

Source: Google Maps

All these factors will have a positive effect on the business development of Hello LLC.

The huge catchment area in combination with the large number of potential clients will give the company the perfect environment to grow at an above average rate for many years.

5 Market

5.1 Sector Factors

IBIS World estimates that IT Security Consulting in the US reached revenues of 13 billion USD in 2018 and has grown annually at an above average rate of 5.2%.

Several surveys show that security spending growth will be above average in the coming years in the US but also worldwide. The Gartner Group expects global growth of 8.7% for 2019. It should exceed 124 billion USD by 2019.

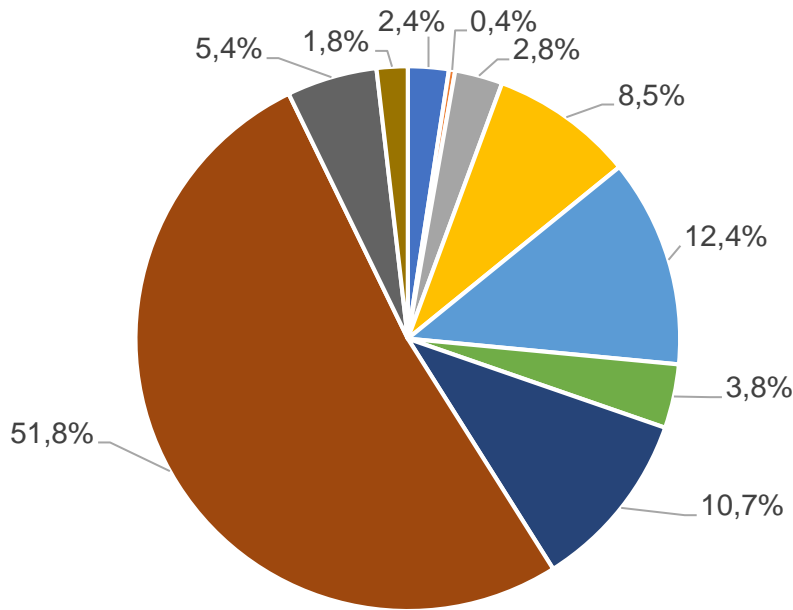
One recent report from Threat Stack showed that cloud workload security topped the list of allocations for next year's cybersecurity spending initiatives, above IDS/IPS systems, SIEM, security awareness training, and endpoint protection.

Gartner's worldwide security spending projections for next year show an above average growth rate for cloud security.

Analysts with the firm expect this category to grow by 51% in 2019.

Currently, cloud security is still the smallest subcategory.

IT-Security Projected Growth Rate by Category



- Application Security
- Cloud Security
- Data Security
- Identity Access Management
- Infrastructure Protection
- Integrated Risk Management
- Network Security Equipment
- Security Services
- Consumer Security
- Other

Source: Gartner

Gartner has identified several reasons for the above-average growth in the future.

These are:

- **GDPR Spending**
General Data Protection Regulation will lead to high consulting demand.
- **Risk Management and Privacy Concerns**
Security is a key factor in the uptake of a transformation process for regulated data, critical operations and intellectual property protection spanning public cloud, SaaS and the use of Internet of Things (IoT) devices.
- **Services (subscription and managed) will represent at least 50 percent of security software delivery by 2020.**
- **Cloud Storage**
The proportion of data stored in the cloud will grow at an above average rate.
- **Cyber criminality**
Cyber criminality is on the rise and is getting more and more professional, endangering business models of every company.

5.2 General Economic Factors

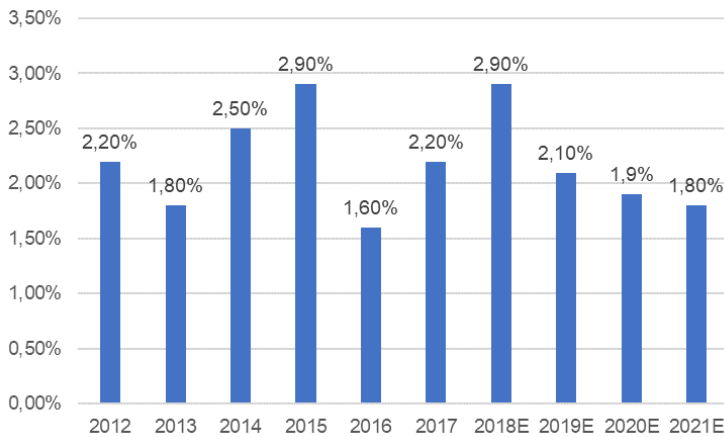
Even as the need for IT-security solutions is estimated to grow above average, it is important that a positive economic environment support the industry trends.

Small companies are only willing to spend money on consulting when they are supported by a healthy economic environment.

The economic environment in the USA for the coming years is expected to remain good.

The Federal Reserve is expecting a GDP growth of 2.1% for 2019 and 1.9% for 2020. Even as the growth rates are slowing down, GDP growth is expected to be positive in the next three years.

Expected GDP Growth USA



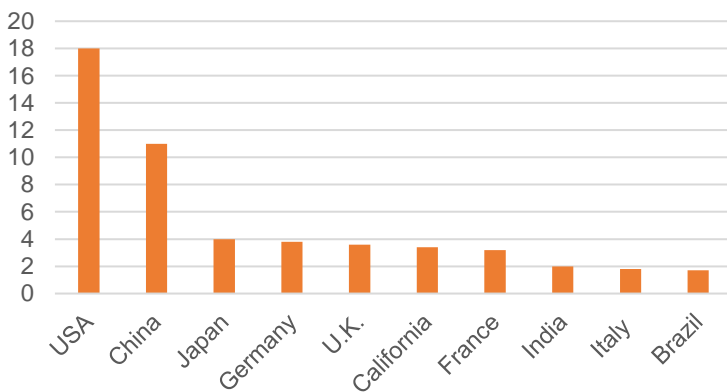
Quelle: Federal Reserve

California, the target area of Hello LLC, should grow faster than the US economy. This should be beneficial for CDSECs business potential.

The LA County Economic Development Corporation (LAEDEC) expects growth for 2019 in California to reach 2.6%.

California has by now grown to the sixth largest economy of the world.

World's largest Economies



Source: California Department of Finance

All these sector and economic factors will be positive for the development of Hello LLC.

The company is acting in a growing segment, which is large enough for it to reach profitability in the short run.