

On-the-Record; Keith Bloodworth CEO - CNL Computer Network Ltd.

The fourth in the series of interviews with those influencing the future of security and surveillance technology. IPfocus quizzes those in the know and gains an insight into opinions that will be shaping the industry in the future.

Q1 How do you see the IP networking market developing in the short and long term?

There is no doubt that TCP/IP is a global networking standard that underpins all voice and data communications. Therefore if information is to be transferred from one place to another - the underlying network will be TCP/IP. Short-term versus long-term is only a question of the timing of migration of legacy infrastructure.

As network bandwidth reduces in price, whilst radically increasing throughput, almost all communication, voice, data, video, etc. will be routed through the network. Given that even today, virtual networks can share cables and provide secure sub-networks, the use of IP is delivering amazing cost benefits to the organizations utilizing this infrastructure.

Our main issue with the market is that it seems to be CCTV (and even camera) obsessed. We see no difference in the importance of devices and believe that ALL the main applications of security will be networked in the not too distant future.

Q2 Where is CNL's place in the market?

CNL bridges the world of IT and security. We see our role as helping organizations to make the most of networking technology and leading the migration from "old analogue" based solutions to new digital ones. At this moment, we function as both a system integrator and as a solutions developer, but the future will see CNL more as a supplier of integration tools for the more advanced integration projects.

Recently, through alliances with mainstream IT system integrators, (CompuCenter, Morse), international manufacturers, (IBM, EMC, Barco), we are finding that partnerships are the key to success. This nearly always involves a relationship with the prime holder of the security account and we have had several big "wins" lately, where the holders of the account are a major security player.

Q3 What new plans does CNL have to help installers make the jump?

CNL is building a partner network which includes IT vendors, network vendors and security installers. As in a large number of cases, these companies own the customer but in different ways - by bringing them together to present a cohesive proposition we create a compelling case for the customer - who feels they are getting the best of all worlds.

The main problem we are finding is that traditional security companies do not like sharing accounts. Fortunately, the bigger companies are looking at this and appointing senior positions inside their own organizations in order to head up the integration of new solutions.

Q4 How can traditional security/CCTV installers win contracts against IT integrators? What is the best piece of advice you could give?

Relationship with the customer is key. Understanding the customer's key-influencers and building a wider account contact is crucial. Be seen as a supplier who is solving customer problems and helping to manage risk - rather than a purveyor of kit.

This is a problem for the traditional vendor. The "fear and uncertainty" approach will not work in the near future and as IT gets involved, standards will have to be introduced and accepted. Only by moving from this approach will the existing installers succeed. We find that our customers have very little interest in the camera or the recorder, but what is this solution going to do for my business.

Not putting to fine a point on it - understanding what ROI (Return On Investment) means to the client and how to deliver such solutions will be the key to whoever succeeds.

Q5 How does CNL regard the general UK installer knowledge level?

Mostly quite poor - but we do see recognition of the need to improve this knowledge, mainly at the education level. Many of these installers have embraced the DVR revolution as if it were a route to true IP solutions. Of course, it isn't and what we have now is a mix of analogue and pseudo networked products that have created a bigger mess in the market.

Many of the manufacturers have come to appreciate this problem. Companies like Verint, Axis and Bosch are doing a worthwhile job trying to educate the existing market, but are finding that it is often easier to teach security solutions to an IT vendor than the other way around.

Q6 Do installers respond well to training or are they slow?

You can't generalize... moving to a new technology approach is never easy - but the barriers are those of managing and embracing a major change rather than



being down to individual capabilities.

The main issues some installers have is trying to operate a two-speed/two-tier operation. Whilst working with a mainstream installer recently, we asked if skills transfer was part of their go-to-market programme and their response was no way! When asked how they would deal with the next job - they responded with "CNL is our team", which is one way around the problem.

Q7 Is there a type of installation company which will never use IP?

Absolutely. In our view, the market will break into sectors within each sector. Those companies who value the support of large numbers of analogue alarms will become better and cheaper at doing just that, but will lose a lot of their existing installs of new systems.

Sadly, these companies are not being helped by the short sighted approach of some of the traditional security media. Those magazines which focus on product announcements and feature pseudo-valuable case studies to support a favourite hardware vendor are not helping the situation. The media should do more for their readership.

Q8 Are companies leaving IP to the 'young geeks in the office'?

There are degrees of separation here, almost all IT system integrators have varying levels of IT competences and tend to specialize in one of the main "niches". There are those in the security industry that have tried this approach and, most failed. IP is no different from any other industry, it requires older, wiser brains to guide the business and younger minds to implement and execute.

This sounds like it is a reflection of CNL. We do have a number of "bright young things". However, we also have a good mix of security specialists who represent the industry and are all world class in their own right. We should not judge whether this is the right approach, although it is working for us.

Q9 How does CNL regard their dealings with traditional installers as opposed to other IT integrators?

As one of the early adopters, we have several good relationships with the existing vendors who understand we do not represent competition. Equally, a number of them view us as competition and seem

to fail to understand our business vision.

As stated earlier, we are now finding ways of working with the majors where CNL are responsible for the design, commissioning and post sales support, leaving the prime contractor to "own" the contract, present the solution, do all the installation and work with the client exactly as before. Each party brings a part of the solution to the client.

Q10 Why are IT integrators said to be winning out over traditional installers?

For the most part, the end users are demanding a more visionary solution than that being offered by their existing partners. In larger companies the IT Director has far more business acumen than the Security Manager and is more used to working with consortiums.

Most IT based system integrators win their accounts by returning more value to the client business than their competitors. They, therefore, evaluate all the costs and present against the value of the solution to the end user. Traditional security installers do not do this and CNL are frequently amazed to see two page quotations for £100K+ proposals. By and large, the major IT Integrators are more professional in their business approach and, therefore, make it easier for the client to buy!

Q11 Do IP installers need a particular mindset?

Yes, exactly as all major business need to have - professionalism and competence. There is no substitute for these and given the importance of security, it is an essential ingredient, whether it is an IP based solution or not. Where some of the IT integrators fail is in their knowledge of the industry compliancy issues. Again, that is why companies like CNL are extremely useful to bridge the two markets.

Q12 Does CNL support the idea of independent consultants representing installers as the IT-savvy "face" of the installation company?

If there is a skills-gap, consultants have traditionally filled this gap. As long as the company maintains relationships with the customer and ensures they are developing their own expertise - this is a tried-and-tested approach. If all consultants were really IT savvy, this would work well.

However, the security industry has recently highlighted in it's own research that large numbers of UK based consultants are led by directors moving fast to retirement age, have come from the Police or Military and have a zero interest in developing technology. What is really needed is a set of industry standards, like the "BS ISO/IEC 17799:2005 Information Technology Security Techniques, Code of Practice for Information Security Management", where consultants are guiding their clients towards achieving a known standard of operation.

This is worth an article in its own right and is going to be key to the success of the solutions in the market. We do support the idea of independent consultants, but they have to be accredited in some way in order to make the work for the clients. This is why we see a major disparity between the large and mainly

"professional consultants" and the smaller independents.

Q13 Are IP-trained installers now demanding higher rates for their wider security/IP skills?

Yes, of course! This is the main problem for the existing industry. As soon as they have anyone trained up and backed with some practical experience, that person is infinitely more valuable and will leave if not given a market value salary. This is true of whatever industry, someone trained with an advanced technique, that is in demand and there is limited supply - all affect the market rates.

Q14 Where does the UK and Europe sit with IP in regards to the rest of the world?

We have much more legacy systems that the rest-of-the-world - which brings its own unique problems. Many of the countries that skipped over the analogue/digital debate re far ahead of the UK market and look back at us and puzzle - "how can any country with that much expertise fail to understand where the future lies".

This is not just the security installers, but the combined layers of resistance built up through many years of accumulated legacy in a conservative market. When we talk with vendors and end users in Benelux or Scandinavia, they are more at home with the use of IP technology.

Q15 How do UK installers and consultants compare to those in other countries (a) in their general skills level and (b) in their attitude to IP?

You will need to segregate consultants here. There are those huge, international consultancies who plan entire cities and draw upon a wealth of talent and then the small to medium sized consultancies, often led by people having their second career. These consultants have grown up in a different marketplace so they will not normally have all the IT skills they require.

Outside of the UK, both consultants and installers have more rapidly adapted to the new technology. The UK could easily become the poor man in this respect with our European partners having skills way in advance of our own.

Q16 Is the UK CCTV market too mature for wholesale IP penetration?

No market is too mature to undergo disruptive change - will analogue TV be switched off? - Yes. Will broadband replace modems? - Yes. Will IP telephony take over from proprietary? - Yes.

Most CCTV equipment is 10 years old and reaching obsolescence - opportunities do exist. And don't forget analogue cameras do not mean the underlying network cannot be IP, just use adapters that convert from analogue to digital.

Q17 What other countries are big potential areas for IP?

They already are expanding in other countries with major national, regional and local IP based projects. The US is investing heavily, the Scandics and Benelux

countries are major users with Spain and Italy becoming the latest fast track countries. France and Germany are running slower and are hindered like the UK by a mass of legislation issues, however, they do not have the same legacy issues as the UK and are likely to grow faster as a result.

Q18 Will IP penetration be mainly via hybrid, add-on systems in the UK? Is this the ideal way to start and will the rest of the world follow?

It will depend on the market. Certainly in some markets migration and protection of existing assets will be important. In others - such as retail - the growth of analytics and marketing opportunities will be the springboard for very large scale IP projects.

The rest-of-the world doesn't have this migration problem to the same extent and will more easily replace outdated analogue equipment. We believe that the UK installer base has more to learn from these emerging markets rather than the other way around.

Q19 How long will it be before IP penetrates the access control and intruder alarm sectors in the same way as it has with CCTV?

It has already begun. Integration of these applications is a key element in our IPSecurityCenter product. By combining these previously isolated devices into a combined command and control system, companies begin to see a real return-on-investment, reducing cost and improving efficiency.

The same issues resonate in these market sectors as well, with applications being built on proprietary protocols and devices, limiting the integration of all applications via the network infrastructure. This is key to the way CNL see the market developing, one GUI - multiple applications in multiple locations over one network.

Q20 How do you see the role of the IP UserGroup and IPfocus developing in the coming Months and Years?

Pretty much as "e-commerce" has become just "commerce" these days - the evangelizing of IP for the security industry will come to an end. From the customers point of view - the networking technology will be a given - the challenge is to ensure that the benefits and innovation that IP technology brings to the customer is identified and promoted to the user community.

The IPUserGroup will have to adapt with a wider focus on the other technologies with the security space and will need to embrace other organizations like ASIS. The ASIS approach is to talk about the uses and benefits of security, not the technology. Only when this is translated in to the installer and end user communities in the UK will the education of the market begin.