

KOREA SECURITY BRIEFING

ACCESS CONTROL AND BIOMETRICS MARKET INSIGHT ON KOREA'S PUBLIC PROCUREMENT AND ITS SALES PERFORMANCE

Domestic market invigoration through global technological competitiveness
'SECON'- the ideal platform for all suppliers and consumers
Compared to 2019, the total public procurement market is to rise by 4.2%, targeting USD 5.6 billion

Compared to 2019, the public procurement service expects a 4.2% rise, targeting USD 5.6 billion this year. As the public procurement market is not looking bright due to the outbreak of COVID-19, many are looking forward to SECON 2020, the ideal platform for all suppliers and consumers. Despite the tendency of public institutions favoring video surveillance systems, the demand for access control and biometrics solutions has increased dramatically.



According to the public procurement service's annual business report, public procurement in 2019 expanded by 26% compared to 2016 (USD 4.3 billion → USD 5.4 billion). The procurement contract

business expanded from USD 2.9 billion to USD 3.8 billion (▲29%) and procurement support business from USD 1.3 billion to USD 1.6 billion (▲19.4%).

The total number of procurement companies as of March 2020 is 444,449 (domestic capitals, facilities, services and duplications excluded). 433,290 (96.8%) companies are SMEs, 2451 are middle market enterprises (0.6%), 927 companies belong to enterprise group subject to limitation on mutual investment (0.2%), and 10742 companies consist of non-profit and other remaining corporations (2.4%).

Unit: USD 1 billion

	2016	2017	2018	2019	2020 (March)
Total Public Procurement	4.3	4.89	4.87	5.4	1.5
Procurement contract business	2.9	3.20	3.24	3.8	1.2
Procurement support business	1.3	1.7	1.61	1.6	0.3

▲ Public procurement service's annual business report (Source: Public procurement service statistics)

	2016	2017	2018	2019	2020 (March)
TOTAL	347,296	373,912	400,908	433,980	444,449
SMEs	337,541	362,872	389,154	240,943	430,329
Middle market enterprises	2,129	2,292	1,840	2,000	2,451
Enterprise group subject to limitation on mutual investment companies		773	694	701	927
Non profit & Others	7,626	7,975	9,220	10,336	10,742

▲ The number of public procurement companies (Source: Public procurement service statistics)

		Total	National Institutions	Local Government			Other Institutions					
				Local Governments	Educational Institutions	Subtotal	Public Enterprises	Quasi-Governmental Organizations	Other Institutions	Local Public Enterprises	Others	Subtotal
2020 March	Sum	3.8	5,141	6,883	11,920	18,803	1,001	1,414	447	237	31,545	34,645
	%	100	8.8	11.7	20.3	32.1	1.7	2.4	0.8	0.4	53.8	59.1

▲ The number of end users (Source: Public procurement service statistics)

Unit: USD 1 billion

		Total	Competitive Contract				Private Contract		
			Subtotal	Competitive tendering	Invited tendering	Limited tendering	Subtotal	Group negotiated contract	Private
2019	Sum	3.8	3.1	1.4	0.04	1.7	0.8	0	0.8
	%	100	79.7	35.9	0.2	43.6	20.3	0	20.3

▲ Types of contract (Source: Public procurement service statistics)

Looking back on the contract types of 2019, 79.7% are competitive contracts and the remaining 20.3% are private contracts. 35.9% of the competitive contracts are competitive tenderings, 0.2% invited, and 43.6% limited.

Upgraded access control vs Lack of national support

Access control and biometrics solutions are evolving in many different ways. In particular, access control systems which use facial, iris and vascular pattern recognitions, are more in demand as to the previous fingerprint recognition

As **SUPREMA** was awarded with the Excellent Product certificate (Public Procurement Service), managing to obtain GS, EPC, and NEP certifications, the company was the first access control enterprise to have achieved the public certification grand slam. SUPREMA's 'Excellent Product (Public Procurement Service)' labeled Hybrid Access Control system allows the users to use a wide range of authentication methods such as facial and fingerprint recognition, mobile cards and RF cards. Based on the installation environment, the system enables the formation of compound systems between centralized, distributed, and mobile structures. Such system not only provides the most efficient system operation process but also a reduction in construction costs.

UNION COMMUNITY mainly focuses on multi-modal biometrics pairings such as finger & facial recognition or fingerprint & iris recognition.

INNODEP joined the public procurement access control market by achieving the 'Excellent Product' label for its Smart Parking System. This integrated Smart Parking solution is able to share collected data of public parking lot situations in real time as well as features such as sales and other relevant statistics. The system link between video surveillance solutions and heterogeneous parking solutions enables actions to be taken against parking lot accidents and other civil complaints.

As in the video surveillance industry, time and cost required for setting foot in the public procurement market is the challenging part. A simplified authentication and document processing procedure is what many are hoping for. In terms of performance, price, and maintenance, domestic access control products are highly recognized and, in many cases, are rated even higher than many imported products. However, a number of public institutions still prefer to use imported products, which is a clear sign of how access control and biometrics industry is lacking national support. In order to expand the Korean access control and biometrics market, it is absolutely indispensable that more public institutions show deeper interest for domestic products.