

# The Americas Pushing for Progress



The Federal Deposit Insurance Corporation recently reported that more than 120 national banks went under in 2009. The U.S. has been among the first to withdraw stimulus packages for infrastructure development, yet measures to counter terrorism are still a top priority for the Obama administration. Gradually, progress has been noted, but the world's largest consumer of electronic security equipment has a long way to go before a full recovery is made.

The first half of 2010 will be challenging, as new construction remains stagnant and existing projects continue to progress in step with the slowly recovering economy. "Government stimulus is creating additional opportunities for new business, but pricing is very competitive," said Jason Oakley, CEO of North American Video.

In North America and increasingly on a global scale, the financial community is keen on preserving cash, and surveillance capital is being scrutinized carefully. "Our experience is that organizations are still investing, but considering ROI, leverage of existing assets and long-term 'future-proofed' investments," said Dave Tynan, VP of Global Sales and Marketing at Avigilon.

## STAYING AFLOAT

To weather the storm, major players have been conservative and more attentive to existing customers. "It's proof positive that Samsung is investing in its existing customers, those that are still buying today," said Steve Walin, CEO of GVI Security.

Security providers have reached out to use technology to leverage costs, using wireless or hybrid installations to mix with existing equipment, said Lisa Roy, VP of Global Security Strategy at Johnson Controls.

Investments have also been made internally. "We've made additional investments to our technical training programs for employees and partners, and adopted the Security Industry Association's Certified Security Project Manager program as a standard," Oakley said. Arecont Vision also added significantly to its sales and service team in 2009.

Crossing over to unexplored markets, whether in business development or project verticals, has also opened new opportunities. "We've been awarded several major contracts for after-sales services. This provides both recurring monthly revenue and diversification away from projects reliant on new construction, which virtually came to a standstill midyear," Oakley said. Broadening technical expertise, such as offering services that include other product categories, into new vertical markets and adjacent product spaces has also seen companies through 2009.

## KEY VERTICALS

In North America, government investment in perimeter and border security rolled out in 2009. "We roughly doubled revenues in North America, which was helped by projects like the US-Canadian border crossings," said Dr. Oliver Vellacott, CEO of IndigoVision. "We're relocating technical support and marketing from our headquarters to North America."

Analytics continue to help enhance security systems at major perimeter and critical infrastructure sites. "More sales of analytics for business intelligence as an adjunct to physical security will continue in 2010," said Ed Troha, MD of Global Marketing at ObjectVideo.

Airports are continuously subject to major overhauls every few years. Examples include the Centennial Airport in Colorado, which spent US\$9 million on renovations in early 2009, said Blake Kozak, Market Analyst for IMS Research. Health care and educational facilities will also increase, with schools doubling the market growth in the near future, Walin added. The health care vertical, in particular, is becoming more

interested in megapixel technology, said Scott Schafer, Executive VP of Sales and Marketing at Arecont Vision.

In the U.S., the Transportation Worker Identification Credential (TWIC) program was rolled out to 1.3 million civilian maritime workers, who now must carry a smart-card credential with stored biometrics to gain unescorted access to restricted areas of maritime facilities and vessels, said Walter Hamilton, Chairman of the International Biometric Industry Association and Senior Consultant with Identification Technology Partners. The Canadian Air Transport Authority completed a similar credentialing program for airport staff, and more than 100,000 employees in Canada now use the Restricted Access Identification Card at 29 airports.

Projects to increase security spending include the Vancouver Winter Olympics, which is predicted to invest nearly \$900 million in security. One vendor has

already been awarded \$30.5 million to provide perimeter intrusion detection, Kozak said.

Of note, North America's middle market, consisting of commercial users who employ roughly 16 to 32 cameras, continues to embrace traditional analog systems. "Mid-sized surveillance system installers and their customers have been extremely reluctant to become IT-literate just to harness the benefits of traditional video management solutions," Walin said.

Moving south, Latin America is better positioned than advanced economies, with much room for growth, said Julio Hoenigsberg, VP of Sales and Business Development for Latin America, ADT Fire & Security. Foreign investment is still strong, and with Brazil chosen to host the 2016 Olympic Games, the continent's strongest consumer of electronic security will become active very quickly in construction and infrastructure-related projects. Additionally, city surveillance in Latin America will outpace market growth by two times, Walin said.



**U.S. port security has rapidly adopted biometrics to comply with the Transportation Worker Identification Credential program.**

## PRODUCT NEEDS

Although IP has been a hot topic, the fact remains that 85 percent of all products bought today are analog, Walin said. On the other hand, forecasts for IP growth are staggering. "We forecast IP-based video surveillance product sales to increase by 200 percent between 2010 and 2012, significantly disrupting and overtaking analog sales," said John Honovich, founder of IPVideoMarket.info. Reasons can be attributed to maturing network camera technologies, resulting in lowered prices and lessened complexity, and hybrid DVRs removing barriers of migration.

IP-based video surveillance will also become critical to the mid- and entry-level markets, which will be a significant change from early adoption, Honovich said.

Other experts agreed, though cautiously so. "Reducing

wiring cost to share existing IP infrastructure is one of the key drivers for IP-based technologies such as cameras and smart-card readers. An initial investment, however, to convert everything to IP can be prohibitively expensive," Roy said.



▲ Jason Oakley, CEO of North American Video



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## VIDEO SURVEILLANCE

Due to their higher cost, network cameras saw a large slowdown in 2009 shipments. Adoption for H.264 has increased, and as price lowers, so will adoption for video analytics.

"The DVR channel shipments are growing faster than camera shipments, with hybrid DVRs increasing at the highest rate," said Michelle Abraham, Analyst for In-Stat, in a prepared statement. "We expect the overall market to return to growth in 2010."

Hybrid DVRs, perfect for analog-to-digital migration, can lead to problems of interlacing and resolution, but integrators and users only need to have a passing acquaintance with the IT department to get the systems working, Walin said.

Consistent with global trends, increased resolution and add-on features are demanded in North America. Panoramic cameras, which have been around for almost 10 years, are finally starting to enter the mainstream market. The rise of network cameras and maturation of megapixel imaging technology will assist this, Honovich said. More American providers have added panoramic cameras to their portfolios to be released in early 2010.

Moving onto software, in the next three years, it is unlikely that video analytics will have a major impact on the growth of network video, or on the overall video surveillance market, Honovich said. "The main reason for this is limited product offerings and limited technological improvements. Because of this, analytics are not on the verge of 'exploding' or going mainstream."

Some experts hold a different view. With "interoperability" and "open platform" buzzing in the marketplace, and major OEM

players taking an interest in integrating analytics into hardware, the technology is becoming game-changing, Troha said. Additionally, though still in the very early stages, technology breakthroughs such as next-generation video search capabilities hold promise.

Focus has also turned to niche applications. Analytics especially designed to maximize asset protection will help retailers make key marketing, product placement and advertising decisions, said Roni Klein, VP of Sales for Verint Video Solutions APAC, Verint Systems.

Remote surveillance, particularly for government sites or MNCs, is beginning to take off. Software providers have expanded their portfolios to include recording and management support for an unlimited



▲ Educational facilities are increasingly attentive to security needs. Schools and universities will have doubled market growth in the near future.

number of cameras in multisite, multiserver, enterprise environments, said Gadi Piran, President of OnSSI. A report from IMS Research estimated that the global remote video monitoring and surveillance market, comprising product sales and recurring service revenues, was worth more than \$300 million in 2008.

## ACCESS CONTROL

The access control market was relatively flat in 2009, Kozak said. In 2010, the market will begin to turn around in the third and fourth quarters, though growth experienced prior to the recession will not return for most access control products until 2012 or 2013.

Government deployments, however, will help drive the market. The issuance of ID cards to government employees through initiatives like TWIC, Common Access Card and Homeland Security Presidential Directive-12 has driven the demand for smart cards, Kozak said.

2009's milestones include pronounced IT convergence. Companies such as ActivIdentity, HID, Hirsch and Brivo have collaborated with IT specialists to converge physical and logical access control as well as develop Web-based interfaces.

Biometrics have progressed more than other access control technologies. According to published estimates, the worldwide biometrics market has continued to grow at a 20-percent compounded annual rate, in spite of the recession, Hamilton said. For products, multimodal



▲ John Honovich, founder of IPVideoMarket.info



▲ Gadi Piran, President of OnSSI



▲ Frank Roth, VP of Global Marketing for Honeywell Security

devices are beginning to emerge and have the potential to provide higher levels of matching performance.

For 2010, Microsoft's decision to support biometrics will provide a simpler integration path for IT administrators wishing to use biometrics for authentication. "Microsoft recognizes the widespread adoption of fingerprint biometric devices and has invested in creating the Windows Biometric Framework in Windows 7 to natively support fingerprint biometrics within Windows," said Dustin Ingalls, Director of Program Management, Windows Core Operating System Division, in a prepared statement.

## CHALLENGES AND OUTLOOK

Security is a conservative business, so adoption rate of innovative technologies is sometimes slower than adoption in consumer and video broadcast industries, Schafer said. For IP to really take off, manufacturers need strong channel partners who can offer IP design, system integration, troubleshooting and service contracts to their end users. Smooth migration to IP will depend on how companies leverage industry-standard networks, servers and storage, and how they support hybrid environments, Klein added.

In these challenging times, and as technology becomes increasingly complex, stability and consistency are qualities that keep companies afloat. "High quality and reliability are important in our products. We are a company that stands behind what it sells," said Frank Roth, VP of Global Marketing for Honeywell Security.

In the region, investment capital continues to be limited, which inhibits innovation and forces smaller companies to merge or go out of business, Hamilton said. In 2010, government assistance will be vital for growth.



▲ Analytics are helping enhance security systems at major perimeter and critical infrastructure sites.