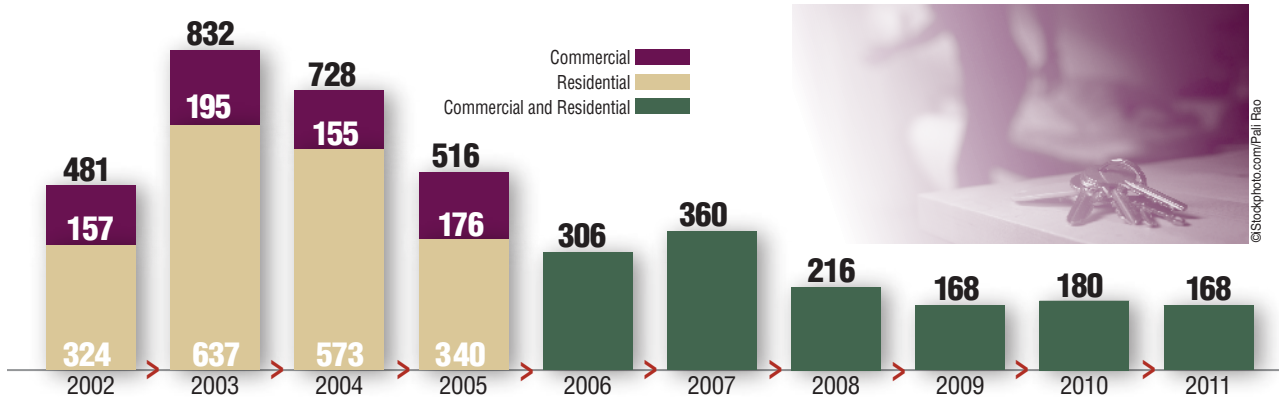


## Average Number of Annual Intrusion Installations Per Dealer



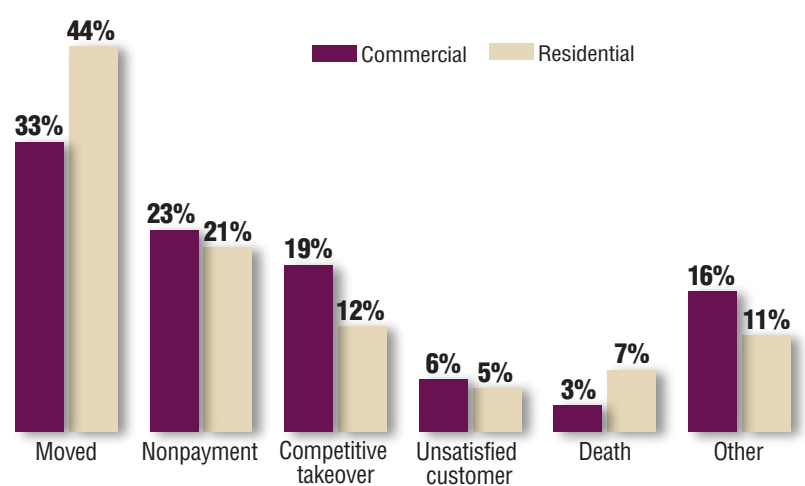
Business in this market dropped off by 7 percent, from 180 in 2010 back to 2009 levels. A troubling trend has seen the number of these projects lose ground six of the past eight years. The 168 average is less than half of what it was in just four years ago (pre-recession) and matches the lowest point in more than 10 years. This market has plummeted 79 percent since its peak in 2003. Overall, 80 percent of all installing companies install on average fewer than 20 intrusion alarm systems per month. Small companies (annual revenues less than \$1 million) average 108 projects per year. By contrast, midsize outfits (revenues between \$1 million and \$9.99 million) report 228 on an annual basis, with large security contractors (revenues in excess of \$10 million) installing 276 systems each year. Note: The post-2006 figures were not separated into commercial and residential classifications, and only new installations were included as opposed to upgrades in years past.

## Typical Residential Intrusion Alarm System

Year	Installation price	Monthly monitoring price
2001	\$1,579	\$26
2002	\$1,530	\$25
2003	\$1,217	\$27
2004	\$1,788	\$24
2005	\$1,500	\$24
2006	\$1,520	\$24
2007	\$1,345	\$23
2008	\$1,428	\$23
2009	\$1,126	\$24
2010	\$1,095	\$24

The average customer price paid for the installation of a residential intrusion alarm system descended \$31 (3 percent) in 2010 to its lowest mark in more than 10 years. At the extremes of the bell curve are those that charge less than \$250 (7 percent) and those that invoice for more than \$3,000 (2 percent). The average monthly monitoring fee held steady and has scarcely budged in eight years.

## Leading Reasons for Residential and Commercial Accounts Attrition



Customers moving away continues to be the leading cause of losing accounts, although both commercial (1 percentage point) and residential (3 points) markets eased back in this area. On both the commercial and residential sides nonpayment lurched forward 1 point. Competitive takeovers subsided both commercially (3-point drop) and residentially (2 points). As an ongoing sign of the recession, by far the leading "other" reason on the commercial side was customers going out of business; "economy" was the most popular residential "other" cause.

## INTRUSION Fast Facts

- Dealers counted on intrusion for **18 percent** of their revenues in 2011 (same as 2010).
- Average gross **profit margins** installing companies realize on intrusion jobs is **31 percent**.
- 48 percent** of intrusion installations include **wireless** equipment; **25 percent** exclusively.
- Large companies (annual revenues exceeding \$10 million) **install** an average of **288** systems, while numbers for small (revenues less than \$1 million) and midsize (\$1 million to \$9.99 million) are **108** and **228** respectively.
- Primary methods of **alarm signal transmission** are: **69 percent** telephones/digital communicators (down 5 points); **18 percent** cellular; **10 percent** VoIP; and **4 percent** long-range radio.
- Residential accounts for **18 percent** of all intrusion alarm sales, followed by office buildings at **16 percent** and retail at **11 percent**.
- 90 percent** of intrusion alarms are sold as opposed to **leased**.
- Average total sales **price** charged for a commercial intrusion system is **\$4,053**; median is **\$2,501**.
- 52 percent** of both commercial and residential intrusion installations are **upgrades** as opposed to new installations.