

Order Returning to Thailand

Thailand has been facing a threefold crisis of economic slowdown, political volatility and social instability. Given all these growth deterrents, the hard-pressed government responded with massive public funding. The fiscal policies are expected to revive domestic consumption, laying foundation for the next phase of the local security market's growth.

BY JOANNE WU



The fallout from the global financial meltdown and domestic political debacle has plagued Thailand's export-dependent economy. Its once robust GDP growth — between 5 and 6 percent — dropped to 2.6 percent in 2008, based on IMF's "Regional Economic Outlook." The expansion of the security surveillance market has thus been deterred to some extent. "The market is expected to experience mild growth in 2009 and 2010 due to continued violent insurgencies," said Suwich Chitkasemsuk, MD at

Digitalcom. "The overall market size is valued at approximately US\$75 million in 2009."

In June, a \$23.5-billion (800 billion bahts) stimulus package was approved by the Thai parliament, aiming to further develop critical infrastructure. These fiscal commitments have led to some optimistic estimates. "As upgrades at airports, land borders/customs and prisons continue to take place, the size of Thailand's electronic security market is estimated to be worth somewhere between \$150 and \$200 million," said

an industry veteran. Henny Beeber, CEO and CTO of AES Group, gave a more robust figure at \$250 million.

The intensity of terrorist threats and persistent social unrest make security essential, said Roni Klein, VP of Sales for APAC, Verint Video Solutions, Verint Systems. "The market was very stagnant in the first half of this year," noted Beeber, "but it seems that people are starting to loosen up budgets and procure all kinds of security equipment again."

"High-end users' affinity for quality goods won't change in an



economic downswing, as they insist on maintaining necessary security measures,” noted Alex Kwan, Director at SecuRex. Although there are cases where premium users downgrade megapixel to VGA resolution, ISO-certified manufacturers and UL-compliant products are still a must. On the other hand, the downturn has had a significant impact on the mid- to low-end markets, added Kwan. Users, instead, opt for the same camera count with less TVLs or cheaper products with similar functions.



▲ Suwich Chitkasemsuk, MD at Digitalcom

In a nutshell, customers that require 8- to 16-channel DVRs will keep features and specifications relatively high-end, whereas price remains the top priority for 4-channel users, explained Somchai Prajaksoot, MD at Digital Focus.

MARKET MOVERS

Violence in the three southernmost Muslim-majority provinces and associated political uncertainty are fueling the demand for security solutions. To protect citizens and strengthen homeland security efforts, the Thai government has modeled after the US approach to implement counterterrorist measures, said Klein. Surveillance upgrades at public locales have been taken seriously, added Pichai Sihsobhon, MD at Security Communication Center.

“In response to increased crime,” said Alan Parker, Country Manager for Thailand and Vietnam, ADT Security, “local and MNCs are moving ahead with system refurbishment.” Growing

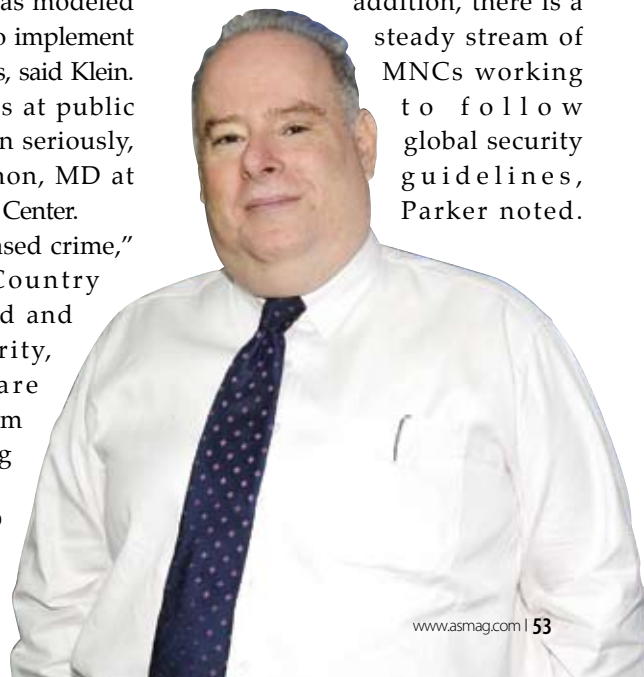
► Henny Beeber, CEO and CTO of AES Group

pressure to increase operational efficiency and enhance labor management is driving the adoption of smart cards and biometric solutions, noted Thomas Wan, CEO of ACTAtek.

There is considerable investment in security electronics to complement manned guarding, said Parker. “The current trend in guard companies is the utilization of electronic surveillance solutions by high-rank security officers,” said Beeber. “People are more educated nowadays, making it more difficult to deploy lower-grade personnel. Also, this type of solution provides a reliable and increased level of security.”

“Standard fire and safety protocols are followed,” said Samarn Takort, GM for Thailand, Bosch Security Systems. According to the building control policy, every high-rise building and factory must have a fire system installed. “Although no security regulations are imposed by the government, users generally refer to EN or UL standards,” Takort said. Banks typically require higher quality, so security devices employed need to comply with international standards, Beeber added. In

addition, there is a steady stream of MNCs working to follow global security guidelines, Parker noted.



“Security promotion bodies, such as the Technology Asset Protection Association, have changed the way the logistic industry thinks and operates.”

THRIVING VERTICALS

Public spending has mostly been earmarked for infrastructure, making transportation and city surveillance key beneficiaries. Projects such as entertainment complexes, hospitals and schools will follow as further development, said Takort.

Extensions of the Bangkok mass rapid transit (MRT) system and the Suvarnabhumi Airport rail link are upcoming projects. New MRT subway lines in Bangkok have been approved by the authorities, said Beeber. “Currently, the existing lines are undergoing an upgrade of 150 network cameras and the installation of IP video management software.” Connecting the Suvarnabhumi Airport, Makkasan train station and urban area of Bangkok, the airport rail link will be outfitted with hundreds of surveillance cameras and is expected to be completed by the end of this year, Klein said.

City surveillance is picking up, in

terms of scale, in major cities like Bangkok, Pattaya and Phuket, said Takort. With just a few hundred cameras installed in the last few years, Bangkok now requires more than 10,000 cameras in the years to come, said Chitkasemsuk. In 2009, the Bangkok Metropolitan Office is putting more than 2,000 cameras in place to combat crime and traffic problems, said Raymond Huan, Sales Manager for Thailand, Chemco. “A budget of \$44 million has also been outlined for security installations in 2010.”

The insurgents in the southernmost provinces have prompted significant spending on security infrastructure, where several projects have been awarded to install more than 3,000 cameras, said Beeber. “However, such endemic violence has caused several projects to be delayed.”

An attempt to protect public assets, retrofitting government buildings shows strong promise. The Bank of Thailand, petroleum authority, Royal Thai customs and new Thai parliament have invested heavily in tightened security measures. With more replacement programs planned by the authorities, companies are

actively engaged in projects requiring hundreds or even thousands of cameras.

Under the escalated social unrest, the commercial sector is also beefing up security. Jewelry shops and retail stores are in dire need of cost-effective solutions, said Huan. “No-frills 4-channel DVRs for small retail applications have witnessed a surge in demand.” Large business establishments, like shopping malls, call for integrated solutions, said Parker. “While the segment is dominated by EAS systems, retailers are demanding more sophisticated functions, like video analytics and PoS integration, to benefit from added value.”

“A large numbers of hotels and condominiums will be completed in Bangkok, Pattaya, Phuket and Samui in the next two years,” noted Kwan. “Commercial and residential buildings alike will ensure that adequate security is in place, spurring huge opportunities.” For SMEs, secured offices and living environments give them peace of mind, said Suvit Suvorapamaneesawat, MD at Far East Creation.

“A d e l u x e
condominium



▲ Alex Kwan, Director at SecuRex



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▲ Alan Parker, Country Manager for Thailand and Vietnam, ADT Security



▲ Thomas Wan, CEO of ACTAtek



▲ Samarn Takort, GM for Thailand, Bosch Security Systems



► Roni Klein, VP of Sales for APAC, Verint Video Solutions, Verint Systems

in Bangkok could require more than 100 network cameras," Kwan added.

The banking, logistics and automotive manufacturing sectors are other revenue generators, said Parker.

PRODUCT NEEDS

Video surveillance is the most popular security option, making up 70 to 80 percent of all spending, and the rest of the market is shared by access control and intrusion detection, said Chitkasemsuk.

"The IP infrastructure in Thailand is developing rapidly but falls behind its Asian neighbors such as Singapore and Malaysia," noted Klein. "Network implementation is primarily driven by the government and the financial and hospitality industries. For example, a faster and more reliable communication network at hotels is needed for better customer services." The network infrastructure has reached its maturity for IP-based surveillance in big cities like Bangkok, Chitkasemsuk said. "It is still mostly specified by high-end users and large-scale projects, though." The current uptake ratio between IP and analog is approximately 20 to 80, suggested Takort.

With the government and the commercial sector showing keen interest in cutting-edge solutions, traction for integrated solutions is increasingly noticeable, said Parker. "The convergence of security and safety systems has been found at immigration posts and airports."

VIDEO SURVEILLANCE

Although it is evident that security practices vary across segments, CIF and D1 are typical recording standards. Analog cameras and DVRs



▲ Raymond Huan, Sales Manager for Thailand, Chemco

make up the no-frills segments, said Kwan "Images with minimum 380 TVLs at 20 fps are largely sought after." Among these, 4-channel DVRs are favored by home and small offices users.

Analog/network cameras and full-feature DVRs are competing in the mid-end market, Kwan added. "Entry-level network cameras from China and Taiwan are rivaling with leading brands' high-end analog cameras to expand market share." Aside from network cameras, 8- and 16-channel DVRs with recording speeds at 5 to 15 fps are gaining momentum in the education, residential and industrial sectors, said Prajaksoot.

NVRs and network cameras are predominantly sourced by premium users like MNCs and the government, said Kwan. Increasing demand for network cameras is observed in the hospitality sector and condominium construction, but the adoption rate is slower than expected. Although the market continues to shift to higher resolution and H.264 compression, megapixel cameras are largely specified in new projects only, noted Huan.



▲ Suvit Suvorapamaneesawat, MD at Far East Creation

Making systems more intelligent, particularly with sophisticated integration capability and flexibility, for central management and various applications is trendy, said Sihsobhon. Video analytics and automatic license plate recognition have been deployed by the government for city surveillance and traffic monitoring, Suvorapamaneesawat added.

ACCESS CONTROL

With a great deal of no-frills access control solutions available on the market, proximity and smart cards are generating most of the sales, Huan said. Mifare cards are the access card choice due to their flexibility, durability and significant drop in prices over the past few years, noted Beeber. Currently, the government is planning on rolling out its chip-based national ID card scheme this fall, with fingerprints, health insurance and medical data, and passport information stored for different applications.

In addition to government programs, increased use of biometrics for time and attendance in the education sector can be witnessed,

said Wan. The implementation of RFID technology is also growing, due largely to its wide applications and integration capability, Suvorapamaneesawat said.

The National Telecommunications Commission plans to launch 3G services for commercial use by the middle of 2010, according to the US Commercial Service. Although Web-based solutions are picking up slowly, the availability of 3G is expected to speed up the uptake.

INTRUSION DETECTION

The intrusion detection market is making progress, albeit at a slower rate, Takort said. "The general practice is still utilizing 8- to 16-zone hardwired alarm panels for both commercial and residential applica-

tions." Wireless intrusion systems are less prevalent because of the vast number of reinforced-concrete buildings in Thailand and high prices associated with the products, added Takort. "Combining home automation and intrusion detection is a novelty at the higher end of the market."

A cost-effective security solution for business and industrial establishments is to integrate intrusion and access control systems when four or more access readers are installed, Beeber said.

FUTURE OUTLOOK

Although Thailand's GDP is forecasted to post a negative growth rate of 3 to 5 percent in 2009, its economy will return to normal by

the end of this year, said an official source. The government has set the GDP target at 2 percent for 2010 and expects the growth to resume a faster pace afterwards. The government also endeavors to fight corruption and diversify its economic portfolio to further alleviate the setbacks of the financial crisis.

The local security market seems to be benefiting from the investment in new systems and upgrade projects, Parker said. "Companies are becoming more price-conscious and are seeking better mean time between failures and system interoperability." As one of the most dynamic segments in Thailand, the security market will continue its positive growth in the coming years, Beeber predicted. 