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BETTING ON SECURITY

“WE WANT TO RAISE THE BAR FOR TERRORISTS WHO LOOK AT RETURN ON INVESTMENTS”

AJAI CHOWDHRY
Chairman & CEO, HCL Infosystems

HCL Security wants to use technology to make offices, hotels, temples and cities safe. Will the plan click?

Bhupesh Bhandari

All the entry points to Delhi are wired. Every vehicle entering the city is screened as it drives through the gates, its driver photographed and number plate scanned by cameras fitted in the road. Bollards and spikes shoot up from the road and immobilise any unauthorised vehicle which tries to jump a check post. A database on who entered and left the city — driver's photograph, vehicle's colour, make and registration number — is multiplying at a remote server.

Hundreds of thousands of cameras monitor all the public places — traffic junctions, markets, car parks, malls — and the city's infrastructure (power plants, railway stations, the Metro). Cameras are also mounted on air balloons flying 500 metres above the city. These are programmed to detect any unusual activity. If a car takes a few rounds of a high-security spot, the police get an alert automatically. If

the distance between a passenger and his bag in the railway station gets unusually long, the cameras bring it to the notice of the control room in double quick time.

Tiny sound sensors fitted all over the city capture every blast and quickly decide whether it is a gunshot — pistol, shotgun or AK-47 — or just a cracker. If it is serious, all the on-ground and aerial cameras will focus on the spot and the nearest police post will be alerted. And if a terrorist organisation blasts all the cameras, a back-up network will take over — complete with cameras on top of high rises, microphones and servers.

Sound like a security hawk's daylight fantasy? These are nuggets from a presentation made by HCL Security to the Delhi Police brass. Actually, it has made a similar presentation to the authorities in six other mega-cities of the country: Mumbai, Chennai, Bangalore, Kolkata, Hyderabad and Ahmedabad.

BETTING ON SECURITY

The company wants to secure the country through technology. "We want to raise the bar for terrorists who look at return on investments," says Ajai Chowdhry, chairman & CEO, HCL Infosystems, which owns 100 per cent of HCL Security.

India has for some years now been on the crosshairs of terrorists. Several groups of different persuasions are at work, recent arrests have shown. The high-security Parliament building in Delhi, holy shrines in Varanasi and Ajmer as well as public places in New Delhi, Hyderabad and Ahmedabad have all been targeted in the last few years. Still, nothing moved on ground. What really changed the Indian mindset is the November 26 attack on Mumbai just like the 9/11 attacks overhauled the US perspective on homeland security. Clearly, security is the business of the future.

HCL Infosystems, a maker of computer hardware and a systems integrator, found itself in a favourable position to tap this opportunity. It has executed several contracts for the Armed Forces in the last eight years, which includes putting up the high-speed terrestrial communication network for the Indian Air Force complete with 14 bomb-proof data centres. It has installed the service for distress calls (Dial 100) to the police in 23 cities. It has also done security-related projects for airports and telecommunication service providers.

With the business showing signs of getting big, HCL Infosystems felt it needed to float a new company so that it could give a special focus to it. Thus, it spun off its security division into a new company called HCL Security in the last quarter (October-December 2008). But how big is this business? Chowdhry has no estimates of his own. But he quotes a Frost & Sullivan study which has said that it could be as large as \$1 billion (around Rs 5,000 crore). "But that was before 26/11. In the US, security budgets shot up six times after 9/11. Something similar could happen here," says he.

Now that the security business is in a new company, HCL Infosystems can induct a strategic partner into it. It can also raise resources from the public or private investors in the future. There could be a human resources angle too. Customers the world over like to deal with a company all of whose employees have been scanned by the police. As HCL Infosystems has thousands of people on its rolls, putting all of them

through the checks would be a long and cumbersome exercise. HCL Security with just 60 people can exercise better checks.

It is also true that in the current business environment, HCL Infosystems needs to look at new business opportunities. Its bread and butter business of personal computers is down in the dumps. Large corporate buyers have cut their hardware budgets, thanks to the economic downturn. Retail customers too have deferred purchases. About a third of all retail purchases are financed by banks. With banks turning risk-averse almost overnight, sales in this segment too have slumped. Government buying is still strong (Chowdhry doesn't mind huge budget deficits) but not strong enough to help the company tide over the slump. (The government always places its orders to the lowest bidder, so the profit margins are invariable wafer thin.) For the quarter ended December 31, 2008, HCL Infosystems reported a drop of almost 5 per cent in gross sales and 32 per cent in net profit and earnings per share.

First mover's advantage

HCL Security Vice-president V Rajendren, sitting in his freshly-painted office in a Noida high-rise, claims his is the only company which offers an integrated security package. While companies like

Bosch and Honeywell offer cameras, Siemens offers security equipment and Zicom offers electronic devices, none offers an integrated solution, he adds. "Our advantage is that we don't make anything. Others can only sell what they make." Industry experts, however, feel that HCL Security could face competition soon. "India is the new hotbed for terrorists. Several Israeli and British companies are interested," says an industry source who does not wish to be named.

Rajendren says he has shopped all over the world for products and technologies. For all scanning devices, HCL Security has done an exclusive arrangement with L3 Communications of the US. For aerial surveillance, sound sensors and video analytics software, the company has tied up with some Israeli defence firms. Rajendren is unwilling to let out the names of these companies.

At least on paper, the array of products looks impressive: Portals that can frisk a man in 1.5 seconds flat for any explosive or contraband, vapour detectors which can find traces of explosives on a person,



Surveillance expert monitoring screens showing images from CCTV cameras installed in Edinburgh to beef up security

cameras that can catch weapons in people moving in a corridor or a tunnel, equipment to scan the boot and chassis of a car even as it rolls. Will it sell?

Former Delhi Police chief and Centre for Policy Research Honorary Professor Ved Marwah eyes such post-modern gadgetry with suspicion: "My experiences tell me that technology often offers more than it delivers. Careful trials need to be done in a limited area, before it is adapted. Something very useful on paper may not always work on ground."

For instance, close-circuit television cameras, according to Marwah, have helped the police achieve very little in prevention as well as detection of crime. "Terrorists are not ordinary criminals. They are not illiterates but tech-savvy motivated people," says he. "A careful audit of what is on offer needs to be done. It should serve a purpose and not just give a false sense of security to people."

Marwah is also not sure if what works in the West will work in India too. "Con-

ditions in the West are very different. The number of people here is so large and the entry points to any place are so many," says he. He may have a point. In Delhi, for instance, there are no less than 920 entry points.

Not the fancy gadgets HCL Security has to offer, maximum purchase at the moment is restricted to cameras, metal detectors and baggage scanners by offices and hotels.

Capturing the value chain

Hotels and offices perhaps represent the bottom-end of the market. Chowdhry expects bigger orders from public utilities, the government and temples.

Last week, HCL Security completed the second phase of the security network of the famous temple at Tirupati in Andhra Pradesh. All told, seven control rooms have been set up to monitor what goes on in the cash-rich temple. One set of cameras even monitors the barbers who are

supposed to shave the heads of devotees free-of-cost so that they don't ask for tips! Another set of cameras ensures that those who count and stock the daily offering don't walk away with any of it.

According to Rajendren, the company is chasing a few more temples to wire them up fully. This includes the Sai Baba shrine at Shirdi in Maharashtra and the Meenakshi temple at Madurai in Tamil Nadu. It is also in talks to upgrade the security network of a high-profile temple in New Delhi. Needless to add, most of these temples are extremely rich and are unlikely to cut corners while deciding their security budgets. A full temple project could fetch HCL Security up to Rs 5 crore.

Still bigger orders the company expects to bag from ports, airports and the Railways. It has already installed the surveillance system at the international terminal of the Delhi airport, complete with video analytics software, and lists amongst its customers the brand new airport at Hyderabad. It has also wired up the special

economic zone of HCL Technologies in Bangalore. "The Railways are looking at securing their stations. That could be big business," says Chowdhry.

Safe state

The biggest buyer of course will be the government. "It could be a city, a state or a government," says Rajendren. "In the future, we could go abroad as well."

In the last year-and-a-half, the HCL Security team has studied the security apparatus put in place by large cities like New York, London, Singapore and Tokyo. Finally, it devised its own offering called Safe State.

There are three building blocks of Safe State: On-ground policing, technological backbone and processes (threat perception, risk analysis, system architecture and so on). HCL Security offers to provide the second and third blocks. Television screens will be programmed to monitor all unusual behaviour and this will free up resources for policemen to improve on-ground patrolling.

At the moment, it has presented its case to the seven cities — mostly the police brass, though in a few cases, the chief minister himself has chaired the meeting. All of them have now promised to get back with their own risk perception (list of vulnerable spots, sensitive entry points and so on). Based on this feedback, HCL Security will present a detailed package to each city. Meanwhile, says Chowdhry, a pilot has been commissioned for the city of Bhopal.

The costs will be substantial. Chowdhry reckons the cost of doing up Delhi alone could be in the range of Rs 1,500-2,000 crore. The reason is not far to seek. London, for instance, has installed 11 million cameras across the city. A Manhattan neighbourhood could have as many 4,000 cameras. "The number will be huge. Delhi is no smaller than London," adds Rajendren.

Will the cities be able to foot the bill? Security experts say that under current circumstances, it will not be a problem unless the costs are prohibitive. "It is a question of what resources you have and what you get out of it," says Marwah. Rajendren is hopeful that the Union Ministry of Home Affairs will provide enough money to the cities to buy his services. "Most cities are already in touch with the ministry to fund these projects," says he. "The business has a lot of potential but the ground realities are different. The bureaucrats are not technology savvy. They form committees which study such systems elsewhere. It can take a lot of time," adds Zicom Managing Director Pramoud Rao.

Ajit Doval, the former chief of the Intelligence Bureau, feels there is a very slim chance that Delhi Police will hand over the network for the entire city to a private company like HCL Security. "It would like to keep the security of high-risk areas like the President's estate, the prime minister's office and the diplomatic enclave to itself," says he. Rajendren too expects cities to build the network block by block. "The cities will freeze a master plan and then place orders in parts," says he.

Doval points out another pitfall. Such a network, says he, cannot succeed unless the policemen are trained to handle all the hi-tech equipment. Rajendren says HCL's career development centres spread across the country are good enough to train the security agencies. All this will indeed make terrorists spend more to get the same return on their investment. But will the law enforcement agencies bite the bullet? 🐘