LiU LINKÖPINGS UNIVERSITET

Axis Communication Market Analysis

TDDC88 - Project - Company 3

Emma Strömberg, Adrian Redfors

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1 Document Change History

Note: This change history table was generated by Autoleaf AI under the supervision of the Technical Writer. Only the most significant changes are highlighted, check the readme for more detailed information.

Ver.	Date	Modified Areas	Changed By	Description of Changes
2.1	2024-10-17	PEST, Porter's Five Forces, SWOT, Market Goals and Strategies, STP, NABC, Conclusion	Adrian, Emma	Provides minor updates and clarifications throughout the document for improved accuracy and readability.
2.0	2024-10-10	Market Mix 5P	Adrian, Emma	Refines the market analysis and removes the outdated Market Mix 5P section.
1.1	2024-09-19	Introduction, Overall Description, Specific Requirements, Analysis, Vision and Business Idea, PEST, Porter's Five Forces, SWOT, Market Goals and Strategies, STP, NABC, Conclusion	Adrian, Emma	Expands the market analysis with deeper insights, refines the document structure, and removes redundant sections.
1.0	2023-09-11	Introduction, Overall Description, Specific Requirements, Market Analysis	Adrian, Emma	Establishes the initial structure and content of the Market Analysis.

Contents

2 Introduction

To maintain its competitive edge and meet the dynamic needs of its customers, the company seeks to develop a cutting-edge software solution that enhances its product offerings and aligns with its strategic growth objectives.

This market analysis aims to provide a comprehensive understanding of the current market environment, competitive dynamics, and customer needs that will influence the development of the proposed software solution. By leveraging strategic frameworks such as PEST analysis, Porter's Five Forces, SWOT, and an examination of the company's market goals and segmentation strategies, this analysis will identify key opportunities and challenges within the security sector.

The insights gained will guide the software project's requirement specification, ensuring the solution not only aligns with the company's vision and market strategy but also delivers substantial value to its target customers. Furthermore, it will be used as a tool to ensure focus on the most important parts of the project, so that critical requirements are prioritised.

3 Analysis

This chapter delves into a detailed analysis of Axis Communications through eight critical strategic models, offering a comprehensive view of its market positioning and strategic landscape. Together, these models will offer valuable insights to the development of a software solution tailored to enhance the company's competitive advantage and strategic alignment.

3.1 Vision and Business Idea

Axis Communications, a company in the network video surveillance industry, states its vision as "Innovating for a smarter, safer world" [2]. The company's primary focus is on developing network solutions for security and business optimization. Their product portfolio includes network cameras, video management software, access control devices, and audio systems [2, 4].

Axis identifies three core values: "Always open", "Act as one", and "Think big" [6]. The company emphasizes sustainability and ethical business practices in its corporate communications [6].

Axis's strategic goals include maintaining its position in network video solutions, expanding into new markets, and focusing on sustainable growth. The company aims to align with current industry trends such as AI integration, cybersecurity enhancement, and cloud-based solutions [9].

3.2 PEST Analysis

In this section, some important aspects of Axis Communication AB will be listed form the perspective of the PEST-framework.

3.2.1 Political

- **Data Privacy Regulations:** Implementation of GDPR (Europe) and CCPA (California) necessitates enhanced data protection measures in surveillance technology [8].
- **Cybersecurity Focus:** Increasing government investments in cybersecurity (69% of enterprises planned to increase spending in 2022) create opportunities for secure surveillance solutions [1].

3.2.2 Economic

- **Market Growth:** Global Security & Surveillance market projected to grow from US$15,840 million in 2022 to US$28,610 million in 2029, indicating a favorable economic environment [14].

3.2.3 Social

- **Privacy Concerns:** Growing public awareness of privacy issues (62% of Australians consider personal information protection a major concern) influences product design and customer communication [8].
- **Corporate Social Responsibility:** Increasing importance of sustainability in the tech industry, affecting all aspects of business from product design to delivery [10].

3.2.4 Technological

- **AI and Video Analytics:** Global video analytics market expected to grow by over 400% to US$21,778 million by 2027, presenting opportunities for AI integration [1].

- **Cloud-based Solutions:** Adoption of Video Surveillance as a Service (VSaaS) improving security by reducing on-site vulnerabilities [1].

- **Cybersecurity Challenges:** Zero trust networks becoming default, necessitating features like signed firmware, regular updates, and encrypted data/video [10].

3.3 Porter's Five Forces Analysis

In this section, some important aspects of Axis Communication AB will be listed form the perspective of Porter's Five Forces method of analysis.

Force	Analysis
Threat of New Entrants (Medium)	High capital requirements and R&D investment (15% of annual revenue) create significant barriers [3]. However, rapid market growth (CAGR 12.4% 2023-2030) may attract entrants [12].
Bargaining Power of Suppliers (Low to Medium)	Axis's size ($1.6B revenue in 2022) provides leverage. Efficient supply chain management evident in 94% of products having two-week delivery [3].
Bargaining Power of Buyers (Medium)	Diverse buyer range with varying power. Multiple vendors available (e.g., Hikvision, Dahua) [13]. Axis's brand reputation may offset some buyer power for high-quality solutions.
Threat of Substitutes (Low to Medium)	Analog CCTV phasing out. AI and advanced analytics integration reduces substitution threat [12]. Axis's focus on AI-driven analytics increases value proposition [5].
Rivalry Among Existing Competitors (High)	Highly competitive market with global players like Hikvision, Dahua, Hanwha Techwin [13, 12]. Rapid market growth (projected $83.3B by 2028) intensifies competition [11].

Table 1: Porter's Five Forces Analysis for Axis Communications

Market Context: The global video surveillance market, valued at $56.90 billion in 2022, is projected to grow at a CAGR of 12.4% from 2023 to 2030 [12]. This growth is driven by increasing security demands, smart city initiatives, and advancements in AI and deep learning technologies.

3.4 SWOT

In this section, some important aspects of Axis Communication AB will be listed form the perspective of the SWOT-framework. This includes discussing Axis Communications AB's strengths, weaknesses, opportunities, and threats.

3.4.1 Strengths

- **Global Presence:** Founded in Sweden, Axis has employees in over 50 countries and have customers in countries like Australia and the US [2].

- **Market Leadership:** Axis Communications is one of the market leaders within the security surveillance sector [14].

- **Part of Canon Group:** Axis has been a part of Canon Group since 2015 [2], which serves both to ensure their customer of their legibility and as a financial stability.

- **Diverse Product Portfolio:** Axis address many customer needs by offering divers products, such as analytics, video surveillance, access control solutions, network audio solutions, and network intercom solutions [2].

3.4.2 Weaknesses

- **Limited Customer Interaction:** Axis never sells directly to the end-customer, but instead uses partnerships [4]. This increases the number of stakeholders and the distance to the end-customer.

- **Dependence on Surveillance Market:** Axis is active in the surveillance sector. However, this means that the company is dependent on a growth in that sector to increase their revenues for a specific market.

3.4.3 Opportunities

- **Increased Focus on Cloud Services:** Axis could exploit the emerging use of cloud-based services by increase their offerings of cloud based services [1]. This could generate an increase in flow of stable income over time.

- **Artificial Intelligence and Analytics:** Axis could use advanced technologies [1], such as Artificial Intelligence (AI) and Analytics, to make their product offerings smart. This is something that would match the demand in smart technological tools.

- **Expansion into Emerging Markets:** Cities, countries, and areas increasing their technological infrastructure could be considered emerging markets. To increase marketing and focus onto these markets could make Axis leaders there too.

3.4.4 Threats

- **Regulatory and Privacy Concerns:** The continous update of laws and regulations that can be applied to the survelliance sector need to be obliged and foreseen. For example the recent update of the general data protection regulation (GDPR) of EU [7].

- **Cybersecurity Risks:** As the use of technology increases, the risks of stored data and functionality being hacked sky-rockets [1]. This means that the need for cybersecurity is undeniable.

3.5 Market Goals and Strategies

In this section, Axis Communication AB's market goals and market strategies will be discussed.

Axis Communications AB is the industry leader in video surveillance. The company develops and supplies innovative network solutions that improve security and business performance, and is dedicated to enabling a smarter, safer world [2]. As a global leader in network video and IP surveillance solutions, has market goals and strategies that align with its long-term vision of driving innovation, expanding its global reach, and maintaining its leadership in the surveillance and security market. This is evident as Axis highlights their innovative milestones, their focus on collaboration and customer experience, and Axis Communications Academy [5].

3.6 STP

In this section, the segments Axis work in, who the company is targeting, and it's positioning will be discussed.

3.6.1 Segmentation

The segments that Axis is working with are broad. Considering geographical segmentation, the company is global and active in countries, such as Sweden, Australia, and the US [2]. However, it is also present

in emerging markets in Africa and Latin America [5]. Axis is also active in several industry verticals, such as retail, transportation, healthcare, education, and infrastructure with their diverse product portfolio. Furthermore, both large organizations and smaller companies can use their security systems as the portfolio enables extensive systems and specialized solutions [4].

3.6.2 Targeting

Axis Communications AB targets two key market segments. One of these is markets including large enterprises and organizations in industries, such as retail, which require advanced and integrated surveillance solutions like network cameras and video management systems. In growing markets, Axis is focusing on small and medium-sized businesses by offering scalable, cost-effective, and easy-to-install security solutions with high focus on quality [5]. Geographically, Axis maintains its strong presence in mature markets like North America and Europe, while also expanding into emerging economies in Asia-Pacific, the Middle East, and Latin America [2], where urbanization and infrastructure development are driving increased demand for security systems.

3.6.3 Positioning

By integrating its focus on high-quality products, cybersecurity, and industry-specific solutions, Axis Communications is positioned as a trusted leader in the global surveillance market [14]. With innovations in advanced technological capabilities such as AI, deep learning, and cloud-based surveillance [2], the product portfolio o the company are considered reliable and of high quality.

3.7 NABC Framework

In this section the NABC (Need, Approach, Benefit, Competition) framework will be used to discuss the usefulness of a security surveillance system developed for Axis Communications.

3.7.1 Need

With increasing concerns about security, theft, and public safety, both businesses and public spaces require effective surveillance systems to protect assets, monitor activities, and ensure safety. This need spans various sectors, including retail, transportation, healthcare, government buildings, and critical infrastructure, where security breaches or unauthorized access can have significant financial and operational consequences.

3.7.2 Approach

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3.7.3 Benefit

The surveillance system increases security by allowing for real-time alarms being raised by the detection of suspicious activity, while normal activity being filtered away. This would allow security personnel to immediate alerts to security guards to the correct sight. The flexible monitoring through web-applications also supporting mobile devices reduces the need for large on-premises hardware and IT infrastructure, lowering overall costs. The system is also built with robust quality and security protocols to protect data from breaches and comply with data protection regulations such as GDPR.

3.7.4   Competition

Competitors like Hikvision, Dahua Technology, and Uniview offer similar surveillance systems, not unlikely at competitive price points. These companies provide a wide range of cameras and solutions, but Axis differentiates itself by offering a premium, high-quality product tailor made for the customers.

4 Conclusion / Summary

Axis Communications, a leader in the network video surveillance industry, aims to maintain its competitive position by focusing on innovative, high-quality products and services, especially in emerging areas like AI integration, cloud-based solutions, and cybersecurity.

The analysis highlights key factors influencing Axis Communications, including regulatory concerns like GDPR, economic growth in the global surveillance market, privacy issues, and advancements in AI and cloud-based solutions. Axis faces moderate threats from new market entrants and intense competition from rivals like Hikvision and Dahua. Strengths such as global presence and market leadership when focusing on large enterprises and SMBs, Axis is positioning itself as a premium, innovative brand using AI and cloud technology. The NABC framework underscores the demand for advanced surveillance systems and Axis's competitive advantage through high-quality, customizable solutions.

In conclusion, Axis is well-positioned to capitalize on market growth and technological trends, though challenges like privacy concerns and strong competition require strategic focus.

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