Zoom in on Video Monitoring and Surveillance Market Opportunities

By George V. Hulme

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About
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GEORGE V. HULME is an internationally recognized security and business technology writer. For more than 20 years, he has written about business, technology and IT security topics. From March 2000 through March 2005, as senior editor at InformationWeek magazine, Hulme covered the IT security and homeland security beats. His work has appeared in CSO Online, Computerworld, Network Computing, Government Computer News, Network World, San Francisco Examiner, TechWeb, VARBusiness and dozens of other technology publications.

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Are you watching the video surveillance systems opportunity closely? According to recent research from MarketsandMarkets, sales reached $30.4 billion in 2016 and are projected to reach $75.6 billion by 2022 — that's an annual growth rate of 15.4 percent. Whether it's due to a desire to monitor employees, concerns about terrorism, a chance to lower premiums on insurance or just to improve security in general, nearly every vertical is seeing growth in surveillance system sales.

Meanwhile, systems are getting more sophisticated. Today, video surveillance means much more than just spreading a few wired cameras around a building. Modern systems are digital, wireless and increasingly integrated. Yes, video hardware itself has become largely a commodity, but dropping hardware prices aren't slowing down market growth by revenue, as analysts confirm. While you likely won't make a mint selling cameras or on-site storage, there are plenty of opportunities to profit when it comes to value-added services.

Such as?

The Video Surveillance Opportunity

Consulting, to start. Surveillance systems have become much more complex; not just when it comes to bundling the best cameras, storage and connectivity for a specific use case, but also in how to install and manage them, supporting services and even securing the video monitor systems themselves — they were a major culprit in recent large DDoS attacks.

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Customers need presales guidance because the technology and related options are changing so rapidly. There are traditional analog systems and relatively new IP-based systems to choose from, and video management software systems must be evaluated. Or, maybe the best option is outsourcing to a video surveillance-as-a-service provider.

Video Surveillance — Storage Intensity by Vertical 2018
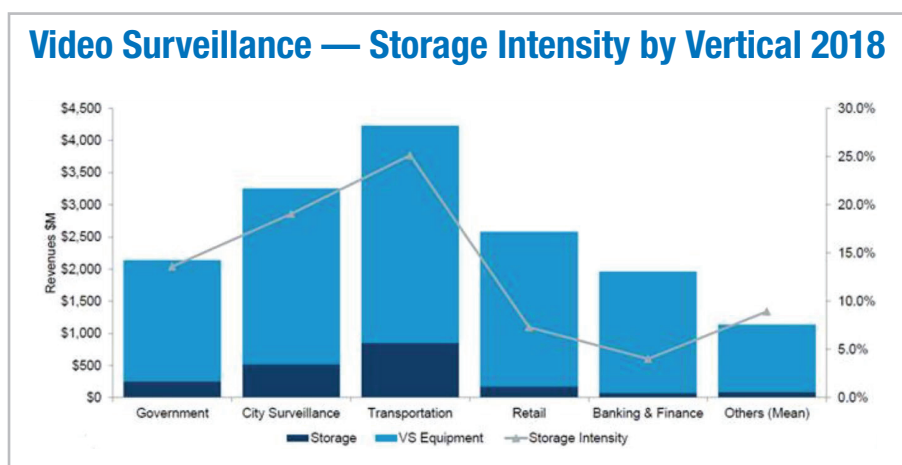
Source: IHS Inc.

Cloud and analytics services are also hot opportunities. Customers must manage video storage properly for their industry. And increasingly, there are ways to add intelligence at the edge of the network to analyze video captured in real time and send alerts if anomalies or suspicious behavior are detected.

More enterprises are looking for advanced features, such as cloud-based storage services for centralized data; increased integration with physical security systems are additional major factors driving the growth of the video surveillance market. In short, we see increased demand as well as product and services differentiation, meaning customers need advisers to help them make the right decisions. Let's look at buying criteria and then move into successful sales strategies.

State of the Market

While there is great opportunity in the video surveillance market, it will be seized by the channel partners who know how to add value because deflationary pressures — namely increased software and hardware commoditization — aren't going to let up any time soon, say experts.

Fortunately, there's a bright side to commoditization: Price drops not only help expand the market downstream to midsize and small businesses but also provide budget wiggle room for new opportunities in video management, storage systems, video analytics, integration with building access and more. There are also new, relatively exotic, capabilities, such as multisensor cameras and drones, that will become popular in the years ahead.

Max Lapshin, CEO at video streaming software provider Erlyvideo, says video surveillance systems will increasingly become aggregated into larger networks and be centrally managed over the web. In addition, video analytics and machine learning are becoming increasingly popular additions.

Other criteria customers should consider include video quality (nothing is worse than witnessing a crime on video and not being able to make out what the perpetrators look like) and the nature of the cameras (whether they're hidden or very visible to scare potential criminals away). Will the customer need audio? What will the environment be like? A climate-controlled office is very different from a car dealership that needs ruggedized outdoor cameras. This analysis will help inform how much needs to be spent on the housing. For growing enterprises, the system needs to be scalable and able to use modern compression technologies to minimize storage costs.

> **Surveillance cameras currently generate 413 petabytes of data each day—enough to fill 92 million single-sided, single-layer DVDs.**
>
> *— IHS Inc., "Enterprise and IP Storage Used for Video Surveillance"*

Lapshin points out that the video cameras themselves are just the tip of the iceberg. It takes considerable skill integrating cameras, network detectors, relays and keeping networked connections secured.

Other considerations include:

- How much data should be kept on local storage arrays, and for how long?
- Will you purchase a system from a provider that includes remote storage or provision space in AWS or Azure, or at a colocated provider? A lot depends on how much data must be kept, and for how long. Do a cost analysis. Also, consider archiving needs. It's a good idea to have customers consult counsel on the potential benefits and risks of keeping video long-term.
- Will the customer benefit from edge analytics to spot unusual behaviors? If so, what should trigger an immediate alert, and who should get the call?
- Do they want remote access to video feeds? If so, who has access, and how will they be authenticated?

With so many options available, and the accelerating innovation coming to these systems every year, we advise channel partners to dedicate a resource to keeping up with advances, and to talk to masters and distributors to figure out if video surveillance is an area of focus.

Sales Strategies

As when selling any service, start with a discussion around why the business wants video surveillance. Is this their first such system? If not, what challenges did they experience in the past? How much can they afford to spend, and how do they plan to use the system? Do they want to own the system or lease it? Are they interested in managed services? Will they need to expand?

What types of features and platforms are enterprises increasingly interested in?

Mitch Cohen, vice president at video surveillance specialist Bric Security, says businesses are quickly moving toward cloud-based systems.

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"Furthermore, the integration between video and other systems, such as card access and alarm, are gaining traction, even with smaller businesses," Cohen says. "We expect to see continued growth in this with remote managed systems."

This is happening, he says, to improve system logging and access control, or to monitor employee arrivals. The cloud-based system they sell, for example, can decommission access from anywhere there's an internet connection, with no software or apps to manage.

Gotcha Watch

1 **If you provision multiple cameras** that talk directly to the cloud via a software agent rather than going through a bridge appliance, management could get complex and expensive.

2 **Google "hacked video cameras"** and you'll get an idea of the potential PR and legal nightmare if a health care or similar customer's surveillance system were breached. Make sure there are no default username and password combinations, keep firmware updated and follow security best practices. Advise on legal considerations.

3 **Make sure storage is optimized.** Moving from analog (CCTV) systems that use videotape or digital video recorders to IP-based systems is a major change that requires rethinking storage options, both on-site and in the cloud.

For an enterprise-class integrated surveillance system, Cohen recommends high frame rates and resolution, and typically 30 days of unlimited video events, including a 10-second prealarm buffer and recording for the full length of motion plus five seconds. Customers like not having a server or software needed for card access, as that is also managed over cloud.

However, one of the most significant challenges with cloud-based systems is potential loss of internet connectivity. To compensate, Cohen says customers often install backup appliances on-premises.

"Along with the card access panels, [this strategy] provides local storage and operation of the complete system during these times," he says. "Once the internet is restored, the backup devices dump all information to the servers, where it is indexed to provide a single location for clients to retrieve data and video."

Robert Horowitz, president at systems integrator Electronic Security and Communications Corp., says top considerations when choosing a supplier include:

- **A broad product portfolio:** Does the vendor provide all the hardware needed, or can its cameras or other gear interoperate with other hardware that may be required?
- **Scalability and flexibility:** Will the solution scale to meet expanding needs of the customer, and can it be geographically distributed if that's a concern?
- **Licensing requirements:** Vendors have wildly varying licensing models concerning how their products function. Supporting third-party hardware, for example, may incur added costs, as will additional operator workstations, total number of cameras, video storage limitations, number of remote users and more.

Channel partners also need to consider opportunities around support, subscription and managed services. Such managed services will include storage, analytics, continuous monitoring and services such as video storage, analytics, 24x7 video alarm verification, alarm management and others.

Video surveillance technology will also not only become increasingly integrated with identity and access management and building management systems, but also other connected IoT devices. Don't sell a customer a predominately stand-alone system without explaining the trends toward smart buildings and smart cities. As more video management and surveillance systems integrate through APIs with smart building systems, you don't want the customer stuck with a walled-garden solution.

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