

Fortifying Returns in Commercial Security Systems Replacement & Services

State of the Sub-Sector: Presented by



The broader fire & life safety industry has been driving transaction headlines for several years, and the **commercial security systems replacement & services sub-sector** is positioned for outsized growth, continuing to be a compelling sector for private equity (PE) and strategic investors. Core services include the installation, upgrade and repair of systems such as video & intrusion, access control and alarm, as well as associated remote monitoring services. Security and access control services, delineated by products used to identify and prevent breaches, are well-situated for growth due to fast-paced technological changes and favorable market conditions.

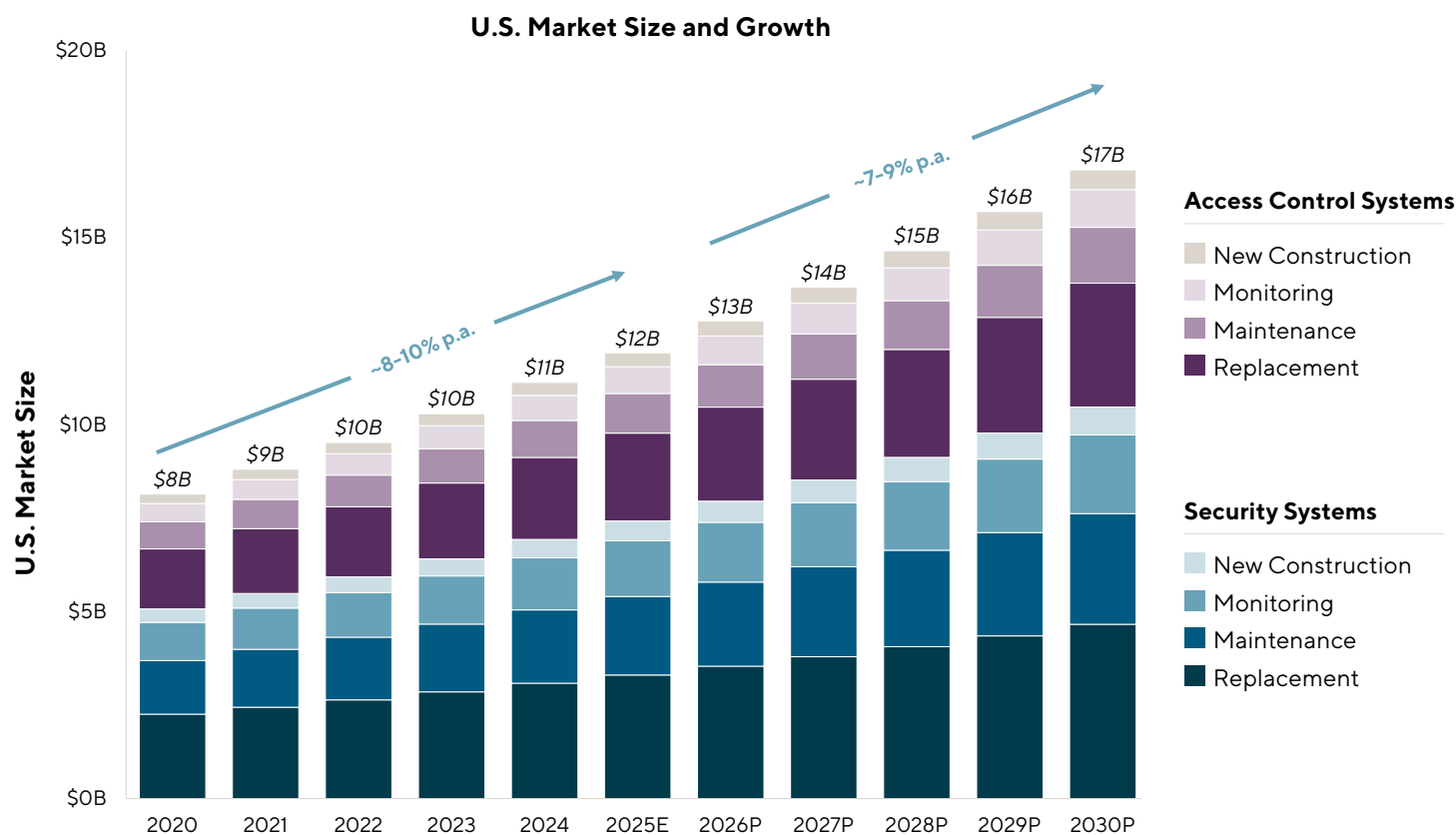
PE investors can capitalize on **industry fragmentation**, a steady flow of merger and acquisition (**M&A**) **opportunities** and increasing demand for **technologically integrated** security systems.

Accelerating Technological Advancements

The largest driving factors behind market growth are technological advancements and shortened refresh cycles. Rising crime rates, including theft and vandalism, are pushing businesses to upgrade security infrastructure, while state and local mandates—including regulation, funding and school safety programs—are bolstering demand for security integrators.

Robust Market Opportunity & Growth

The commercial security systems replacement & services market is set for significant expansion, projected to grow from approximately **\$12 billion in 2025** to roughly **\$17 billion by 2030**. Both the security systems and access control segments are expected to see robust growth, with an annual growth rate of **7-9%** over the next five years.



Source: STEER Partners Research & Analysis

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Tech Innovation Driving Faster Refresh Cycles & Earlier Redundancy

Est. Replacement Cycle - 2020	Est. Replacement Cycle - 2025	Recommended Replacement Cycle
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~15+ years

~10-15 years

~5-10 years

Advancements in AI, video analytics and system integration have shortened replacement cycles. As equipment is often used beyond its intended lifespan, there is a strong opportunity for providers to adopt systems with new and improved capabilities, such as AI detection.



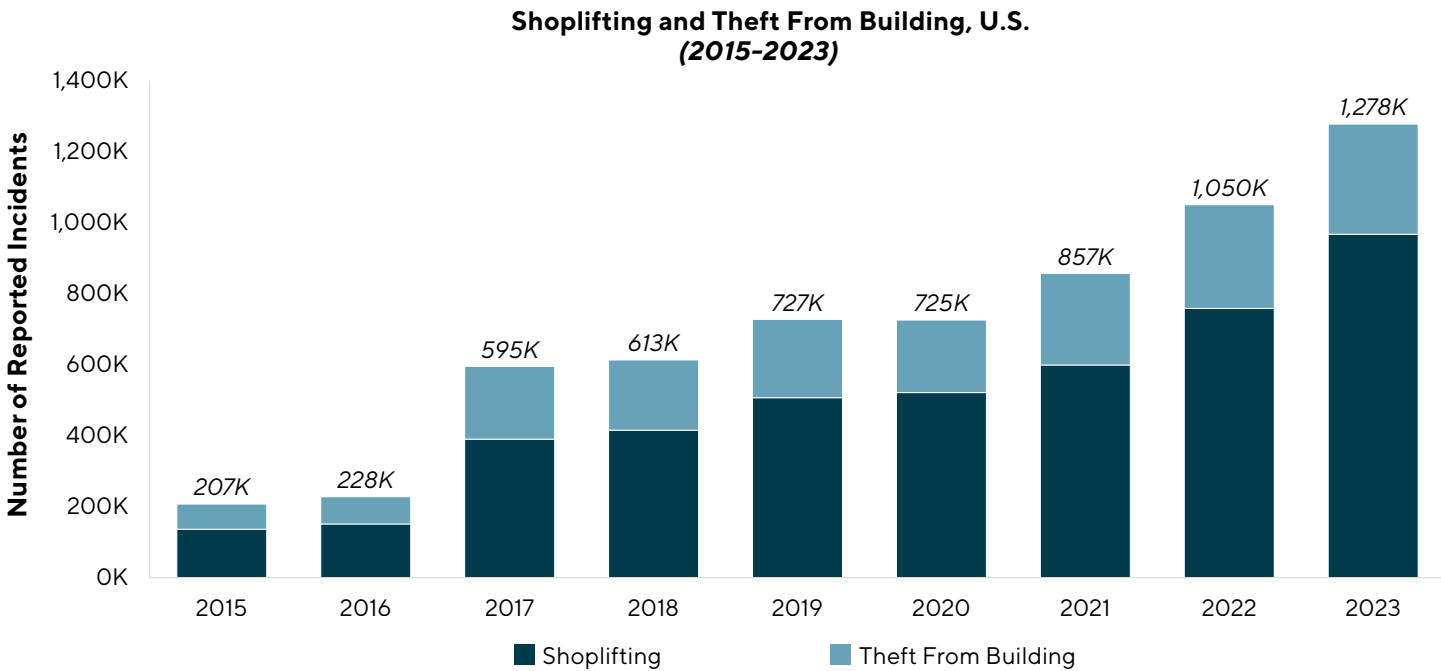
The shift from traditional analog security systems to modern connected solutions has amplified incentives for system upgrades. Enhanced interconnectivity enables seamless data transmission between devices, reducing redundancies and improving overall system efficiency.

Integration with mobile platforms, security infrastructure and 5G connectivity provides a streamlined and responsive experience by enhancing communication abilities, such as emergency alerts or dispatch calls.

Increasing Criminal Activity Spurring Safety & Deterrence Measures

Theft and shoplifting incidents have increased substantially over the past decade, providing trigger points to upgrade security systems through an integrator.

Retailers and businesses face increasing losses due to theft, necessitating stronger loss prevention strategies, enhanced surveillance and investment in security solutions.

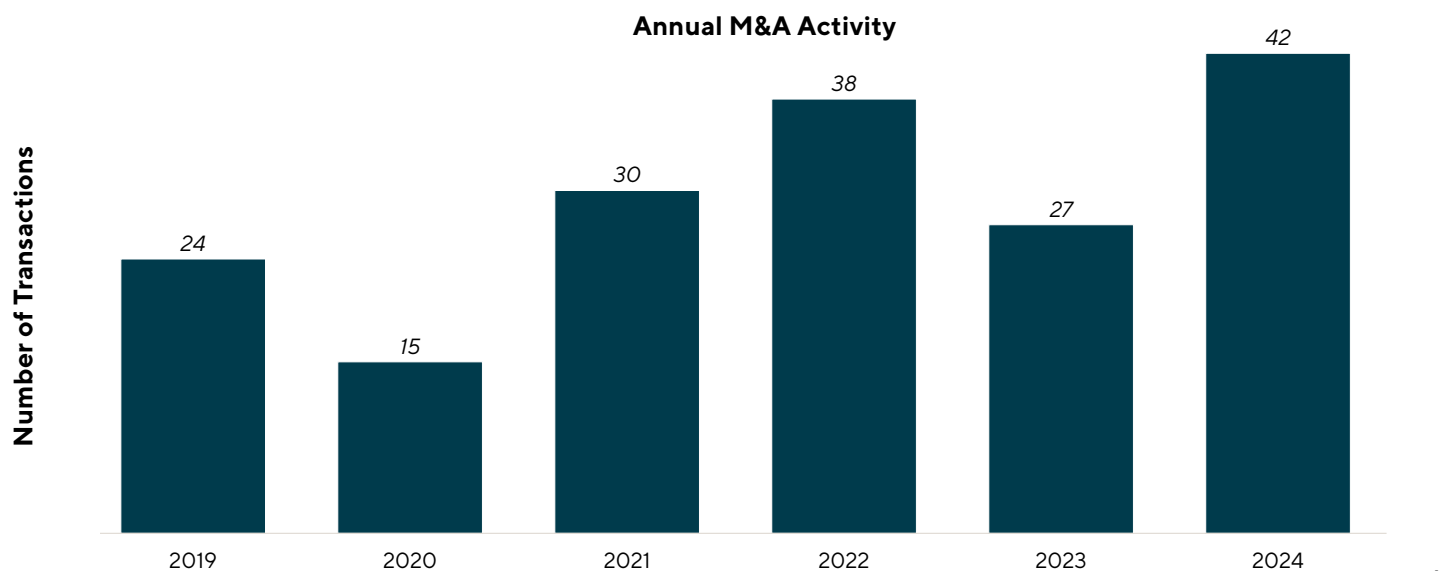


Security & Access Controls Platforms



Notable Security Services M&A Transactions

- Jan-25:** Paramount Security Solutions, a provider of security services catering to commercial properties, was acquired by Aurora Capital Partners.
- Oct-23:** Everon, a former business unit of ADT Security Services and provider of security, fire and life safety services, was acquired by GTCR as a standalone entity for \$1.6 billion.
- Aug-23:** Guardian Access Solutions, a provider of maintenance, repair and installation services for access control systems, was acquired by CenterOak Partners.
- Aug-23:** Minuteman Security & Life Safety, a manufacturer of integrated security management systems for enterprise customers, was acquired by Tenex Capital Management.
- Mar-23:** Automated Systems Design, a provider of engineering and project management services for access control and surveillance systems, was acquired by RAF Industries.
- Sep-22:** NextGen Security, a provider of access control and video surveillance products to commercial and industrial clients, was acquired by Dunes Point Capital.



Market Fragmentation

While larger, national providers make up a significant portion of the market, there is a long tail of local / regional providers that are ripe for consolidation as the security and access control market continues to expand.

	Security & Access Control Systems	Fire & Life Safety
Market Size	\$12B	\$30B+
Forecasted Growth	7% - 9%	4% - 6%
Number of PE-Backed Platforms	~15	~25
Add-On Acquisitions (2024)	42	~130
M&A Runway (Years)	25+	20+

Security & Access Control Systems



Fire & Life Safety



Insulation from Macro and Political Headlines Holds Promise for Coming Years



1. Technology-Driven Market Growth

Advancements in AI, cloud-based security and the internet of things (IoT) are accelerating system upgrades and replacement cycles. Businesses are modernizing legacy systems to enhance automation and threat detection. While cybersecurity risks and implementation costs pose challenges, continuous innovation and the demand for cutting-edge security solutions drive sustained growth.



2. Recurring Revenue

Security systems and associated services are a critical component of commercial infrastructure, offering **demand stability** across economic conditions, though larger upgrades may get deferred in tougher climates. Most providers also offer **long-term service agreements**, such as monitoring and maintenance contracts that provide a stable base of consistent, monthly recurring revenue.



3. Cost Optimization via Innovation

Security providers are leveraging AI-driven analytics, remote monitoring and automation to enhance efficiency and reduce labor costs. Cloud-based solutions streamline system management, while predictive maintenance lowers service expenses. Companies investing in these innovations can improve margins and strengthen competitive positioning.



4. High Barriers to Entry

Security solutions require specialized industry knowledge and an established source of technicians. Established players benefit from brand recognition, certifications and long-standing customer relationships.



5. Fragmented Market with Ample M&A Opportunity

The security industry consists of numerous regional players and niche providers. Established platforms have the opportunity to consolidate market share through acquisitions and service expansions.

Some Challenges to be Expected Ahead



1. Labor Dynamics

The market for security systems technicians has become more stable in recent years, but recruiting and retaining skilled labor remains a challenge. High attrition rates are common, often driven by low entry requirements, low wages for a trade and the ease of transitioning to adjacent professions. While training is frequently done on an ad-hoc basis, companies with structured training programs and promotion opportunities tend to have higher retention.



2. Large Platform Consolidation Pressure

Greater consolidation among large fire and life safety (FLS) platforms, driven by PE backing, may create challenges by increasing competition for acquisitions and driving up valuation multiples. As larger players seek to diversify their revenue streams, the pool of scalable acquisition targets could shrink over time, making it more difficult for mid-sized firms to expand through M&A or find attractive targets.



3. DIY and Consumer-Grade Tech Disruption

DIY security solutions like Ring and SimpliSafe may pose some competition to the industry, mostly on the smallest end of the SMB segment, where some business owners may opt for these as crude substitutes to professional-grade systems and installations. However, their impact remains limited in the broader commercial security industry, as these solutions are designed for homeowners and lack the features, scalability and advanced access controls required for corporations and enterprises.



4. Macro Exposures – Economy, Construction and Tariffs

Security systems are mission-critical and insulated from macro and political headlines, but in a harsh economic environment, upgrades can be delayed. The industry also has some exposure to commercial real estate construction, though it comprises a small minority of revenue for most providers—replacement and maintenance are the core services. Tariffs would impact some legs of the supply chain and drive cost increases, though equipment costs are largely passed-through to the end user.

Investors Should Feel Secure About the Attractiveness of Platforms in this Sector

The commercial security systems sector presents compelling opportunities for investors to unlock value. Investments attract a wide range of buyers, including strategic acquirers seeking to expand service offerings or increase security revenue, private equity firms looking for scalable platforms and technology companies integrating security solutions into broader digital ecosystems.

Our expertise combines sector knowledge with a global perspective, ensuring clients are positioned to capitalize on emerging trends and achieve their strategic goals in a fast-evolving market.

Ready to discuss the opportunities ahead for you?

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