



Summary

The Market for IT Security in Germany. Basis for a Macroeconomic Review of the Industry.

Information on the Research Project

The study aims to determine the economic importance as well as the special features and opportunities presented by the German IT security market. First of all, the investigation sheds light on the dimensions of the IT security industry, its economic performance, its impact on employment as well as its significance for foreign trade and thus measures the economic value of the industry within the overall national economy. For this purpose the study relies on surveys conducted by the German Federal Statistical Office since the year 2005, updates these to the year 2012 and interprets the respective values using proven macroeconomic methods. Thereafter Germany's IT security market is distinguished from the country's IT security business in general and defined in terms of its size.

Results and Possible Interpretations

In the year 2012 goods worth EUR 6,254 million were produced by approximately 9,200 companies in the German IT security industry. In addition to domestic production, a total of EUR 1,575 million goods related to IT security were also imported. The entire quantity of goods in Germany related to IT security thus amounted to EUR 7,829 million.

Since the year 2005 the volume of goods as the sum of domestic production and imports increased at an annual average rate of 2.1 percent. The increase in gross value output in the period under review was even greater with an annual average of 2.9 percent; this translates into an overall increase of 22.0 percent in the period under review from 2005 to 2012.

The development of its production value highlights the robustness of the IT security industry in relation to

cyclical developments. The industry's production value grew steadily in the entire period under review to reach a total of EUR 1,751 million – which corresponds to a 38.9 percent increase. In the period observed from 2005 to 2012 not a single year shows a decline in domestic production; this indicates that the IT security industry was unscathed by the economic and financial crisis.

With a gross value output of EUR 3,560 million in the year 2012, the German IT security industry contributed to German economic performance with a total of 0.15 percent – actually only a small quantity from an economic standpoint. The share of the IT security industry in the IT industry as a whole amounts to 9.4 percent. This means that nearly every tenth euro generated in the IT industry can be attributed to the IT security industry.

In the year 2012 the branch showed a below average import ratio of approximately 20 percent compared with the entire information and communications technology industry (ICT: 33.2 percent in 2012). This means that the demand for goods related to IT security can be satisfied in large part with domestic goods and services. Thus the range of products and services offered by the German IT security industry proves to be internationally competitive.

In the year 2012 goods worth EUR 1,228 million were exported in the IT security industry. Goods are defined as commodities and services. In the same year imported goods reached a value of EUR 1,576 million. The difference of EUR 347 million represents the sector-specific foreign trade deficit for the year 2012.

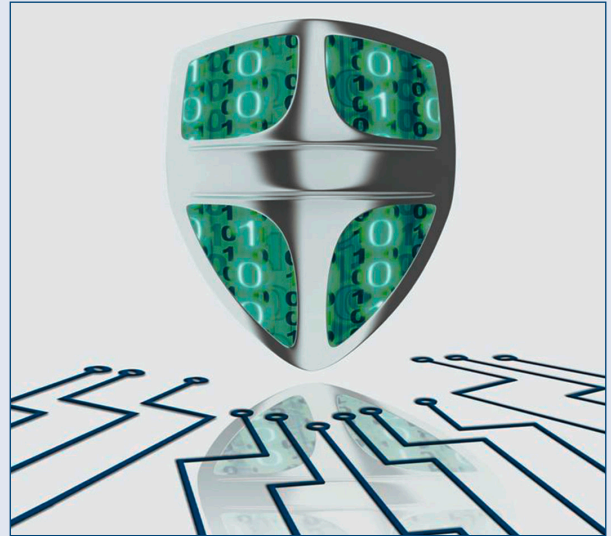
The volume of the German market for IT security goods includes domestic production less exports plus imports of products and services relevant to IT security. In the year 2012 the German market for goods related to IT

security reached a volume of EUR 6,602 million, i.e. this was the value of IT security goods and services consumed in Germany.

The workforce employed in the IT security industry increased by nearly 10,000; from approximately 53,000 in the year 2005 to approximately 63,000 persons employed in 2012. This rise in employment corresponds to an annual average increase of 2.5 percent. The workforce is the entirety of all persons working in an industry who pursue an activity aimed at economic gain; thus both employed workers and the self-employed. In the year 2012 members of the workforce employed in the industry received an average per capita income of approximately EUR 44,800. In contrast, laborers were paid an average per capita compensation in the amount of EUR 65,000 in the year 2012. The share of self-employed persons in the industry amounted to 18.5 percent in the year 2012.

In the year 2012 labor productivity amounted to EUR 56,244 per gainfully employed person. Over the entire period under review the IT security industry showed higher productivity per gainfully employed person than, for example, in the case of information technology. In the year 2012 labor productivity in the IT security industry was just under that of the overall economy (EUR 56,821 per gainfully employed person).

The most important customers for IT security goods can be found in technology-based industries. With a share of approximately 20.7 percent the IT branch itself represents the largest customer for IT security goods, and thus far outdistances other industries. While



every fifth euro for goods related to IT security comes from the IT industry, the industry that manufactures data processing equipment, electronic components and telecommunications and entertainment products contributes only 11.9 percent toward the consumption of goods related to IT security. The industries in the ranking below account for only a single-digit share of consumption on the IT security market. In the case of industries such as telecommunications (third place) or financial services (fifth place) the considerably high share of consumption of goods related to IT security appears plausible. The importance of digital technologies for their business model makes them dependent on both sensitive information and reliable transmission of the same via data networks and thus accounts for their high security requirement.