



This eighth annual report from *Security Business* is the result of a comprehensive research survey of the industry's top security systems integrators and consultants, looking to assess the state of business in the security services marketplace.

As evidenced by the numbers in this report, the state of the security services industry remains exceptionally strong. Of those who responded, a whopping 89% are some degree of "optimistic" when it

comes to their business prospects for the next 2-3 years.

From a technology perspective, artificial intelligence continues to grow beyond buzzword status and into tangible product offerings, services and enhancements that are truly beginning to drive integrator business growth as well as customer demand and satisfaction.

Another key area of focus for our survey this year is the continuing emergence of subscription-based services as a viable go-to-market strategy for integrators. While a significant portion of those surveyed report a low percentage of revenue coming from these types of services, more than half say they are contributing more than 10% to their business's top-line revenue – a

marked rise vs. our previous state of the industry survey results.

Security Business has conducted this survey since 2017, and without fail, every year has seen workforce development and hiring cited as the biggest business challenge for integrators. This year was no exception; however, the survey did reveal some interesting additional challenges, ranging from keeping pace with technology changes, to scaling operations, to managing customer expectations and education, to growing competition for customers from an unlikely source – manufacturers.

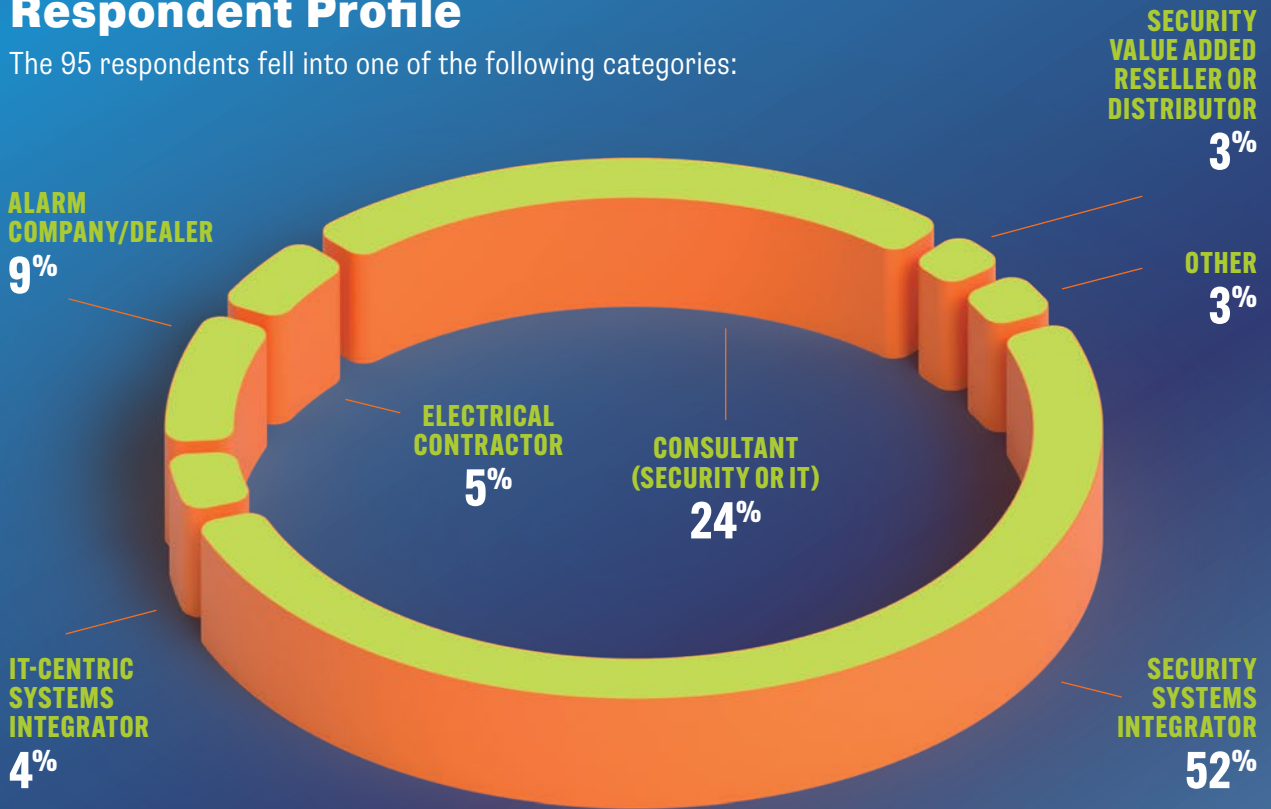
Read on for hard numbers on growth, revenue and RMR, as well as greater insight into growing technologies, markets and business challenges for the industry.

In all, 95 people qualified to take the survey. All percentages are rounded for ease of reading. ●

While this survey and report are supported by a manufacturer company, that company had absolutely no involvement or influence on the survey questions, responses or the reporting of the results.

Respondent Profile

The 95 respondents fell into one of the following categories:



Respondent Location

99% of respondents of this survey were based in North America.

By state, the largest group of respondents came from:



To what extent is your company utilizing AI in its internal operations?



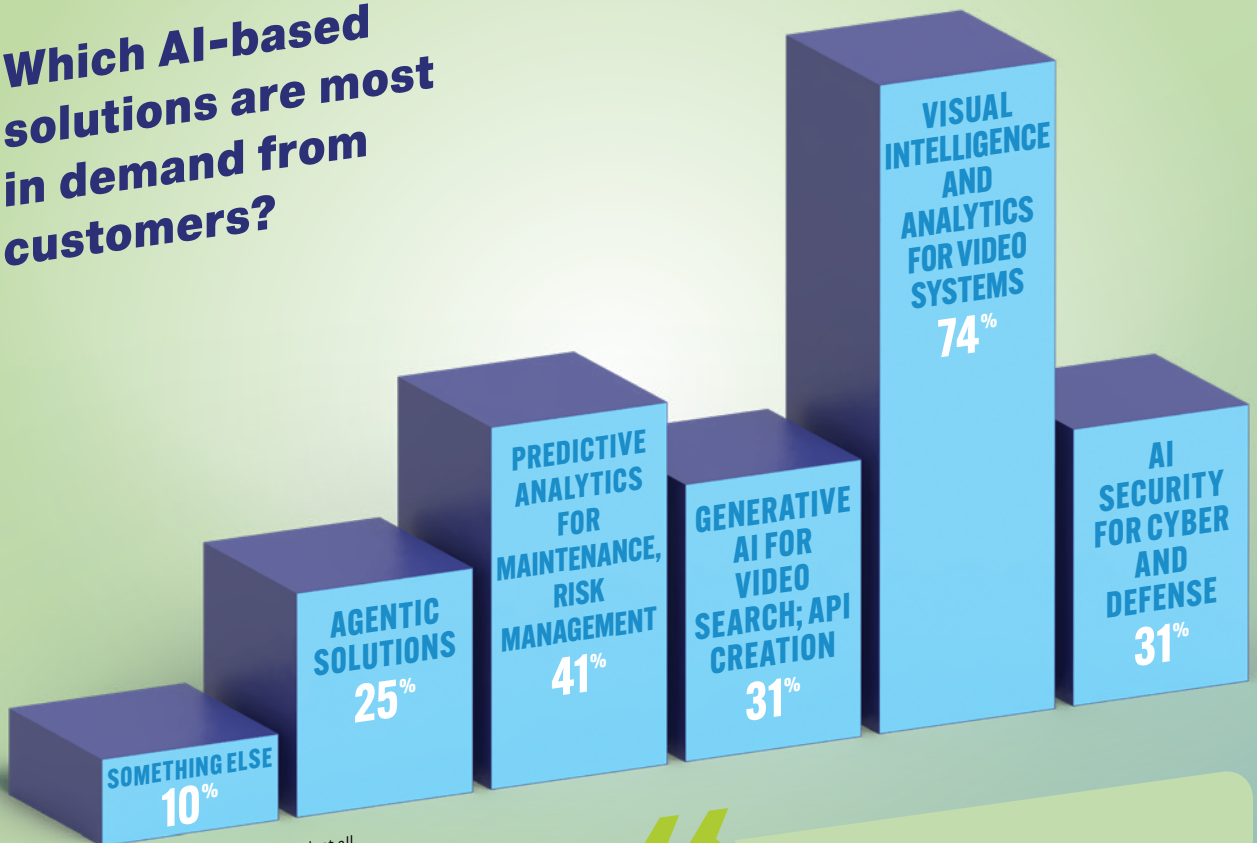
“WE WOULD HAVE TO HIRE **10-15 MORE EMPLOYEES** TO PROCESS EVERYTHING WE HANDLE WITH AI.”

“WE USE AI **IN OUR CALL CENTER**, AND IT SAVES TREMENDOUS AMOUNTS OF TIME.”

“THREE YEARS FROM NOW, THE LATE ADOPTERS **WON'T BE ABLE TO CATCH UP** TO THE COMPANIES THAT EMBRACE AI NOW.”

“WE RECOGNIZE THAT AI WILL INFLUENCE **ALL ASPECTS OF OUR BUSINESS**, BUT WE NEED TO BE THOROUGHLY EDUCATED AS TO ITS BENEFITS AND POTENTIAL IMPACT.”

Which AI-based solutions are most in demand from customers?



Respondents were asked to select all that apply; thus, the sum of the results will not add up to 100%.

“WHILE THERE’S **GROWING CURIOSITY** ABOUT AI AND HOW IT MIGHT ENHANCE SECURITY SOLUTIONS, MOST CUSTOMERS ARE STILL IN THE EXPLORATORY STAGE.”

“OUR GREATEST CHALLENGE IS **SIMPLY KEEPING PACE** WITH THE RAPID EVOLUTION OF AI TECHNOLOGY IN THE SECURITY INDUSTRY. AS NEW CAPABILITIES EMERGE, IT CAN BE DIFFICULT TO STAY ADEQUATELY INFORMED TO CONFIDENTLY EDUCATE CUSTOMERS AND SELL THESE SOLUTIONS.”

Which AI-related challenges pose the greatest risk to your competitive position?

AI VENDORS SELLING
DIRECTLY TO
END-USERS

40%

COMPETITORS OFFERING
AI-ENHANCED SERVICES
WE CANNOT MATCH

27%

REGULATORY AND
PRIVACY RESTRICTIONS
LIMITING AI IMPLEMENTATION

24%

CLIENTS DEVELOPING AI CAPABILITIES IN-HOUSE
AND BYPASSING INTEGRATORS

25%

RAPID
TECHNOLOGY
CHANGES
MAKING OUR
INVESTMENTS
OBSOLETE

37%

LARGE
TECHNOLOGY
COMPANIES
ENTERING
THE SECURITY
MARKET WITH AI

28%

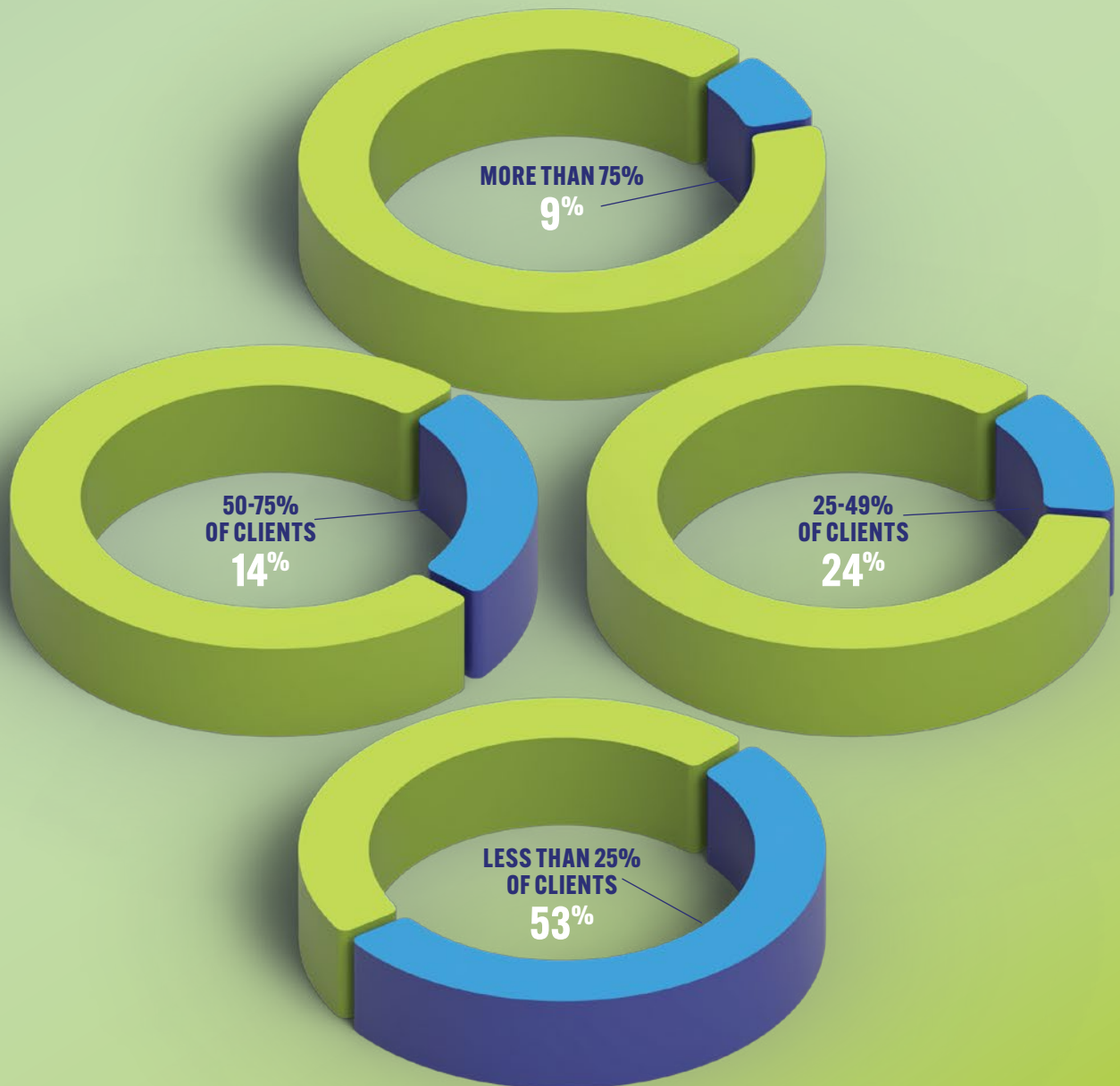
Respondents were asked to select all that apply; thus, the sum of the results will not add up to 100%.

“EVEN AS A BUILDING BLOCK,
GENERATIVE AI CAN USE SOME
VERY **UNWELCOME** SOURCES.”

“EQUIPMENT CHOICE AND INSTALLATION
QUALITY **ARE PARAMOUNT** IN TODAY'S AI
ENVIRONMENT. A POORLY INSTALLED SYSTEM
WILL CERTAINLY BE EXPOSED, AS THE AI IS
VERY UNFORGIVING.”

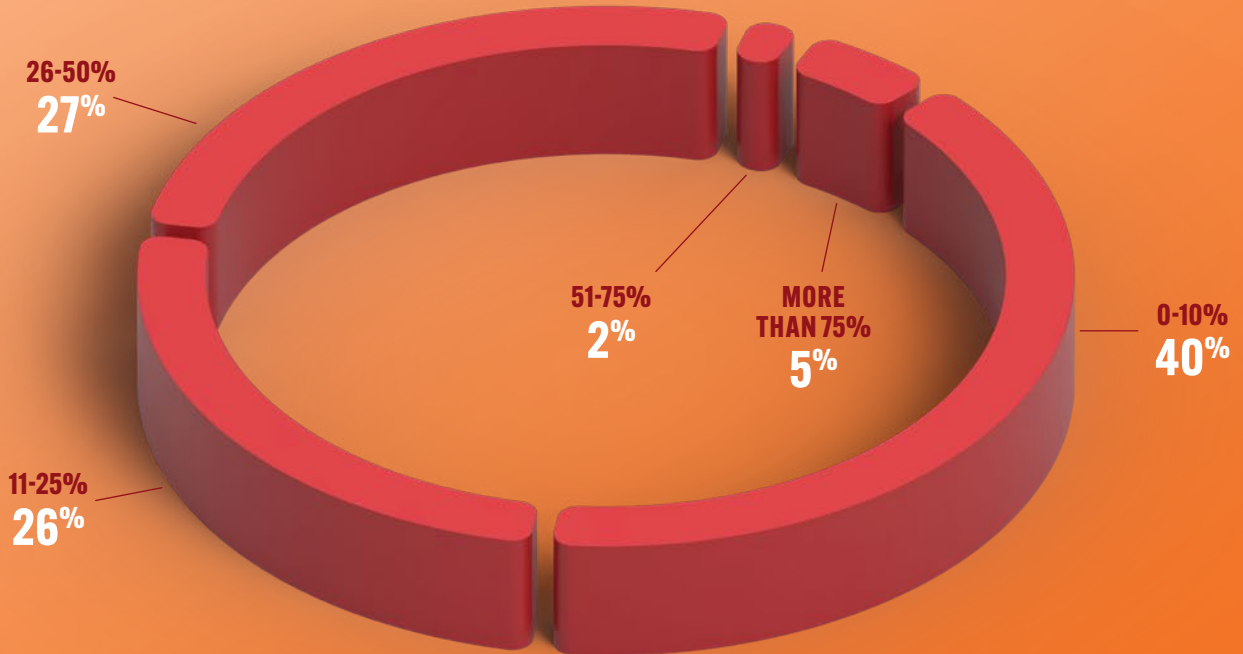
“VENDORS **OVERSELL**
THE AI CAPABILITIES
OF THEIR PRODUCTS, AND
END-USERS ARE OFTEN
DISAPPOINTED.”

What percentage of your clients are actively requesting AI-enhanced security solutions?

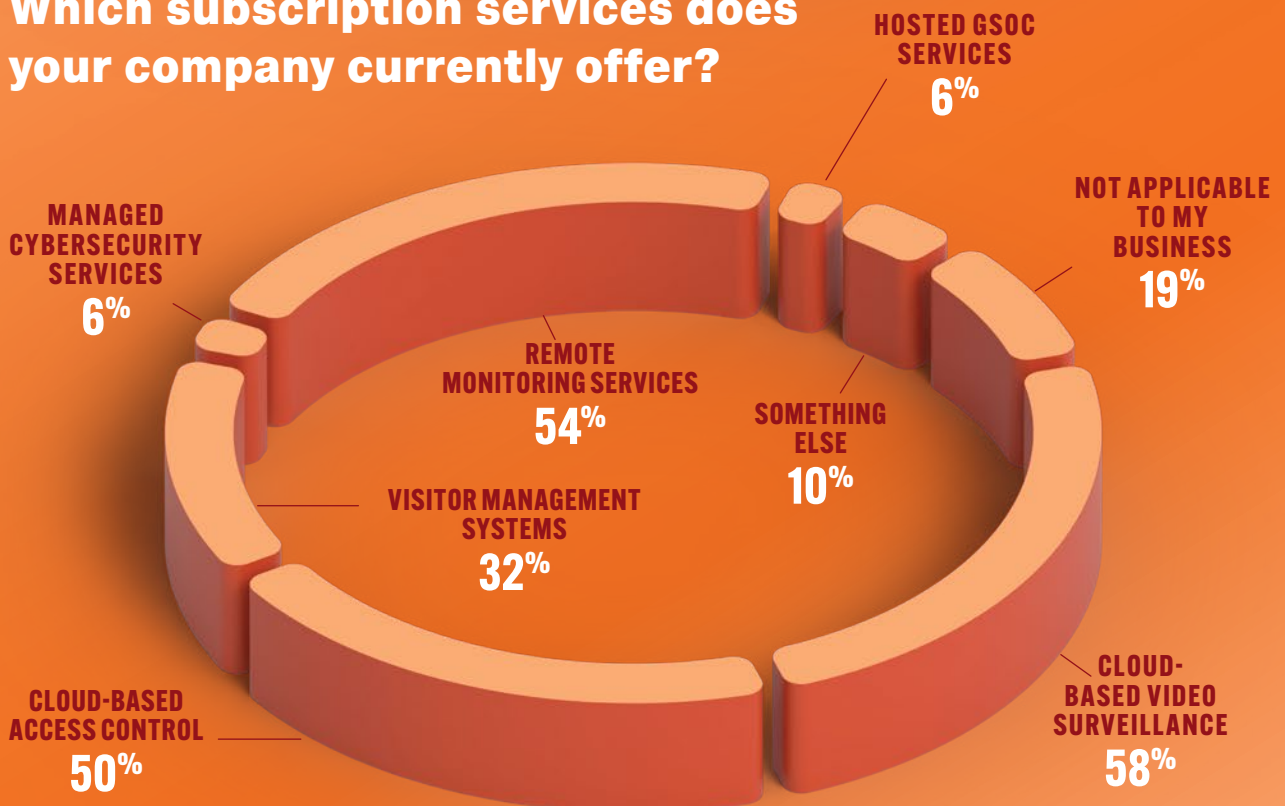


THE MOST COMMON CUSTOMER INTEREST RELATES TO AI-POWERED **VIDEO ANALYTICS** - PARTICULARLY TOOLS THAT CAN HELP SPEED UP THE REVIEW OF RECORDED CAMERA FOOTAGE.

What percentage of your current revenue comes from subscription-based/cloud services?

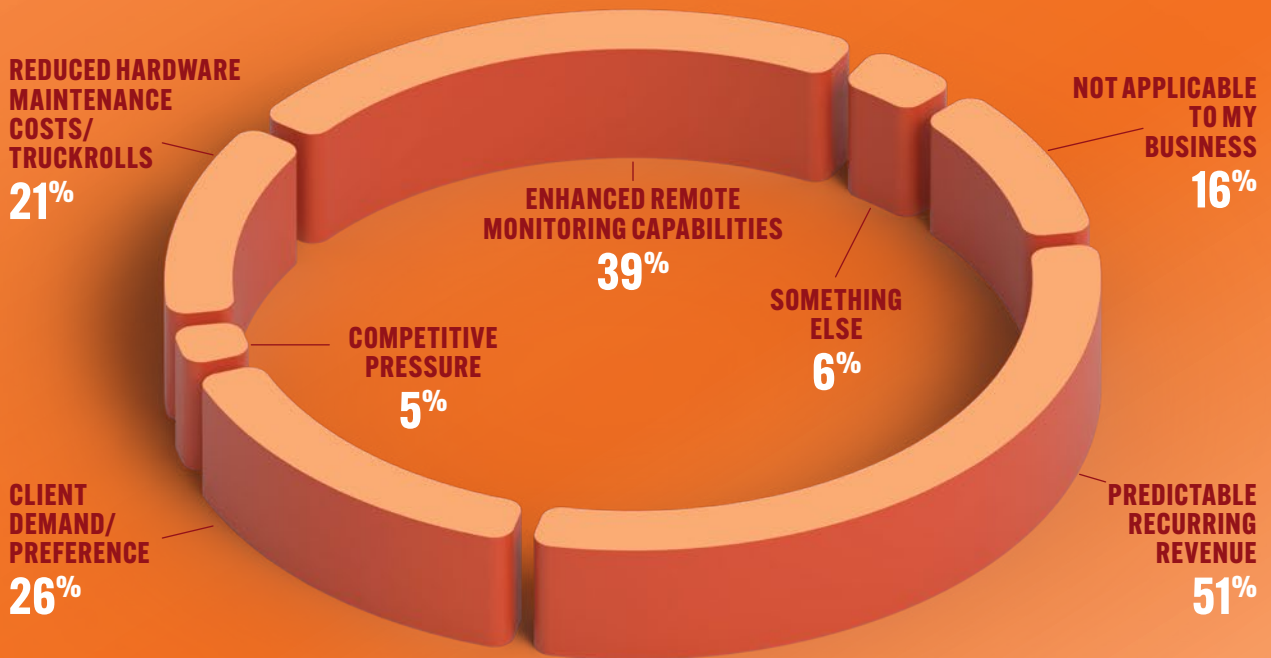


Which subscription services does your company currently offer?



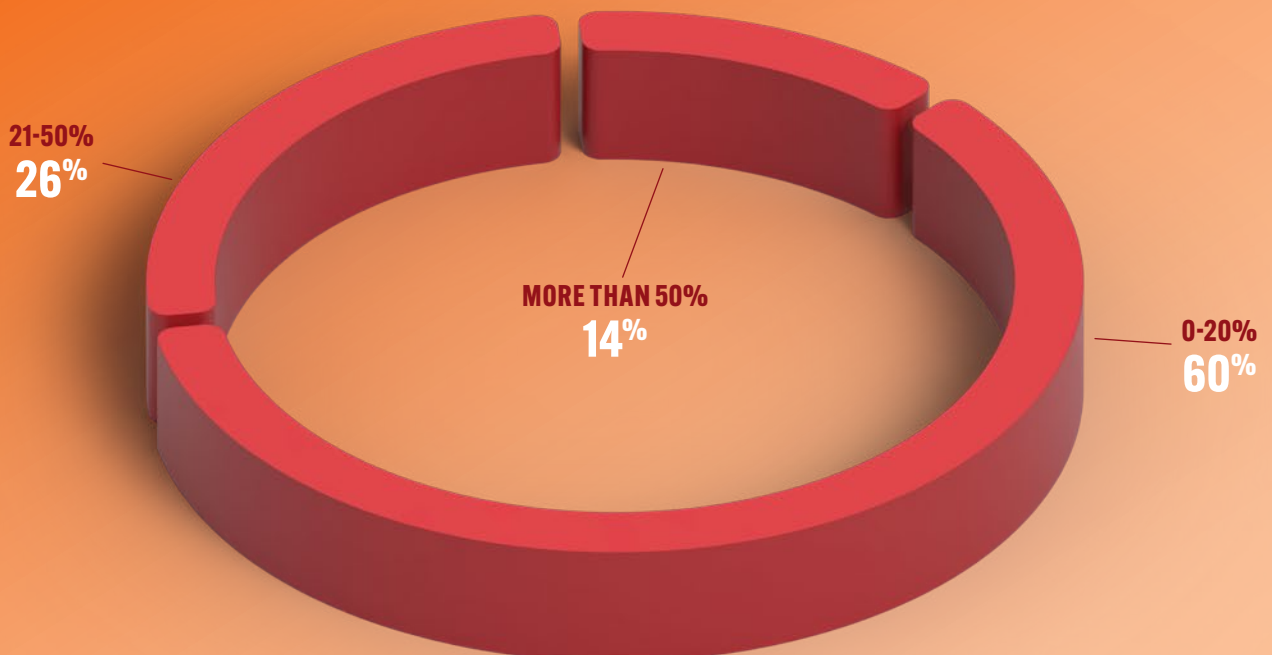
Respondents were asked to select all that apply; thus, the sum of the results will not add up to 100%.

What are your primary business drivers for offering subscription services?

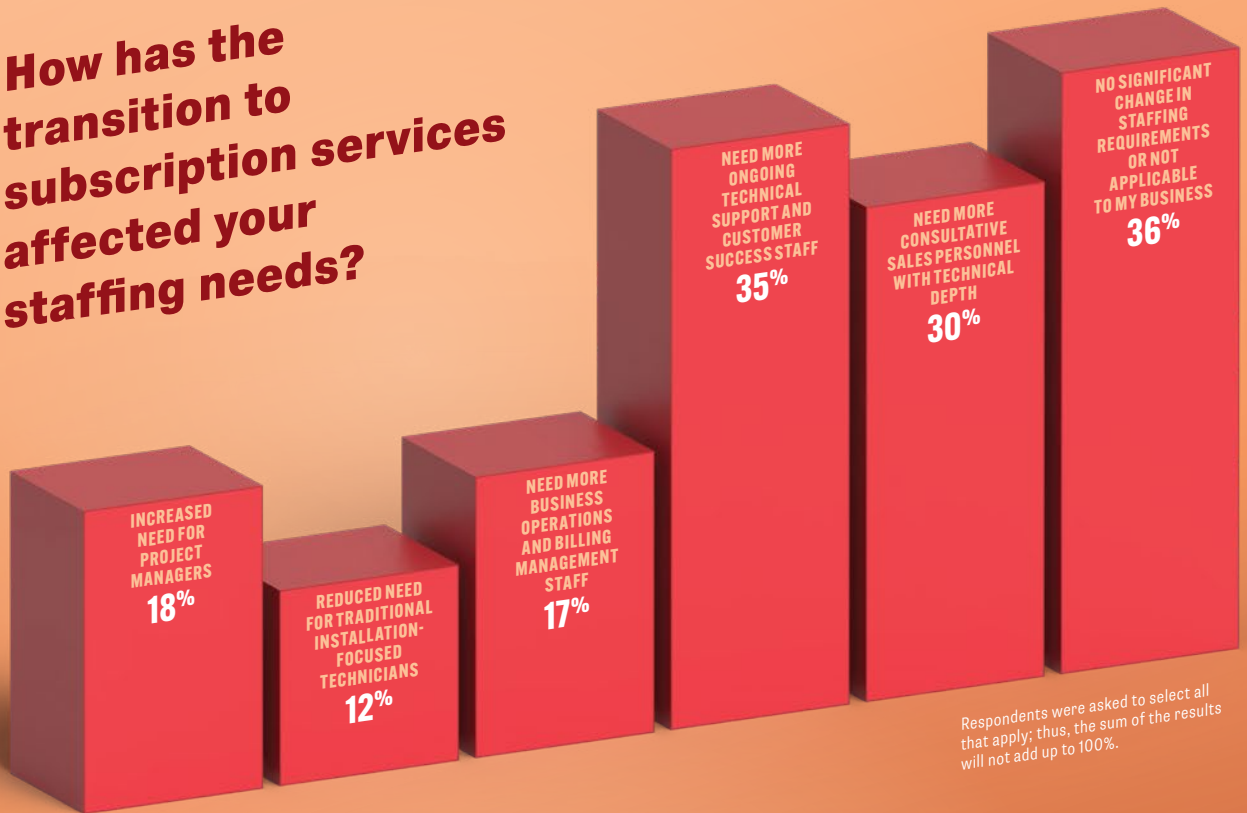


Respondents were asked to select up to two choices; thus, the sum of the results will not add up to 100%.

What percentage of clients prefer subscription-based solutions over traditional installations?



How has the transition to subscription services affected your staffing needs?



Respondents were asked to select all that apply; thus, the sum of the results will not add up to 100%.

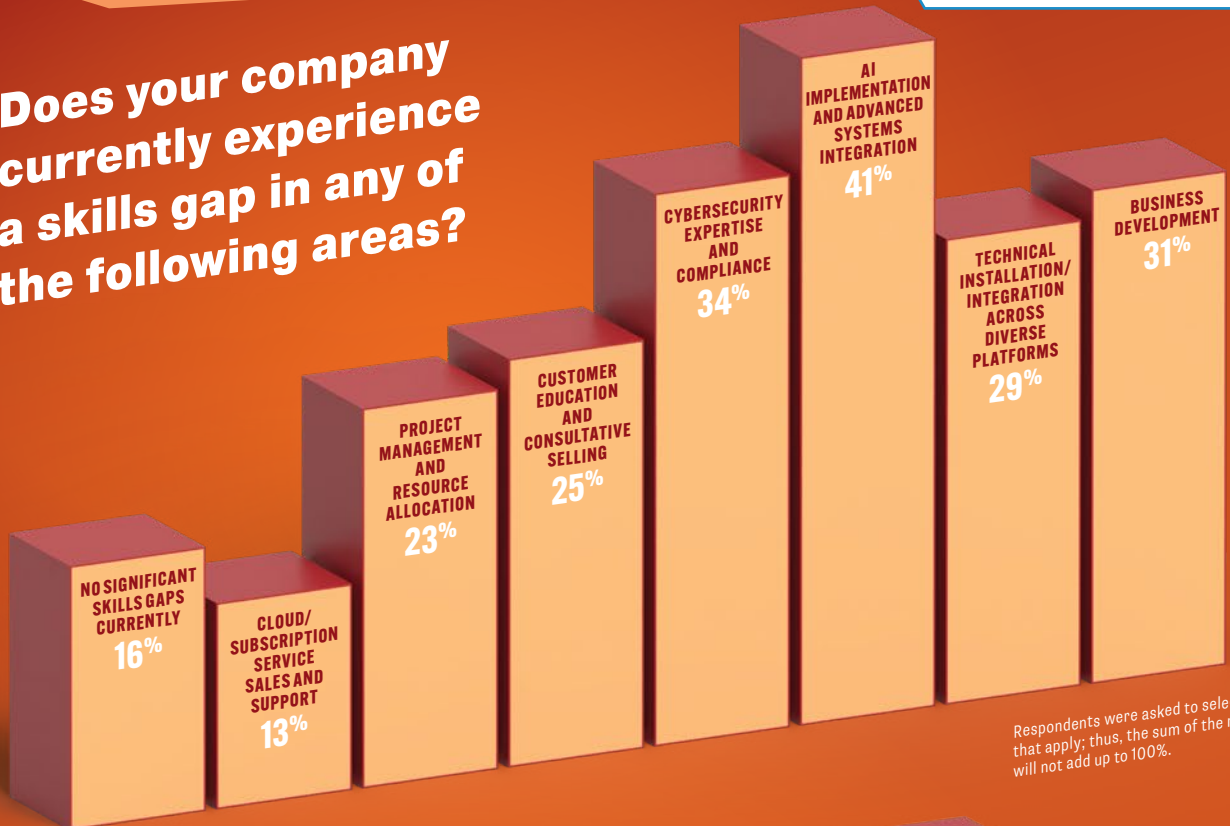
How has the shift to cloud/subscription services affected your relationship with manufacturers?



Respondents were asked to select all that apply; thus, the sum of the results will not add up to 100%.

TRAINING & WORKFORCE DEVELOPMENT

Does your company currently experience a skills gap in any of the following areas?



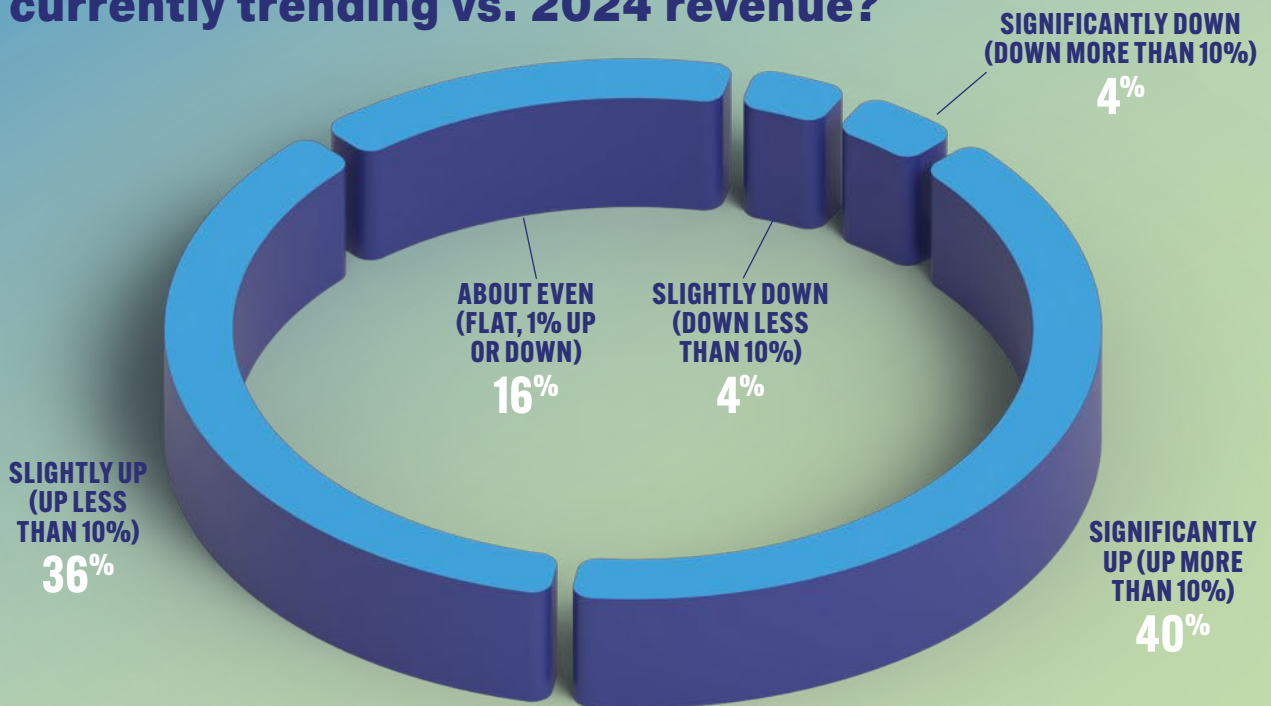
Respondents were asked to select all that apply; thus, the sum of the results will not add up to 100%.

How are you addressing AI training and education within your organization?

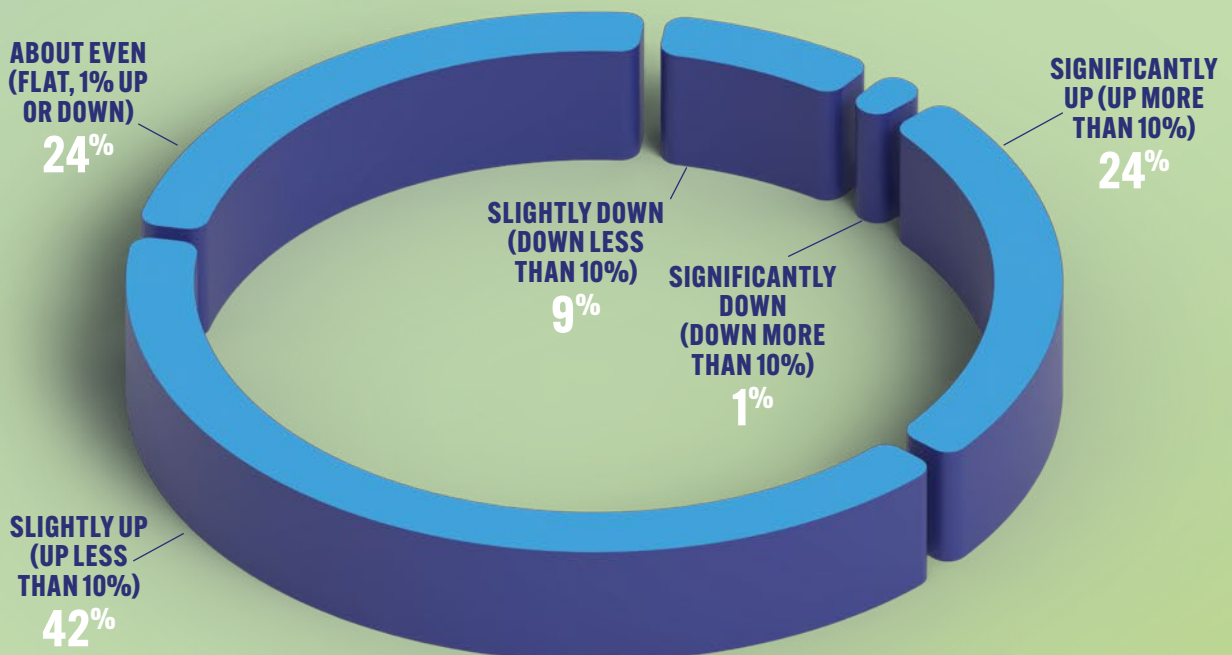


Respondents were asked to select all that apply; thus, the sum of the results will not add up to 100%.

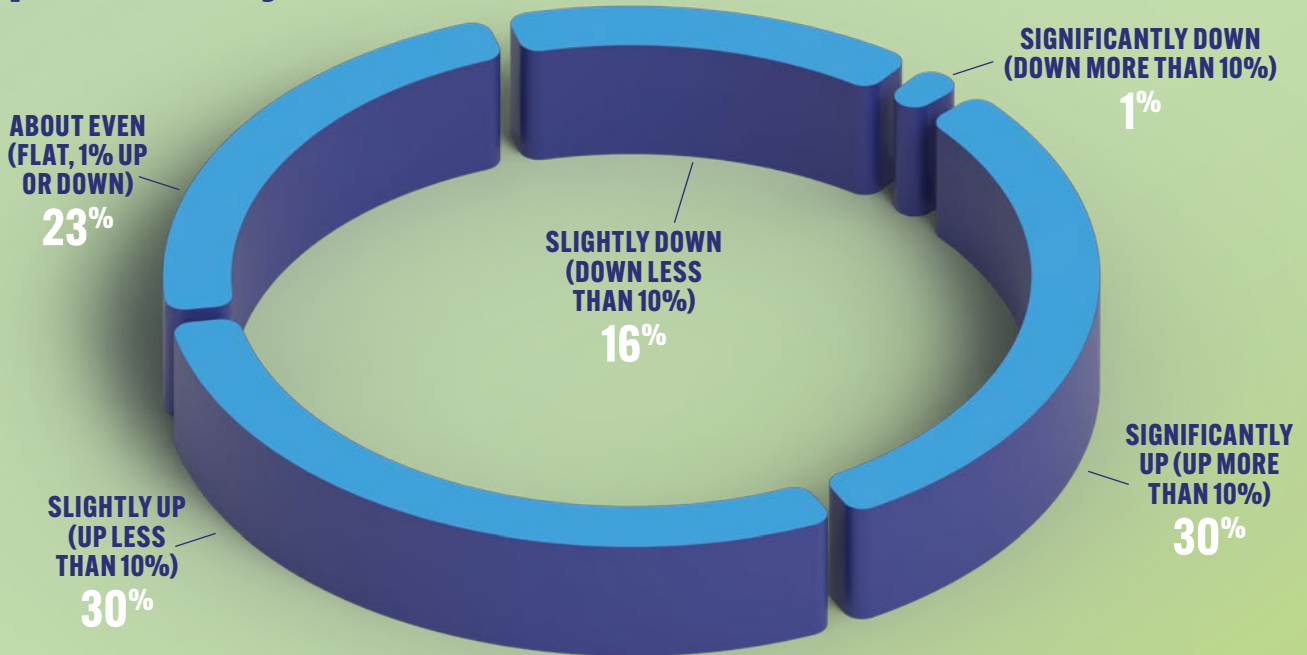
How is your 2025 gross revenue currently trending vs. 2024 revenue?



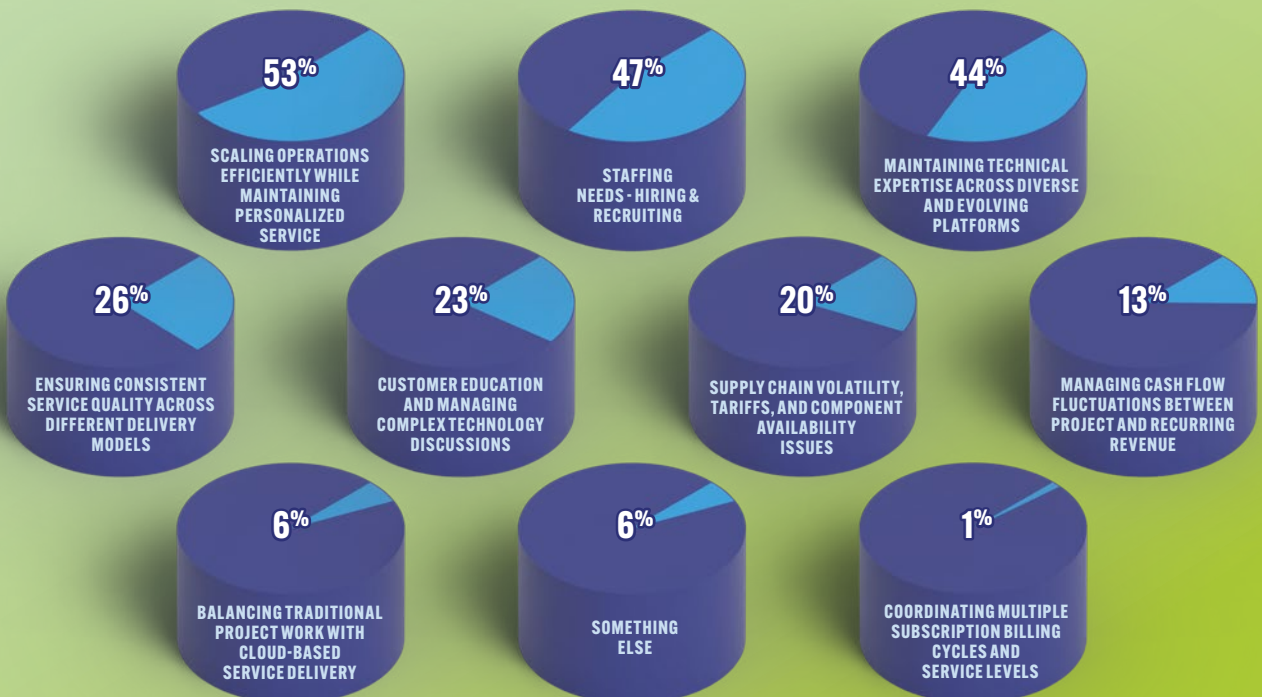
How is your 2025 gross profit margin currently trending vs. 2024?



How does your firm's overall number of projects in the past six months compare to the same six-month period last year?

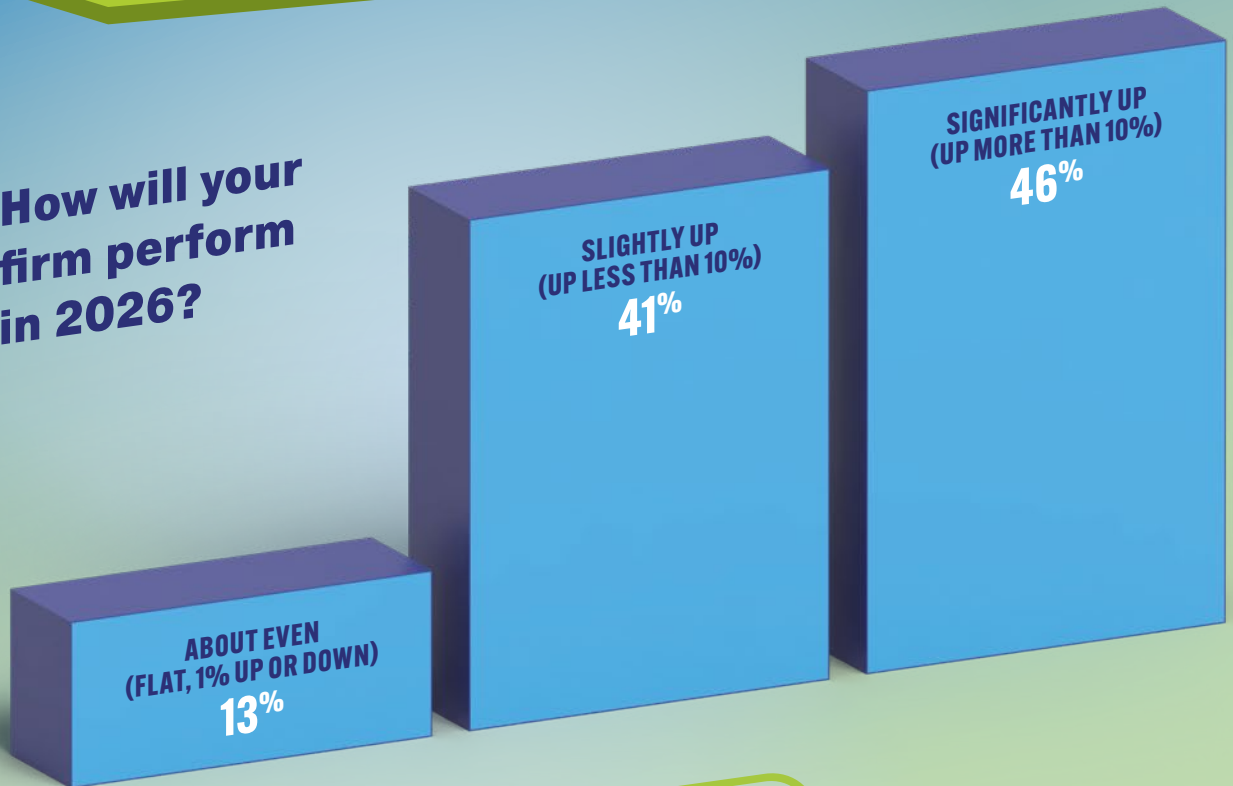


What is your biggest operational challenge currently?



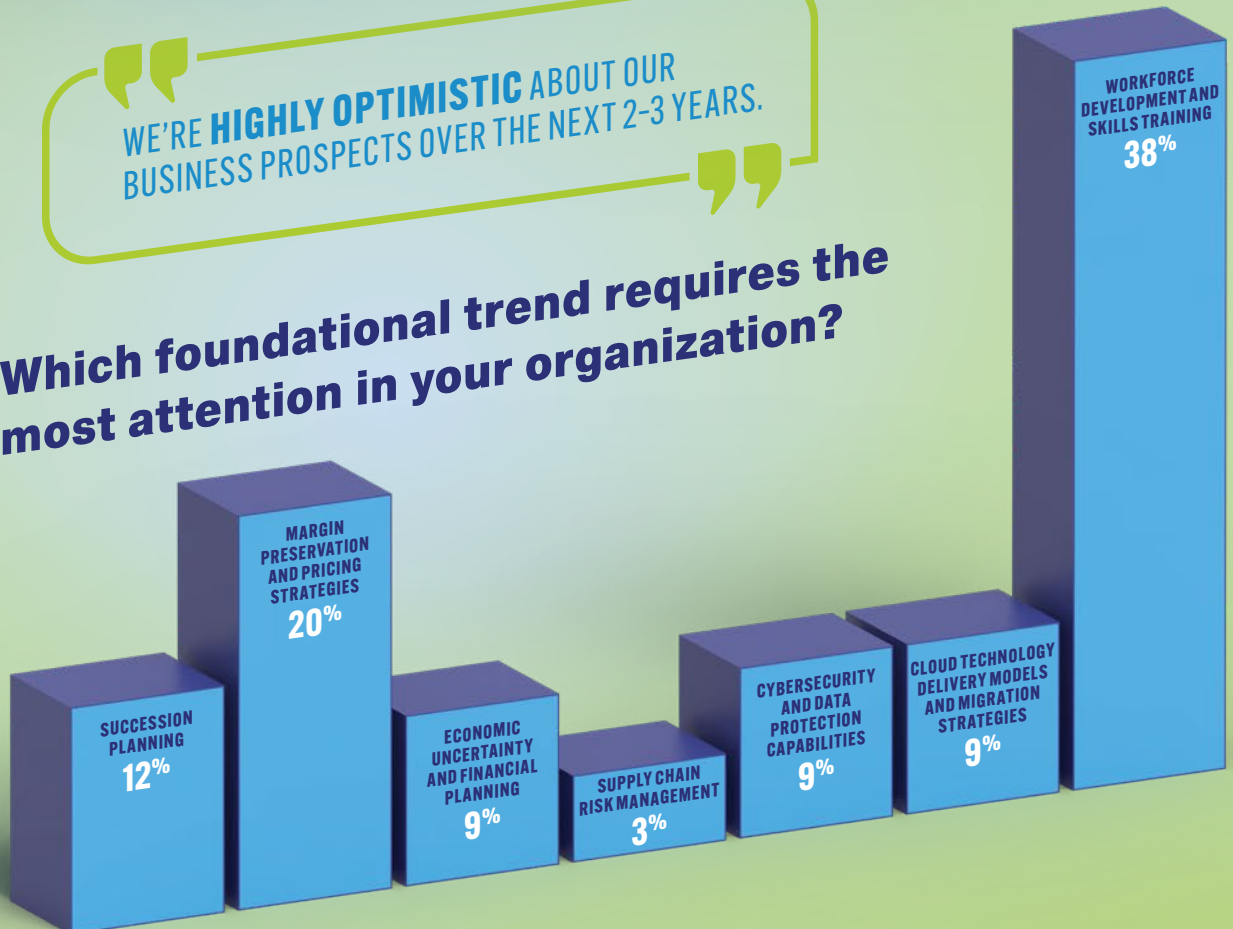
Respondents were asked to select up to three choices; thus, the sum of the results will not add up to 100%.

How will your firm perform in 2026?

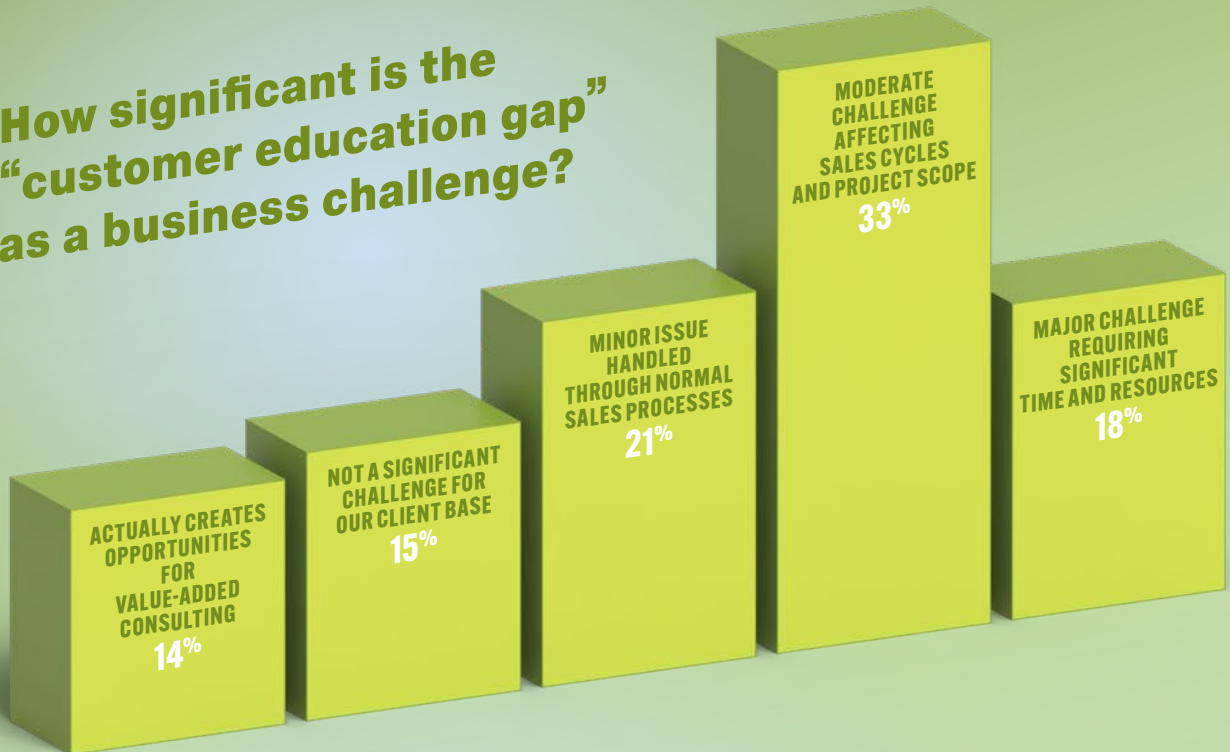


WE'RE **HIGHLY OPTIMISTIC** ABOUT OUR BUSINESS PROSPECTS OVER THE NEXT 2-3 YEARS.

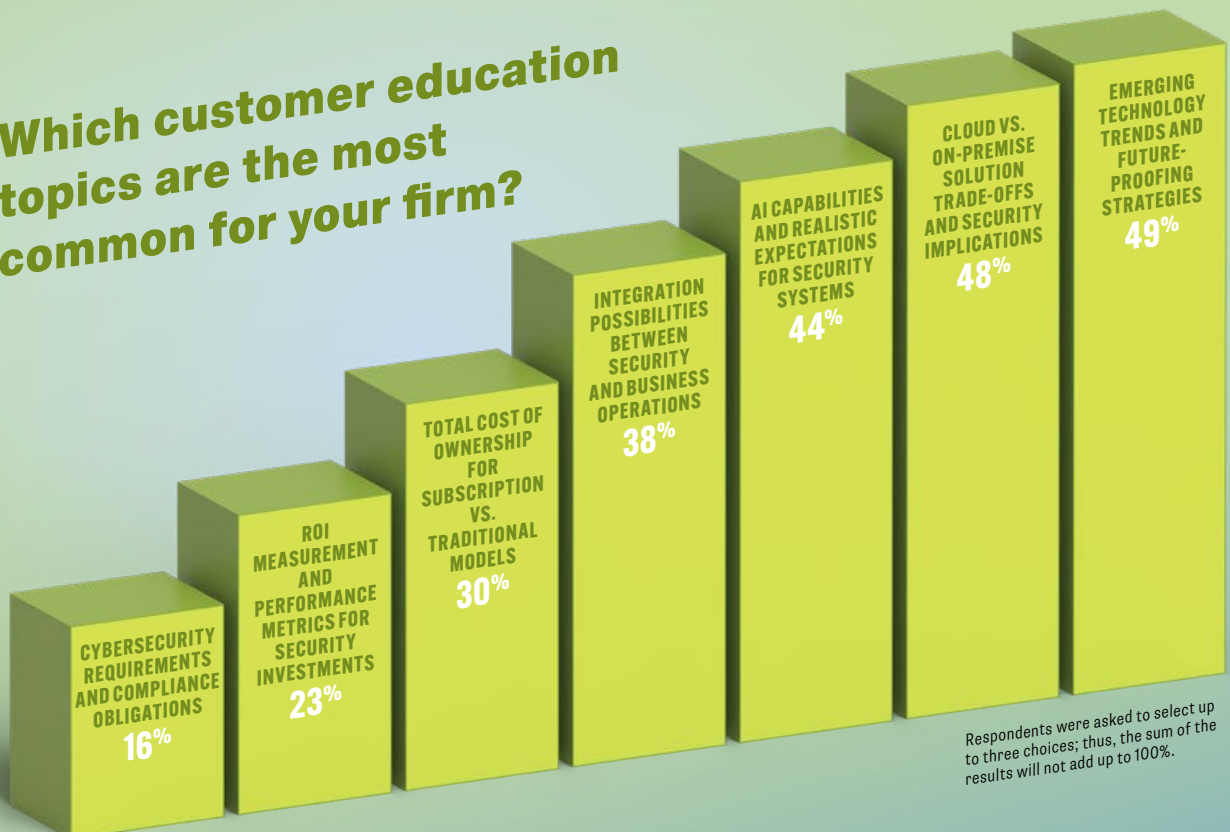
Which foundational trend requires the most attention in your organization?



How significant is the “customer education gap” as a business challenge?

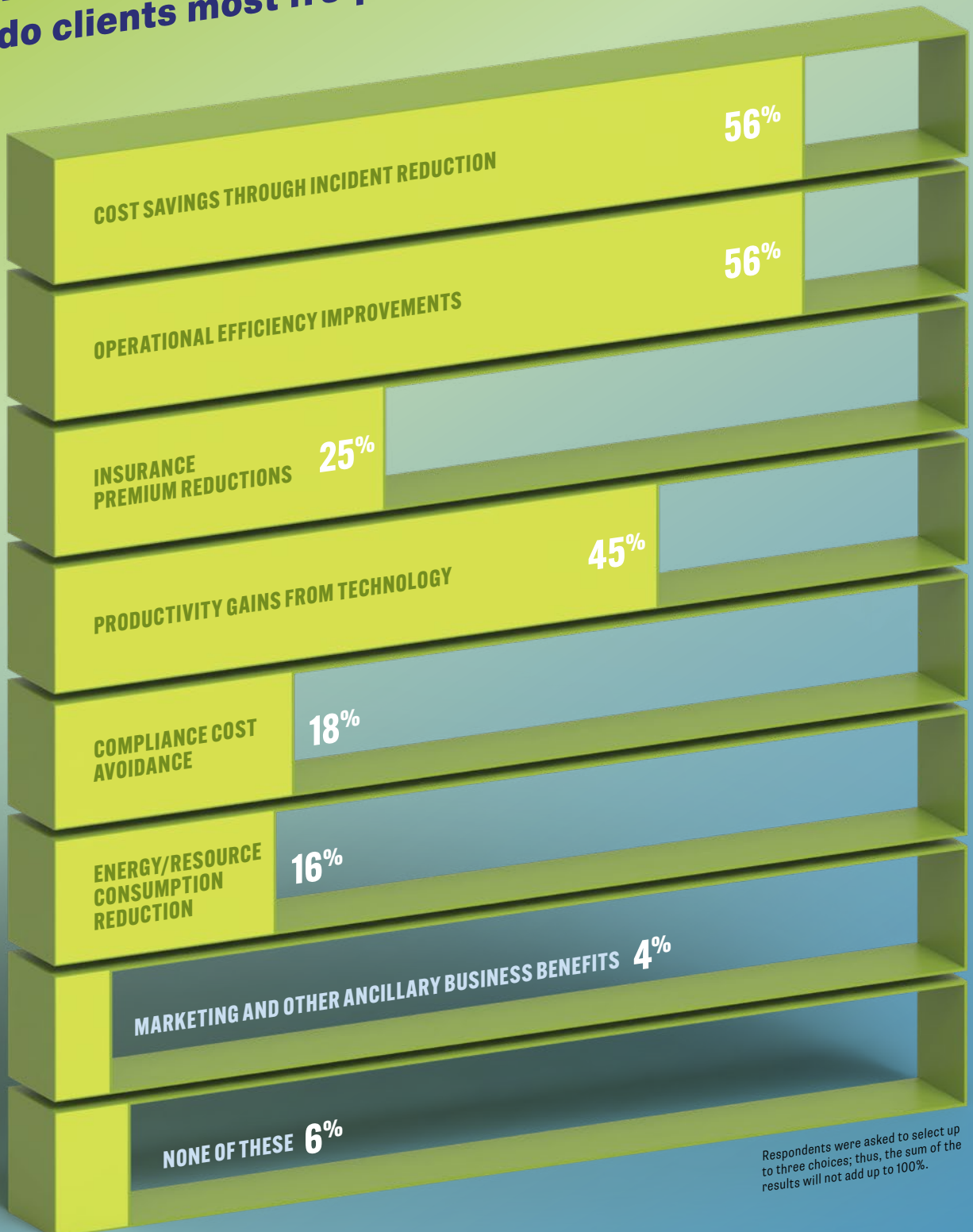


Which customer education topics are the most common for your firm?



Respondents were asked to select up to three choices; thus, the sum of the results will not add up to 100%.

Which types of ROI metrics do clients most frequently request?



“THE DEMAND FOR SECURITY SOLUTIONS **REMAINS STEADY** (THESE NEEDS AREN'T GOING AWAY), BUT THE CURRENT ECONOMIC CLIMATE OF UNCERTAINTY IS CREATING LONGER SALES CYCLES AND SLOWER DECISION-MAKING.”

“CLIENTS ARE **BEGINNING TO UNDERSTAND** THE IMPACT OUR SERVICES CAN HAVE ON THEIR BUSINESS OPERATIONS, AND ARE WILLING TO HAVE DEEPER DISCUSSIONS ABOUT THAT WITH US.”

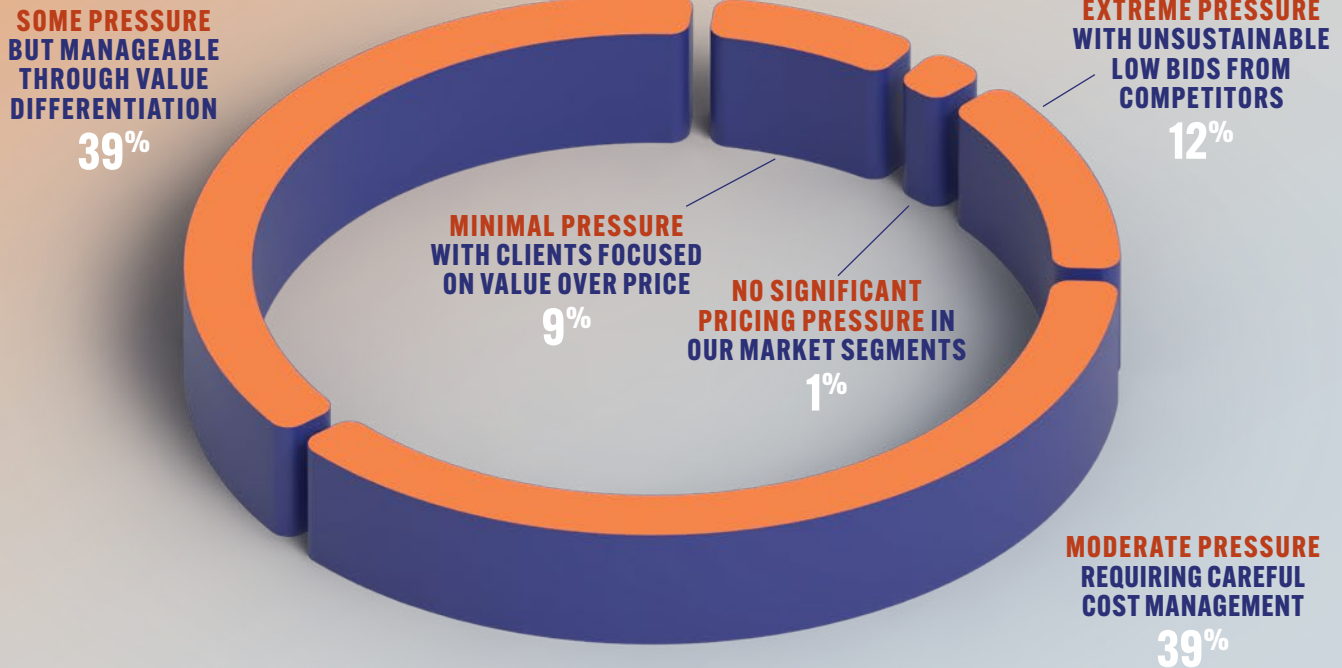
“CLIENTS ARE ASKING FOR SYSTEMS THAT PROVIDE **HIGHER LEVELS OF INFORMATION** AT A FASTER PACE.”

“CLIENTS NOW EXPECT ROBUST PROTECTION AGAINST **EVOLVING THREATS** WITHOUT SIGNIFICANTLY INCREASING THEIR BUDGETS.”

“THERE IS MUCH MORE DEMAND FOR **EDGE** DECISION-MAKING ABILITY.”

“CLIENTS NOW **EXPECT** INTELLIGENT, SCALABLE, AND PROACTIVE SECURITY SYSTEMS THAT GO BEYOND TRADITIONAL HARDWARE.”

What is the current state of pricing pressure in your market?

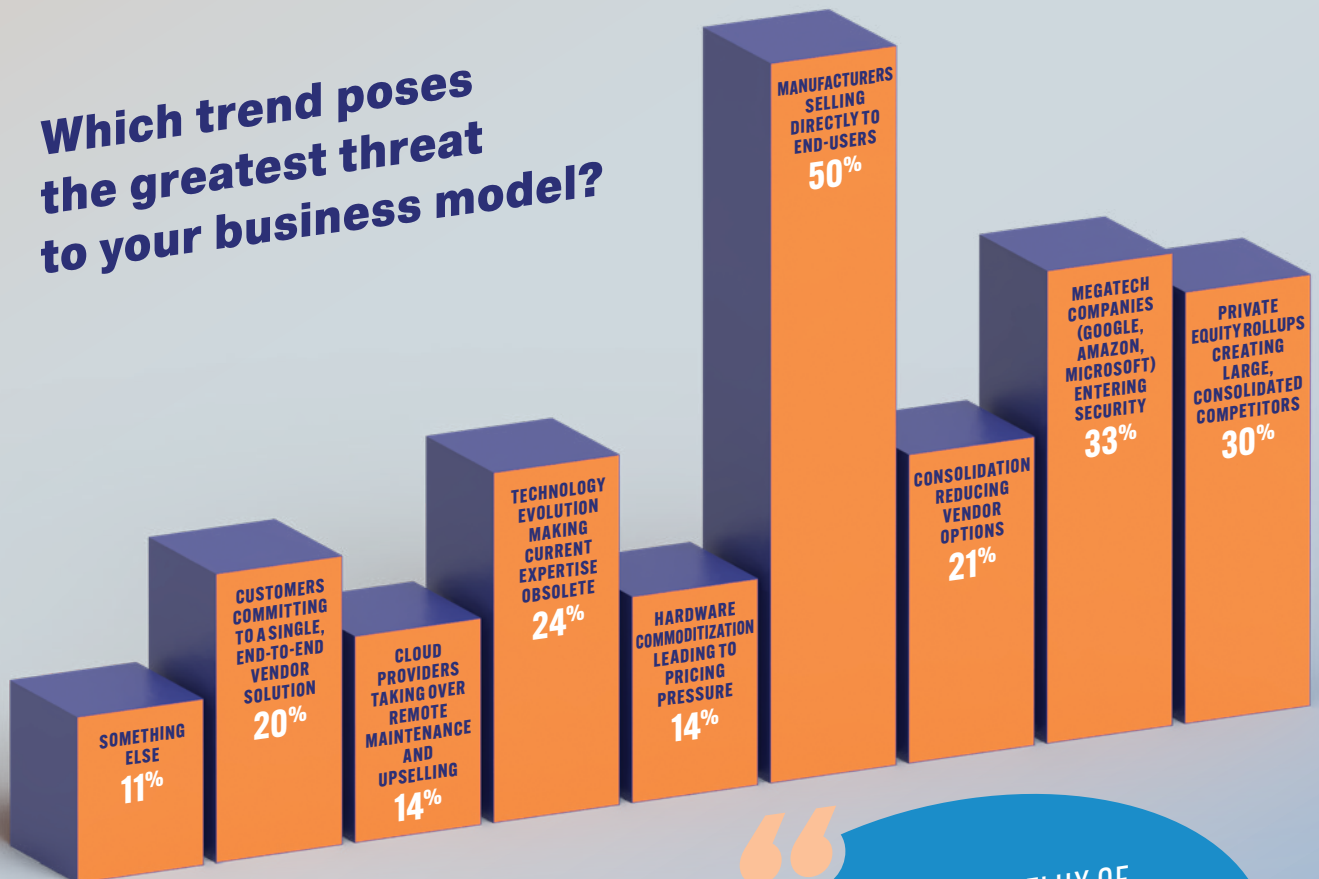


How important is M&A (buying or selling) to your business strategy?



Respondents were asked to select up to three choices; thus, the sum of the results will not add up to 100%.

Which trend poses the greatest threat to your business model?



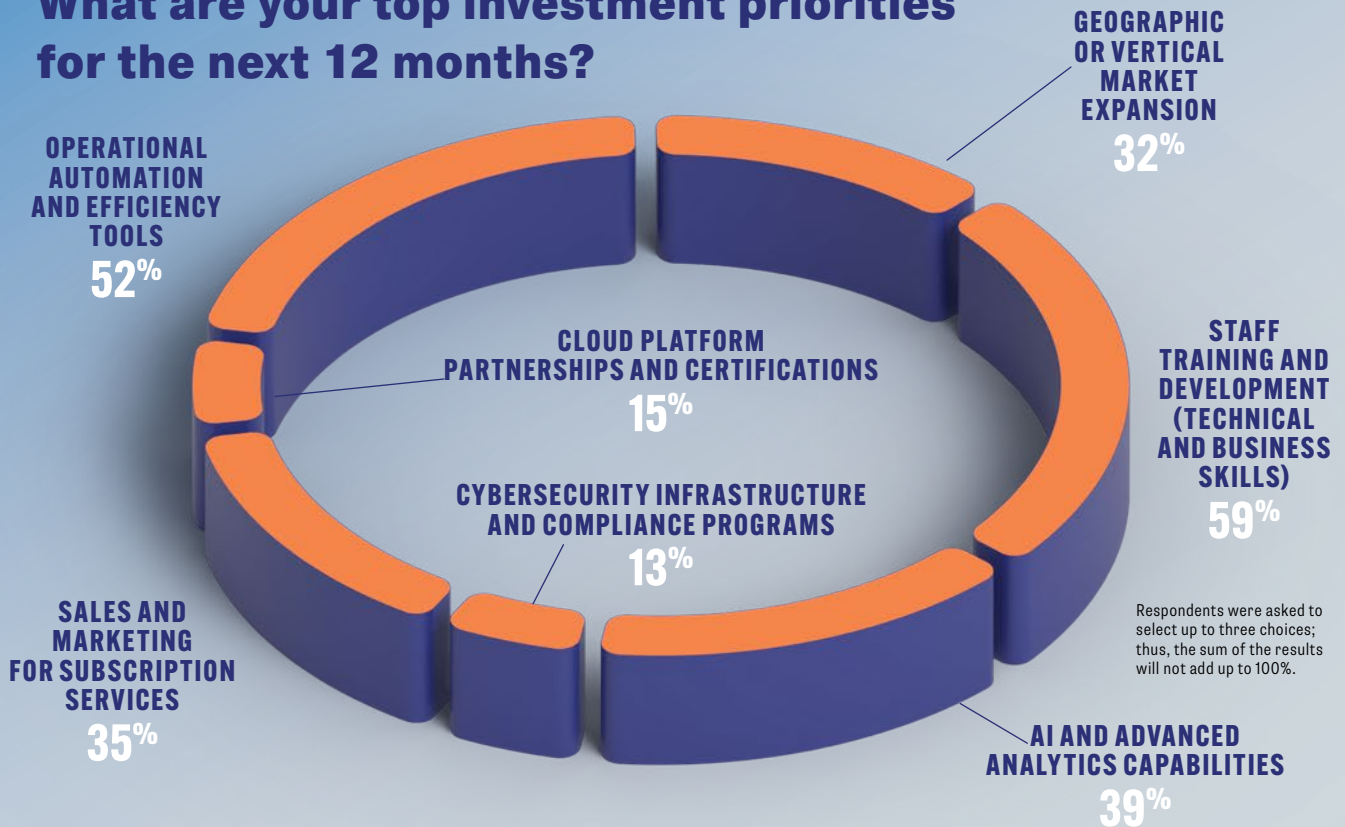
Respondents were asked to select up to three choices; thus, the sum of the results will not add up to 100%.

SUPPLY CHAIN INSTABILITY HAS DIRECTLY IMPACTED PRICING AND PROFITABILITY.

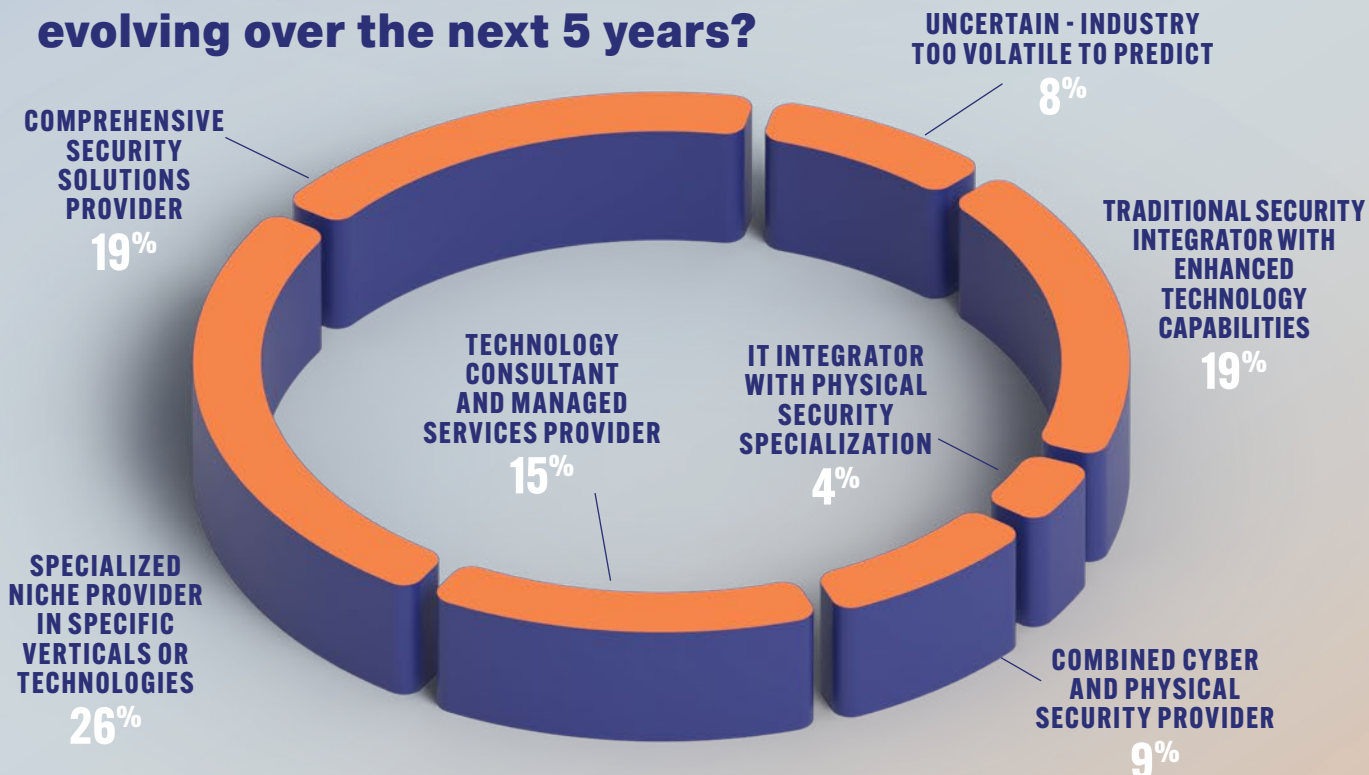
WE HAVE SEEN AN INFLUX OF **ONE-OFF COMPANIES** LEAVING CLIENTS WITH SYSTEMS THAT DO NOT WORK AND ARE NOT UP TO INDUSTRY STANDARDS.

TARIFFS HAVE SIGNIFICANTLY INCREASED THE PRICE OF IMPORTED COMPONENTS, **SQUEEZING MARGINS**. BALANCING THESE COSTS WHILE MEETING CLIENT EXPECTATIONS FOR COMPETITIVE PRICING HAS REQUIRED RENEGOTIATING SUPPLIER CONTRACTS, OPTIMIZING OPERATIONS, AND FINDING ALTERNATIVE SOURCING STRATEGIES WITHOUT COMPROMISING QUALITY OR COMPLIANCE.

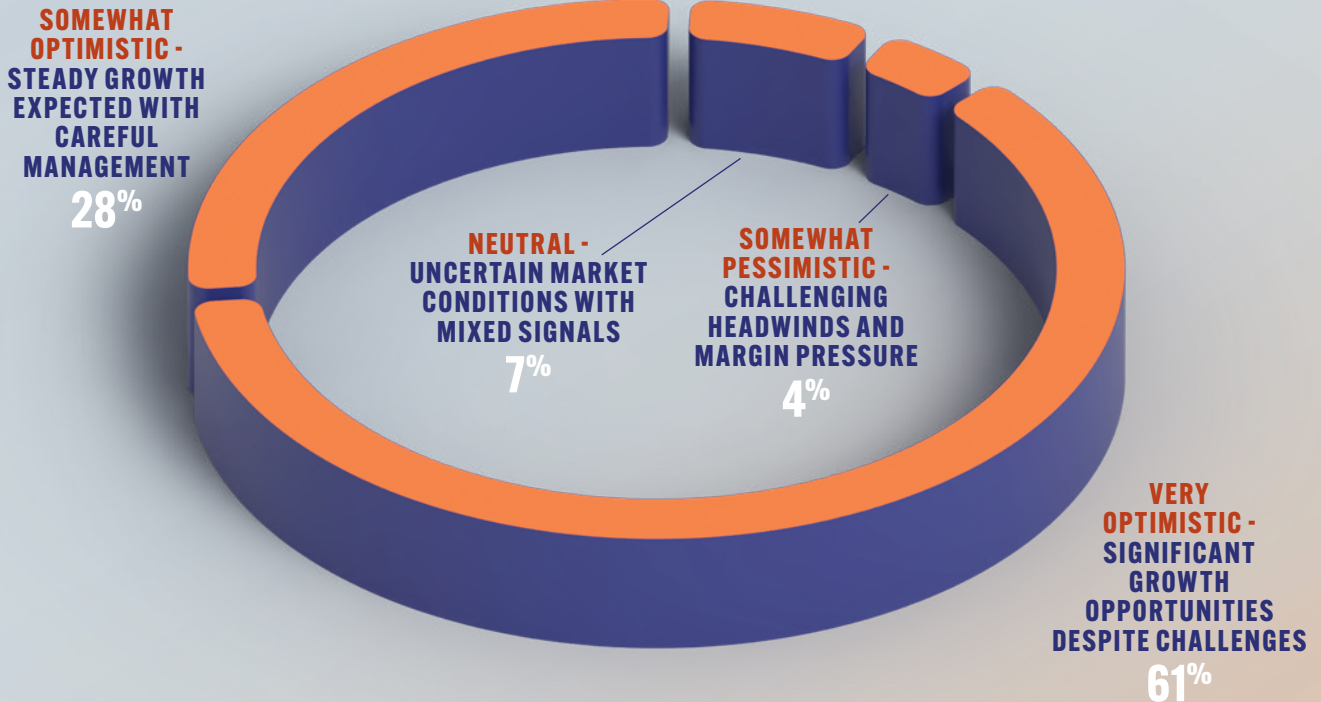
What are your top investment priorities for the next 12 months?



How do you see your company's role evolving over the next 5 years?



How optimistic are you about your business prospects for the next 2-3 years?



IN AN **'EVOLVE OR DIE' ENVIRONMENT**, I FEEL WE ARE AHEAD OF THE CURVE COMPARED TO THE MAJORITY.



I THINK WE CAN CONTINUE TO GROW IF WE CAN **HIRE THE STAFF** TO SUPPORT IT.



AS REGULATIONS TIGHTEN, THE DEMAND FOR COMPLIANT, RELIABLE **FIRE PROTECTION SYSTEMS** CONTINUES TO GROW. THIS STEADY DEMAND PROVIDES A STRONG FOUNDATION FOR SUSTAINABLE GROWTH, EVEN IN THE FACE OF ECONOMIC FLUCTUATIONS OR SUPPLY CHAIN CHALLENGES.



Which industry sectors represent your greatest growth opportunities?



Respondents were asked to select up to three choices; thus, the sum of the results will not add up to 100%.

What is the biggest challenge our industry needs to overcome?

“AS TECHNOLOGIES EVOLVE, WE MUST EQUIP **THE NEXT GENERATION** OF TECHNICIANS AND STAFF WITH THE SKILLS NEEDED TO STAY COMPETITIVE.”

“A BIG CHALLENGE HAS BEEN THE **COST OF LABOR** RISING MUCH FASTER THAN CUSTOMERS' TOLERANCE FOR HIGHER SERVICE RATES.”

“THERE SEEMS TO BE **AN EROSION** OF THE TRADITIONAL SECURITY SYSTEMS INTEGRATOR'S ROLE WITH CUSTOMERS.”

“NEW ENTRANTS ARE PUTTING **COMPETITIVE PRESSURE** ON TRADITIONAL SECURITY INTEGRATION COMPANIES.”

“WE HAVE HAD SUCCESS ACQUIRING OTHER COMPANIES AS A **GROWTH STRATEGY**; HOWEVER, IT IS BECOMING MORE IMPERATIVE THAT THE ACQUIRED COMPANY HAS ADEQUATE STAFF.”

“WITH THE RAPID ADOPTION OF AI, THERE ARE ALMOST **TOO MANY OPTIONS** FOR CLIENTS TO TRACK SO THEY LOOK TO CONSULTANTS TO HELP GUIDE THEM THROUGH THE PROCESS. IN THE RECENT PAST, THE CHALLENGE WAS AROUND CLIENT SELF-EDUCATION, BUT THE PENDULUM SEEMS TO BE SWINGING BACK IN THE OTHER DIRECTION.”

What advice would you give to a small-to-mid-sized integrator trying to compete with larger organizations and private equity rollups?

“STOP LIVING **PROJECT TO PROJECT** AND BUILD THE RMR TO KEEP THE LIGHTS ON AND PEOPLE EMPLOYED.”

“LARGER ORGANIZATIONS MIGHT HAVE DEEPER POCKETS, BUT **THEY CAN'T MATCH** THE TRUST AND PERSONAL SERVICE THAT SMALLER INTEGRATORS PROVIDE.”

“BE WILLING TO **INCREASE PRICES** AND THEN REINVEST IN YOUR COMPANY AND PEOPLE.”

“HIRE **IT AND CYBERSECURITY** PROFESSIONALS. SECURITY TODAY IS SO MUCH MORE THAN JUST INSTALLING PHYSICAL HARDWARE.”

“WORK ON YOUR **EXIT PLAN** AND M&A PROSPECTS.”

“PERSONAL RELATIONSHIPS, CONSISTENCY, AND RESPONSIVENESS OFTEN **MATTER MORE TO CLIENTS** THAN CORPORATE SCALE.”

“GIVE YOUR PEOPLE THE TOOLS, KNOWLEDGE, AND POWER TO **MAKE THEIR OWN DECISIONS**. IF IT'S HONEST, SAFE, AND TAKES CARE OF THE CUSTOMER, YOU CAN'T REALLY GO WRONG.”

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