

Olympic surveillance

When asked to name the most memorable achievement of his parent company Hikvision, Jiangfeng Zhi logs in to the security camera system at the Bird's Nest – Beijing's Olympic stadium – from his desk in Haarlemmermeer. His laptop gives him access to the application that controls the stadium's 2,800-plus security cameras. In search of any suspicious activities or movements, we take a real-time peek at the VIP rooms, seating areas and corridors from a distance of many thousands of kilometres. The stadium – which served as the epicentre of the successful Olympics in the Chinese capital just two years ago – seems quiet for now.

Zhi is general manager of Hikvision Europe, the company's European headquarters that opened several months ago. As he explains in perfect English, this demonstration is intended to prove two things. First, Zhi aims to under-

score that the web-based video surveillance system used at the Olympics fully deserves its reputation as a sophisticated, high-quality solution. However, he also wants to make it clear that his company's massive presence at the Olympics (Hikvision security systems were used in nearly all accommodations) reflects a renewed level of ambition: to gain a firmer grip on the global marketing and distribution of its own products. "Like so many other Chinese companies, up until a couple of years ago we focused on manufacturing entire systems or supplying components for other brand names. We aim to continue along that road, but we also made a decision to further expand our own brand. Playing an active role in the subsequent stages of the supply chain simply creates more added value. This is why Hikvision opted for an international branding strategy several years ago, and we have been

working hard ever since to build our own network of offices around the world. For example, we set up a US sales and marketing office in Los Angeles, and have entered into joint ventures with India and Russia."

"In order to service the European growth markets more effectively, we recently decided to set up a European headquarters at this location. From this base, we will be working to expand our European network. We are also developing plans for a central logistical hub in order to supply our European customers and offer the level of service you would expect for a product that needs to be operational on a 24/7 basis. Given our rate of growth up to now, we expect to have an extremely solid business here within five years."

A SHINING EXAMPLE OF GROWTH

For many Chinese companies, Hikvision Digital Technology serves as a shining example of a business with longstanding local roots moving on to expand its horizons. Having started out as a government research centre for security equipment in Hangzhou, Hikvision has expanded to become a medium-sized company. The enterprise, with a workforce of some 2,300 employees, is a consistent frontrunner on every list of China's most promising technology firms. Hikvision is also set to become a listed company in the course of this year. However, Hikvision is also expanding in other areas. Having professionalised its organisation, the company has the ambition to secure a larger and more profitable share of the global camera surveillance market. Zhi predicts this battle will be mainly fought in Europe. "Due to the growing sense of insecurity, the entire industry is set to expand in the coming years. And we expect to see especially great incentives for

growth across Europe. The call for enhanced safety in public spaces has been greater here than in other parts of the world, and the private sector is also setting higher standards for safety technology. In addition, a large number of existing systems have become outdated. Europe, a traditional front-runner in terms of digital technology, will see a demand for replacement systems based on the IP protocol that can be accessed by all types of Internet-based data mediums. In the future, we'll be able to check whether our house has been broken into while we're away using our mobiles. The linkage between security systems and this type of application is one of our company's strengths."

In order to be successful in the highly diverse European markets, Hikvision must establish a local presence and set up a bridgehead in order to provide effective, tailor-made services to all countries in the European zone.

"Unlike the US market, a homogenous marketing and distribution strategy simply won't suffice here. We're dealing with at least 25 different countries (not counting non-EU countries), each of which has its own specific culture, security policies and legislation. That means we will have to apply a tailor-made approach to each market, which is only possible if we can keep our finger on the pulse of local developments. We will have to build local support networks involving a large number of local parties. In order to co-ordinate this type of effort, you need a centrally located European headquarters with employees that know the continent well and speak your customers' languages. Establishing your business in the Amsterdam Metropolitan Area offers added value on all these points. Practically everyone here speaks English,

there are plenty of highly qualified employees available, we are only a few hours away from every location you may wish to travel to in Europe and we can rely on a strong network of service providers able to help us further expand our business here. Moreover, this is a very attractive living and working environment for our expats."

A LEASE WITH GROWTH POTENTIAL

Since having set up operations in the office building – a lease with the option of further expansion – a ten-minute drive to their 'second home' at Amsterdam Airport Schiphol's departures and arrivals hall, Zhi and his five countrymen find themselves satisfied with their decision. "It meets our expectations in every respect. We're currently recruiting local staff, and the majority of candidates have impressed us with their international outlook and foreign language skills."

Zhi smiles as he recalls his first contacts with the man working for Amsterdam in business, who helped him find a suitable office and apply for the necessary permits. "He spoke fluent Mandarin, so I automatically assumed he was a fellow countryman, but he turned out to be a tall Dutchman who had studied Chinese."

Jiangfeng Zhi regards the logistical network around his current bridgehead as a great advantage. Ships to and from several major Chinese ports depart and arrive at the Port of Rotterdam, at less than an hour's driving distance. The nearby Port of Amsterdam is also part of the network of shipping companies that maintain regular connections with Zhi's home country. Hikvision Europe is currently rounding off negotiations with a party capable of helping them establish a European



distribution centre. "We've decided to outsource distribution for the time being. There's no pressing need to take any steps, with plenty of professional parties capable of handling our storage and distribution. That means we won't have to make any concessions in terms of quality or worry about hick-ups. We also have our own storage facility here in Hoofddorp, where we store key components and other items we prefer to keep under our direct control."

Systems sales are already starting to pick up. The past few months have seen Hikvision Europe collaborate with a technology partner to install video surveillance systems at a British hamburger chain, and the recently completed terminal at London's Heathrow Airport. Zhi recently received an e-mail from the agency responsible for organising the 2012 London Olympics, requesting that he drops by to discuss Hikvision's experiences in installing

camera surveillance systems at the Beijing Games. "Obviously, that would really put us on the map across Europe," Jiangfeng Zhi muses hopefully.

HIKVISION EUROPE
COUNTRY OF ORIGIN CHINA
 ESTABLISHED IN THE AMSTERDAM METROPOLITAN AREA IN 2009
EMPLOYEES 6
INDUSTRY DIGITAL SURVEILLANCE EQUIPMENT/ICT
ACTIVITY EUROPEAN HEADQUARTERS