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Are You Selling IP Correctly?

When IP cameras were first introduced to the professional security industry earlier this decade, it was assumed their many advantages would ensure they quickly achieved extensive market share penetration. But it hasn't happened in the expected time

The market knows that IP cameras won't sell themselves. If you wish you could do a better job marketing and selling IP video, then arm yourself with the facts and get ready to dispel the myths.

By Jeffrey Steele, Contributing Writer

frame. Today, IP cameras command from 3 to 20 percent of the market, depending on who is doing the estimating. Analog video surveillance cameras still dominate in many security settings.

Many factors have contributed towards the pace at which they have been adopted in the physical security industry. Chief among them is that the industry needs better educational efforts towards two goals. First, dealers and integrators must gain better understanding of how to properly market and sell IP cameras. Second, they must be better schooled in how to properly design and install IP cameras.

Improved educational efforts likely would be effective strategies in breaking through the "inertia in the installed base of analog cameras," according to Scott Schafer, executive vice president of Glendale, Calif.-based Arecont Vision, a six-year-old firm whose focus is building high-definition megapixel cameras for security applications. "Any time you have a new technology, it requires a change in attitude and behavior," Schafer says. "What the industry must show is that there is real value to IP cameras."

In this article, *SDM* asked IP camera manufacturers to identify the issues security dealers and systems integrators most frequently have with the technology, and to provide some of the answers – which, in some cases, reflect sharply divided opinions. If

integrators can help their client base become better educated about the facts of IP video technology, they will have a greater chance of improving their sales.

DISPEL THE MYTHS IN YOUR MARKETING & SALES

The Bandwidth Myth. Among the many myths surrounding IP cameras is that they use an enormous amount of bandwidth. That's not necessarily the case, says Tom Carnevale, CEO of Naperville, Ill.-based Sentry 360. "Just because a camera is an IP camera doesn't mean it has to consume a lot of bandwidth," he says. "You could set a closed circuit IP video network, and just install a separate camera network that doesn't necessarily have to be on an existing computer network. You still plug the IP camera onto a network, but have the data flow be a separate stream into its own network. That reduces bandwidth consumption and saves infrastructure cost."

Fredrik Nilsson, general manager for Axis Communications in Chelmsford, Mass., emphasizes that bandwidth shouldn't be the concern it was in the late 1990s. The reason? Compression has improved dramatically, and during the same period substantially greater bandwidth has become available. "It seems to be one of those myths people are still concerned with, but there's not an issue of bandwidth today as long as you're within an office environment, inside a building," Nilsson says.

Schafer observes that sales of IP cameras should be helped by the migration of an architecture called H.264 employed in the video broadcast industry. "That's an architecture allowing for less bandwidth and storage to be required as digital images are stored and moved through network," he says.

"It could be one-half to one-tenth of former bandwidth requirements. That's huge. Video takes a lot of space, and minimizing that is important. H.264 was actually introduced in video broadcast several years ago, and is only now coming to security."

The Image Quality Myth. When IP cameras were first being launched in the professional security market in the early part of this decade, there were legitimate questions about the image quality they delivered, Nilsson says. Today, IP cameras offer image quality superior to that of analog cameras, he asserts.

One reason for the improvement is progressive scan, which allows users to gain a very clear picture when looking at a video a frame at a time. The other is that today's megapixel technology permits higher image detail than possible with analog cameras.

The Cost Concern. Another issue that has surely hurt IP camera sales is cost, Nilsson says, estimating that while many analog cameras carry purchase prices

of \$300, a corresponding IP camera might run as much as \$500. However, that's just part of the price picture.

"There is much more needed to make an analog camera work," Nilsson describes, citing the coaxial cable; the need for each camera to be connected to power, necessitating costly wiring; and the more expensive storage needs of analog technology. "By the time you factor in these additional costs with analog, it can be actually less expensive for IP-based systems of more than 32 cameras," he says.

Taking an opposing view is Gary Perlin, vice president of video products for Amityville, N.Y.-based Speco Technologies. Many IP cameras are sold in the \$600 to \$800 and higher range, while there are analog cameras available for \$79.50, he says.

In addition, Perlin adds, "If you have an existing analog camera system, and a camera or cameras go bad, it's certainly less expensive to replace them with analog cameras, because to do otherwise would force you to change cabling to Ethernet cabling, and quite possibly change your DVR, which are typically set up to receive analog signals. If you put an IP camera into the mix, you'd need a hybrid DVR."

TARGET THE RIGHT CUSTOMERS

One of the first lessons dealers and integrators must learn in order to be successful at marketing and selling IP cameras is to target the right customers. So says Mike Capulli, senior vice president of North American sales for Samsung GVI Security.

Education, retail, government and transportation end users are receptive to IP cameras, while analog cameras remain the preferred choice of small retail and small business applications because of their price points. Part of this separation flows from the breakeven point to use IP video, which studies show is 40 cameras, Capulli says.

In some cases, the lower cost of CAT5e cable, and lower labor costs, offset the initially higher

Fear of Change Not the Issue

Too often, the slow conversion to IP cameras is blamed on reluctance to change on the part of integrators and their end users. That's not fair, asserts Mike Capulli, senior vice president of North American sales for Samsung GVI Security.

There exist some circumstances in which customers should not switch from analog, and forcing IP cameras into such applications would prove a disservice to the customer.

First, there are many, many analog video systems installed that run on coaxial cable. Often, the attitude is "if it's not broke, don't fix it," Capulli says. This is particularly prevalent among casinos, which tend to be heavy users of analog cameras.

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product cost. “There are also additional intangible savings in the cost of administering a video system that you do not get with analog,” he adds. “None-theless, for systems under 40 cameras, IP cameras rightfully become a tougher sale.”

Perlin observes that even if the breakeven point is 32 cameras, as some argue, average installations calling for surveillance cameras are much smaller. For instance, convenience stores usually require four cameras, residential settings up to four cameras, and medium-sized business up to 16 cameras. None of these applications approach the quantity needed for breakeven on IP cameras, he says.

“But when you have a school or college campus, or a municipality, where they’re putting in hundreds or thousands of cameras, an IP system is the way to go,” he adds.

DESIGN & INSTALLATION ISSUES

Fewer Cameras Needed. Many integrators and dealers assume that because an IP camera uses megapixel technology, an IP camera system will cost a great deal to design and install, Carnevale says. These people overlook the fact that more can be accomplished with fewer megapixel cameras. “It covers a wider field of view,” he says. “It if reduces camera counts, it’s a win. As an extra layer, storage is very cheap nowadays – a terabyte can be had for \$100. The integrators and end users out there need to know it’s a fairly inexpensive cost for storage. And now that advanced compression techniques can be applied, you save more bandwidth and more storage costs.”

Arecont Vision’s Schafer is another who champions the cost savings megapixel technology makes possible. Systems integrators and dealers must realize they can design with fewer cameras if they are getting 10 times the resolution they once did.

“If the resolution is much higher, what goes with that is for that same field of view . . . you can certainly replace two or three [cameras] with one,” he says.

“There’s a huge cost savings, fewer cameras, fewer lenses, less cabling to run, fewer license fees for recording the image and less installation cost. That’s because you’re only installing one-half or one-third the cameras. And with fully digital products, you’re often running those on an Ethernet cable, which can save costs and cabling – and also [ensure] installation is much, much easier.”

Panoramic Possibilities. In the same vein, today’s technology makes possible four separate images at one time with one panoramic camera, Schafer reports. “You mount a 180-degree camera on the side of a building, or even inside a building,

and now you can take a look at all the cash registers inside a retailer, or all the tellers inside a bank branch all at once. You can see a full parking lot, or the entire interior of a lobby. We even have one [camera] that does 360 degrees.”

A Flexible Solution. Additional IP camera sales might be registered if there were greater awareness of all the flexibility this technology offers, Nilsson says. “IP cameras are much more flexible than analog because you’re using the best-of-breed components across the camera itself, software, server, switch and cabling,” he explains. “You pick the best components and know they will work together. The drawback is that you have to be better educated to use best of breed.”

Quality of Labor. The quality of the labor used to install the camera is a concern not just with IP cameras, but with any type of camera, Nilsson says. What manufacturers like Axis Communications have done is take much of the guesswork out of installing IP cameras, he adds. Some IP cameras now feature modular construction, as well as built-in external housing.

“For example, our Q6032-E is preinstalled in an enclosure with all the cabling needs already included,” Nilsson says. “And while there’s always a concern when a camera is outside that it is not properly sealed, that’s all taken care of ahead of time with this camera.”

Experience Counts. The above notwithstanding, Samsung GVI Security’s Capulli believes IP video must be implemented by installers with considerable experience. “We encourage our channel partners not to spec everything on their own,” he says. “We have talented professionals in IP surveillance systems, who can help them with everything from product/system operational guidance, specification clarification, pre- and post-sales support, troubleshooting, integration assistance, on-site training, firmware updates and system design to service/repair/replacement coordination.”

EVERY INSTALLATION IS DIFFERENT

Finally, Perlin believes it doesn’t matter how much training dealers and systems integrators receive on particular products; each installation will pose different challenges. “What the industry does is train on their own products,” he points out. “But that only helps to a certain point. What’s really needed is for the dealers to have a comprehensive knowledge of networking. You can know a product backwards and forwards, but if you don’t have knowledge of networking, you will be hard pressed to integrate the product properly.” ■