ISSUES INVESTIGATED – AV/IT TIMELINE

Topic	Preliminary Conclusion	Questions Raised
How has the perspective of AV IT convergence changed since 2005, and how will it change over the next five years or so?	Convergence is taking place at a faster rate than most AV professionals believe.	• The IT industry characterizes most AV professionals as being in denial about convergence. Does the AV industry agree with this assessment?

Insights and Poignant Quotes	Analysis
2005 perspective: • AV integrators were in transition from product-centric business models to adding services. • The bulk of industry revenues were derived from product sales, with margins regularly in the 35% to 40% range. • AV *systems* were primarily regarded as a "nice to have", but not yet mission critical. • Convergence was viewed as something that might happen in the future, but not an immediate trend. It was not accepted as inevitable. • Manufacturers were starting to add outputs that allowed AV equipment to connect to the network. **2011 perspective:** • IT professionals and other low voltage contractors are entering the AV space more so than the other way around. • The AV industry has fully transitioned to digital, with the analog sunset fast approaching. • AV technology is following in the footsteps of IT technology; products are becoming a commodity, with margins generally in the low single digits. • AV has considerably converged with passive infrastructure. This includes: structured cabling, network cabling, data outlets, telecom and racks. • IT contacts are saying that "AV should think of itself as part of the IT industry; that is how we think of it now." **2016 perspective:** • The AV industry is part of IT (along with telecom, security, structured cabling, lighting and HVAC systems). • AV is a critical part of the Integrated Building Technology industry.	• It is essential for the AV industry to embrace convergence in order to survive. • If AV professionals do not have a strategy to address convergence by partnering, aligning, hiring, or being acquired, the risk is that IT will subsume AV.

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ISSUES INVESTIGATED – GENERAL TRENDS

Topic	Preliminary Conclusion	Questions Raised
What are the general trends impacting behaviors of InfoComm 100 members?	• The AV industry is becoming more IT-like and not the other way around.	• Is mp3 quality audio becoming the newly accepted standard for audio? • What is your company doing to differentiate from new market entrants? • How will the shift of IT asset ownership from within the enterprise to a third party provider impact the AV industry?

Insights and Poignant Quotes	Analysis
• **There are many new market entrants** that we do not think of as part of AV, yet they are bidding on work that AV professionals consider AV territory. These new market entrants, such as IT VARs and low voltage contractors, are willing to work for far lower margins than the AV world has historically enjoyed and this is putting margin pressure on AV integrators and design consultants. • **The key decision makers are IT Managers and the CIO.** "These guys are not interested in AV, but they are in charge of all AV decisions. You cannot talk to them about acoustics, because they just don't care. You can't use AV language, even if it demonstrates that you understand AV and the other guy doesn't." • **Having a good AV system is not the objective of the CIO,** being able to leverage the technology to improve their business is how the CIO thinks. "If an IT integrator properly addresses the customer's concerns in language they understand, then the IT integrator is more likely to win the bid." • **The market has shown a willingness to accept audio solutions that are "good enough."** New market entrants are cited as unable to deliver quality audio, which is mentioned by AV professionals as an area of weakness. • **AV technology is becoming commoditized, much like IT technology.** In the IT world, low single digit margins on products are not unusual, and the AV industry is moving in this direction. Even basic services are becoming commoditized, so AV integrators must evolve to higher value services, such as customized software and business decision-support.	• As technology becomes more of a commodity, the AV industry will have to transition from AV products to providing holistic solutions that enhance communications. • If mp3 quality audio is becoming the accepted norm, then the ability of the AV professional to deliver high quality audio solutions is a less important differentiator.

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- **The recession has made customers more price conscious than ever.** Most products can be ordered on the internet, and customers always check prices online, “So it is difficult to charge a premium, otherwise the customer will buy the products elsewhere.”
- **Many AV firms are starting to re-hire,** but they are making strategic new hires with folks outside of AV (people who can handle IT, structured cabling, telecom, ex-security guys, or software specialists). At the start of the recession, the majority of AV firms contracted and experienced lay-offs.
- **There has been a change from break-fixing components, to systems, to now working on service agreements** to make sure that all systems are working at all times.
- **The shift of IT asset ownership from within the enterprise to outside the enterprise** represents a structural change in the IT market where IT is massively scalable, standardized, componentized and delivered as a service. This signals the next generation of asset-lite computing, where organizations do not necessarily need to own all the technical components (such as servers, PCs, networks, etc.) to gain functionality. Instead, they access functionality from a third party, in a similar way to how we purchase utilities like electricity. In this new utility service model, organizations will not own IT; they will only pay for IT functionality or its use under a “pay for what you eat” structure. The implication is that eventually this will also apply to AV equipment.

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ISSUES INVESTIGATED – CHANGING BEHAVIORS OF AV INTEGRATORS

Topic	Preliminary Conclusion	Questions Raised
What are the changes in behavior of leading AV integrators being caused by recent trends in the industries?	• The way that AV integrators have traditionally done business will not result in future success.	• Looking forward, will it be necessary for AV integrators to expand their capabilities beyond AV in order to be successful? • What is the value proposition of the AV integrator? • Do your sales people speak IT? Are you targeting IT VARs?

Specific Changes and Poignant Quotes	Analysis
• **Educating the customer and understanding the customer's needs**. Leading AV integrators are concerned about under-bidding practices from low voltage contractors who do not know how to price AV installations accurately. However, the customer gets what they pay for, and these integrators explain the value proposition in understandable language.. • **Communicating their value proposition to customers**. "But the main challenge here is that nobody has agreed what the value proposition of AV is." Since AV integrators have varying levels of capability, there is little agreement across the industry. • **Offering high value services.** Some examples include: customized software services, and coaching services to help end-users leverage their AV technology. "AV hardware is fast becoming a commodity, but the software is customized to meet the customers' specifications and that is where the value add is today." • **Using a consultative sales approach.** While best-practice integrators are doing this, the majority of AV integrators are characterized as utilizing reactive selling techniques. • **Branching into structured cabling, security, telecom and unified communications.** "All AV integrators should be on this path." • **Training.** "In 2008, when the economic downturn began, we took a look at where the AV industry was headed and decided that we needed to make some major changes or else we should just go out of business. We invested a fortune on certifications and training in manufacturers product lines in different disciplines to move the company to a unified communications platform."	• Not only is the IT industry converging with AV, but telecom, security, lighting and other low voltage systems are seen as part of this equation. • As AV integration is becoming more of a commodity service, margins are not expected to climb back into the double digits. • To increase margins, AV integrators will have to add higher value services. • Learning about the network and being conversant so you know how AV fits into the overall system is critical.

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• **Reducing prices.** Because the economy is slow, AV integrators have been willing to reduce their prices because they need the work. This is creating additional margin pressure. • **Developing long-term relationships.** The AV integrator used to make most of its money selling products or doing a single install for a customer. "The concept of making long-term relationships with clients as opposed to a single transaction with a customer is still foreign to many AV professionals, but this should be the focus of all AV integrators."	

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ISSUES INVESTIGATED – CHANGING BEHAVIORS OF AV DESIGN CONSULTANTS

Topic	Preliminary Conclusion	Questions Raised
What are the changes in behavior of leading AV design consultants being caused by recent trends in the industries?	• The days of the AV generalist are over. "You need to know the owner's business as well as they do and be able to convey that to the owner."	• What is the value proposition of the AV design consultant? • How is BIM impacting the business model of the AV design consultant?

Specific Changes and Poignant Quotes	Analysis

• **Adding new services.** AV design is becoming somewhat commoditized, so design consultants are adding high value services to increase revenues beyond their design fees.
  ○ As a first step, it is recommended to assess the current technology landscape of the client, with a master plan to address all the problems, "We usually find that there are so many problems it's amazing that they can even have a meeting." One common situation is that, "12 integrators have been used to install 18 systems, and there was no master plan from the beginning, but you absolutely need a plan for the systems to be interoperable."
  ○ Managed services for the life cycle of the building are increasingly important. The industry standard has been to sell a fixed price contract, in which the customer pays $X even if the service is not required. However, one contact suggests selling a bundle of hours that never expire, and the more hours the customer purchases, the cheaper each hour becomes.
  ○ Customized software services are becoming more important. This typically refers to custom programming the control system to meet the specifications of the environment.
• Using technology for analytics and other high value post-installation consulting services is becoming more prevalent. It is a natural extension to provide these services post-install if the AV professional has the appropriate understanding of the customer's business. The big advantage for the AV firm is that they are the first in the door, so they will have the first conversation with the customer about how to leverage the technology to help their business. **Increasing competencies.** The industry standard is for AV design firms to offer much more than just AV design services. The typical offering also includes: IT, security, acoustics and lighting.
• **Reducing prices.** There are new market entrants to the AV design field and they are willing to
	• AV design consultants are ahead of AV integrators in accepting convergence.
	• It is more important than ever for the design consultant to be involved from the very first conversation when the project is still in the conceptualization phase.
	• As AV design becomes more of a commodity, design consultants will have to add high value services to increase margins and revenues.

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work for less. So, many design consultants have had to cut prices in order to win projects. "Other entities continue to recognize opportunities in AV, so we are experiencing increased competition." Because the economy is slow, some AV design consultants have been willing to reduce their prices because they need the work. This is creating additional margin pressure.

- **Making strategic new hires.** At the start of the recession, the majority of AV design firms contracted and experienced lay-offs. Many of these firms are starting to re-hire, but they are making strategic new hires with folks outside of AV – people who can handle IT, structured cabling, telecom, ex-security guys, or software specialists.
- **Strategic planning.** The leading AV design consultants actively engage in strategic planning. However, the consensus is that the majority of AV design firms do not, which is considered a real weakness in the industry.
- **Shifting man-hours up front.** "There has been a sea change in the way projects are conceived, designed and implemented." Man-hours have shifted to the conceptualization phase from the detailed documentation phase.
- **Becoming involved in BIM early.** With the new BIM system, a considerable amount of the detail is incorporated, "So, if you move a door or make a window bigger, all the requirements are automatically changed in the program." The AV consultant really needs to be involved in these conversations, as opposed to being handed the finished model and being told to add their AV on top. "When this happens, the customer does not get the most of their AV and it commoditizes the work of the design consultant."
- **Adjusting the fee schedule.** Ultimately, this is changing the entire fee structure of the design consultant, because most of the work is being done up front. So, if the consultant is not at the table from the beginning, their earnings potential is drastically reduced. However, the consultant has to have enough influence to get a spot at the table.

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ISSUES INVESTIGATED – CHANGING BEHAVIORS OF AV MANUFACTURERS

Topic	Preliminary Conclusion	Questions Raised
What are the changes in behavior of leading AV manufacturers being caused by recent trends in the industries?	• The way that AV manufacturers develop and deliver products to the market has been greatly impacted by convergence.	• What is your company's cloud strategy? • How has convergence impacted your channel strategy?

Specific Changes and Poignant Quotes	Analysis
• **Developing products for the network.** Some AV Manufacturers are still learning that IT people expect that products to sit on the network. • **Hiring from IT.** AV manufacturers are hiring people with IT skills to contribute to new product development. • **Deciding which channels to support and which to ignore.** Traditional go-to-market strategies are being challenged as a result of convergence. New market entrants are not obliged to follow the ways AV has always done business. • **Developing a cloud strategy.** "As the trend to cloud computing becomes increasingly prevalent, manufacturers will need a plan to ensure their products are on the cloud." • **Speaking with end-customers.** "We need to get out and speak with IT end-users about how to use our products instead of building them and hoping the customers will come." • **Partnering with non-AV companies.** Leading AV manufacturers are partnering with large software companies and mobile device manufacturers to ensure compatibility and inclusion. • **Increasing breadth of product offering.** Audio manufacturers are adding video capabilities and vice-versa. This is most likely to happen through acquisitions of smaller ($25-$50 million) companies. • **Tying into asset management software.** "As a result of ongoing consolidation, the acquirers will want to control, remote monitor and enable automatic fixes of their new assets. These new assets could be as simple as icemakers in a hotel that are not functioning properly. Which ones are costing the most money? Should they be fixed or replaced?" • **The consensus is that price-erosion has ended.** However, products are now more feature-rich for the same price point. Customers are getting more for their money.	• AV manufacturers need to have a plan to have their devices sitting on the cloud. • Convergence is causing AV manufacturers to re-evaluate their go-to-market strategies, as IT channels become increasingly important.

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ISSUES INVESTIGATED – CHANGING BEHAVIORS OF IT MANUFACTURERS

Topic	Preliminary Conclusion	Questions Raised
What are the changes in behavior of leading IT manufacturers being caused by recent trends in the industries?	• Large IT manufacturers have the size and capability to influence the AV industry in a way that an AV manufacturer could not do on their own.	• Has the IT industry subsumed AV? • How does AV fit into the rest of the network?

Specific Changes and Poignant Quotes	Analysis

• **Increasing interoperability.** Cisco is developing a catalog of reference designs, so that the integrator does not need to start from scratch on every project. The customer will be able to use the designs as a starting point for their own installation, much like a menu of tested designs. One of the key benefits will be increased interoperability, which is considered a major weakness in the AV world.
• **Reducing the need for certain components.** IT technology and software applications are advancing at such a rapid pace that they are starting to replace the need for AV technology. "In the future, many components will not be delivered the way they have in the past. Projectors and control systems will be embedded on your mobile device, so they won't need to be installed in the room." This trend is perhaps five years away.
    ○ Software is perceived as taking convergence to the next level. "With software innovations, why do you need a separate videoconferencing system? The whole VTC infrastructure is outdated. You must have enough bandwidth available, but you don't need the backend infrastructure anymore." The implication is that AV hardware will become redundant as it is replaced by software applications.
    ○ Microsoft has already fully integrated Skype with its other offerings, such as Live Meeting and Lync. The company fully expects to make other strategic acquisitions, which will impact the AV industry by eliminating the need for some AV components.
• **Using software-based capabilities.** Microsoft does not use external videoconferencing services, and believes that the systems they have developed internally will become the industry norm. Not only is there a far lower up-front investment, but the monthly costs are lower, because it is mostly software based.
• **Encouraging resellers to acquire AV integrators.** There are expectations that a wave of
	• Newly developed software applications are increasing the pace of convergence.
	• Convergence is eliminating the need for some AV components.

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consolidation will hit in the market starting next year. Cisco anticipates that their VARs will start acquiring AV integrators. "We tell our channel partners that they can't do AV and they shouldn't even try. Today, they typically subcontract AV work, but this will transition to more formal partnerships and acquisitions."	

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ISSUES INVESTIGATED – CHANGING BEHAVIORS OF IT VARS

Topic	Preliminary Conclusion	Questions Raised
What are the changes in behavior of leading IT VARs being caused by recent trends in the industries?	• IT professionals recognize that there is opportunity to move into the AV space and nothing will stop them.	• Looking forward, will it be necessary for IT VARs to expand their capabilities beyond IT in order to be successful? • What is the value proposition of the IT professional?

Specific Changes and Poignant Quotes	Analysis
• **Thinking of the job as an enterprise-wide solution, not just an AV system in a room.** The "room" workers do not offer an attractive value proposition – it is far too competitive and quickly commoditizing. AV integrators tend to make "rooms" as complex in design and capability as they can and deliver a wow factor. But the wow factor is lost on the customer; they want to save money and have a system that can reliably work for them. • **Acquiring AV skills.** AV is characterized as the most difficult to master of all the converging disciplines, "Without an AV background it will not go so well for companies that blindly enter the AV space." But IT VARs can hire, subcontract and acquire AV companies to work on their contracts. The consensus is that most IT companies are currently subcontracting the AV piece, but acquisitions will be more prevalent looking forward. • **Hiring for AV capabilities.** "We have no internal AV technicians, but we have hired video technicians and software programmers, so our AV skills are increasing." • **Becoming smarter about AV.** Although AV is hard to master, this is changing as the industry transitions from analog to digital. "High quality audio was far more difficult to master when everything was analog, but it is easier in a digital world." This is making it easier for IT companies to move into the AV space. "Make no mistake; we are getting better at AV." • **Simplifying AV installs.** Leading IT VARs are making new installs more user friendly, and reducing maintenance costs to provide a better overall ROI for the customer. • **Offering Managed Services.** There is a big trend in managed services for video communications. "All of these systems are mission critical, so 24/7 support is becoming	• IT integrators have successfully entered the AV world by speaking to decision makers in a language they understand. • IT VARs will become more of a threat as they continue to increase their internal AV capabilities. • The cloud will reduce the need for some AV components. • The shift of IT asset ownership from within the enterprise to a third party provider, may eventually encompass AV equipment.

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an industry standard." Some IT VARs have invested in Network Operation Centers (NOC), while others embed their people on-site with the end-customer. IT VARs also commonly embed their people on-site with the end-customer.

- **Helping clients automate business processes.** "How can you use AV to enable business to better leverage technology and their internal resources?"
- **Offering customized software solutions for each enterprise** (which AV integrators are not doing), "This is where the money is."
- **Selling in a consultative manner.** This has been the secret to their success in entering the AV market, "Customers wants to know how their investment will help them communicate better. How will it help them be more productive? How will it facilitate collaboration? These are the types of questions that interest the CIO and the IT Manager."
- **Maximizing client communications capabilities while minimizing the number of components required.** This has been made possible through AV/IT convergence, IP technology, and the move to the cloud. "We have eliminated the need for 60% of the AV components in a system. Pretty much everything in the rack we can put into the cloud."
- **Heading toward smart buildings and Integrated Building Technology.** "That is what corporate IT will become." Helping corporations become smarter about constructing new buildings and managing their enterprises is where IT is heading.
- **Choosing supplier partners.** There are three different approaches that IT VARs can take. 1.) They can partner with Cisco for all the hardware solutions (security telepresence, routing and switching, etc.) 2.) They can partner with Microsoft for a similar approach, but it is all software-based, not hardware based. 3.) They can work with companies like Apple on a niche basis.

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ISSUES INVESTIGATED – OPPORTUNITIES

Topic	Preliminary Conclusion	Questions Raised
What are the new opportunities presenting themselves in the world of AV and IT?	• AV systems have become mission critical and enterprises continue to invest in these technologies despite the recession.	• If owners will be looking for one provider for pervasive video services and/or unified communications, who is best positioned to deliver? • Will previous relationships be the key?

Insights and Poignant Quotes	Analysis
• **Pervasive video is expected to drive the market.** "This is a natural progression." This includes streaming media, digital signage, video conferencing and physical security. • **The videoconferencing market will experience tremendous growth over the next few years.** In 2010, the market hit $2 billion, with anticipation that it will grow to $8 billion in three to four years. • **Unified communications are driving the market.** "Most AV integrators want to stay in the conference room, but they should be looking at how the enterprise communicates as a business and how AV fits into unified communications." • **The industry is moving toward end-to-end contracts that cover much more than just AV.** This will lead to increased partnerships and collaborations, which is a low risk way to branch into adjacent markets. • **AV needs to better understand the network.** Security, building control and telephone are all on the network. AV is used to selling end points, but they are not interfacing with other communication systems. "AV guys need to have a better understanding of the network, or the people that control the network will not allow AV to be on their network." • **Customers are pushing the limits of innovation.** AV professionals cannot simply be reactive to their needs and interests; they need to offer out of the box concepts and ideas that help enterprise customers achieve efficiency, analysis or cost-cutting objectives. • **Customers are able to realize considerable benefits by moving to a unified communications platform.** "Imagine a video conference that includes all	• If pervasive video is driving the market, the AV industry should move in this direction. • If unified communications is driving the market, AV should be able to play a role. • If AV professionals do not want to expand their skill set outside of AV, it will be necessary to form partnerships with professionals in adjacent markets to bid on end-to-end contracts.

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employees working from remote locations, on the road, in multiple office locations, all participating on a video conference."

- **Until now, AV has focused on just room systems.** "But this is proliferating to something much bigger. Customers want to have unified communications that include desktop computers, notebooks, tablets and other mobile devices. So, employees can be connected all the time from any location."
- **AV integrators should think of the IT VARs as their immediate customers** and market to the IT VARs who already have relationships with CIOs. "They are like general contractors and the AV guy is like a specialty sub-contractor."
- **Every AV system must be tailored to fit each room.** It is up to the AV professionals to explain that, unlike IT components, they do not work perfectly right out the box.
- **Opportunities exist for AV firms to offer managed services.** Managed services are an important offering for IT VARs and as they move into the AV space, these services encompass AV systems.

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ISSUES INVESTIGATED – THREATS

Topic	Preliminary Conclusion	Questions Raised
What are the new threats arising as a result of the confluence of AV and IT?	• As new market entrants move into the AV space, they will not politely adhere to the old ways that AV has always done business.	• What happens when the current building owners and AV decision makers retire? Is the next generation of customer decision makers being embraced by the AV industry? • What is your company's cloud strategy?

Insights and Poignant Quotes	Analysis

• **A number of contacts do not expect the average AV integrator to survive the next five years.** This is especially true for small shops that do not have a holistic service offering. "Being a good integrator is not enough to guarantee future success."
• **Old business models are being challenged and some parts of the value chain are being eliminated from projects.** The standard business model has been for the architect to retain the design consultant, whose designs go out for bid to the AV integrators. This has somewhat regulated the AV supply chain through partnerships between various architects/design consultants/integrators and ensured that everyone got a piece of the pie.
  ○ "The economy has owners taking a new look at how to build and they are not obliged to do things the way we have always done them." For example, an increase in public/private partnerships is on the rise, and the construction industry is moving towards design-build partnerships.
  ○ There are examples of AV manufacturers willing to sell direct to large end-customers, such as defense contractors, essentially by-passing the dealer network.
  ○ Many of these changes are driven by the IT model.
• **There is a lack of strategic planning** for the future and this is a real problem for the industry. Most AV professionals get bogged down in the day to day minutia of project management; they do not know what they will be doing in six months, never mind in a couple of years.
• **The AV industry is not attracting and hiring higher skilled, higher educated employees** as the IT industry is. "The AV industry needs a new breed of employee that is more professional, and capable of strategic thinking. AV is low on degreed people, and not just AV-related degrees – any degrees. You do not see this in IT. AV should hire from the
	• Companies that continue doing business the way that they have always done things are expected to be left behind. "You must adapt with the changing technology and convergence."
	• Ultimately, AV providers that do not adapt are not expected to survive convergence.

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IT ranks."

- **The frequency of advancement in technology** is considered a threat, because people cannot keep up with innovation. "The danger is not knowing what is coming and there is difficulty keeping up."
- **Disruptive technologies, such as the cloud, will have a material impact on the industry.** "This will be one of the biggest impacts of convergence."
- **"AV integrators have largely given up on software as a service** and this opens the door for their competitors to provide this much needed service." However, software services represent one of the biggest opportunities for AV firms.
- **Many AV professionals have not adjusted their mindsets to giving the customer what they want** even if that is "good enough" as opposed to cutting edge. IT professionals do not suffer from this affliction.
- **It is threatening to think you may be locked out of a partnership with Cisco.** Cisco is partnering with manufacturers and integrators/resellers, but with holistic networks and enterprises, they are reducing the supplier base and partner base.

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ISSUES INVESTIGATED – OTHER INSIGHTS

Topic	Tentative Conclusion	Questions Raised
What are other important insights from InfoComm 100 members?	• Interoperability has become more important than uniqueness.	• Is a lack of standards holding back the AV industry? • Is the willingness to embrace standards positioning the IT industry to better serve the AV industry? • Is Integrated Building Technology going to become the future of AV? • How should AV professionals adapt to prepare for IBT?

Insights and Poignant Quotes	Analysis
• **In the IT world, standards and practices are the norm.** As the IT Manager has evolved to become the decision maker for AV purchases, there is an expectation for the AV industry to establish standards à la IT. o IT manufacturers compare the AV industry to the Wild West. “There are no rules and we have to move toward industry wide standards.” This is a big source of frustration for IT manufacturers. • **Cisco has decided to establish standards** with their AV Integrator Accreditation Worksheet. Cisco’s IT Integrators and customers will be encouraged to work only with Cisco Certified AV Integrators. This move is only made possible by Cisco’s sheer size. • **Traditionally, the AV industry has sold uniqueness.** Customers wanted something that nobody else had, with a big WOW factor. This is a very different approach from the IT world, where the focus is more, “Your system will work every day, every time you need to use it and the same system is installed in all of your locations.” • **Looking ten years out, smart buildings or Integrated Building Technology is expected to be the future of AV.** “There is a core group that gets this, but for the most part, the AV industry does not look at this as the future.” • **IBT is still not well defined in North America.** “No owner is including IBT in the initial RFP process and there is no such thing as a smart building consultant or a smart building integrator.” However, the pioneers of the industry are working to change this.	• InfoComm and AV professionals need to continue to educate customers about the value of the CTS and only hiring trained professionals to install AV systems.

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- **Energy is the hot buzz word,** and owners are looking at lighting control and HVAC first, but the next generation of building control will be far more integrated.
- **What is going to happen to AV professionals that do not recognize IBT as the future** and are not willing to adapt? Their work as AV installers will still be necessary, but it will be lower margin and more of a commodity.

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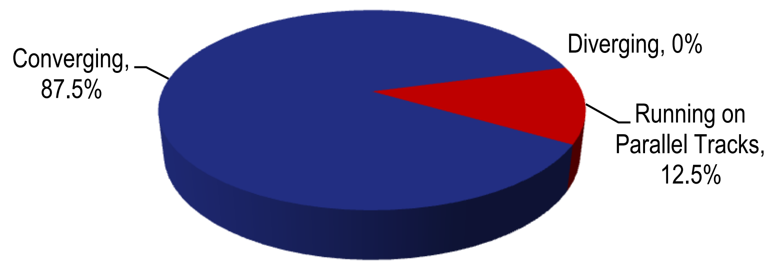
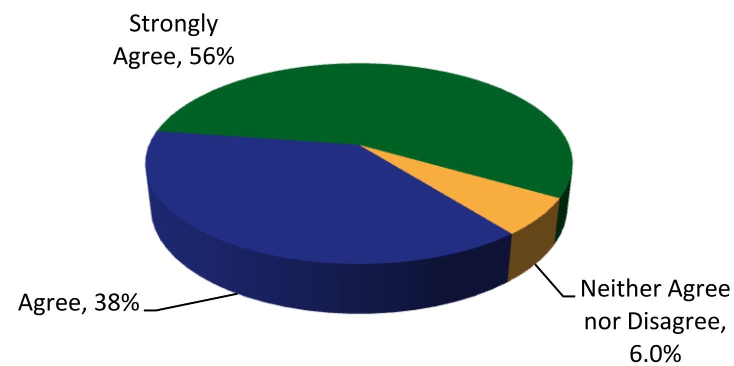
Quantitative Survey Results

Clearly, the AV and IT contacts believe the industries are converging. There is a tremendous amount of proactive changing of past behaviors, given this convergence. Finally, contacts seem more optimistic about opportunities than pessimistic about threats.

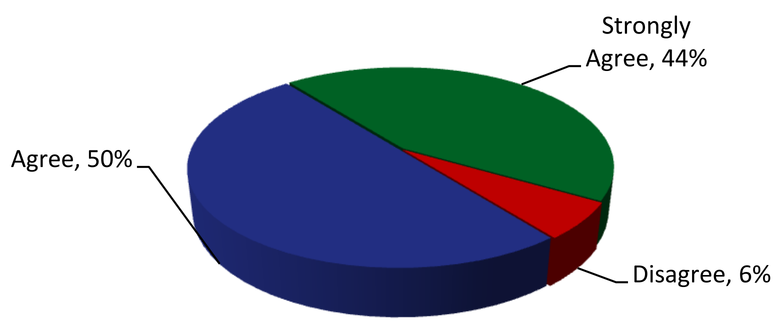
Are the Pro AV and IT industries converging…?



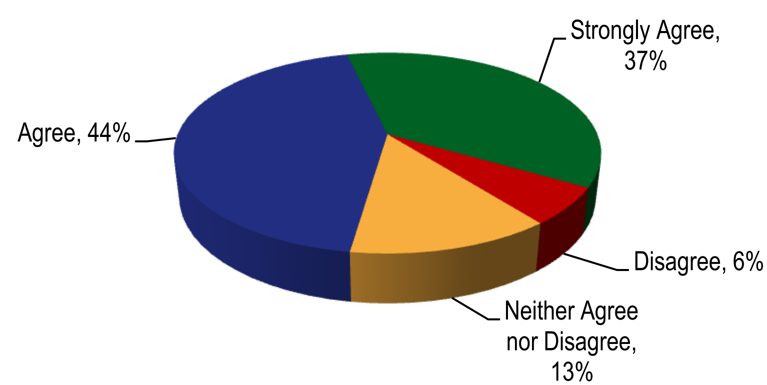
My company is exhibiting changed behavior…



New opportunities are presenting themselves…



New threats are presenting themselves…



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CONTACTS FOR QUALITATIVE CONVERSATIONS

Contact type	Organization
AV Integrators	• Ford AV • Acoustic Dimensions
AV Design Consultants	• RTKL • The Sextant Group • Waveguide Consulting
AV Manufacturers	• BiAmp • Harman Professional • Christie Digital
IT Manufacturers	• Cisco • Microsoft
IT VARs	• Futron • RTS Unified Communications • Vyopta
Other	• The Stimson Group • CompTIA

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