The Political and Economic Scenarios in KSA

The growth of physical security market in the Middle East over past few years has been massive. Increasing urbanization, smart city projects, and government’s initiatives to diversify its economy beyond oil in Saudi Arabia are the key drivers of growth in the physical security market. The Middle East physical security market estimated at around $7 billion in 2018 growing at a CAGR of more than 30% (2018 – 2023). The Saudi Arabia market is the largest contributor to the Middle East physical security market and is estimated to contribute around 50% of the physical security market in Middle East. The Middle East market is growing at a higher CAGR much higher than the global average to reach $25.1 billion in 2023 at a CAGR of 27.91% (2018 – 2023). While cybersecurity is of concern for the middle east region, the homeland security for airports, ports, transportation, counter terrorism, event and crowded places security, land, sea, and air border control, and critical infrastructure protection are getting major traction owing to development of infrastructure and urbanization in the country. The homeland security in Saudi Arabia is estimated to be around $4.9 billion in 2018 and is growing at a rapid rate as the Saudi government is expected to invest $100 billion in homeland related products and services over a period of 4 - 5 years. The focus of Saudi government to divest few sectors and encourage private sectors are also expected to attract many private to players to invest in the country as well. Saudi’s Vision 2030 is expected to diversify its economy and reduce dependency on oil. The plan is to develop public service sectors such as health, education, infrastructure, recreation, and tourism.

The physical security market consists mainly of homeland security, fire and safety, and commercial security. The homeland security comprises more than 60% of the overall physical security market. However, the homeland security consists of cybersecurity along with physical security, which is expected to contribute more than 50% in the homeland security market by 2023.

Chart 1
Kingdom of Saudi Arabia (KSA) Homeland Security Market, Revenues, 2016 – 2013 ($Billion)

The homeland security market in KSA is estimated at $4.9 billion in 2018 and is expected to reach at $22.1 billion in 2023 at a CAGR of 35.18% (2018 – 2023).

Chart 2
Middle East Physical Security Market, Revenues, 2016 - 2023 ($Billion)

The Middle East physical security market is estimated at $7.3 billion in 2018 and is expected to reach $25.0 billion by 2023 growing at a CAGR of 27.85%. Saudi Arabia contributes around 50% of the market share in 2018 and is expected to grow at a substantial CAGR. Major factors contributing to the growing physical security market are use of IoT, increase in terror attacks, protection of employees and customers and others. Under the Vision 2030, Saudi Arabia government is expected to invest in infrastructure and development in the country. The security and vigilance of residential and commercial sectors to protect the civilians from terror activities to drive the adoption of physical security systems in Saudi Arabia.

The focus of Saudi government to diversify its economy and establish smart and economic zone has bolstered the growth of physical security market in KSA. Also, it is a religious destination of the world and government to secure its citizens and tourists visiting the country. The country is also cautious about terrorist attacks and growing tensions in the region with growing militant organizations. All these factors make Saudi Arabia a high growth potential destination for the security vendors.
Industry Trends:

- A growing rate of fraud, theft, cyber-attacks are witnessed with increasing implementation of IoT, cloud, mobility.
- Growing urbanization and infrastructure give rise to tremendous connectivity, huge data and transactions, all pose a high risk of data and network.
- Protection of critical infrastructure to protection of data in cyber space, and point-of-sale to international financial transaction, digital technologies have given a rise to risk and vulnerabilities making enhanced security an essential requirement to safeguard and data protection.
- In the early stages of security solutions, the focus was to secure the connections to the network followed by firewall protection with IDS/IPS security.
- Today, technologies of mobility, IoT, cloud, and AI, has propelled organizations to adopt advanced security measures.
- Although, the major risk arises from cyber threats, physical security, network, and data security are utmost importance.
- Physical security is the most critical as it is the company’s assets or resources from physical damage, harm, theft, or unauthorized access.
- Securing the data and network systems of physical security devices has also gained momentum in recent years.
- Employee theft, espionage, increasing number of IoT devices posing a security threat, terrorist attacks, increasing natural disasters, amounts to give rise to the need of physical security devices.
- Improved device security such as phone passcode enhance protection with touch and facial recognition enrich the physical security.
- Digitization of video surveillance along with analytics provide alerts for suspicious activities, theft, burglary, fraud and other activities.
- Wireless locks are gaining popularity as it offers flexibility with capabilities to lock from remote locations.
- IP based physical security to control various devices and networked access control are expected to enhance the security operations.
- The video surveillance is expected to boost the CCTV market to enhance monitoring and tracking suspicious activities. The CCTV and video surveillance market are major contributors for the growth of physical security market.
- RFID is one of the most used technologies in identification and access control of personnel and asset tracking in transportation. It is expected to grow as more and more industries growing with the diversifying economy.
- Law enforcement and command control modernization with quick dispatch system and alert systems, vehicles and resources in case of emergency and rescue.

Opportunities in various industries:

- Critical Infrastructure Protection – Critical infrastructure may include communications, utilities, healthcare, energy, transport, gas, and others. For the state owned such infrastructures, it is difficult for the State to protect it from various threats and provision security solutions of its own. Public-private partnerships are essential for optimal protection of the infrastructures. The critical infrastructure consists complex networks, interconnections and in-based systems, that requires physical security along with network and cyber security. The critical infrastructure is vulnerable to terrorist attacks and the middle east region has witnessed an increase in physical attacks as well as cyber-attacks. Saudi Arabia is expected to invest largely in homeland security in next 4-5 years and the energy, oil and gas, and utility sector is expected to focus on risk assessment, vulnerability assessment, alert level and prioritizing, emergency alert. Video surveillance plays an important role in the critical infrastructure protection.

- Aviation – The aviation security is a key sector for physical security and civil aviation authorities are improving the quality control, passenger behaviour analysis, air cargo security, and unlawful interference. The General Authority of Civil Aviation (GACA) participates in national and international investigations committees and working groups related to aviation security.

- Border Security – With Saudi’s focus to fence and implement border perimeter security, with physical fences, electronic fences, surveillance, closed circuit camera. There is a demand for various defense technologies for border entry surveillance, day and night imaging equipment, radars, command and control systems, and others.
• CBRN Security – CBRN market is growing with increased concerns to protect civilian lives and includes preventive measure to safeguard from hazardous items. Threats from terrorist organizations are compelling state governments to invest in CBRN protection security. The Saudi Arabian market is expected to be a lucrative market for the OEM and security solution providers. The CBRN security is of importance to all the major industry vertical to safeguard from harmful chemicals, explosives and other hazards.

• Counter Terror and crime intelligence – In 2017, Saudi Arabia formed Islamic Military Counter Terrorism Coalition (IMCTC) with participation from Egypt and Pakistan. The increasing social media interactions have enriched terrorist’s communication channels and recruitments. The governments are required to be proactive to invest in intelligence solutions remove any content and reduce spread of such messages among masses.

• Maritime Security – The maritime sector faces risks of robbery, illegal migrants, narcotics and others. Along with Aviation, maritime was a prime focus as water transportation and waterways are identified as easy infiltration route for criminals. Container scanning is prioritized along with automated inspection and detection alerts. Automatic Identification Systems (AIS), Radio-Frequency Identification (RFID), and Global Positioning Systems (GPS) for container, personnel, and asset tracking technologies has propelled the market.

• Prison Security – Prison security with RFID tracking and cell phone jammers are expected to impact the prison security market. However, audio and video surveillance systems are given maximum priority for threat identification. Monitoring the prison guests are important from the prison authorities to restrict any suspicious activity.

• Hajj Security and crowded places security – Every year Saudi Arabia witnesses millions of pilgrims around the world to visit the mosque and Saudi Arabia government improves its safety and security measures each year to protect the visitors. Along with RFID, drones and electronic bands are introduced by the Saudi Arabia to track and facilitate better experience for the pilgrims in the crowded places of Mecca, Medina, and others.

Saudi Arabia: Marching towards making it the Best Secured Nation

Saudi being the biggest economy of the Middle East and its dependent on its oil reserves, it is important to safeguard the nation’s oil extraction infrastructures. The economy’s focus to diversify its economy and investment in smart cities are expected to bolster the physical security market with increased awareness to address the terrorist or suspicious activities. Video surveillance and RFID technology vendors are expected to flourish in the region along with cybersecurity. The increased need to protect critical infrastructure, public gathering places, airports and aviation, waterways transport and ports, and others with advanced and digital technologies to tackle terrorists and natural disasters are important factors contributing to safety measures taken by Saudi. Amidst of tensions arising in the region with increasing terror activities, Kingdom of Saudi is looking forward towards making a safe country and enabling technology to counter the emergency situations proactively and track the militant activities.

About US:

Infoholic Research is a global market research and consulting organization based in Bangalore, which provides research and market intelligence to customers in emerging and untapped markets, and also across niche technology verticals. Established in 2014, Infoholic has catered to custom requirements of many Fortune 500 companies with strong focus in ICT, Semiconductor & Electronics, Chemicals and Healthcare domains. Besides our flagship syndicated and customized market research reports, and go to market services, we span across a spectrum of consulting services which is aimed to serve any of the research requirements such as market entry strategies, competition tracking, M&A support, customer profiling, concept testing.