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SUMMARY OF THE US SECURITY INDUSTRY  
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The contract security industry like most professions, continues to evolve and change dramatically. The number of local and regional security companies has decreased as larger national and international companies, most notably, Allied-Universal have continued to acquire these companies in order to increase market size and to return investments (or their potential) to the private equity companies who own them. For the local user of contract security, a stark contrast exists when it comes to determining their security provider. For those organizations that have multiple facilities throughout a large geographical footprint, the use of one of the 3 or 4 large national providers makes the most sense. Overall security costs will be significantly lower than services provided by a smaller local or regional company. Service will depend on the ability of local management.

Having stated the obvious: larger, national security companies are less expensive, why consider a local provider? The Perry White Paper delves into this matter in great detail. This article will summarize his analysis. To obtain a free download copy of the paper, please visit: [www.robertperry.com](http://www.robertperry.com).

**SIZE OF THE US CONTRACT SECURITY INDUSTRY**

- \$44.B (billion dollars) in annual revenue is the size of the security guard (officer) market.
- \$25.5B in annual revenue is the size of the contract security market (57%)
- \$14.B in annual revenue is made up of:

Securitas  
G4S  
Allied Universal  
Prosegur  
GardaWorld

- Allied Universal with their acquisition of US Security Associates in 2018, now generates \$7B in annual revenue for approximately 28% market share in the US.

- Each of the large security companies are developing technology to augment and in some cases replace security officer positions.
- Customer retention is 90% annually in the industry.
- There are approximately 8,000 small security companies in the US. Of this group, only 200 (2.5%) have annual revenue of over \$5M (million) annually.

### **AVERAGE WAGES, BENEFITS & PROFITS**

- The average wage in the US is \$12-\$13 per hour for security officers. This depends on geographical areas of the country and whether or not the security force is unionized or a minimum wage is mandated.
- The margins for small and medium sized companies are usually better than the margins for the larger companies. Smaller companies are selling personalized service and many customers are willing to pay extra for this attention not usually available from the larger companies.
- Smaller companies operate in a limited geographical area or region; thereby they cannot service or attract the large customer with multi-national sites.
- Larger security companies will bid contract at much lower margins in exchange for larger volume.
- Annual profit for security companies is 4%.
- The majority of the owners of smaller companies believe the margins will only lower due to competition from the larger companies and higher than normal non-billable overtime due to the historically low country-wide unemployment rate.
- The Affordable Care Act (ACA), has made most companies provide a temporary “fix” with low cost (minimum coverage) plans along with the elimination of the individual mandate. Traditional 80/20 major medical health plans provided to officers for a \$100-\$150 monthly contribution, the remainder billed to the client are rare.