

India's Changing Landscape and Channel Structure

India is an entrepreneurial country, with countless virgin channels for new players to enter. This requires an extensive amount of training to lower the barrier of entry. As the market grows, changes in channel structure dot the landscape.

BY ROSA CHEN

There are some 250 manufacturers of security and safety products and 7,000 system integrators and installers in India. The number of distributors is difficult to account for, as there are far too many security installers that also resell, including IT distributors, office automation specialists and so on, said Harish Vellat, Director of India for ADI Global Distribution. The market is young and fragmented, and often companies play dual roles.

Currently, there is a huge base of unorganized distributors, ranging from small traders who receive catalogs and stock minimum quantities to larger system integrators stocking and selling

products to smaller integrators. The difference between unorganized and organized distributors can be found in after-sales services, technical training and warranties. "The demand for channel partners will double in the next five years," Vellat said.

The key is getting the right materials to the right people in the shortest time possible. "Logistics, distribution and buying strength are the differentiating factors," said Aditya Khemka, CEO of Aditya Group. The market is dominated by both big and unmarked brands, and as it expands, international players will need distributors to service their products. Local distributors can capitalize on this need.

"Right now, customers don't know where to go and what the value of the product is, so many unorganized players sell overly expensive products," Khemka said.

FINDING PARTNERS

Doing business in such a fragmented market requires certain qualities for partners. Distributors must have local reach and the ability to generate strong demand.

"They need to not only fulfill requirements from the manufacturer, but also invest in manpower to help clear the demand," said Vikas Chadha, Director of South Asia, Honeywell Security.

On behalf of the distributor, manufacturers must have reliable credentials. Products need to be tested and proven over a period of time, and product availability and delivery expedience cannot fall short, said Ishwar Pahlajani, Zonal Head (North), Security Equipment Division, Godrej & Boyce.

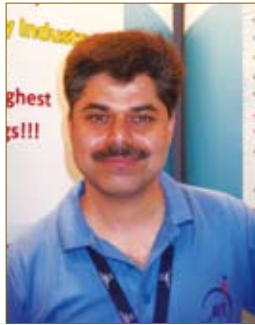
System integrators look for price competitiveness, after-sales support and product reliability, Chadha said. Technical support is vital, as some local system integrators become less project-driven and more customer-centric. Data centers, for example, require seamless integration of IT and building management components for a unified monitoring and control system. "We align with OEMs, and by combining the best solution components from our suppliers, we are able to provide customer-centric solutions to the market," said Jawahar Ali, CMO of



Varun Jain, CEO of SKJ Electronics & Systems



▲ **Dhiraj Wali**, VP and Business Head of India, Bosch Security Systems



▲ **Aseem Kumar**, Head of Automation Projects at RT Outsourcing Services



▲ **Gurudas Parwani**, President of Smart Guard Systems (an eInfoChips company)

Allied Digital Services.

CHANGING LANDSCAPE

Change is in the air. India's momentum draws in more local competition, Asian suppliers and IT professionals, including distributors, integrators and service center groups.

MADE IN INDIA

A handful of domestic intrusion alarm, access control and video surveillance manufacturers are gaining market share. Innovative technologies, like multimodal access control readers, hybrid or wireless alarms, and IP-based surveillance equipment, have caught local attention.

"We design and manufacture various types of network cameras, hybrid DVRs, NVRs, video management software and encoders," said Gurudas Parwani, President of Smart Guard Systems (an eInfoChips subsidiary). "Providing total solutions is our goal, and to meet that, we've also developed our own analytics."

ASIAN PRESENCE

Present in the market are Asian suppliers with quality midrange products. "Taiwanese and Korean quality and price match top brands

in India. What's missing is product knowledge and education," said Dr. Saifuddin Bharmal, CEO of Lookman Electroplast. If awareness does not improve, Taiwanese and Korean companies will suffer.

IT INVOLVEMENT

More IT companies are entering the security business. "Some partner with physical security companies; others make acquisitions," said Varun Jain, CEO of SKJ Electronics & Systems.

There is a dearth of qualified system integrators who can understand and execute high-end integrated security solutions. To fill this gap, many IT hardware, software and networking companies are starting to offer expertise in this area, said Dhiraj Wali, VP and Business Head of India, Bosch Security Systems.

New to the security market are third-party after-sales support

groups. "Providing technical support with a strong IT and telecommunication background positions us well to service and alleviate some of the pressure on security distributors and system integrators for installation, repair and maintenance services," said Aseem Kumar, Head of Automation Projects at RT Outsourcing Services.

BUSINESS IN INDIA

Security players invest in road shows, seminars and trade shows, to increase awareness and network. "We're attempting to reach out to the installer community in multiple cities by focusing on strong distribution structure backed by marketing activities to create awareness," said Ranjit Nambiar, Director of Sales for South Asia, HID India.

To meet rapid market expansion, all players with experience and established networks are eligible. Trust is a key issue, and word of mouth and second opinions are often sought before decisions are made. Marketing and education efforts are powerful tools that serious players must invest in. "We need to customize education to enhance awareness for electronic security," Chadha said.

ANS

"We're attempting to reach out to the installer community in multiple cities by focusing on strong distribution structure backed by marketing activities to create awareness."

Ranjit Nambiar, Director of Sales for South Asia, HID India

