

2015

Homeland Security & Public Safety Industry: Mergers & Acquisitions (M&A)



Homeland Security & Public Safety Industry: Mergers & Acquisitions (M&A)

August 2015

Homeland Security Research Corp. (HSRC) is an international market and technology research firm specializing in the Homeland Security (HLS) & Public Safety (PS) Industry. HSRC provides premium market reports on present and emerging technologies and industry expertise, enabling global clients to gain time-critical insight into business opportunities. HSRC's clients include U.S. Congress, DHS, U.S. Army, U.S. Navy, NATO, DOD, DOT, GAO, and EU, among others; as well as HLS & PS government agencies in Japan, Korea, Taiwan, Israel, Canada, UK, Germany, Australia, Sweden, Finland, Singapore. With over 750 private sector clients (72% repeat customers), including major defense and security contractors, and Fortune 500 companies. HSRC earned the reputation as the industry's Gold Standard for HLS & PS market reports.

Washington D.C. 20004, 601 Pennsylvania Ave., NW Suite 900,
Tel: 202-455-0966, info@hsrc.biz, www.homelandsecurityresearch.com

Table of Contents

1	Executive Summary	4
1.1	Major Findings.....	Error! Bookmark not defined.

List of Figures

Figure 1 - Homeland Security and Public Safety	4
--	---

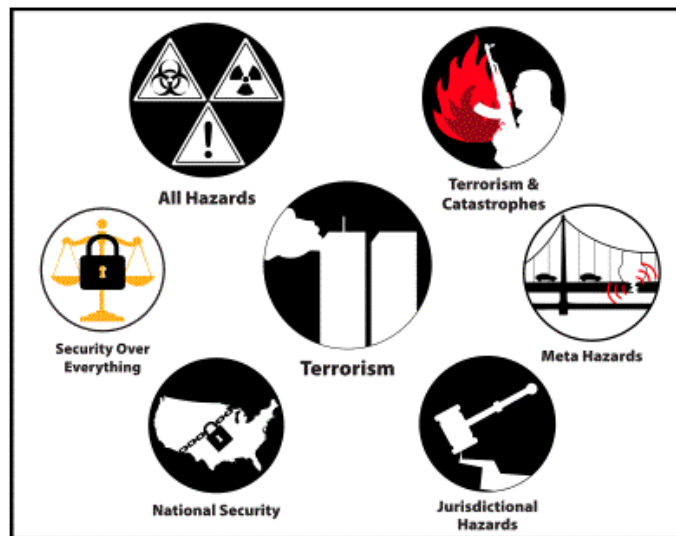
1 Key Facts

"Scientific knowledge is an enabling power to do either good or bad – but it does not carry instructions on how to use it."

Richard Feynman

- ❑ **Terror, crime & natural disasters are here to stay** – The threat of terror crime and natural disasters continues, the vulnerabilities are mostly the same, and the need to protect and militate against the impact and ramification of such events will probably remain constant in the foreseeable future.
- ❑ **Technological Evolution** – The Homeland Security and Public Safety market is driven by the growing dependence of Homeland Security and Public Safety technologies.
- ❑ **Costly Asymmetry** – The astronomical number of potential terror-crime targets and the multitude of forecasted terror-crime scenarios requires continuous investment in tremendous amount of resources over a long period.
- ❑ **The Changing Nature of Anti-Terror Anti-Crime Warfare** – With the nature of the adversary changing and with the need to adopt rapidly to this change, pre-9/11 defense, intelligence, and general security establishments will have to shift major resources from their pre-9/11 agenda to Homeland Security and Public Safety assets.

Figure 1 - Homeland Security and Public Safety



(Source: C. Bellavita)

- ❑ **Public Fear and Public Opinion** – Public opinion and consequently the political establishment rank terror as the #1 threat to national stability. Consistent public opinion polls demonstrate public fears and support the war on terror.
- ❑ **Political Drivers** – Politicians and economists are very much attuned to the public's fear of terror. The political organizations will do all they can to convey and sustain a sense of security and business as usual.
- ❑ **Survival of the Protected** – Investment in anti-terror mitigation is not the destiny of western and/or western-leaning countries. Autocratic (non-democratic) regimes need to invest heavily in their regime survival (e.g., Saudi Arabia, PRC).
- ❑ **Culture of Outsourcing** – The Homeland Security and Public Safety market are increasingly driven by the tendency of most governments and private sector organizations to outsource as much as possible, Homeland Security and Public Safety services and goods to the business community.
- ❑ **Strategy-less Is Expensive** – The lack of a comprehensive Homeland Security and Public Safety strategy will generate investment in low-priority Homeland Security and Public Safety resources, which will need to be reformed once a comprehensive strategy is in place
- ❑ **Multiplicity of Responders and Organizations** – Redundant responsibilities and resources by different agencies will result in an extended market.
- ❑ **Bottom-line** – In spite of the global economic uncertainty, the Homeland Security and Public Safety market is robust and continually demonstrative.
- ❑ **Governments as Main Customer** – Procurement administration of governments in Homeland Security and Public Safety is and will continue to be inefficient at least for the next several years. Anti-terror is also a finite effort - nations cannot spend Homeland Security and Public Safety resources without consideration of the current global economic downturn. National deficits and other non-defense priorities put a cap on Homeland Security and Public Safety expenditures.
- ❑ **Success Leads to Relaxation** – Paradoxically enough, success in anti-terror measures leads to an increased sense of security, which inevitably results in reduced outlay for anti-terror defense. Unless a new major wave of terror attacks occurs, the Homeland Security and Public Safety infrastructure upgrade process will take 10 to 20 years.
- ❑ **Lack of In-Depth Understanding of Issues** – The public as well as many of the relevant members of the political community have just a superficial understanding of the risks and consequences of terror. They are largely motivated by immediate fear, sense of current insecurity and need to appease the electorate.

- ❑ **Economic Inhibitors and National Deficits** – The war against terror is expensive and creates economic and monetary pressures on even the most prosperous economies. Less prosperous economies will find the war on terror to be an unwelcome drain on their already-limited resources. Active mitigation of terror threats may also result in slowing economic activity, due to cross-border screening and other activities that are incompatible with the free flow of goods, services and people. Additional insurance and homeland security burdens might prove more than some companies – already in economic difficulties – can endure, increasing bankruptcies and inhibiting the starting of new businesses.
- ❑ **The Socio–Political Environment** – Fighting terrorism requires a long-term commitment, that is sometimes (in the absence of frequent terror attacks) difficult to explain and even more difficult to sustain. Civil societies in democracies are intuitively open and forward-looking, and they find it difficult to reconcile to the inevitable constraints of a war against terror, such as modifications to civil rights statutes. This leads to a strange contradiction: the better a government is at fighting terror, the lesser terror impacts the lives of its citizens; yet, the lesser a population is impacted by terror, the more difficult it is to explain to the constituents the need to invest resources in anti-terror means.
- ❑ **Limited International Cooperation** – Since terror does not impact every nation equally, and since it is reasonable to assume that nations will have differing ideas about how best to fight terror, it is quite likely that international cooperation in the war against terror will be a struggle of its own. Since the war against terror cannot be won without tight cooperation between disparately different countries, it may very well be the case that such cooperation will have a long establishment and proper maintenance. It is also safe to assume that many countries will be quite reluctant in dedicating resources to support policies and/or actions that they deem unnecessary or even damaging to their own self-interests.
- ❑ **Ever-changing Legislation and Funding** – Legislation and funding of anti-terror activities is often influenced by local sensitivities and by immediate perception of vulnerability and threat. The allocation of funds toward defending targets of low priority, though of high importance, may be difficult if not impossible. It is also safe to assume that most significant movements towards effective technologies and deployment will be driven by legislation and regulations responding to immediate events (e.g., rail protection bills in the wake of the Madrid bombing; “bio-shield” biological agent mitigation allocations following the Anthrax attacks on Washington, DC)
- ❑ Some key governments (e.g., EC governments) refrain from aggressive investments in Homeland Security and Public Safety.
- ❑ The demand for development and deployment of improved capabilities in Homeland Security and Public Safety systems is driving a dynamic and multi-faceted RDT&E sector.

More information can be found at:

[Global Homeland Security & Public Safety Market - 2015-2022](#)