

Opportunities in the market for lone worker protection

May 2019



Introduction

According to our research combined with the Office for National Statistics data, there are an estimated five million workers, excluding self-employed, in the UK that work alone for at least part of their day. More rigorous enforcement of legislation, and tougher penalties on businesses regarding workplace incidents led to an increased focus on the safety of this group by employers. In turn, this led to the development and growth of dedicated Lone Worker Protection (LWP) providers, catering to this emerging need.

Although relatively nascent among most sectors, care organisations and housing associations have been using LWP solutions for more than 10 years, whilst other sectors now appear to be adopting third-party providers to fulfil perceived health and safety obligations.

This paper presents our views of the market opportunity and growth prospects for third-party LWP providers, based on interviews with market participants and health and safety decision makers across a variety of industries and employee size bands in the UK.

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Legislation continues to drive interest in third-party LWP devices

Lone worker protection (LWP) has often taken the form of ‘buddy systems’, where either workers on the same shift but in different locations remain in regular contact, or workers regularly check-in with local security or a central team.

The problem with such solutions is that they lack immediacy of response for lone workers in risky situations such as in a manufacturing plant, betting shop, or as a care worker making a home visit. Third-party providers have therefore evolved to bring together a panic device or phone app with a dedicated call centre, which together can quickly raise an alarm with the emergency services.

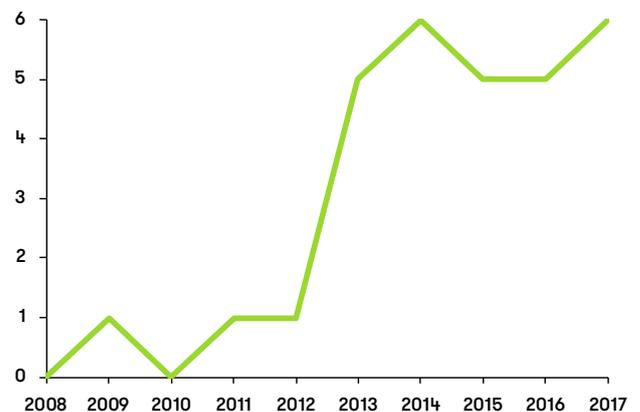
The market for these third-party solutions has grown rapidly in recent years; we estimate that there are around half a million devices/apps currently in use.

The LWP adoption decision is typically driven by a risk assessment, carried out either centrally or by individual divisions, which then determines the most appropriate lone worker solution:

- For low risk workers, who may be working alone in an office, a formal system may not be deemed necessary.
- For medium risk workers, a smartphone app connected to an alarm receiving centre (ARC) may be best.
- For high risk workers, potentially facing threats of violence/assault or work in some other hazardous environment, a dedicated device connected to an ARC may be required; for example, a tilt sensor alarm linked to building management system or an ID card holder to disguise device.

Historically, many corporates adopted LWP solutions in response to a specific health and safety incident. More recently, proactive consideration of employee welfare and best practice has become a priority. This has been reinforced by more stringent penalties and sentencing around corporate manslaughter (Fig. 1). This is likely to further increase as a priority, as the Sentencing Council recently published guidance in November 2018 which extends jail time from two to 18 years for the worst gross negligence offenders.

Fig. 1 Number of successful convictions for corporate manslaughter in the UK



Source: Crown Prosecution Service

LWP solution providers are a mix of specialists and security firms

As Fig. 2 (below) shows, there are a number of providers offering LWP solutions, which can be segmented into three categories:

LWP specialists

The largest LWP specialists are Reliance Protect, Send for Help (Skyguard, Guardian24 and Peoplesafe brands), SoloProtect and SBES. These companies offer a range of device and app solutions connected to an ARC, and tend to be focussed towards higher risk workers within firms of all sizes.

Security firms

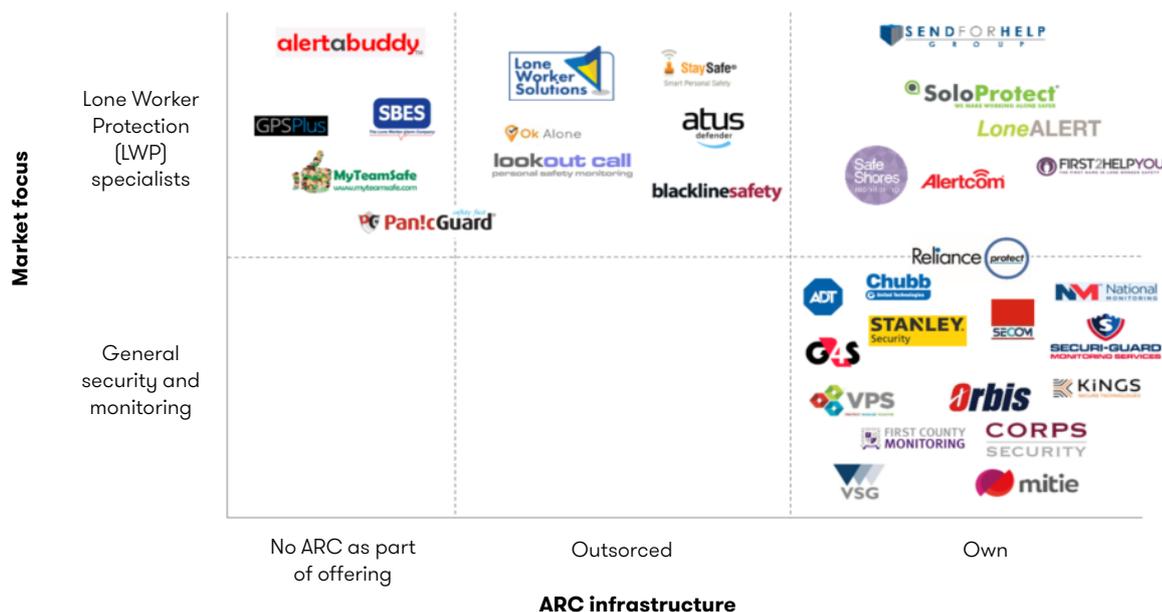
G4S, Chubb and Stanley provide LWP as an add-on service to their larger security offering, taking advantage of their existing ARC infrastructure and corporate client relationships.

App/device-only solutions

MyTeamSafe and PanicGuard offer solutions aimed at lower risk and/or specific niches, for example security/enforcement firms equipped to provide their own response.

To date, security firms have offered LWP solutions as an add-on to existing security contracts rather than focusing their sales effort on this separately. However, as the market has grown, the demand for larger corporate contracts has grown too. As a result, security companies appear to have increased their activity in the LWP market, bringing price competition to the largest tenders.

Fig. 2. Landscape of LWP providers



We estimate the total UK market for LWP to be up to two million devices

Based on ONS data and our survey of health and safety professionals, we estimate that there are approximately five million lone workers employed by businesses in the UK.

However, after excluding small companies with no formal health and safety requirement, low risk workers and device sharing (for example amongst shift workers relieving one-another), we estimate that the true number of lone workers who could benefit from a protection device is around 2.3 million. Our research suggests that adoption of such solutions in smaller firms (less than 250 employees) is less likely, and thus the likely true market is in fact closer to 1.5 million devices or apps.

Our research suggests there are approximately 0.5 million units already in circulation, which suggests only one-third of lone workers are fully equipped to the best available standard for their high risk status.

“The ‘official’ definition of lone worker numbers in the UK is 6-7m. This is a bit ridiculous as it includes sole traders and low risk workers such as middle management. I believe the ‘real’ market to be between 1.5m and 2m workers.”

LWP provider

In terms of future growth, LWP solution providers are optimistic about current and future growth prospects across most sectors. The consensus view is that this is driven by corporates becoming more aware of the risks lone workers can face – and public sector clients pushing care out into the community.

This view is supported by a number of health and safety officers we spoke to who reported growing usage of lone worker protection devices and apps within their organisation. This suggests continued growth is coming from increased penetration within organisations that already have a LWP solution in place, as well as new adopters.

“The market is growing at a double-digit rate: each week our sales teams are meeting with companies (SMEs to large corporates) that have an obvious need but nothing in place.”

LWP provider

Continued double-digit growth was supported by our wider survey of health and safety professionals; for example, 36% of respondents not currently using an ARC-linked device indicated that they were likely to choose one in the next three years. If these were to convert, then the market should continue growing at 10% per annum before the impact of increased penetration within existing adopters is considered.

Conclusion

The LWP market has experienced strong, double-digit growth in recent years in response to an increase in the number of companies successfully prosecuted for failings under the Corporate Manslaughter act, coupled with an increased emphasis on employee welfare alongside health and safety.

The market is currently only 30% penetrated and as firms continue to re-examine their processes and begin to adopt third-party LWP solutions, we expect the number of BS 8484 compliant devices will grow at double-digit rates over the next 3-5 years. However, there is potential for the market to split into two segments reflecting the severity of the risks a lone worker may face. One segment would focus on lower-cost, self-managed solutions aimed at lower risk lone workers, and the other segment would cater to more expensive, third-party solutions offering BS 8484 compliance and a reliable alarm receiving centre. This would be tailored to higher risk workers.

We expect security companies who have historically offered LWP services as an add-on rather than as a standalone product to focus on this space as trends shift and large contracts emerge. This will bring a degree of price competition into a market which previously did not see contracts tendered. However, logistical problems around changing devices and updating personal details with a new supplier present barriers to switching which could make market share gain by new entrants slow and lumpy.



Grant Thornton's Strategy Group

Our Strategy Group has a depth of experience in researching and analysing market dynamics, customer requirements and competition. Our research is often an 'outside-in' approach, based on not just desktop research, but also primary research which involves market/financial analysis and interviews with market experts and competitors. Much of our experience has been gained from helping private equity houses to make investment decisions, and helping management teams to develop growth strategies.

At the heart of any business decision will be a financial forecast. This forecast is likely to come from a financial model that is based on robust assumptions on key commercial parameters. Working with you, we will provide evidence-based views to populate or test these assumptions, based on insights from our primary and secondary research.

Clients choose us because of our collaborative approach, but also our frankness in constructively challenging investment thesis, and providing our own robust, evidence-backed opinions on risks and opportunities.

Our services:

- **Commercial due diligence (CDD):**

CDD is increasingly becoming a pre-requisite for transactions as confidence in a deal's potential and the sustainability of profits for investors is required. We deliver thoughtful, robust advice focusing on the key issues that impact value so that we deliver conclusive insight at the demanding pace of mergers and acquisitions. Our senior team has experience conducting CDD on deals between £50m and £1bn across a wide range of sectors. Each project is customised to address your key questions/hypotheses, which typically cover:

- identifying and qualifying drivers of business value,
- building or validating robust growth forecasts,
- defining and evaluating addressable market size,
- understanding the impact of disruptors and other risks.

- **Strategy development:**

we work with leadership teams to provide insightful and pragmatic solutions that address a range of challenges your business faces. As an objective scalable resource, our collaborative style will ensure that you:

- gain an evidence base for your strategic decisions,
- are provided with clear direction,
- increase your revenues/expand your business (new customers, geographies, products, channels),
- create sustainable competitive advantage.

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