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Security & IoT

THAILAND : A FORWARD- LOOKING MARKET

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Security Market Overview
2023

Introduction

Thailand, within the ASEAN region, demonstrates a strong interest in new technology and aspires to establish itself as a leading force in the Asian tech landscape. This document aims to keep interested parties appraised of the current situation of the Thailand commercial physical security market.

Who Did We Talk To?

This market report is the result of 27 interviews conducted with both global and local companies engaged in the security and fire safety fields in Thailand, mainly distributors, integrators and resellers that deal with video surveillance, access control and biometrics.

Among our interviewees:



Market Overview

Many of our interviewees shared that the Thai market tends to be tech-forward in adopting and experimenting with newer technologies. End users are not conservative and are happy to adopt new technology. This makes it an attractive opportunity for companies that thrive on innovation and pushing technology advancement as a key value proposition.

Security Market Competitive Landscape

The Thai security market is heavily skewed towards video surveillance, which is often the first thing that comes to mind when Thai companies consider security. As a result, the Thai video surveillance market is rather mature. However, the awareness and acceptance of other security systems (e.g., alarms) is still lower.



Key Players and Their Market Share

Major Chinese brands account for 60-70 percent of the market and control the mass market segment and distribution channel sales. Other brands (Western, Korean, etc.) are seen more in the project market.

Several of our interviewees mentioned they are looking for alternatives for the mainstream brands: either higher-end solutions that can help deliver better margins, or doing OEM under their own name.

Size and Growth

Revenue wise, Thailand market typically delivers around 1/3 of the ASEAN revenue. Based on interviewees input, we believe the total market size is around 200 Million USD in annual product sales revenue.



Growth Prospects for the Thai Security Market

Most interviewees predict growth in 2023 as projects that were halted during the pandemic are resumed.

In terms of verticals that are expected to show the most growth, there is a consensus that the following verticals have the most growth potential:

- **Industrial estates and manufacturing facilities in the [Eastern Economic Corridor \(EEC\)](#):** Increased investment by both the government and private sector in the EEC will increase demand for security and fire safety solutions.
- **Transportation and parking technologies:** This is especially for traffic violation detection and the use of video analytics for better traffic control, e-tolls and parking management.
- **Multi-use buildings in metro areas that combine offices, retail, hospitality and housing:** Flagship projects like [One Bangkok](#) plan to handle tens of thousands of tenants and visitors daily and require security, management and energy saving solutions.
- **Data centers:** A large influx of data centers is moving into Thailand – there are [3 AWS data centers under construction](#), GSA (a joint venture of Gulf/Singtel/AIS) and others. These kind of projects require high-end security technology to ensure the security of the facilities and their customer data.
- **Smart cities**
- **Gated communities:** Especially for systems that can help automate work, and reduce labor costs and entry errors.
- **Retail and hospitality:** Many properties are upgrading their systems after the Covid hiatus.

Another potential vertical for Thailand is gambling. [Thai lawmakers are debating legalizing casinos to encourage the tourism sector](#). However, this is still far from being finalized.

Future Technologies Shaping the Industry

01
TOUCHLESS BIOMETRICS

02
AI

03
CLOUD

The Covid pandemic gave a big push to the popularity of touchless biometrics and specifically facial recognition in Thailand, replacing previously popular technologies like fingerprint readers.

A second trending technology is artificial intelligence (AI) – AI solutions are popular globally, and are also largely promoted in Thailand by both international brands and even local software developers. Many companies are promoting AI, and there are also [domestic developers](#) designing localized solutions. However, one must be cautious when promoting AI since the hype around it has created an unrealistic level of expectations in the market, or as one industry veteran put it: “Customers think AI can do anything.”

One global trend that is still not popular in Thailand is the move to the cloud. There is no clear-cut trend at the moment to move to VSaaS or ACaaS since bandwidth is still a major concern in Thailand. Currently, cloud solutions are more popular among foreign companies. For example, [Accor hotels are including cloud visitor management and access control for hotel guests](#) in their app.

Regulatory and Political Environment

Within the ASEAN countries, Thailand has a high level of interest in new technology, and the country wishes to establish itself as a powerhouse of technology in Asia. Several government agencies like the [Digital Economy Promotion Agency](#) (DEPA) and the [National Science and Technology Development Agency](#) (NSTDA) are actively working on launching and localizing new initiatives in IoT and in artificial intelligence.

In terms of regulatory framework, Thailand's [Personal Data Protection Act](#) enacted in 2022 has had a major impact on security systems. The law defines standards for data protection, data storage and data residency that impact the design of biometric and other security systems that store personal identifiable information.

The 2023 elections and the [victory of the Move Forward Party brought a lot of optimism to Thai market players](#), but there is still uncertainty regarding government budgets and actual projects.



Customer Needs and Preferences

Customers requirements for security systems differ by size. Small and medium-sized enterprises (SMEs) usually prioritize safety and security and are usually content with mass market products.

Moving up to enterprise accounts, a new set of considerations come to play, with the focus more on efficiency and compliance. Large-scale companies are more interested in reducing labor costs (especially guarding costs), automating work and reducing human error.


Factors Influencing Customer Decision Making

All of the channel players we talked to emphasized the importance of personal relationships in winning deals in the Thai market. The personal relationship also trumps brand loyalty; the Thai market is very open and Thai end users aren't loyal to a specific brand.

Many of the integrators we spoke to stressed that simplicity (ease of installation and ease of use) as well as after-sales service are key factors in client decision making.

Challenges for Channel Players

The biggest challenge voiced by most channel players is the price pressure from major Chinese brands. Currently, security products are widely available through both security and IT distribution networks and even e-commerce. As a result, even if the volume of products is growing, margins are eroding. This pushes channel players to adopt new strategies and carve new niches for themselves where they can gain a competitive advantage.



Strategies Employed by Companies to Gain a Competitive Edge

The traditional commercial distribution channel is changing. Distributors no longer rely just on individual product sales, instead more and more distributors are providing integration services and trying to also reach directly to end users and not just integrators. Another noticeable change is longer warranty and better after sales service: since it is difficult to compete solely on price or product features companies focus on delivering better customer service.

But perhaps the more significant change in the Thai market is a switch to a model combining platform and software, and not just devices. Distributors are actively working on adding value through providing a localized software platform that can combine several separate systems into one unified platform.

It is interesting to note that this trend is not limited to Thailand alone. Asmag wrote about the move to a platform approach in a recent article "[Moving from competitive barriers to cooperation – new business model for the security industry](#)".

A Thank You to Our Sponsor

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- This market research was sponsored by Secutech Thailand 2023.
- Secutech Thailand will be held 1-3 November in Bangkok and will be a meeting place for international and domestic channel players to meet and create business opportunities.
- You can find out more information on the [Secutech Thailand website](#).