



PRESS RELEASE

Security Technology a Piece of Cake? Assessing Business Models

[February 26, 2014] There is a huge demand for security solutions. Due to various global developments, security technology is experiencing annual growth rates between 3 and 12 percent. So is the security technology industry a piece of cake? Hardly—because companies in this industry are finding it increasingly difficult to compete internationally with traditional players and start-ups. What’s more, since this industry is characterized by extremely heterogeneous products and markets, not every market segment will profit equally well from the general growth trend of this market. So, in light of these major structural shifts, how can companies successfully position themselves? A new publication by Dr. Wieselhuber & Partner (W&P), “Managing Business Models in the Security Technology Industry: Attaining a Robust and Forward-Looking Business Model” [*Management von Geschäftsmodellen in der Sicherheitstechnik: Der Weg zum robusten und zukunftsfähigen Geschäftsmodell*] addresses these issues. The upshot: Changes need to be made—especially in the security technology market. For industry players the only viable approach will be to assess their business model.

“Current mega trends are forcing companies to invest in security technology,” said Dr. Peter Fey, industry expert and author of the brochure. The latent risk of terrorist attacks, increasing gang violence and crime, and ballooning immigration are key factors, not to mention numerous trends that do not necessarily correlate with security technology. As such, urbanization poses completely new challenges for control and information systems in complex infrastructures, which deploy security technology and other products. Furthermore, growing traffic and increased transportation, plus more smart building and smart security are driving market growth—and demanding integrated and comprehensive solution offerings.



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“It is fair to say that configuring your business model based on precedent-setting mega trends is a major entrepreneurial undertaking for companies in an industry that is already extremely heterogeneous,” noted Mr. Fey. *“In light of the very broad range of security related requirements, if a company wants to position itself successfully, its profitability must be at or even above the industry average. Only then will it be able to survive.”*

The first step in configuring the business model will be to assess its “front end,” that is, the real “playing field,” based on a well thought-out service offering (products/services, market and competitive strategies). Then the company needs to analyze the “back end” of its business model (added value, operational processes, and financing). The company needs to implement both “front end” and “back end” at the same time and optimize their correlation. If the company manages to seamlessly combine these two layers in its business model, it can become quite resilient to external influences.

Especially in an industry where innovations are important to actively foster business, but where companies often fail to meet their own standards of innovation, they will have to ask themselves some tough questions: Which products/services actually provide added value to their customers? Do their marketing and sales departments identify sales potential *before* it becomes apparent—or are they governed by a “copycat mentality”? How does digitalization impact their business model? What are the strengths and weaknesses of their value added architecture and how efficient is it? Are they using resources “smarter” than the competition? What is their financial situation? After all, unstructured financial concepts endanger stability and reduce entrepreneurial degrees of freedom.

At the end of the day, however, the people at the head of the corporation will be the decisive factors: “In order to work the market creatively and courageously, companies need clear and attractive “top down” guidelines. Forward-looking and innovative business models are the responsibility of management.”



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The latest W&P publication is available upon request.

About Dr. Wieselhuber & Partner

Dr. Wieselhuber & Partner (W&P) is an independent, cross-sector top management consultancy for family-owned businesses, as well as public institutions. This consistent orientation to particular target groups and the expertise resulting from it has led W&P in the past 25 years to become the leading management consultancy firm for family-owned businesses in Germany. With its head office in Munich, Dr. Wieselhuber & Partner affords its clients comprehensive expertise in business sectors and methods and stands out above all due to its competency in the area of conflicting priorities of family, management and business.

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