The increase in security concerns has led to an increased demand for sophisticated solutions. However most of the solutions are focused on securing large premises and critical installations. Home security solutions have grown to be a significant part of the market elsewhere in the world. Similar growth in India would need collaboration between players having complementary capabilities, say K.Raman Practice Head – Infocomm, Media & Education, Gunjan Gupta and Mayurpankhi Barooah of Tata Strategic Management Group.

The increase in security concerns has led to an increase in demand for sophisticated electronic security solutions. A recent study by Frost & Sullivan estimates the market size of the electronic security industry to be around USD 220 Mn in FY08 in India, which is projected to grow at 40% per annum over the next 3 years. Our estimates indicate that electronic security solutions of large premises constitute close to 95% of this market currently. The electronic security market in the US in 2006 was estimated to be about $25 bn out of which the electronic home security market was about $10bn. This clearly suggests that there is a large potential for home security solutions to grow rapidly in India.

**CONSUMER: SECURITY NEEDS**

For a consumer, prevention is the ideal way to avert a security breach. However, complete prevention of all security threats is next to impossible. This necessitates provision of early detection of the security breach followed by transmitting the required information to the relevant individual / party as early as possible. This needs to be further complemented with an appropriate response (damage control) to minimize the possible damage. Thus a security solution providing for Prevention, Early Detection, Quick Transmission and a mechanism for Appropriate Response delivers high value for the consumer.

An evaluation of currently available measures to meet the home security needs reveals that these address the need for prevention (Refer Exhibit 1). Traditional measures, like locks and extra doors by themselves do not address the facets of detection, transmission and response. Even newer solutions like video door phone do not have the capability to address all facets of the ideal solution.

Hence these conventional measures need to be augmented by an electronic security solution that functions like a monitored burglar alarm system and additionally provides ‘Appropriate response’.

However, such a solution is currently limited by two factors. One is the price of the equipment required to capture images that can be transmitted over communication networks, eg. IP cameras / networkable DVRs. The second is the availability of sufficient bandwidth to transmit these images over both wired and wireless networks.

Rapidly evolving technology has ensured that the IP enabled cameras and DVRs will progressively get more affordable. Similarly.
wireless broadband technology is expected to be available very soon in the country in the form of 3G and Wimax. Hence designing a solution that addresses all facets in the near term looks increasingly feasible.

A Monitored Alarm system consists of an Alarm panel which is connected to various sensors that can detect intrusion, fire, gas leakage etc (Refer Exhibit 2). On occurrence of an alarm, the Monitoring Station is alerted through a telephone line which then ensures adequate response by either alerting authorities or a private manned guarding agency.

The remote monitoring system consists of an IP camera which captures images of the household. These images can be remotely viewed through a wired broadband or cellular network on a laptop or mobile phone by the subscriber. Video monitoring can also be undertaken by the Home Alarm Monitoring Station through a broadband connection, if the subscriber so desires, and can therefore provide adequate response in an emergency.

While these are indicative examples of the services and solutions that can be provided for home security, there would be the need for

### Exhibit 1: Existing Home Security Measures / Devices

<table>
<thead>
<tr>
<th>Product / Solution</th>
<th>Functionality</th>
<th>Prevention</th>
<th>Early Detection</th>
<th>Quick Information Transmission</th>
<th>Appropriate Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double door</td>
<td>Additional door to be able to see &amp; communicate with visitor at the door</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Grill</td>
<td>Metal grill to provide additional protection against intrusion</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Video Door Phone</td>
<td>Device that allows people at home to see and communicate with visitor at the door</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Burglar Alarm System (Bells only)</td>
<td>Sensor based system to detect intrusion. Can have additional sensors to detect fire / gas leakage / other emergencies</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Burglar Alarm System (Monitored)</td>
<td>A Burglar Alarm System backed-up by a monitoring station which alerts the pre-decided individual / agency to take instructions and contacts relevant authority (police / fire brigade etc.)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
</tbody>
</table>

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However, companies looking to build a large business in home security need to overcome several challenges in defining a go-to market strategy. Some of the significant challenges would be

1. Design standardized products capable of communicating over multiple networks, eg., IP Camera, Digital Video Recorder
2. Identify channels for targeting home customers, eg., Direct sales channel capable of demonstration, sales and installation at homes
3. Set up infrastructure for service, eg., After sales support for hardware, handling false alarms
4. Create necessary tie-ups for appropriate response, eg., Police Stations, Security personnel

A single security solutions provider addressing the above widely varying needs is difficult to imagine. Companies looking for success in the home security solutions market need to create well defined long term collaborations with service partners like telcos and security manpower agencies to be able to deliver an end to end solution.
involvement of multiple players in delivery of any home security solution that provides prevention, early detection, quick information transmission and adequate response.

Alarm companies in the US, such as Brink’s Home Security, have also built their sales and services networks through local franchisees. In order to provide response to customers on occurrence of alarms, they have been directing emergency alarms to the police, fire and ambulance services as need be. However, in states where the Police do not respond to alarms automatically without verification of the emergency, Brink’s has tied up with private security companies to provide the required response. The customer is given the option to avail of the services of private guard companies on an additional monthly payment.

In the Indian scenario as well, alliances will enable companies to leverage existing sales and service infrastructure for home security solutions. It is such value adding alliances that can transform this niche opportunity into a large and attractive one. Companies that collaborate and provide the complete security solution will emerge leaders in unlocking the home security opportunity.
Tata Strategic Management Group is a leading management consulting firm in South Asia. Set up in 1991, Tata Strategic has completed over 500 engagements with more than 100 Clients across countries and industry sectors, addressing the business concerns of the top management. We enhance client value by providing creative strategy advice, developing innovative solutions and partnering effective implementation.