

“ There is a growing demand for quality components for the security and surveillance industry



Established in 1991, Matrix Comsec Pvt Ltd is a leader in telecom and security solutions for businesses and enterprises. The company was rated as one of ‘India’s 100 Innovative SME Companies’ by INC. magazine. Keeping pace with innovation and delivering quality products, Matrix has created a niche for itself in the security and surveillance industry. Ganesh Jivani, MD and CEO, Matrix Comsec, shares his views on innovation, procurement, and local manufacturing in conversation with Shweta Sengar

Current market scenario

EB: What is the market potential for video surveillance products in India?

In the Indian market, the focus is now shifting from analogue cameras to IP cameras, which is addressed by hybrid video recorders (HVRs). These HVRs fulfil the need of the current Indian video surveillance market. Also, the need for multi-location monitoring is increasing, due to which video management software (VMS) is in high demand. If we combine the IP and analogue camera markets, the size would be close to ₹ 20 billion in India. It is just like a pyramid, like any other market, which is huge in terms of volume. The video surveillance market is growing at an exponential rate of 30 per

cent year-on-year due to the increasing awareness about the requirement for better security. Video surveillance is a vast domain comprising small and big players alike. A majority of the Chinese players provide boxed products rather than overall solutions, which is not the need of the hour in the Indian market. Most of the players in the current market focus on IP products as their scope is increasing.

EB: Do you see any new applications for these products?

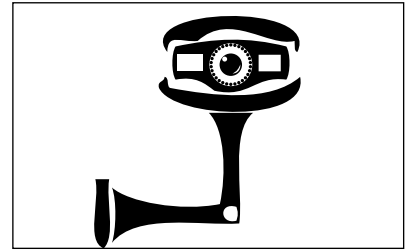
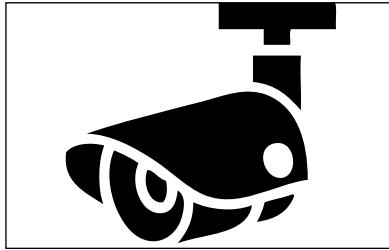
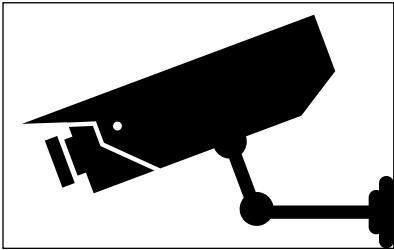
When it comes to enterprises, the use of cameras or security and surveillance products is not only for the purpose of security but also for increasing productivity. When video surveillance is in place at offices, shops or any other place, the employees’ productivity tends to increase automatically.

Surveillance helps in making places organised, be it offices, shops or streets. The return on investment (RoI) for companies increases due to surveillance, as the productivity goes up. For example, instead of manufacturing 100 units of a product per day, a worker starts making 105 units—so the productivity goes up because the company invested in surveillance.

Tackling business bottlenecks

EB: What are the key current challenges of the security and surveillance industry?

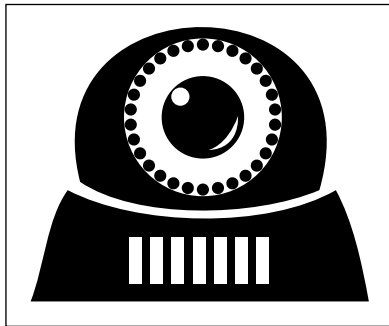
One of the challenges is the rapid technological changes that take place in the video



surveillance industry. It sometimes becomes difficult for a company to keep track of all these advancements. Creating awareness among customers is another challenge. It is not an easy task to meet customers and make them aware of the latest technology and products. And there are a lot of bottlenecks during implementation of video surveillance systems, like technological infrastructure. The IP video cameras work on WAN, LAN, etc. Most of the time, the bandwidth required by these cameras is not available. Another challenge in the video surveillance market is the lack of modes for multiple-site monitoring, storage limitations and also the cost involved. The challenge faced with multi-site management is the lack of proper connectivity modes, irrationally high wiring costs and the cost of implementing VMS at multiple locations.

EB: Are the ‘Make in India’ and ‘Digital India’ campaigns helping the security and surveillance industry, and in what way?

As of now, there is no connection between the ‘Make in India’ campaign and the security and surveillance industry. India consumes so many security and surveillance products that there is a growing need to manufacture these products in the country. True, the government is driving and promoting ‘Make in India’; yet



this industry is growing rapidly on its own steam -- the two are not really connected.

The government, instead of focusing on manufacturing satellites, aerospace or defence equipment, which are small-volume-high-end products, should focus on other smaller products and industries, including components. The security and surveillance industry is highly reliant on quality PCBs. In India, PCBs and other small but important components are not available. Manufacturing high-value items will not lead to establishing an industry. Any industry can only be developed from the ground up and not from the top down. The need here is to develop those industries for which there is a high demand in India including electronics, mobiles, IT, security and surveillance. For instance, a set-top box is a simple rectangular box comprising a single PCB, a few cables and a connectors box. Such a basic product is imported in huge quantities in our country. It is unfortunate that there is a dearth of

products that use such basic technology. IT and security and surveillance are the only industries that can create the electronics base here.

EB: What prevents there being any connection between the ‘Make in India’ campaign and the security and surveillance industry?

The fundamental reason for this can be attributed to the lack of an ecosystem. India has a lot of demand and customers but to manufacture products, a basic ecosystem is required, which is lacking at present. The government is trying to address this issue through the ‘Make in India’ programme but its effectiveness can only be ascertained after a period of time. A certain amount of focus is required so that ‘Make in India’ becomes relevant for all types of industries and does not only cater exclusively to heavy industries like defence. If the security and surveillance, telecom and IT industries start making in India, only then will the manufacturing ecosystem in the country take off. I believe that heavy industries like defence cannot contribute too much to this initiative as a lot of parts will be imported or outsourced. Since these defence projects will mostly involve the assembly of products, the value-addition will be negligible and knowledge-sharing cannot be taken to another level. If ‘Make in India’

- No Freebies/ GIFTS
- NO Inflated Prices
- NO Discounts
- Honest Prices
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- High Quality Components Both SMDs and TH/ DIPs
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has to be successful, a lot of focus should be given to telecom, IT, consumer electronics and the video surveillance industries. Small industries are the key to developing a manufacturing ecosystem in India.

EB: What are the hard-to-find components used by Matrix?

We manufacture security products as well as telecom products. When we begin the procurement process for the raw materials we require, the basic problem that we face, even for simple products, is the lack of suppliers in the country. For instance, cables, crystals, connectors, relays and PCBs are some of the hard-to-find components, which are very basic raw materials. We even have to import labels because there is a dearth of manufacturers for specific types of labels. To cite an example, for our desktop phones, we need a specific type of double-mould key, for which there are no manufacturers in India. We have to import almost all the components. Segregating the components into two categories, we buy semiconductors and processors (which fall under the first category) from large semiconductor companies like Intel, Texas Instruments and others. While for the second category of components, like cables, crystals, connectors, relays and PCBs, we have to reach out to China and Taiwan. The vendor development or supply chain partners of our company give preference to India-made products. However, the problem is that a certain category of products in India is hard to source.

EB: What is your vendor development strategy?

The size of the security and surveillance industry is large. We want to source as much as possible from India but the right quality products are not available here. Having said that, we are also very rigid with our quality policies. The costs, logistics, support and every aspect becomes easy when the processes are carried out within the country.

EB: How do you combat the inflow of counterfeit products?

We buy a lot of components from China, but we face a lot of language barriers as well.

These suppliers can be short-listed only over the Internet and one has to believe the information disseminated on the website, irrespective of it being authentic or not. It is not feasible to frequently visit other countries since a lot of expenses have to be incurred in the process. There is a cumbersome procedure involved in procuring products from overseas. It would be lot easier if such products could be procured from India itself. The reliability and authenticity of the products can be checked quickly and there will be no language barrier.

For the internal checks, all our products are sent to a lab for international qualification. Matrix's products are CE and FCC certified, by default. As far as components are concerned, every single component has its own specifications and due emphasis is given to its quality.

Innovation and development strategies

EB: What are the key innovation areas in the security and surveillance domain?

A lot of innovation is taking place in identification technology. For instance, the identification industry started off with cards and reached fingerprints. In the same category, Matrix offers a 'palm vein reader' which reads the vein pattern of the palm. The product is highly effective as it can identify a person even if the palm is sweaty or has dust over it. The problem with the current level of innovation is that certain products do not meet all of the customers' requirements. Like in retina or iris sensors, the speed of recognition is quite slow, as the user is supposed to look at the sensor in a certain manner, due to which ease of use is hampered. Therefore, biometric innovation has a long way to go and this could be a flourishing area for more innovation.

On the video surveillance side, the industry needs better compression technology. A certain amount of bandwidth is required to transfer high-definition videos, and this can be achieved only when we have better compression techniques. Another area of

innovation could be video analytics, wherein, without putting in a lot of time-consuming efforts, users can directly jump to the part of the video they actually want to see. Currently, there is no strong video analytics software with this capability.

EB: Are there any plans for expansion?

Our expansion plan is to grow in terms of our reach. In terms of products and domains, we are focusing on telecom, IP video surveillance, and access control. I believe that given the current scenario, it is not feasible for a company to deal in 10 different domains. It is more important to deal in one segment and excel in that. Spreading out is not always useful and effective; rather, depth is necessary in order to achieve excellence in what a company is doing. The focus for Matrix is in four domains – a mix of telecom, time-attendance, access control and IP video surveillance, which are actually doing well in the market. In terms of technology, reliability and reach, these four categories comprise the most advanced products.

EB: What are your growth plans for the domestic and global markets?

India is definitely a very important market for us since we are an India based company, and we are working on domestic expansion.

We have a lot of hopes for our international business, because our mission is to prove that a product company from India can flourish and excel overseas, and products designed, manufactured and marketed in India can be sold worldwide. Right now, we import products from Apple, Siemens and other companies. We believe that it is possible for an Indian company, in a particular segment, to market and sell its products on a global scale. We already sell our products in about 30-40 countries but the idea is to scale this up.

In terms of products, we are expecting higher growth from the security and surveillance business, as it is a comparatively new business for us, while telecom is a field in which we are well established. ☐☐