

IP is growing but Analogue will stay ahead for the next five years: Sanjeev Sehgal

Mr. Sanjeev Sehgal, Founder-
Managing Director of
Samriddhi Automations Pvt.
Ltd, is a pioneer in the Indian Security
& Surveillance Industry, offering
technologically advanced products to
better meet customer needs.

Sparsh Security was recently awarded the prestigious ETNow IndiaMart Leaders of Tomorrow award by Union Home Minister, Mr P Chidambaram at a ceremony in New Delhi. Samriddhi Automations Pvt. Ltd, the owner of the Sparsh brand, won the award in the Electrical and Electronics category, emerging victorious out of the several nominations received for the category. Mr Sanjeev Sehgal received the award from Home Minister Mr. P Chidambaram. Having a Bachelor's degree in Electronics & Communications with 18+ years of experience in Electronics Security Manufacturing and solutions, Mr Sehgal has expertise in market analysis, strategic planning, team building and strategic alliances. SECURITY TODAY interacted with Mr Sehgal to discuss the current scenario of the CCTV market.

Excerpts from the interview:

You are the first of the indigenous CCTV makers in the country. What is the current size of the market in India and how is it growing in relation to the international market?

It's growing much faster here in India than in the West. The market there is already saturated and can only slow down. But here there is plenty of scope for growth. The Indian market is currently about one lakh thirty thousand pieces (CCTV Cameras) per month. And percentage growth would be around 30-35 percent growth per annum. Actually there is no new study available of growth rate. They say this growth will be steady till 2012. The problem however is that there is no concrete study available in the market on the subject. We can't even say whether this growth is in terms of volumes or revenue being generated. But what we do know for now is that the growth is rapid and real.

Does this growth percentage reflect in your sales.

We launched our manufacturing activity in 2008. In the first year for four or five months, we produced about 3000 pieces a month. Today we are doing around 12-15000 pieces per month. So definitely the indigenous market is growing at a very fast pace. We have grown at the rate of 80



percent in the last three years. This year we may even cross 100 percent by the end of the last quarter which is always the heaviest in sales. And this is both in volumes as well as revenue. In fact if revenue is growing at 100 percent the volumes will be growing even faster since the cost of the product is also reducing.

What is the reason for cost coming down?

Competition. The market is competitive. We are still battling the recession which caused this drop. Today prices have gone down by almost 20 percent than what they were when we started. But when unit revenues go down, sales go up, so it is compensated. To be honest, the revenue has increased since our volumes have gone up higher than the dip in price. I think there are good times ahead.

Do you perceive this trend will continue?

Yes, I think this trend will continue here since the West is already saturated with these products, so there is not going to be much increase in volumes in that market. So when volumes don't come from there, they will have to be compensated from here. And this is likely to be the same for at least three more years, which will be great for the indigenous market.

But do you see a saturation point here in India as well?

If you go to any other country, you see CCTVs everywhere. It is an accepted part of everyone's life. The awareness that it is necessary is total. That is not the case here in India. Awareness is still limited. But it is growing and as it grows, the demand also grows. So when the awareness is still to reach its peak, the saturation point will be further away. I do not see it coming in the near future.

But you need legislations that will enforce this as basics of security.

Legislations are there. For example it is mandatory in banks and hotels now to deploy CCTV, which is in a sense similar to

mandatorily installing fire fighting systems in buildings. But I believe the legislation will come only after a few steps are taken. It came for banks, hotels and other such places. So eventually it will also come for housing complexes and other places. Again the legislations will depend on how much awareness can be generated to educate people about the necessity.

Why don't you as an industry, impress upon the government that this legislation is needed quickly for security.

For this the effort has to come from various associations working in the security industry. And in any case such things have come from other sectors so they will come for this segment as well. They will certainly come and they cannot be avoided. When it came for the banking industry it was a huge boost to our industry. Now we have a very strong presence in banking segment as this requirement (for CCTV cameras) is there in every security equipment tender.

I believe a study said that by 2013 market will shift completely from analog to IP.

See, to date IP is one seventh of the analog market. And for the next five years analog will maintain its position. IP is coming up where you need analytics and all those facilities. It is where more complex security is needed. We go by a normal industry that doesn't need analytics. It just needs a CCTV installation for security without the complexities that go with it. Because infrastructural requirement is much more in IP than with analog. IP is around and developing but it's going to take time. The price of an IP camera is much more than that of an analog camera which is obviously also a deterrent for the market going completely IP since not everyone is ready to spend that much.

According to you what is more effective, Analog or IP in normal circumstances?

It depends on the requirement. Most of the places where CCTV is being used it is more for psychological purposes. For this you don't need analytics and IP, because such a buyer doesn't want to spend too much. It's merely something that is hoped to be a deterrent and if possible as a post mortem. In other words to try and find out who did it. The CCTV will tell you that.



Are people in India now ready to spend money on CCTV?

Definitely. Even if you go by a design by any architect there will be a provision for a CCTV camera in the design. They may or may not eventually have it, but a provision will certainly be there which means that it is accepted as a basic part of the design. It's become that kind of entity now. I mean the regular CCTV which is non-complicated. Something which has a camera, recording, some back ups. It's more of a post mortem implement than a preventive measure.

Do people really know what kind of CCTV system is really required for their premise?

No. And really even the system integrators don't try to tell you what is needed. They will try and suit your requirements with whatever products they have available. He doesn't try to educate the person. He will try and utilise whatever product he has. Recently there was a tender for a bank and it was an online bidding. They were buying a security system on an online tender. Just imagine. It's being bought because RBI has made it mandatory, so let's get it over with. Because unless you do it insurance will not pay up the claim if something happens. Recently there was a tender for a bank. The initial tender was Rs 3.5 lakhs. When on line bidding started, that tender closed at Rs 1.9 lakhs. Because the real cost of that product was Rs 1.5 lakhs. That's lack of education.

So who will give this education?

Well, magazines like SECURITY TODAY are giving this education. I take classes at IISSM for the same purpose that educational awareness should increase. To tell people who come for these classes what all products are available and what all they can do for the industry. Then there will be word of mouth awareness which will increase and eventually help the industry.

Do you think we need a regulator to set standards for security?

Yes, we need standards. There are no prescribed standards in India. And since there are none, they talk about CE certification for CCTV cameras and other security products. CE is a standard for electronic safety. It is not a standard for security products, but everyone says it is CE certified. You see any tender; there will always be a line that says that your products should be CE certified. Even if it has nothing to do with the security effectiveness of the product.

But can't your industry demand that these standards be created.

We keep on making these demands in all conferences and seminars. We talk about it all the time. But our associations have to do a lot of work to insist on these. There is a dire need for it. It is about time we stood up and demanded that we have standards to ensure only the best products are there in security.