

The IP Boom

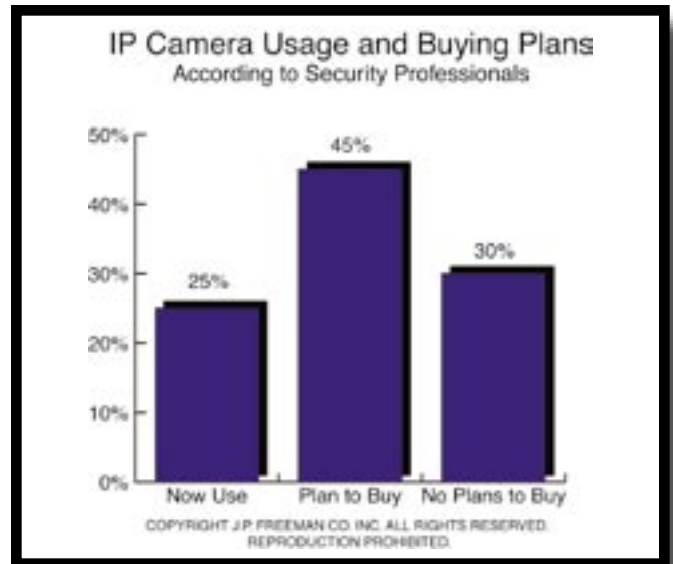
We recently completed a wide round of research for our 2005 report on the worldwide network and IP video market. We collected manufacturer opinions on the state of the IP video market and checked them out in our research with dealers and integrators as well as users. One of the trends that is unquestionably clear now is the rapidly rising demand for IP video systems. The demand can be latent, since users have to have the budget to buy products and systems they want. In the case of IP systems, it is only a matter of time before the market explodes. In fact, to explore this market in more depth I'll be moderating a panel session at the ISC West security show in Las Vegas with the security director of Cisco, the global manager of integrated video systems at Honeywell, and the CEO of Axis Communications, the leading shareholder in the IP camera business.

IP video may be the last missing link in the relationship between an enterprise's security department and its IT department. The transition from analog cameras and DVRs to IP cameras and NVRs is critical to the security department of any protected enterprise, because it is the last step in the complete digitization of video surveillance systems.

Video surveillance spending is taking an increasing share of the security budget each year as new products and new technologies expand the application potentials for cameras and recorders. As systems become digitized, little stands in the way of a major change in departmental responsibilities. The IT department will play an increasing role in the management of video communications architecture, while the security department will manage response and investigations.

Another key area of change we believe will emerge from digitization is the flow of new video technologies into user hands. IP cameras present the industry with the building block for the evolution of the truly "smart" camera, one not only with primary motion detection but also with object tracking detection and intelligence, with a growing level of storage, and even with customized first responder instructions regarding actions to be taken by specific responders to specific types of events or violations as they occur.

We may have a little while to wait before all this comes to pass. Video surveillance is still very much an analog/digital market rather than a purely digital market. However, the amount of time we have to wait is predicated heavily on the ability of our government's Department of Homeland



Security to protect the nation from further attack. The greater the potential for danger, the more spending there will be on security, and the faster this transition will unfold.

Security users everywhere have their own views on this outlook and bear the responsibility for recommending to their senior officials what should be done about increased protection and the conversion to IP video systems. Taken as a whole, their views are summarized in the chart above. This is one of the strongest user charts we have seen regarding planned budget expenditures. The IP boom is just around the corner. **STD**



Joseph P. Freeman is CEO of J.P. Freeman Co. and J.P. Freeman Laboratories, providing research, consulting, system design and technology services. New reports: 2004 Worldwide Access Control Market, 2005 Worldwide Network & IP Video Market, 2005 Worldwide Video Surveillance Market. Mr. Freeman can be reached at info@jpfreeman.com.