2 and Galaxy Controls. The top second-tier vendor partners for integrators were Honeywell, Lenel, Software House, HID and ASSA ABLOY.

## Key Vertical Markets

**73.3**

Respondents were asked what the key vertical markets their firms currently have a presence. They were asked to select all that applied. Here are their responses in order of priority.



### Commercial Remains top Vertical, Government Shoots to #2

Most security integrators have discovered that creating a specialized niche is one way to exponentially grow business and increase revenues. But as Security Dealer & Integrator pointed out in a recent article, regardless of what segment of the security services provider market you work in – from large, commercial systems integrators to small residential alarm dealers – one thing everyone can agree on is that this is an industry in a state of transition.

One security integrator said; "We have made it a point to visit with A&E firms, electrical contractors and other technology partners to ensure they know who we are and how we are different from other systems integrators. This has led to business opportunities we would not have seen without these relationships."

He added that things are changing in so many ways: market construction and consolidation; the rapidly evolving technology landscape; the entrance of new players into the marketplace; even the overall business structure of the traditional security dealer and/or integrator.

Our 2018 integrator respondents were asked what the key vertical markets their firms currently have a presence. They were asked to select all that applied. The top vertical was no surprise as the commercial market and all that it encompasses came in at number one and actually more than 5%. But the biggest surprise was the surge the survey saw within the government vertical, which in 2017 was sixth on our list, yet jumped all the way to second in 2018 as a business focus with 46.2%. Retail, which was the runner-up in 2017 dropped to sixth in 2018. All other verticals remained relatively stable.

As one integrator said; "The key to success in the security industry is to focus on a particular vertical or group of related ones. This focus will enable you to better understand your customers and their pain points to provide them with solutions to solve their unique challenges."

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