Converging Markets: IP and Physical Security

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Solution Provider Advisory: IP Physical Security – *Video Surveillance*

Overview

The world of Physical Security (including video surveillance, access control, alarm and fire) is going through a technology migration from analog, to hybrid (analog and digital), on to integrated IP networked environments. This represents a unique opportunity in a fast growing market. Monetizing the opportunity for Solution Providers requires building, acquiring or partnering with the skill set required to address this growing market. As the market expands, early-adopter Solution Providers are identifying both future market potential and effective route to market strategies.

An example of this technology migration is in the Video Surveillance segment. Historically, Closed Circuit Television (CCTV) involved recording on analog devices, connected by dedicated lines, and were viewed in on-site security rooms managed by security departments. Alternatively, we now see digital HD cameras scattered around remote locations, connected by the enterprise data network, which are viewed on remote laptops and managed by internal IT Departments. As a result, Solution Providers are evolving to address these new solution opportunities with their midmarket and SMB customers.

Many of the Physical Security systems at banks, retail outlets, municipalities and small businesses everywhere are installed and supported by legacy Physical Security Integrators and have been for decades. These companies are increasingly training and certifying with IT vendors to provide the network pieces of the newer solutions. However, IT Solutions Providers, that may already be serving these same customers with certifications, training and partner support from server, network, and storage equipment vendors, may currently lack the background in physical security to be effective. They are actively looking to add this subject matter expertise.

<u>**Bottom line for Solution Providers:**</u> ***The time to act on this market opportunity by understanding the opportunity in your customer base and finding the appropriate skill sets to go into the market is right now.***

Vendor Clues – Look who is getting the attention of savvy Solution Providers

The typical IP video surveillance installation contains network, server, storage, camera, and video management software. For IT vendors in the network, server and storage arenas, this offers the potential of new business with existing clients, and development of a new client base. The IT leaders of choice with Solution Partners in the physical security area are Cisco Systems, and EMC, but IBM and HP, among others, are all promoting their pieces of the component package, and investing in unique solutions.

Cisco already offers Video Surveillance-specific IP Cameras, Media Servers, Integrated Services Routers, and Physical Access Control in their Physical Security portfolio, a plus for Solutions Providers with only one point of contact. **EMC** claims to be the world leader having "over 60% of the video external storage market"[1] and this summer announced storage which will support up to five Axis Network video cameras. **IBM** suggests integration with the System X tower, rack or BladeCenter, and **HP Procurve** switches offer video surveillance solution. Technology distributors **Tech Data** and **Ingram Micro** have both put together business units to help take advantage of IP Physical Security.

Route to Market – What Are Solution Providers Asking for?

Long-time Physical Security Integrators have made the investment in licensing, understand compliance, regulations and standards, have investments in physical infrastructure implementation, and have years of analyzing and summarizing incidents and vulnerabilities, and doing site surveys, creating a wealth of experience in all four Physical Security areas, (video, fire, access control and alarm). IT Solution Providers have made the effort and financial outlay in network certifications and training, high margin services and consulting, tighter distribution channels and often include a portfolio of loyal end-users or exclusive relationships with the installed base.

In an effort to fill the gaps along the route to market, Solution Providers are beginning to join forces. 1nService, a collaborative IT partner consortium organization of geographically dispersed (and international) Solution Providers and PSA Security Network, a legacy security collective of more than 200 Physical Security Integrators doing $1.7b annually in security systems, are leading the way. 1nService has $1 billion in collective sales in all 50 states, Canada, Great Britain, India and Central America. Using a model of geographic selectivity, teambuilding, group networking, sharing best practices and skill set matching; organization members leverage each other's partners.

Networking infrastructure partners need help with best practices in approaching the Physical Security market. Legacy Physical Security Integrators need access to networking certification opportunities to differentiate themselves through training and certification and not solely through price. Both demand a dependable mixture of soft dollars that will ensure overall margin for the vested interest.

As the market evolves, and vendors increase investments in partners, this field promises to be a growing and profitable differentiator for savvy Solution Providers.

[1] http://www.emc.com/collateral/brochure/h5914-why-video-storage-t10.pdf