



InfoComm International

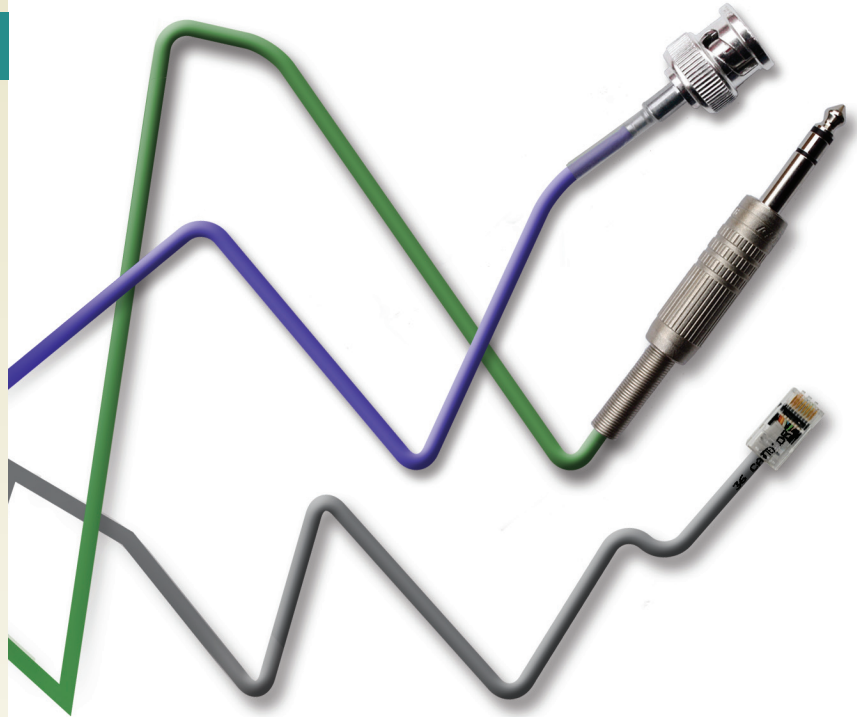
08

InfoComm Economic Snapshot Survey

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September 2008

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Executive Summary

As the leading resource for AV market research and news, InfoComm regularly conducts in-depth market and industry studies to keep its members informed on all aspects of their markets. One such effort is the *InfoComm International Economic Snapshot Survey*. This biannual survey examines the overall “economic health” of the AV industry, and brings into focus the issues, factors, and trends affecting business performance on an international scale.

The 2008 mid-year version of the survey collected data from 222 respondents spanning 13 countries. Major results are summarized below, with detailed tables presented in Research Results section this report.

Sample Composition

System integrators, rental and staging companies, and independent design consultants collectively represent a majority (61.7%) of the survey respondents. Most (88.7%) are U.S.-based, with good representation across all regions of the country. California, Texas and Georgia are the best represented states in the sample. Nearly all (86%) of the respondents are InfoComm International members. [See Exhibits A1 to A4]

The respondents represent a wide diversity of different sized companies, reporting gross 2007 revenue/turnover ranging from less than \$2 million to greater than \$50 million. The systems integrators and manufacturers represent the larger companies, with each category reporting average gross revenue/turnover in excess of \$16 million. The smallest companies are in the independent programmer and multimedia professional category, with an average gross of \$1.58 million. [See Exhibits A5 to A6]

Diversity is also seen regarding company functions, with the respondents’ companies typically involved in several areas. Systems integration is the leading primary function, specified by 37.8%. Significant responses are also seen for rental and staging services and design consultation services. [See Exhibit A7]

Performance Indicators

One of the key goals of this research is to determine how the respondents perceive their company’s performance and overall health. One of the tools employed is the InfoComm Performance Index (IPI), which is used to examine two time periods: the past six months, and the next six months. This Index does not use “hard” numbers such as actual revenue, but rather stresses perceptions, since how a person feels his/her company is performing is often more telling than what a balance sheet would reveal. Performance is rated on a 1-to-10 scale where 10 is “record growth and profits” and 1 is “bankruptcy.”

The survey results show that the respondents feel the past six months have, on average, been indicative of a healthy market — the overall IPI is 7.04, with 13.1% reporting record growth and profits. Optimism is strong for the next six months as well, with a forecasted IPI of 7.10. [See Exhibit B1]

There are several ways to examine the IPI across segments. The most basic approach is to explore average scores, as summarized in Exhibit B2. Doing so shows that responses are generally consistent across segments, with averages falling into a fairly tight span of 6.45 to 7.73. The lowest IPI for the past six months is seen among the rental and staging companies, who post an average of 6.45. The largest companies (gross revenue of \$25 million or more) report the best results, with an average IPI of 7.73. But, the overall message is that while there are variations, no one market segment is handily outperforming any other, nor is any one segment notably lagging.

Comparing the past six months to the next six months again shows consistency, with variations typically extremely small. The overall trend is positive, with the IPI expected to rise 0.06 points over the next six months. Decreases are seen as well, but the most precipitous drop is only a loss of 0.47 points (seen among those grossing \$10.1 to \$25 million). In short, the respondents see no major changes on the horizon. [See Exhibit B2]

While summary scores are succinct, a broader view is gained by clustering the responses into performance categories. Five categories are used, ranging from “Strong” (for those ranking their company’s performance as either a 9 or 10) to “Critical” (for those ranking their performance as a 1 or 2). The most popular category across most segments is “Good” (a rating of 7 or 8), accounting for greater than 40% of the responses for both time periods. A few segments are more likely to fall into the “Fair” category, most notably rental and staging companies, independent programmers/multimedia professionals, the small and mid-size companies, and those located in the Northeast.

Examining the clusters confirms the overall pattern illustrated by the summary scores, but provides a more comprehensive depiction of the data. More illuminating still are the comments provided by respondents, which are segmented by their performance category. This first-person insight puts a “human” touch on the data, and demonstrates the variety and complexity of factors that drive company performance. [See Exhibit B3 and the full-text responses that follow]

To more fully explore company performance perceptions, the respondents were asked to take all factors into consideration (such as sales, market/economic conditions, orders, etc.) and describe if they feel their company is in better or worse shape than it was six months ago. The results are strongly positive — 55.4% feel they are in better shape, 31.5% feel they are in the same shape, and only 12.6% feel their situation has become worse over the past six months. Responses are highly consistent across segments, and closely track the InfoComm Performance Index results. [See Exhibits B5 and B6]

The survey also explored external factors that may have an impact on perceived company performance. The first examined was the recent Federal Reserve actions, with respondents asked to rate how much these actions have improved their AV business climate. The results are mixed — the leading response across nearly every segment is “it is too early to determine the effect,” selected by 37.4%. Fewer than 1% feel the actions of the Federal Reserve have “definitely” improved the business climate, with a more substantial 11.7% stating the actions have “somewhat” improved the business climate. A notable number (29.7%) feel there has not been any improvement, with this emerging as the leading response among the manufacturer (and related) category, and the smallest companies. [See Exhibit B7]

The lending climate has not had much of an impact on most respondents — 64.9% say the current lending climate has had no or only a minor impact on their business. The remaining respondents are divided between reporting that the lending climate has benefitted or harmed their company. Overall, the responses average to 2.9, where 1 is “significantly harmed” and 5 is “significantly benefitted.” Those most likely to say the lending climate has harmed their business are the respondents in the “Weak” performance category, or those who feel their company position has become worse over the past six months. [See Exhibits B8, B9 and full-text comments]

Lastly, the perceptions section of the survey examined the overall confidence levels of the respondents on four key metrics: overall North American economic conditions, overall global economic conditions, the White House regarding business issues, and the U.S. Congress regarding business issues. The most positive feedback is seen for global economic conditions — one quarter rate their confidence as high, resulting in an average confidence score of 3.0 out of a possible 5. Confidence in North American economic conditions is weaker, but still fairly solid, with an average score of 2.8.

Scores drop notably with respect to the confidence the respondents have in the White House and Congress regarding business issues. A majority rank their confidence level as low, resulting in an average score of 2.1 for the White House, and 1.7 for Congress.

Examining responses across segments shows generally modest variations based upon company type, size and location. More significant variations are seen based upon the company’s perceived position and performance category, with those performing poorly having especially low confidence in North American economic conditions, the White House and Congress. Scores also dip regarding the overall global economic conditions, but not as precipitously — even those who are in poor shape at present have some measure of confidence in the global economy. [See Exhibits B10 and B11]

Product/Service Indicators

The survey focus then turned from company perceptions to product/service/application perceptions. The respondents were first asked to identify the one product, service, or application that they feel has seen the greatest increase in customer demand over the past

six months, and the one that has seen the greatest decrease in customer demand over the same time period.

The largest share of respondents (30%) say that there are no products that have increased in demand over the past six months. Those who could provide an example of increased demand most often cited videoconferencing. Other popular general categories encompass digital signage, LCD displays, services, and a variety of high definition applications. Note that although the responses are categorized into groups, the percentages should be interpreted with care, since many of the comments are difficult to fit into an established category. The responses are categorized in Exhibit C1, followed by the full-text comments.

According to about one-half of the respondents (49.7%) there are no products, services or applications that have declined in demand over the past six months. Those who were able to provide an example of products with decreased demand cover a very wide range with their comments, with no one area receiving any notable measure of response. As noted in the full-text comments following Exhibit C2, examples span virtually every product and market segment, ranging from residential projects to large commercial projects. The message appears to be that while there are lulls in demand, it is not disproportionately affecting any one specific product, service, or application area.

Lastly, the product/service indicators turned to the “green” market, asking the respondents if they feel that the products/services they provide help their clients become more environmentally sound or “green.” A majority (55.4%) feel is the case. A smaller, but still notable number (23%) disagree, with the balance either unsure or unable to respond.

The most significant variations are seen across company types. The independent design consultants are most likely to feel their products/services help their clients become “green,” with 71.4% replying in the affirmative. In sharp contrast, only 35% of the rental and staging company respondents feel they help their clients become “green.”

The respondents outline a wide range of topics when asked to describe how their company’s products/services help their client become more “green.” Common themes in the comments encompass:

- ▶ energy savings through better design and low-power consuming products such as LED lighting;
- ▶ energy management through control systems for lighting, HVAC, and other energy-centered applications;
- ▶ decreased need for travel due to video/teleconferencing and distance collaboration;
- ▶ less use of paper and consumables (i.e., the “paperless” office);
- ▶ adherence to Leadership in Energy and Environmental Design (LEED) standards/certifications.

Responses are illustrated in Exhibit C3 followed by full-text comments.

Business Strategies

The final section of the survey centered on the strategic responses the respondents have put into place based upon their company's performance, economic factors, and other issues affecting their business. The listing consisted of both "positive" factors, such as boosting hiring, increasing salaries, etc., as well as "negative" factors, such as cutting staff, lowering compensation, leaving positions unfilled, etc.

The responses show a generally balanced approach to most issues, with no one strategy showing significant across-the-board implementation. "We are hiring, but have hired fewer people than we originally anticipated" is the most popular strategy that has been implemented, cited by 24.8%. Outsourcing is also relatively popular, with 20.7% saying they have outsourced tasks rather than hire staff. This suggests that a popular strategy is one of general caution — the respondents appear to be adopting a prudently defensive position by approaching staff expansions with care, and using outsourcing as a means to leverage their resources. Few are adopting the more draconian measures of cutting staff, salaries/benefits, or training budgets.

On the flip side, about one in five respondents (19.8%) state that they have increased staff salaries or benefits, and 18.9% have increased staff training budgets. Clearly, while cutbacks and caution are seen, solid growth is not uncommon.

There are no consistent trends based upon company size, location, or type. Variations are clearly present, but do not appear to be closely linked to these demographic criteria. The most consistent findings are based upon the perceived company performance. For example, the most significant cutbacks are seen among the companies who feel their position is worse now than it was six months ago, with 32.1% reporting cutbacks and an equal number reporting they have not filled vacant positions. These respondents, along with those in the "Weak" performance category, are also the ones most likely to have delayed or decreased pay increases or cut staff training budgets. But, even among the respondents who report poor business conditions, the most popular strategy is to do nothing — 38.1% of those in the "Weak" category say they have implemented none of these strategies. [See Exhibits D1 and D2]

The business strategies provide a good summation of the overall survey results. For most respondents, the economic snapshot that emerges is positive — they are confident in their company's performance, and this translates into positive-outlook strategic reactions. This is not to say that all is well for everyone as there are clearly some companies who are "feeling the pain" of a down economy. But, these companies are in the minority and, more importantly, do not appear to be concentrated in any particular industry segment. While more details will emerge with future *InfoComm Economic Snapshot* surveys, the picture of the AV market from this first rendition of the survey is encouraging.

Project Overview

InfoComm International® is the international trade association of the professional audiovisual and information communications industries. Established in 1939, InfoComm has 4,600 members, including manufacturers, systems integrators, dealers and distributors, independent consultants, programmers, rental and staging companies, end-users and multimedia professionals from more than 70 countries.

As the leading resource for AV market research and news, InfoComm regularly conducts in-depth market and industry studies to keep its members informed on all aspects of their markets. One such effort is the *InfoComm International Economic Snapshot Survey*. This first biannual survey examines the overall “economic health” of the AV industry, and brings into focus the issues, factors, and trends affecting business performance on an international scale.

Methodology and Approach

The *InfoComm Economic Snapshot Survey* program is designed to measure macro trends in the AV industry by taking a “snapshot” of the market every six months. The survey examines a variety of key economic-based factors including:

- ▶ overall company performance in the past six months;
- ▶ expected company performance in the next six months;
- ▶ respondents’ perceptions of whether their company is in better or worse economic health than it was six months ago;
- ▶ the impact of macro economic factors;
- ▶ respondents’ level of confidence in overall economic and political conditions;
- ▶ product, services, or application areas where customer demand is increasing or declining;
- ▶ staffing strategies that are being implemented.

The survey also collects a basic demographic profile of the respondents to ensure the data can be properly classified and analyzed. A copy of the survey form is provided in Appendix B.

The survey was fielded in August 2008 as an on-line form. Invitation emails were sent to a cross-section of members and nonmembers with click-through access to the web-based survey. Links to the survey were also posted in the InfoComm listservs, newsletters, and web site. InfoComm staff distributed a series of reminder emails and messages to encourage responses.

Strict respondent anonymity was preserved throughout the data collection process to encourage respondents to enter into a frank and open dialog with InfoComm.

The Survey Sample and Analytical Techniques

The survey generated 259 overall returns. However, some of these returns were significantly incomplete, with the data provided limited to a small portion of the survey questions. Other responses were from individuals who fell outside the target sample parameters (i.e., they were end-users or represented organizations that were not directly involved in providing AV products or services). To ensure an accurate analysis, the data collected were screened to exclude the non-applicable responses. This resulted in an analysis sample of 222 respondents.

An essential issue to examine is how well the response pool reflects the AV universe as a whole. The most common tools used to gauge this are “margin of error” and the “confidence interval.” These two indicators are closely related and together provide guidance as to how accurate and repeatable (i.e., valid) the data collected are.

The 222 responses analyzed have an overall margin of sampling error of plus or minus 6.6% at a 95% confidence interval. This means that if this study were repeated 100 times, the overall results would be within 6.6% of the values listed in this report 95 times out of 100. Given that the goal of the survey is to examine overall trends and perceptual issues (rather than “hard numbers” pertaining to specific financial metrics), the survey sample is highly suitable to accomplish the research goals.

Overall survey results are valuable illustrations of overarching trends and issues. However, segmenting the data provides far more insight into the performance characteristics and nuances of specific market niches. The primary segmentation criteria used for the survey data are based on the following factors:

Company Size

Company size is a critical segmentation criteria in economic surveys given the significant differences in company operation, marketing, financial resources, and other aspects among small, mid-sized and large companies. Accordingly, the data are segmented rather finely, using the following five categories based upon total 2007 gross revenue/turnover:

- ▶ Up to \$2 million — 79
- ▶ \$2.1 to \$5 million — 32
- ▶ \$5.1 to \$10 million — 23
- ▶ \$10.1 to \$25 million — 38
- ▶ \$25+ million — 30

Company Location

As with company size, where a company is located has a significant impact on their performance, especially for smaller companies with a more limited geographic market scope. Although the survey sample is global, the company location breakouts are based only upon the U.S.-based respondents since most of the countries outside the U.S. are represented by only one or two respondents.

The U.S.-based respondents are grouped by region into the following five categories:

- ▶ Northeast — 46
- ▶ South Atlantic — 41
- ▶ South Central — 28
- ▶ North Central — 28
- ▶ Mountain/Pacific — 51

Please refer to page 5 for a depiction of which states are included in the above categories.

Company Type

The type of company is also a significant issue to examine in an economic survey, but it does present some challenges. While all company types are unique, some must be combined to create larger groups that will support reliable statistics. For example, only 8 respondents are in the Dealer/Reseller category, making it impossible to use them as a standalone group. Thus, the Dealer/Reseller respondents were combined with other company types that are more similar to one another than they are to the other groups. This resulted in the following five categories:

- ▶ Systems Integrator — 62
- ▶ Rental and Staging Company — 40
- ▶ Independent Design Consultant — 35
- ▶ Independent Programmer and Multimedia Professionals — 31
- ▶ Manufacturers, Independent Manufacturer's Representative, Dealer/Reseller, and Distributor — 49

Company Perceptions

Two additional segmentation criteria are used for selected data based upon how the respondents perceive their company's performance over the past six months. Details on how these segments were established are provided in the Survey Results section of the report.

While all data segmentation in this report was structured to maximize the sample strengths, the size of each subgroup should be carefully noted when drawing conclusions.

The survey also included several open-ended questions to allow the respondents to write in their comments. These responses were edited only for spelling and basic formatting, and are otherwise listed as provided by the respondent. While lengthy, the full-text comments add a further dimension to the research, and are a rich source of insight into the issues impacting the AV market, and how industry professionals are positioning their companies.

Research Results

A. Sample Composition

Exhibit A1: Company Type

	% of sample	Number of responses
Systems Integrator	27.9%	62
Rental and Staging Company	18.0%	40
Independent Design Consultant	15.8%	35
Manufacturer	9.9%	22
Independent Programmer	8.1%	18
Independent Manufacturer's Representative	5.9%	13
Multimedia Professional	5.9%	13
Dealer/Reseller	3.6%	8
Distributor	2.7%	6
All others (*)	2.3%	5

(*) The "other" category consists mainly of consultants.

Exhibit A2: Company Location

	% of sample	Number of responses		% of sample	Number of responses
United States	88.7%	197	Brazil	0.5%	1
Canada	2.7%	6	Saudi Arabia	0.5%	1
Australia	1.8%	4	Spain	0.5%	1
UK	1.4%	3	U.A.E.	0.5%	1
Columbia	0.9%	2	Finland	0.5%	1
Panama	0.9%	2	Japan	0.5%	1
Norway	0.9%	2			

U.S. Regional Breakout

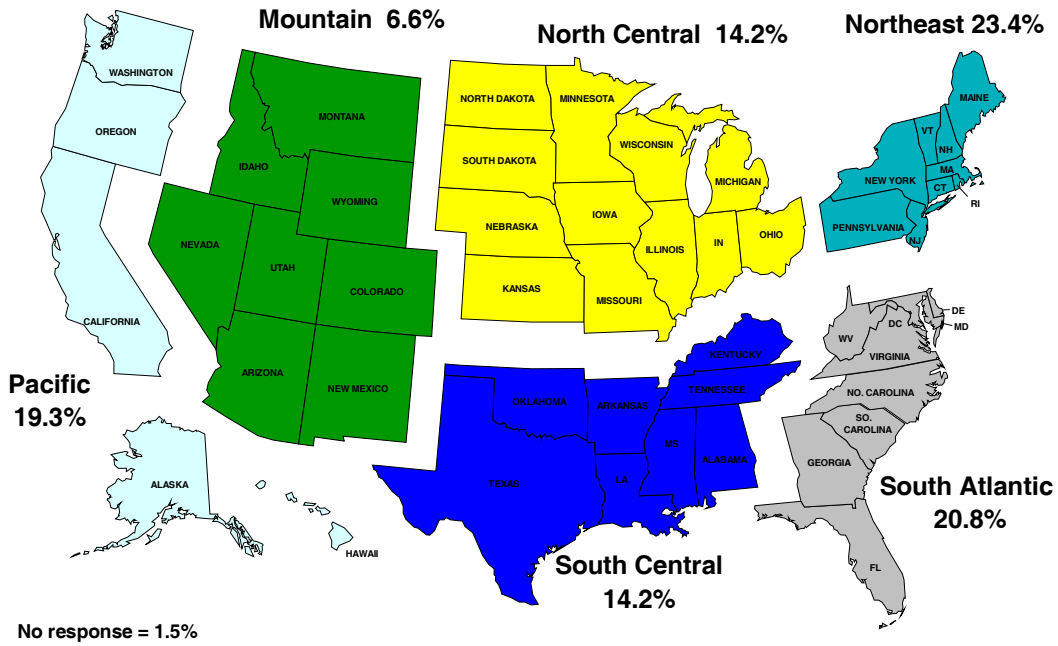


Exhibit A3

A total of 30 states are in the U.S. sample. The best-represented states are:

- California — 17.3%
- Texas — 9.6%
- Georgia — 6.1%
- New York — 5.6%
- Florida — 4.6%
- Illinois — 4.6%
- Massachusetts — 4.6%
- New Jersey — 4.6%
- Pennsylvania — 4.6%

(The base for the percentage is the U.S. sample of 197 respondents).

InfoComm Membership Status

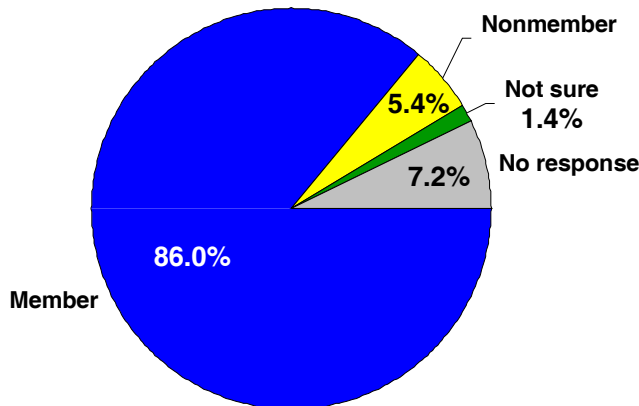


Exhibit A4

2007 Gross Revenue/Turnover

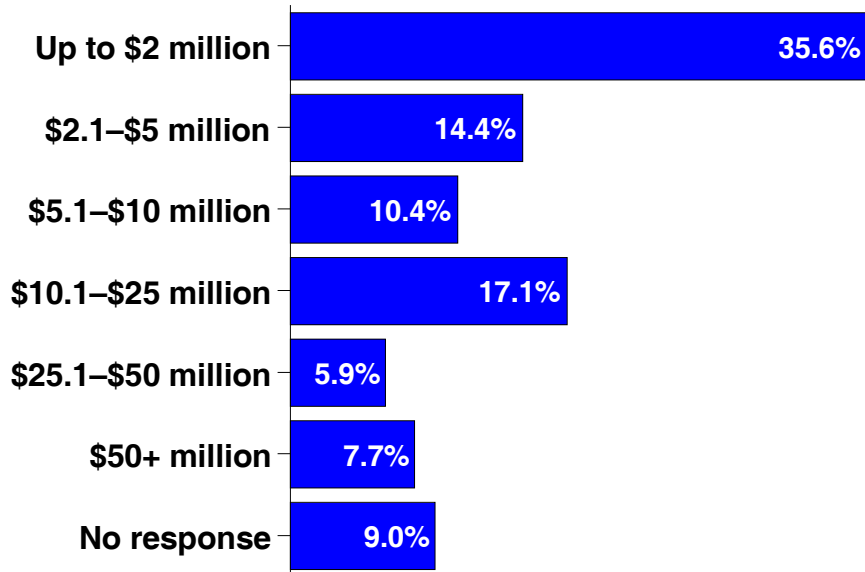


Exhibit A5

Exhibit A6: Company Type by Size

	Systems Integrator	Rental and Staging	Ind. Design Consultant	Manufacturer/Rep /Dealer/Dist.	Ind. Programmer/Multimedia Prof.
Up to \$2 million	16.1%	32.5%	45.7%	24.5%	80.6%
\$2.1–\$5 million	12.9%	15.0%	20.0%	18.4%	3.2%
\$5.1–\$10 million	16.1%	17.5%	11.4%	4.1%	0.0%
\$10.1–\$25 million	25.8%	20.0%	14.3%	18.4%	0.0%
\$25.1–\$50 million	11.3%	5.0%	2.9%	6.1%	0.0%
\$50+ million	11.3%	5.0%	2.9%	14.3%	0.0%
No response	6.5%	5.0%	2.9%	14.3%	16.1%
Average in millions (*)	\$17.45	\$10.76	\$7.47	\$16.31	\$1.58

(*) = the average is computed using the range mid-points.

Exhibit A7: Company Function

	Function accounting for greatest share of 2007 revenue	All functions presently involved in
Systems integration	37.8%	49.5%
Design consultation services (exclusive of associated equipment sales)	17.6%	49.5%
Rental and staging services	17.1%	28.8%
Non-integrated sales (box sales)	3.6%	32.9%
Repair services, maintenance contracts, and employees contracted to others	0.5%	32.9%
All other functions	16.7%	21.6%
No response	6.8%	6.3%

B. Performance Indicators

InfoComm Performance Index

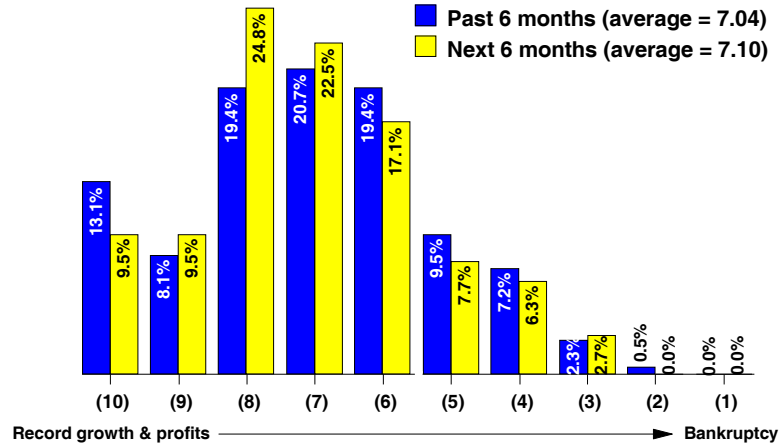


Exhibit B1

Exhibit B2: InfoComm Performance Index (Summary Scores)

		Past six months	Next six months	Difference
Overall		7.04	7.10	0.06
Company type	Systems Integrator	7.34	7.24	-0.10
	Rental and Staging	6.45	6.65	0.20
	Ind. Design Consultant	7.37	7.54	0.17
	Manufacturer/Rep/Dealer/Dist.	7.24	7.20	-0.04
	Ind. Programmer/Multimedia Prof.	6.55	6.77	0.22
Company size	Up to \$2 million	6.52	6.97	0.45
	\$2.1–\$5 million	7.28	7.31	0.03
	\$5.1–\$10 million	6.70	6.35	-0.35
	\$10.1–\$25 million	7.58	7.11	-0.47
	\$25+ million	7.73	7.67	-0.06
Location (U.S. only)	Northeast	6.87	6.89	0.02
	South Atlantic	7.15	7.37	0.22
	South Central	7.43	7.39	-0.04
	North Central	7.07	7.04	-0.03
	Mountain/Pacific	6.92	6.78	-0.14

All data are averages based upon a 1 to 10 scale where 1 = “bankruptcy” and 10 = “record growth and profits.”

InfoComm Performance Index Categories

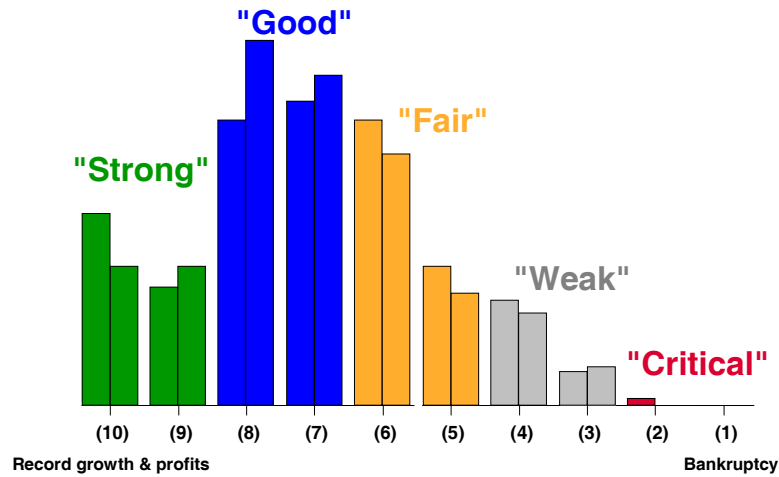


Exhibit B3

Exhibit B4: Performance Indicators by Segment (Detail Results)

Note: The "critical" segment is omitted from the table since it consists of only one respondent.

	Past six months				Next six months			
	Strong	Good	Fair	Weak	Strong	Good	Fair	Weak
Overall	21.2%	40.1%	28.8%	9.5%	18.9%	47.3%	24.8%	9.0%
Company type								
Systems Integrator	24.2%	48.4%	21.0%	6.5%	19.4%	50.0%	24.2%	6.5%
Rental and Staging	15.0%	32.5%	32.5%	20.0%	15.0%	37.5%	37.5%	10.0%
Ind. Design Cons.	22.9%	45.7%	22.9%	8.6%	28.6%	42.9%	20.0%	8.6%
Manufacturer/Rep/Dealer/Dist.	22.4%	42.9%	30.6%	4.1%	22.4%	46.9%	22.4%	8.2%
Ind. Programmer/Multimedia Prof.	16.1%	29.0%	45.2%	6.5%	6.5%	61.3%	19.4%	12.9%
Company size								
Up to \$2 million	16.5%	29.1%	39.2%	15.2%	16.5%	49.4%	22.8%	11.4%
\$2.1–\$5 million	31.3%	34.4%	21.9%	12.5%	28.1%	43.8%	18.8%	9.4%
\$5.1–\$10 million	17.4%	30.4%	47.8%	4.3%	13.0%	26.1%	47.8%	13.0%
\$10.1–\$25 million	21.1%	57.9%	18.4%	2.6%	13.2%	55.3%	26.3%	5.3%
\$25+ million	30.0%	50.0%	16.7%	3.3%	23.3%	53.3%	23.3%	0.0%
Location (U.S. only)								
Northeast	19.6%	34.8%	37.0%	8.7%	13.0%	45.7%	37.0%	4.3%
South Atlantic	29.3%	31.7%	22.0%	17.1%	26.8%	46.3%	12.2%	14.6%
South Central	28.6%	39.3%	32.1%	0.0%	21.4%	50.0%	25.0%	3.6%
North Central	7.1%	60.7%	28.6%	3.6%	14.3%	57.1%	21.4%	7.1%
Mountain/Pacific	23.5%	33.3%	29.4%	13.7%	13.7%	45.1%	29.4%	11.8%

Comments offered regarding the company's performance over the PAST six months:**Performance category = Strong**

20% year-over-year growth.

Despite the overall economic slowdown, we've never been busier. It's a great time for A/V: Early adopters desperately need new technology upgrades while laggards need A/V in general because it is utterly indispensable for today's world. We are in a hot market for tech (DC corridor) so, despite the large number of other A/V companies in this region, we have been swamped. It is August and we've already topped last year's total profits, with a projected 50% increase in total receipts by year's end.

Experiencing growth and advancement in technology.

I am not sure how, but I think it is a matter of years in business, reputation and monitoring business closer.

Last June was our companies best month in history.

Record breaking quarter last quarter and looking to be another record breaker this quarter.

Record numbers of quotes were sent out in Q1 and Q2, but closing rates declined, at least short term. Net sales are up strongly, but not as strongly as might be expected based on the numbers of quotes delivered.

Strong growth in opportunities over this period last year. Revenues up strong single digits over this period last year. Prospects bright, back log very good.

Strong mix of digital signage and VTC/streaming opportunities along with large corporate and educational projects.

We also have a rapidly expanding Systems integration unit that has helped to fuel the growth.

We can't keep up with the demand.

We have had a steady increase in new work. Despite the downturn in the economy the building construction is still going strong.

Performance category = Good

After dropping 40% in first qtr of year, we flattened out in Q2 and i see Q3 looking up.

Awful 1st quarter, but have made up for it and more.

Decreased overall revenue, but overall profit increased. Working smarter!

Economy in our country is now in the better shape since last 10 years. A lot of foreign investments and companies moving to here. As an example compared to U.S. our auto industry has grown 20% from last year.

Education sales have skyrocketed. Integration related sales are doing well.

First quarter 2008 was slow, but business became very strong in 2Q and is expected strong throughout year.

Gross and net exceed all prior years.

Growth and profit were on schedule. We are 9 months into our fiscal year and are on track to have a good year.

Improve personal service & knowledge Focus on high-value clients who appreciate our expertise.

My company has improved it's overall performance because I am finally reaching my fifth year soon! Being sole owner and worker, I think it takes longer to establish credibility and a good clientele.

Our company overall had a great first two quarters. The AV and Staging division's sales and profits however or lower than the first two quarters of '07.

Record sales but margins are tighter. Shipping and material costs are way up.

Record year last year and on pace to match or slightly exceed that growth.

Sales are up over prior year.

Smaller jobs (schools, etc.) seem to be waning somewhat, but large project group (stadiums, etc.) is still very busy. Overall, margins have been declining for some time as clients become more cost-conscious.

Some customers seem to be spending while others seem to be holding back. A very mixed economy!

Summer season has proven to be a boon with many educational market clients purchasing services and products.

Things are crazy, lead times keep getting shorter.

Two very strong revenue and profit quarter.

We are seeing good solid growth in all market segments.

We do a lot of hospitality systems, and mixed use with hotel & condo combinations. The condos are getting hit but the hotel options seem to be staying steady.

We keep improving our performance.

Performance category = Fair

2007 was a stellar year and then two factories went direct and another to distributors. Those losses were tough to handle with the slow down in the economy.

After a very busy end to 2007 with record levels of business, early 2008 started relatively slowly although the pace has picked up considerably in the past 2 months.

Break even, paying bills and meeting payroll.

Busy but not frantic.

Customers taking longer to pay bills (way beyond terms).

Despite economic trends, our business has been steady.

Fairly flat, a little increase of sales.

Focus on core clients - deliver exceptional service & value - expanding market opportunities.

Good growth in ancillary areas...being more broad based and resilient to single revenue streams.

Gross rentals about the same as last year. Fuel prices killing us.

Improved slightly while competition has become very fierce and prices dropping.

New-construction related projects have dried up. Lots of upgrades and add-ons to existing systems.

Not setting any records. Surprised we are doing this well based on what I hear/read.

Significant increase in materials cost as well as in-bound and out-bound freight.

Slow but forward growth with addition of several people from failed AV companies.

Slow first half - seems to be picking up.

Smaller staff, yet higher profits and yield overall.

Strong Q1 but then bottom fell out in Q2.

The amount of business has remained steady which has allowed me to increase staff and spend more time on the growth of the business, rather than doing the programming myself.

Walking on eggs... work is steady... clients more skittish than long tail cats in a room full of rocking chairs.

We are meeting our current sales goals.

We continue to grow, but many landed projects are slow to start because they are deemed over budget before even the architect has the first project meeting with the owner. The reason for this is that many of these institutional projects were funded 3 or 4 years ago and inflation has caused them to be underfunded.

We saw a 35% drop in during the time Jan to March, then a leveling out by May. In July-Aug we saw a slight up-tick of 15% with an optimistic Q4.

Performance category = Weak

Below normal.

Economy is slowing down (Ha) and there is less new building.

Flat billing... higher expense.

We had 6 confirmed install projects all put on hold from 1/1/08 to 5/1/08 due to lack of funding. 2 have cancelled. 4 hope to get started before end of year. Some small jobs have come in but business is tight. IndyMac Bank and Countrywide have been a big loss to us. We have done 15 training rooms for them in the last two years in California, Texas, Kansas and Washington.

Comments offered regarding the company's performance over the NEXT six months:**Performance category = Strong**

A high quote rate, and large sales pipeline make growth predictions look very good.

Can't stay like this forever.

Looks like a strong 3rd and 4th quarter.

No end or let up in sight...yet.

There are enough jobs in our pipeline (awarded, but not yet started) that we will continue this record-setting pace.

We are already working leads for the six months beyond that, to keep the pipeline flowing.

We expect 2008 to be a banner year, we have begun to look at 2009 as a possible downturn.

We have a few new products that released at InfoComm that are or will be shipping by September, so we expect a large sales increase over the usual spike that accompanies government year-end in the fall.

Performance category = Good

Bookings are on track and we expect to continue to see growth in revenue and profit.

Diversifying our market focus has assisted in winning projects in new regions and countries as well as being acquired by a global company bringing additional collaborative opportunities.

Domestically still appears weak, but international has potential for growth into 09.

Growth not as dramatic as last year but still steady and profit holding solid and increasing in line with revenue. So holding costs, more efficiency return on revenue.

Many new and potential projects are pending and I am confident that most of them will be done.

Not record growth, but substantial profits.

Overall economy looks bad, but job backlog is still healthy. Our industry has weathered financial slowdowns well, and seems to be ok in the short term. In the long run, as inflation rises, employees will demand higher wages and there may be a slowdown in the purchase of our type of system.

Strong growth because of continued construction projects.

We are a 21 year old company who has seen 25% growth in revenue in profits this year over last. We have a very conservative view of the rest of the year.

We are anticipating some profitable projects in the next six months.

We continue to be cautiously optimistic and we continue to make well planned and well thought out investments. We've hired several new employees and continue to invest in marketing and product development. We don't see this changing in the next six months.

We expect education budgets to be cut but expect integration sales to continue to be good.

We expected that business will continue to increase during the next six months.

We see growth from the bottom we hit in May, but do not expect to recover by year end.

Performance category = Fair

A little bit of improvement expected in profitability.

Starting this month, we are seeing a slowdown in new projects being booked.

AV oriented business is very stable, where other sectors such as Music Retail are slowing.

The economy and changing political tide could create a slow down in our clients spending habits.

Based on our current backlog, business for the remainder of the year should be similar to prior years.

We have won several large Educational projects that should allow us to weather this economic storm and continue to build on these successes.

First six months strong. Noticeable slow down in overall activity in past 30 days. Consultant community still busy, but some projects are on hold for construction even though planning continues.

We will continue to grow, but our growth may be limited by a slowing economy.

I expect it to continue around the same level.

While we have more business booked in the coming year at this time than previous years, I expect we may have to have some cutbacks before then.

It could get better if two major projects come thru as they have promised. No contracts yet but they have indicated within the next two weeks they will sign the contracts.

Working our arses off to keep ahead. Watching overhead, scrimping and scrapping.

New lines, hope that the economy will improve. If consumer spending drops hard due to the cost of fuel (Home and Auto) then the business could slow even further. Will have to focus on the energy sector for our business since they are doing well.

Performance category = Weak

More of the same.

We have one solid month of bookings in the last two quarters. If we don't soon see a pick-up in fourth quarter we will have to look at cutbacks.

Recent relocation -- time needed to build new client base.

Perceived Company Position

Taking all factors into consideration (i.e., sales, market/economic conditions, customer orders, etc.), do you feel your company is presently in better or worse financial health than it was six months ago?

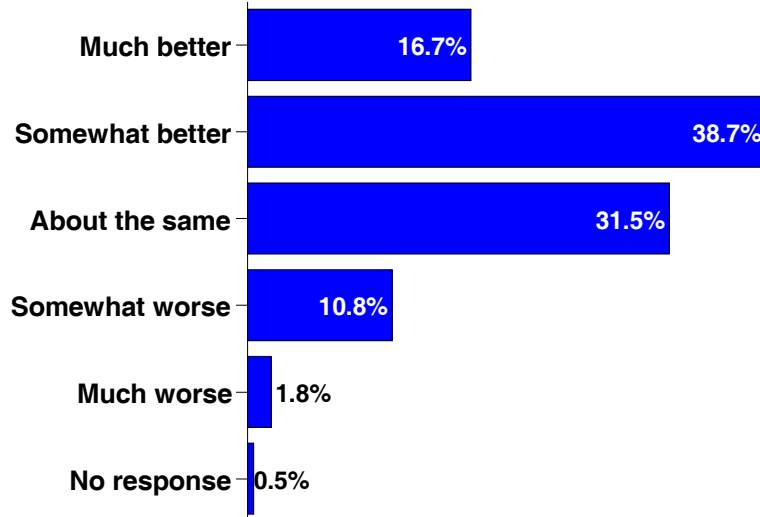


Exhibit B5

Exhibit B6: Perceived Company Position by Segment

Taking all factors into consideration (i.e., sales, market/economic conditions, customer orders, etc.), do you feel your company is presently in better or worse financial health than it was six months ago?

		Better	Same	Worse	No response	Average score
Overall		55.4%	31.5%	12.6%	0.5%	3.6
Company type	Systems Integrator	67.7%	25.8%	4.8%	1.6%	3.9
	Rental and Staging	47.5%	32.5%	20.0%	0.0%	3.4
	Ind. Design Consultant	57.1%	31.4%	11.4%	0.0%	3.6
	Manufacturer/Rep/Dealer/Dist.	51.0%	30.6%	18.4%	0.0%	3.5
	Ind. Programmer/Multimedia Prof.	45.2%	41.9%	12.9%	0.0%	3.4
Company size	Up to \$2 million	46.8%	36.7%	16.5%	0.0%	3.4
	\$2.1–\$5 million	68.8%	21.9%	9.4%	0.0%	3.8
	\$5.1–\$10 million	47.8%	30.4%	21.7%	0.0%	3.4
	\$10.1–\$25 million	63.2%	28.9%	5.3%	2.6%	3.8
	\$25+ million	56.7%	26.7%	16.7%	0.0%	3.5
Location (U.S. only)	Northeast	58.7%	28.3%	13.0%	0.0%	3.6
	South Atlantic	56.1%	29.3%	12.2%	2.4%	3.7
	South Central	42.9%	50.0%	7.1%	0.0%	3.5
	North Central	64.3%	35.7%	0.0%	0.0%	3.7
	Mountain/Pacific	45.1%	29.4%	25.5%	0.0%	3.3
Perceived performance, past six months	Strong	89.4%	8.5%	0.0%	2.1%	4.5
	Good	65.2%	30.3%	4.5%	0.0%	3.7
	Fair	29.7%	50.0%	20.3%	0.0%	3.1
	Weak	14.3%	33.3%	52.4%	0.0%	2.5
Anticipated performance, next six months	Strong	90.5%	9.5%	0.0%	0.0%	4.3
	Good	62.9%	31.4%	4.8%	1.0%	3.8
	Fair	30.9%	47.3%	21.8%	0.0%	3.1
	Weak	10.0%	35.0%	55.0%	0.0%	2.5

“Average score” based upon a 1 to 5 scale where 1 = “we are in much worse financial health than six months ago” and 5 = “we are in much better financial health than six months ago.” No response values are omitted from average score calculations.

Exhibit B7: Federal Reserve Action Perception by Segment

Have the recent actions taken by the Federal Reserve improved the overall business climate for the AV industry in your market area?

		Definitely improved	Somewhat improved	Not improved	Too early to determine	Unfamiliar	Not applicable	No response
	Overall	0.5%	11.7%	29.7%	37.4%	9.0%	10.8%	0.9%
Company type	Systems Integrator	1.6%	12.9%	27.4%	35.5%	16.1%	6.5%	0.0%
	Rental and Staging	0.0%	20.0%	30.0%	32.5%	5.0%	12.5%	0.0%
	Ind. Design Consultant	0.0%	5.7%	31.4%	40.0%	5.7%	14.3%	2.9%
	Manufacturer/Rep/Dealer/Dist.	0.0%	10.2%	38.8%	36.7%	8.2%	4.1%	2.0%
	Ind. Programmer/Multimedia Prof.	0.0%	9.7%	16.1%	51.6%	6.5%	16.1%	0.0%
Company size	Up to \$2 million	0.0%	12.7%	34.2%	30.4%	6.3%	15.2%	1.3%
	\$2.1–\$5 million	3.1%	12.5%	31.3%	40.6%	3.1%	9.4%	0.0%
	\$5.1–\$10 million	0.0%	4.3%	34.8%	47.8%	4.3%	8.7%	0.0%
	\$10.1–\$25 million	0.0%	10.5%	23.7%	42.1%	15.8%	7.9%	0.0%
	\$25+ million	0.0%	16.7%	23.3%	43.3%	13.3%	3.3%	0.0%
Location (U.S. only)	Northeast	2.2%	17.4%	30.4%	37.0%	6.5%	4.3%	2.2%
	South Atlantic	0.0%	14.6%	17.1%	48.8%	12.2%	4.9%	2.4%
	South Central	0.0%	7.1%	28.6%	39.3%	14.3%	10.7%	0.0%
	North Central	0.0%	10.7%	25.0%	42.9%	10.7%	10.7%	0.0%
	Mountain/Pacific	0.0%	9.8%	35.3%	41.2%	3.9%	9.8%	0.0%
Perceived company position	Better	0.8%	14.6%	26.0%	38.2%	10.6%	8.1%	1.6%
	Same	0.0%	8.6%	30.0%	35.7%	8.6%	17.1%	0.0%
	Worse	0.0%	7.1%	46.4%	35.7%	3.6%	7.1%	0.0%
Perceived performance, past six months	Strong	2.1%	19.1%	25.5%	44.7%	4.3%	2.1%	2.1%
	Good	0.0%	10.1%	21.3%	37.1%	16.9%	13.5%	1.1%
	Fair	0.0%	10.9%	43.8%	32.8%	4.7%	7.8%	0.0%
	Weak	0.0%	4.8%	28.6%	38.1%	0.0%	28.6%	0.0%

Lending Climate Impact

How has the current lending climate affected your business?

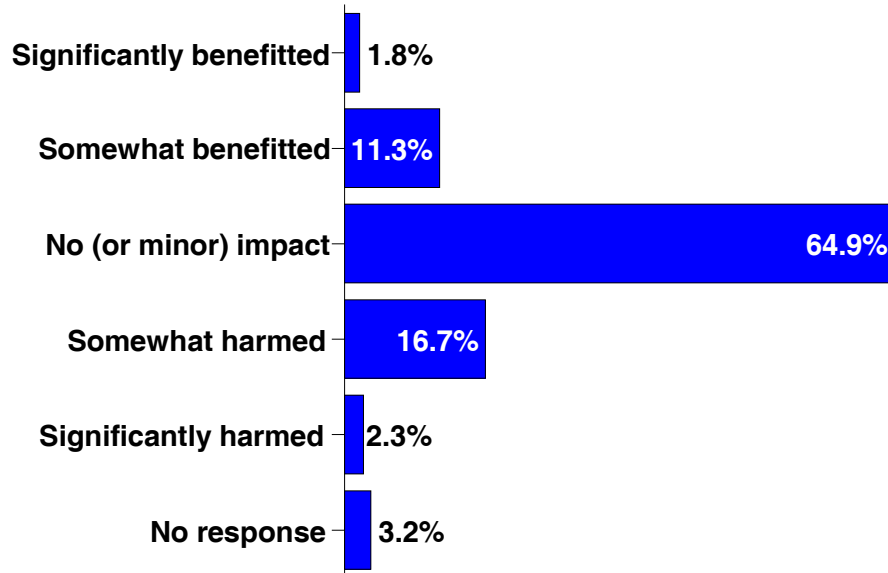


Exhibit B8

Exhibit B9: Lending Climate Impact by Segment

<i>How has the current lending climate affected your business?</i>						
		Benefit	No or minor impact	Harmed	No response	Average score
Overall		13.1%	64.9%	18.9%	3.2%	2.9
Company type	Systems Integrator	21.0%	62.9%	12.9%	3.2%	3.1
	Rental and Staging	10.0%	70.0%	17.5%	2.5%	3.0
	Ind. Design Consultant	20.0%	62.9%	17.1%	0.0%	3.1
	Manufacturer/Rep/Dealer/Dist.	6.1%	67.3%	20.4%	6.1%	2.8
	Ind. Programmer/Multimedia Prof.	6.5%	58.1%	32.3%	3.2%	2.7
Company size	Up to \$2 million	10.1%	64.6%	25.3%	0.0%	2.9
	\$2.1–\$5 million	12.5%	56.3%	31.3%	0.0%	2.8
	\$5.1–\$10 million	26.1%	60.9%	13.0%	0.0%	3.1
	\$10.1–\$25 million	10.5%	76.3%	10.5%	2.6%	3.0
	\$25+ million	10.0%	76.7%	13.3%	0.0%	3.2
Location (U.S. only)	Northeast	13.0%	67.4%	13.0%	6.5%	3.0
	South Atlantic	12.2%	65.9%	22.0%	0.0%	2.9
	South Central	7.1%	75.0%	10.7%	7.1%	3.0
	North Central	3.6%	82.1%	14.3%	0.0%	2.9
	Mountain/Pacific	19.6%	47.1%	33.3%	0.0%	2.8
Perceived company position	Better	17.9%	66.7%	10.6%	4.9%	3.1
	Same	7.1%	68.6%	22.9%	1.4%	2.8
	Worse	7.1%	46.4%	46.4%	0.0%	2.5
Perceived performance, past six months	Strong	21.3%	70.2%	8.5%	0.0%	3.2
	Good	14.6%	67.4%	11.2%	6.7%	3.0
	Fair	7.8%	62.5%	28.1%	1.6%	2.8
	Weak	4.8%	47.6%	47.6%	0.0%	2.4

“Average score” based upon a 1 to 5 scale where 1 = “significantly harmed” and 5 = “significantly benefitted.” No response values are omitted from average score calculations.

Comments from respondents on the current lending climate:

Commercial AV is very good.

Costs of all purchased goods are adding up. I'm not sure the prices have finished increasing at such a rapid rate. The further away (tech items tend to be from the Far East) the more transportation costs affect us.

I believe that current negative economic indicators have led to higher competitiveness, with more quotes requested, but lower contract signature rates.

Increases in our line to fuel our growth potential are hard to come by in this tight credit market.

Interest rates are lower on line of credit which helps fund growth.

Lower interest rates certainly make cost of working capital better.

My employees have felt the effects of rising costs, and we have worked to offset that in some small ways; free dinner packages to top performers, helping with their gas costs, small gestures we can afford better than direct raises or cash bonuses.

No factor for us, as we do not rely on lending for our business. Sales are based on budgeted capital equipment expenditures, not financed. PS Comment on number 8, I do not want the White House or Congress involved in my business at all - let them build roads, dams etc.

No major input yet, but we could potentially experience a future downturn due to a currently slow real estate development market.

Projects are going to be "green", using eco-friendly materials.

Reduced availability of loans affects my customers' ability to maintain proper cash levels. As a result they cannot spend the cash needed to take advantage of business opportunities.

Some projects cancelled or delayed due to funding difficulties.

Some tightening by suppliers, but this is good. Some of the less substantial companies will fail.

The home market is in the dump and the foreclosures, short sales, and the squeeze to the consumers pocket book is affecting overall tax base for local and regional government spending, churches, schools, and others. I call the problem the "Trickle Up Syndrome" While consumers lose their homes, reduce the tax base for the counties and local government, have less to give to their HOW and charities then the dollars do not trickle up to the organizations that buy from our industry.

The reluctance of the US government to act on the education loan crisis may have a longer term affect on the education market. Not here yet, but could be coming soon.

US decisions and conditions do have an effect on the local economy in Australia, but of course not as directly as in the US itself.

We recently changed banks because the one we'd used for years was suddenly panicking over the amount of outstanding loans they owned and changed their policies and repayment structures to an unreasonable level - for legitimate healthy customers as well as their defaulting ones. As such, we found a smaller regional bank that actually looked at OUR finances and agreed that we were not a risky customer. We moved all of our corporate monies from the national bank to the regional one (including the loan/line of credit) and have been much happier.

We recently refinanced all long-term debt and will save \$22,000 in interest expense over two years.

Confidence Metrics

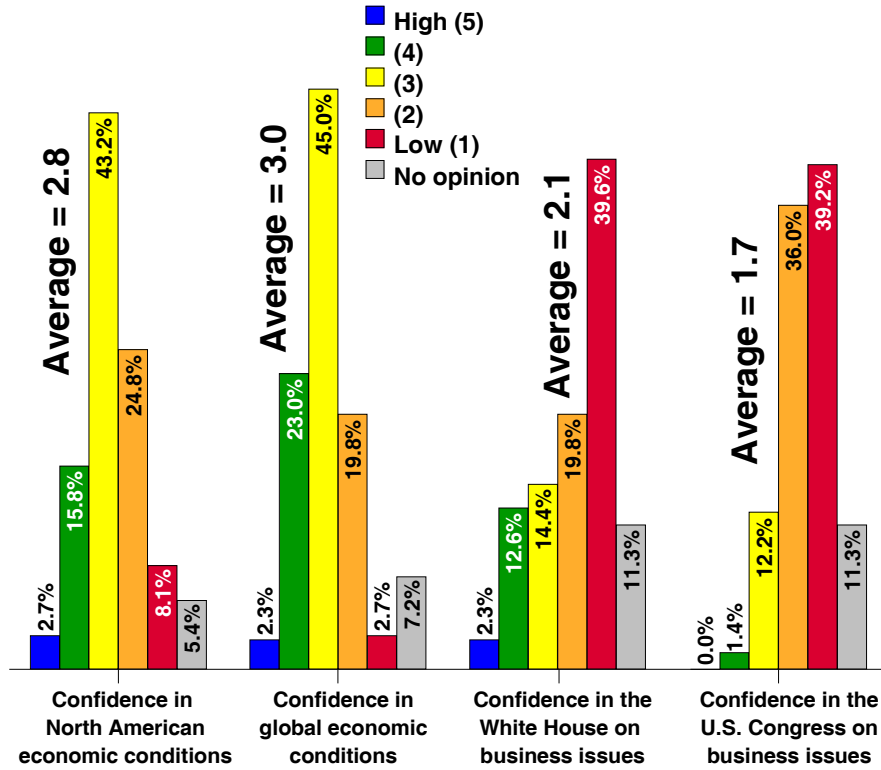


Exhibit B10

Exhibit B11: Confidence Metrics by Segment

		Confidence in overall North American economic conditions				
		High	Moderate	Low	No opinion/ response	Average score
Overall		18.5%	43.2%	32.9%	5.4%	2.8
Company type	Systems Integrator	22.6%	53.2%	19.4%	4.8%	3.0
	Rental and Staging	15.0%	35.0%	45.0%	5.0%	2.6
	Ind. Design Consultant	25.7%	31.4%	40.0%	2.9%	2.7
	Manufacturer/Rep/Dealer/Dist.	12.2%	49.0%	30.6%	8.2%	2.7
	Ind. Programmer/Multimedia Prof.	19.4%	38.7%	35.5%	6.5%	2.8
Company size	Up to \$2 million	24.1%	35.4%	35.4%	5.1%	2.8
	\$2.1–\$5 million	18.8%	40.6%	40.6%	0.0%	2.6
	\$5.1–\$10 million	13.0%	56.5%	30.4%	0.0%	2.7
	\$10.1–\$25 million	10.5%	50.0%	39.5%	0.0%	2.7
	\$25+ million	20.0%	53.3%	23.3%	3.3%	2.9
Location (U.S. only)	Northeast	19.6%	39.1%	32.6%	8.7%	2.8
	South Atlantic	24.4%	51.2%	24.4%	0.0%	3.0
	South Central	17.9%	64.3%	10.7%	7.1%	3.1
	North Central	14.3%	42.9%	42.9%	0.0%	2.6
	Mountain/Pacific	21.6%	33.3%	45.1%	0.0%	2.7
Perceived company position	Better	23.6%	43.1%	25.2%	8.1%	3.0
	Same	12.9%	48.6%	35.7%	2.9%	2.7
	Worse	7.1%	32.1%	60.7%	0.0%	2.4
Perceived performance, past six months	Strong	34.0%	40.4%	23.4%	2.1%	3.2
	Good	20.2%	43.8%	24.7%	11.2%	2.9
	Fair	9.4%	50.0%	39.1%	1.6%	2.6
	Weak	4.8%	28.6%	66.7%	0.0%	2.2

Table continued on the following page

Exhibit B11: Confidence Metrics by Segment

		Confidence in overall global economic conditions				
		High	Moderate	Low	No opinion/ response	Average score
Overall		25.2%	45.0%	22.5%	7.2%	3.0
Company type	Systems Integrator	22.6%	50.0%	21.0%	6.5%	3.0
	Rental and Staging	20.0%	50.0%	22.5%	7.5%	2.9
	Ind. Design Consultant	37.1%	37.1%	25.7%	0.0%	3.1
	Manufacturer/Rep/Dealer/Dist.	28.6%	46.9%	16.3%	8.2%	3.2
	Ind. Programmer/Multimedia Prof.	19.4%	35.5%	29.0%	16.1%	2.9
Company size	Up to \$2 million	22.8%	46.8%	24.1%	6.3%	3.0
	\$2.1–\$5 million	21.9%	40.6%	37.5%	0.0%	2.8
	\$5.1–\$10 million	17.4%	43.5%	30.4%	8.7%	2.8
	\$10.1–\$25 million	23.7%	57.9%	15.8%	2.6%	3.1
	\$25+ million	36.7%	46.7%	13.3%	3.3%	3.3
Location (U.S. only)	Northeast	30.4%	43.5%	17.4%	8.7%	3.2
	South Atlantic	19.5%	51.2%	26.8%	2.4%	3.0
	South Central	25.0%	46.4%	17.9%	10.7%	3.1
	North Central	25.0%	46.4%	28.6%	0.0%	2.9
	Mountain/Pacific	29.4%	37.3%	25.5%	7.8%	3.0
Perceived company position	Better	28.5%	44.7%	17.1%	9.8%	3.1
	Same	24.3%	44.3%	30.0%	1.4%	2.9
	Worse	14.3%	50.0%	28.6%	7.1%	2.9
Perceived performance, past six months	Strong	38.3%	48.9%	6.4%	6.4%	3.4
	Good	31.5%	41.6%	16.9%	10.1%	3.2
	Fair	12.5%	50.0%	34.4%	3.1%	2.7
	Weak	9.5%	38.1%	42.9%	9.5%	2.6

Table continued on the following page

Exhibit B11: Confidence Metrics by Segment

		Confidence in the White House on business issues				
		High	Moderate	Low	No opinion/ response	Average score
Overall		14.9%	14.4%	59.5%	11.3%	2.1
Company type	Systems Integrator	12.9%	17.7%	58.1%	11.3%	2.2
	Rental and Staging	20.0%	12.5%	52.5%	15.0%	2.2
	Ind. Design Consultant	17.1%	17.1%	60.0%	5.7%	2.0
	Manufacturer/Rep/Dealer/Dist.	10.2%	12.2%	63.3%	14.3%	1.9
	Ind. Programmer/Multimedia Prof.	19.4%	9.7%	61.3%	9.7%	2.2
Company size	Up to \$2 million	21.5%	10.1%	55.7%	12.7%	2.2
	\$2.1–\$5 million	6.3%	21.9%	71.9%	0.0%	1.8
	\$5.1–\$10 million	4.3%	30.4%	65.2%	0.0%	2.0
	\$10.1–\$25 million	15.8%	13.2%	63.2%	7.9%	2.1
	\$25+ million	10.0%	10.0%	63.3%	16.7%	1.8
Location (U.S. only)	Northeast	8.7%	10.9%	65.2%	15.2%	1.9
	South Atlantic	29.3%	14.6%	51.2%	4.9%	2.4
	South Central	17.9%	17.9%	57.1%	7.1%	2.3
	North Central	3.6%	21.4%	71.4%	3.6%	1.9
	Mountain/Pacific	21.6%	11.8%	64.7%	2.0%	2.1
Perceived company position	Better	15.4%	16.3%	53.7%	14.6%	2.2
	Same	14.3%	14.3%	62.9%	8.6%	2.1
	Worse	14.3%	7.1%	78.6%	0.0%	1.7
Perceived performance, past six months	Strong	19.1%	17.0%	57.4%	6.4%	2.2
	Good	15.7%	12.4%	50.6%	21.3%	2.2
	Fair	9.4%	17.2%	68.8%	4.7%	1.9
	Weak	19.0%	9.5%	71.4%	0.0%	1.9

Table continued on the following page

Exhibit B11: Confidence Metrics by Segment

		Confidence in the U.S. Congress on business issues				
		High	Moderate	Low	No opinion/ response	Average score
Overall		1.4%	12.2%	75.2%	11.3%	1.7
Company type	Systems Integrator	1.6%	11.3%	79.0%	8.1%	1.7
	Rental and Staging	0.0%	20.0%	65.0%	15.0%	1.8
	Ind. Design Consultant	0.0%	8.6%	80.0%	11.4%	1.7
	Manufacturer/Rep/Dealer/Dist.	2.0%	16.3%	67.3%	14.3%	1.8
	Ind. Programmer/Multimedia Prof.	3.2%	3.2%	83.9%	9.7%	1.6
Company size	Up to \$2 million	1.3%	12.7%	73.4%	12.7%	1.7
	\$2.1–\$5 million	3.1%	9.4%	81.3%	6.3%	1.7
	\$5.1–\$10 million	0.0%	8.7%	91.3%	0.0%	1.7
	\$10.1–\$25 million	0.0%	15.8%	78.9%	5.3%	1.7
	\$25+ million	3.3%	13.3%	70.0%	13.3%	1.8
Location (U.S. only)	Northeast	2.2%	8.7%	73.9%	15.2%	1.7
	South Atlantic	0.0%	19.5%	80.5%	0.0%	1.7
	South Central	0.0%	21.4%	71.4%	7.1%	2.0
	North Central	0.0%	14.3%	82.1%	3.6%	1.7
	Mountain/Pacific	3.9%	3.9%	86.3%	5.9%	1.5
Perceived company position	Better	0.8%	10.6%	72.4%	16.3%	1.7
	Same	1.4%	17.1%	74.3%	7.1%	1.8
	Worse	3.6%	7.1%	89.3%	0.0%	1.7
Perceived performance, past six months	Strong	2.1%	17.0%	74.5%	6.4%	1.8
	Good	1.1%	9.0%	69.7%	20.2%	1.7
	Fair	1.6%	14.1%	78.1%	6.3%	1.8
	Weak	0.0%	9.5%	90.5%	0.0%	1.6

“Average score” is based upon a 1 to 5 scale where 1 = “low confidence” and 5 = “high confidence.” No response and no opinion values are omitted from average score calculations.

C. Product/Service Indicators

What is the ONE product, service, or application where your company has seen the greatest INCREASE in customer demand or interest over the past six months? (If none, please write-in "none").

Areas of Increased Demand

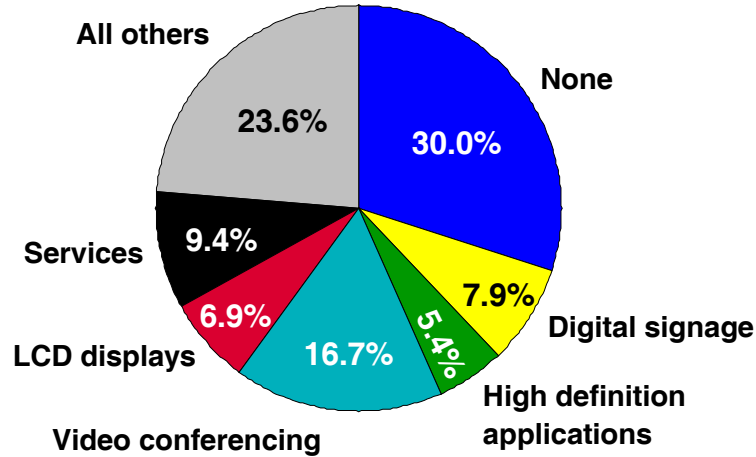


Exhibit C1

What is the ONE product, service, or application where your company has seen the greatest DECREASE in customer demand or interest over the past six months? (If none, please write-in "none").

Areas of Decreased Demand

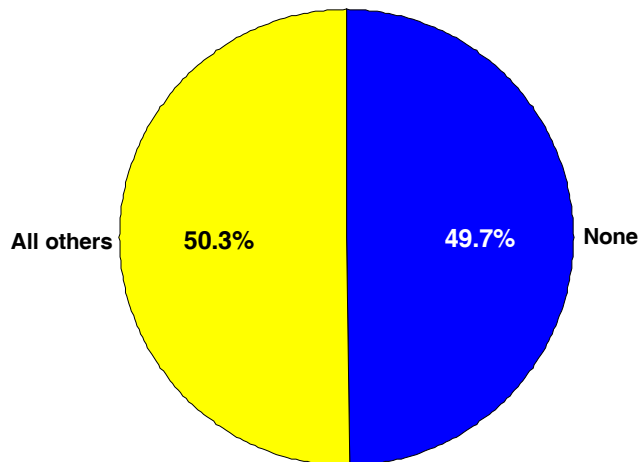


Exhibit C2

What is the ONE product, service, or application where your company has seen the greatest INCREASE in customer demand or interest over the past six months? (If none, please write-in "none").

(Total responses = 203. The listing below omits the 61 respondents who specified "none")

- 1080p Display
- Acoustics Consulting
- All
- All areas
- Audience response systems
- Audio conferencing systems
- Capturing digital content
- CAT5 Extenders for PTZ cameras
- Collaborative learning
- Commercial projects
- Commercial projects programming
- Commercial VTC automation
- Conference/Meeting room AV integration
- Conferencing
- Conferencing
- Control Programming
- Corporate
- Crestron control systems and programming
- Crestron programming
- Culture: electronic art, museums , installations
- Custom/unique flat panel mounts
- Customized rental / installations with Quality Service backup
- Design consulting
- Digital (HDMI) video interfacing
- Digital Audio
- Digital Document Cameras by Samsung Opto, eBeam by Luidia Interactive Whiteboard Technology, CyberTouch LCD Touchscreens, Nexus Digital Signage, PureLink DVI/Fiber Matrix Routers
- Digital signage
- Digital signage
- Digital signage
- Digital signage
- Digital signage
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- Digital signage
- Digital signage
- Digital signage
- Digital signage
- Digital signage
- Digital signage
- Digital signage
- Digital signage and Samsung document cameras
- Digital Signage Content
- Education
- Educations and Hospitality
- Enterprise-wide A/V management
- Flat panel displays
- Flat screen displays
- Flat screens and IT based products more HD actually integrated
- Flat Screens for digital signage
- Government and institutional projects
- HD cameras
- HD Product
- HD Projectors and Switching Equipment
- HD video!!!
- Hi Def
- High definition displays, cabling and interfaces
- High definition HD-SDI infrastructure
- High definition systems
- High resolution cameras
- I have seen an increased demand in training. Most of my customers want to make sure the training sessions that they send their employees to have the greatest net value.
- Increase in demand for acoustical consulting, increase if billables for corporate.
- increased emphasis on ease of use in the control system.
- Installed audio conferencing
- Installed AV conferencing products
- Integrated IP VTC solutions
- Interactive systems
- Interactive White Boards
- internet
- Internet
- iPod
- IPTV
- IPTV
- IT design
- K-12 education sales
- Knowledge-based implementation - doing existing things better/smarter
- large format visual array
- large galas
- large screen plasmas/LCD's
- Larger Plasma/LCD displays
- LCD Installations
- Lead Generation
- LED display
- LEED initiatives
- Low resolution LED screens
- Matrix switchers
- More than 6 projector Blends or shows with 10 + projector units
- Motorized products
- Ongoing technology management and support
- Overseas projects
- Plasma/LCD mounts
- Presentation design & development
- Professional installations
- Projection Equipment
- Renewed interest in video conference technologies
- Reuse of existing equipment
- Robotic cameras systems
- Screens ONLY rentals
- Security-Networks
- Signage applications
- Smaller displays and switchers, basically they need something, but need it as cheap as possible.
- System integration
- System maintenance
- Systems integration in the installation market
- Telecommunications design services
- Teleconferencing
- Telepresence
- Testing for intelligibility
- The more products we make more solutions our dealers have and more solutions, the more money our dealers can make.
- Tour group products
- Trade shows
- Training rooms
- US corporate meetings in Latam
- Uses for solutions and applications utilizing IT/IP technologies
- VC, digital signage, conf rooms
- Video conferencing
- Video conferencing
- Video conferencing
- Video conferencing
- Video conferencing
- Video conferencing

Exhibit C3: “Green” Involvement by Segment

Do you feel your company’s products/services help your clients become more environmentally sound or “green”? In other words, do your products/services help your clients conserve energy, use fewer natural resources, etc?

		Definitely yes	Probably yes	Not sure	Probably not	Definitely not	No response
Overall		21.6%	33.8%	16.7%	20.7%	2.3%	5.0%
Company type	Systems Integrator	22.6%	35.5%	17.7%	19.4%	0.0%	4.8%
	Rental and Staging	7.5%	27.5%	25.0%	27.5%	7.5%	5.0%
	Ind. Design Consultant	37.1%	34.3%	11.4%	11.4%	2.9%	2.9%
	Manufacturer/Rep/ Dealer/Distributor	26.5%	24.5%	14.3%	24.5%	2.0%	8.2%
	Ind. Programmer/ Multimedia Prof.	16.1%	48.4%	16.1%	16.1%	0.0%	3.2%
Company size	Up to \$2 million	21.5%	38.0%	16.5%	19.0%	5.1%	0.0%
	\$2.1–\$5 million	25.0%	28.1%	18.8%	25.0%	3.1%	0.0%
	\$5.1–\$10 million	39.1%	4.3%	34.8%	21.7%	0.0%	0.0%
	\$10.1–\$25 million	13.2%	47.4%	15.8%	23.7%	0.0%	0.0%
	\$25+ million	23.3%	43.3%	13.3%	20.0%	0.0%	0.0%
Location (U.S. only)	Northeast	23.9%	37.0%	13.0%	13.0%	6.5%	6.5%
	South Atlantic	31.7%	29.3%	19.5%	17.1%	0.0%	2.4%
	South Central	17.9%	50.0%	21.4%	0.0%	0.0%	10.7%
	North Central	14.3%	46.4%	14.3%	21.4%	3.6%	0.0%
	Mountain/Pacific	19.6%	23.5%	13.7%	39.2%	2.0%	2.0%

Briefly describe how your company's products/services help your clients become more environmentally sound or "green":

A/V, rack power & lighting control systems.

Any good presentation systems helps keep people informed and make better decisions.

Applying modern technology and business practices inherently reduces carbon impact - often because products are more efficient, but more importantly because new tools require fewer people to install and maintain.

Automated solutions to conserving power within rooms and spaces.

Automation of HVAC and Lighting.

By including pathways for third party control systems we allow users to switch off monitors.

By incorporating system automation, and customizing it to the client's needs, they are able to reduce waste and use only the resources they need for lighting, HVAC, etc.

By not having to bring (rent) more AC demanding equipment.

By reducing travel for corporate communication. By providing digital signage and reducing the paper aisle farms within the corporate environment.

By using control system technology we can conserve electricity by shutting the equipment off when not in use. We can also control the shades, lights and HVAC to provide a cost savings.

Capturing digital images, saving & viewing files rather than printing and wasting resources.

Carefully select green materials, particularly for acoustic treatments, and design AV lower power consumption.

Choosing materials and comparing to "dirty" products.

Conferencing systems allow for less travel to hold meetings.

Control of lighting and HVAC systems, improved VTC solutions and usage.

Control systems that are properly programmed to be energy efficient by turning off unused lights/components/etc. and by controlling room environment as well as A/V equipment. Energy efficient products drain less electricity even with heavier use.

Conventions & training production: facilitate convention "handouts" via web rather than print; mainly electronic/online production & approvals; interactive audience response systems - no paper.

Crestron control systems allow easy, intelligent management of a building's environment... provided the programming is equally intelligent.

Delivered using technology versus tradition mediums...more focused and less shot gun approach on overall promotions.

Designing environmentally responsible solutions that manage resources. I.e. Turning off components when not in use, etc.

Eliminate or minimize paper handouts for major conferences.

Energy management through the effective use of control system asset mgt tools.

Enable paperless questionnaires, provide instant feedback, decrease power requirements.

Energy management of lights and climate.

Energy management, protection for devices using off-grid power.

Energy-sensitive control programming can substantially decrease electricity consumption and heating/cooling requirements.

Help them earn LEED innovative points related to AV, deploy AV management software to allow our customers to manage power consumption of their AV devices, design video conference solutions to help reduce carbon emissions.

I can help them design better presentations and use "online" review tools instead of printing everything. I can also help them analyze what materials are essential in order to reduce their printing needs. Finally, I can introduce my customers to more environmentally friendly printers (90% less waste).

In our boardrooms, our designs help achieve more productivity thereby allowing shorter meetings and less travel. We also program equipment to shut down automatically if it is not being used.

Include automatic room shutdown in our designs.

Information is presented to everyone on displays reducing the need to print on paper. We manage our delivery routes extremely well so we use less fossil fuels.

LED technology uses less electricity.

LEED.

LEED.

LEED professionals.

Less hardware required than competing products. All products ROHs compliant.

Less travel.

Less travel time with video conferencing.

Lower power consumption on large display screens. More "green" product packaging.

Managing and scheduling HVAC and lighting.

Many of the products are now being manufactured with these practices in place; with videoconferencing, there is less need to utilize travel vehicles which helps reduce the various pollutants etc.

Monitoring/limiting power consumption by adding auto shutdown features on every job...but we always do that not so much to be "green" but to keep usage of displays at a minimum to increase lamp life, etc.

More electronic communication - less paperwork.

More energy efficient displays (large LCD panel instead of a plasma or projector), using the control system with a motion detector to shut the systems down when nobody is in the room.

More opportunities for videoconferencing and distance learning, some telecommuting.

Move to fluorescent and LED lighting.

No more printed information all liquid information.

One example is that video conferencing allows for less travel for meetings.

Proactive focus on greenness.

Programming automation & control of systems such as HVAC, lighting, power consumption, etc.

Programming has implemented green functionality for quite some time. We frequently program auto-shut off systems, automated shading systems, occupancy sensor sequences, and other options.

Programming systems to control energy requirements (lighting, HVAC, etc.).

Project information on screens rather than print out.

Providing more timed shut downs of equipment to save energy.

Reaching their clients via the web or videos saves printed (and usually discarded) promotional materials.

Reduce travel.

Reduced local, regional and international travel, resulting in fewer greenhouse emissions. Energy management emphasis within control system design protocols.

Reduced power consumption proper disposal.

Reduced travel, 'paperless' environments.

Reduction in heavy metal content i.e.: leaded solder.

Remote/video conferencing reducing travel.

Renting equipment rather than buying it is keeping that equipment from landfills when it is outdated or retired. Webinars and audio and videoconferencing is reducing travel. Electronic capture of lecture notes and handouts emailed to participants reduces paper use and waste and also reduces weight during transport home using less fuel.

Renting is re-using.

Require less travel when using video conferencing.

Shift to LED.

Some of our manufacturers are meeting new eco standards in their manufacturing processes.

Strong emphasis on conferencing and collaboration, allowing remote workers to be more efficient.

The products use less energy.

The use of video conferencing helps reduce our clients carbon footprint.

Through Crestron control system programming to turn off AV systems.

Through the use of videoconferencing and other long distance collaborative tools, we help our clients cut business travel.

We are LEED Certified and educate our customers on LEED certification.

Through videoconferencing travel needs are being cut to some degree.

We are providing more efficient equipment about power consumption and we are involved in a recycling campaign at our headquarters.

To start we now have 135 products in the Green Light product line. Designed to allow customers to control lighting and reduce energy costs.

We design system with as much Energy Star ratings as possible. We also work with architects to use green materials.

Turn off when not in use

We distribute video conference hardware which has a green footprint.

Two main areas - the first is ESD-based approach to AV, so selecting products based on efficiency, PVC minimisation, etc. The second is the impact AV can have on reducing carbon-footprint through reduced travel, etc (video conference / collaboration in particular).

We do manufacture LEED Certified AV furniture.

VC provides for less travel and subsequent positive green effects.

We encourage digital signage solutions instead of using paper posters, mailers and plastic signs.

Video conferencing.

We have 14 LEED AP and seek to employ a variety of strategies to help our clients go "green".

We have a lot of LED product

Video conferencing decreases the need for air travel, A/V racks designed with power control with system shutoff during after normal working hours. More "green" friendly products in use, i.e. ROHS compliant devices..

We have invested heavily in LED lighting and LED technology. Enough said.

Video conferencing to reduce travel.

We have several LEEP AP team members and push for LEEP certification on all our projects.

Video teleconferencing saves resources. control systems manage resources.

We have started our own "green initiative" company wide. The benefits trickle down to all levels, including our clients.

Video/audio conferencing and in-house training room reduce travel.

We install for larger AV firms, so we take action on the site by recycling all applicable waste, including cable ties, short pieces of cable, all metals, cardboard, etc. we also encourage setting sleep and energy saver modes on all gear.

Video conference to save travel is the single largest contributor.

We lower the carbon footprint of on site meetings by using audio conferencing.

Videoconferencing reduces carbon emissions associated with air travel.

Videoconferencing reduces travel. Lighting and shade control save energy.

We use limited resources and "green" components in our product designs. We also offer the lowest power consumption products we produce when compared to our competition, and we use no materials that are hazardous to the environment in manufacturing our product.

Videoconferencing; control (SNMP) manages device status; global SNMP management suites turn off resources when not in use.

We use rechargeable batteries.

VTC, digital streaming and digital signage are all green.

We, as a company, are focusing heavily on the environmental waste and energy consumption of products.

We are coming up with designs that help them incorporate their business operations into their AV systems control.

Webinars and virtual trade shows.

We are focusing on sustainability and in hotel market on energy conservation using technology.

D. Strategies

Exhibit D1: Strategic Reactions

	<i>% with strategy in place</i>
We have laid off or let staff go	9.5%
We have not filled vacant positions	16.2%
We are hiring, but have hired fewer people than we originally anticipated	24.8%
We are hiring, and have hired more people than we originally anticipated	15.8%
We have outsourced tasks rather than hire staff	20.7%
We have cut staff salaries or benefits	2.3%
We have increased staff salaries or benefits	19.8%
We have delayed or decreased planned pay increases	12.2%
We have boosted planned pay increases or provided bonuses	9.9%
We have cut staff training budgets	4.5%
We have increased staff training budgets	18.9%
None of the above	21.6%
No response	5.4%

Exhibit D2: Strategic Reactions by Segment

		Laid off or let staff go	Not filled vacant positions	Hired fewer than anticipated	Hired more than anticipated	Outsource rather than hire	Cut salaries or benefits
Overall		9.5%	16.2%	24.8%	15.8%	20.7%	2.3%
Company type	Systems Integrator	8.1%	16.1%	37.1%	17.7%	29.0%	3.2%
	Rental and Staging	15.0%	25.0%	12.5%	17.5%	22.5%	0.0%
	Ind. Design Consultant	2.9%	8.6%	31.4%	22.9%	8.6%	0.0%
	Manufacturer/Rep/ Dealer/Distributor	12.2%	20.4%	22.4%	16.3%	20.4%	6.1%
	Ind. Programmer/ Multimedia Prof.	9.7%	9.7%	9.7%	3.2%	9.7%	0.0%
Company size	Up to \$2 million	12.7%	10.1%	15.2%	5.1%	12.7%	1.3%
	\$2.1 to \$5 million	6.3%	21.9%	28.1%	25.0%	34.4%	6.3%
	\$5.1–\$10 million	4.3%	26.1%	34.8%	13.0%	30.4%	0.0%
	\$10.1–\$25 million	5.3%	18.4%	34.2%	34.2%	26.3%	2.6%
	\$25+ million	20.0%	23.3%	36.7%	16.7%	23.3%	3.3%
Location (U.S. only)	Northeast	2.2%	8.7%	32.6%	10.9%	10.9%	2.2%
	South Atlantic	12.2%	19.5%	14.6%	26.8%	24.4%	2.4%
	South Central	10.7%	17.9%	21.4%	7.1%	17.9%	0.0%
	North Central	3.6%	17.9%	28.6%	25.0%	46.4%	0.0%
	Mountain/Pacific	17.6%	21.6%	27.5%	11.8%	17.6%	5.9%
Perceived company position	Better	6.5%	13.0%	29.3%	22.8%	23.6%	1.6%
	Same	5.7%	15.7%	24.3%	7.4%	18.6%	0.0%
	Worse	32.1%	32.1%	7.1%	3.6%	14.3%	10.7%
Perceived performance, past six months	Strong	4.3%	14.9%	23.4%	34.0%	14.9%	0.0%
	Good	7.9%	12.4%	25.8%	19.1%	20.2%	0.0%
	Fair	12.5%	15.6%	32.8%	3.1%	26.6%	4.7%
	Weak	19.0%	38.1%	0.0%	0.0%	19.0%	9.5%

Table continued on following page

Exhibit D2: Strategic Reactions by Segment

		Increased salary or benefits	Delayed or decreased pay increases	Boosted planned pay increases	Cut staff training budgets	Increased staff training budgets	None of the above
	Overall	19.8%	12.2%	9.9%	4.5%	18.9%	21.6%
Company type	Systems Integrator	21.0%	11.3%	11.3%	9.7%	30.6%	9.7%
	Rental and Staging	20.0%	15.0%	7.5%	0.0%	17.5%	17.5%
	Ind. Design Consultant	34.3%	5.7%	17.1%	2.9%	20.0%	22.9%
	Manufacturer/Rep/Dealer/Distributor	12.2%	14.3%	8.2%	6.1%	10.2%	16.3%
	Ind. Programmer/Multimedia Prof.	12.9%	16.1%	6.5%	0.0%	12.9%	54.8%
Company size	Up to \$2 million	17.7%	12.7%	6.3%	2.5%	11.4%	46.8%
	\$2.1 to \$5 million	34.4%	6.3%	15.6%	6.3%	34.4%	3.1%
	\$5.1–\$10 million	21.7%	13.0%	13.0%	4.3%	26.1%	13.0%
	\$10.1–\$25 million	23.7%	15.8%	21.1%	2.6%	21.1%	5.3%
	\$25+ million	13.3%	13.3%	3.3%	13.3%	20.0%	10.0%
Location (U.S. only)	Northeast	19.6%	13.0%	4.3%	4.3%	15.2%	28.3%
	South Atlantic	19.5%	12.2%	17.1%	9.8%	14.6%	19.5%
	South Central	21.4%	7.1%	7.1%	3.6%	17.9%	21.4%
	North Central	21.4%	10.7%	10.7%	0.0%	28.6%	17.9%
	Mountain/Pacific	19.6%	17.6%	11.8%	5.9%	21.6%	17.6%
Perceived company position	Better	27.6%	8.1%	15.4%	4.1%	27.6%	14.6%
	Same	11.4%	14.3%	2.9%	1.4%	10.0%	30.0%
	Worse	3.6%	25.0%	0.0%	14.3%	3.6%	32.1%
Perceived performance, past six months	Strong	31.9%	2.1%	31.9%	4.3%	31.9%	12.8%
	Good	23.6%	12.4%	7.9%	3.4%	22.5%	16.9%
	Fair	12.5%	14.1%	0.0%	3.1%	10.9%	28.1%
	Weak	0.0%	28.6%	0.0%	14.3%	0.0%	38.1%

Survey Instrument

1. Which of the following best describes your company?

- Dealer/Reseller
- Distributor
- Systems Integrator
- Rental and Staging Company
- Independent Design Consultant
- Independent Programmer
- Manufacturer
- Multimedia Professional
- Other _____

2. In what country are you located? _____

3. [If located in the US or Canada] In what state/province are you located? _____

4. Please rate the overall performance of your company over the PAST six months:

- (10) Record growth and profits
- (9)
- (8)
- (7)
- (6)
- (5)
- (4)
- (3)
- (2)
- (1) Bankruptcy

Any comments you would like to share about your company's performance over the PAST six months would be welcomed: _____

5. What do you expect the overall performance of your company to be over the NEXT six months?

- (10) Record growth and profits
- (9)
- (8)
- (7)
- (6)
- (5)
- (4)
- (3)
- (2)
- (1) Bankruptcy

Any comments you would like to share about your company's anticipated performance over the NEXT six months would be welcomed:

6. Taking all factors into consideration (i.e., sales, market/economic conditions, customer orders, etc.), do you feel your company is presently in better or worse financial health than it was six months ago?

- We are in much better financial health than six months ago
- We are in somewhat better financial health than six months ago
- We are in about the same shape as six months ago
- We are in somewhat worse financial health than six months ago
- We are in much worse financial health than six months ago

7. Have the recent actions taken by the Federal Reserve improved the overall business climate for the AV industry in your market area?

- Yes, definitely
- Yes, somewhat
- No
- It is too early to determine the effect
- I am unfamiliar with the Federal Reserve actions
- Their actions are not applicable to my market area

8. Please rate your PRESENT level of confidence in the following:

- Confidence in overall North American economic conditions
- Confidence in overall global economic conditions
- Confidence in the White House on business issues
- Confidence in the U.S. Congress on business issues

9. How has the current lending climate affected your business?

- Significantly benefitted
- Somewhat benefitted
- No (or minor) impact
- Somewhat harmed
- Significantly harmed

Any comments you would like to share about how the current lending climate has affected your business would be welcomed: _____

10. What is the ONE product, service, or application where your company has seen the greatest INCREASE in customer demand or interest over the past six months? _____

11. What is the ONE product, service, or application where your company has seen the greatest DECREASE in customer demand or interest over the past six months? _____

12. Please indicate which of the following staffing strategies your company has presently put into place: (Check all that apply.)

- We have laid off or let staff go
- We have not filled vacant positions
- We are hiring, but have hired fewer people than we originally anticipated
- We are hiring, and have hired more people than we originally anticipated
- We have outsourced tasks rather than hire staff
- We have cut staff salaries or benefits
- We have increased staff salaries or benefits
- We have delayed or decreased planned pay increases
- We have boosted planned pay increases or provided bonuses
- We have cut staff training budgets
- We have increased staff training budgets
- None of the above

13. Do you feel your company's products/services help your clients become more environmentally sound or "green"? In other words, do your products/services help your clients conserve energy, use fewer natural resources, etc?

- Definitely yes
- Probably yes
- Not sure
- Probably not
- Definitely not

Briefly describe how your company's products/services help your clients become more environmentally sound or "green":

14. What was your company's estimated total gross revenue/turnover for 2007 (in USD)?

- Up to \$2 million
- \$2.1 to \$5 million
- \$5.1 to \$10 million
- \$10.1 to \$25 million
- \$25.1 to \$50 million
- Greater than \$50 million

16. Please indicate ALL of the functions in which your company is involved:

- Non-integrated sales (box sales)
- Rental and staging services
- Systems integration
- Design consultation services (exclusive of associated equipment sales)
- Repair services, maintenance contracts and employees contracted to others
- Other: _____

17. Which ONE function generated the GREATEST share of your company's 2007 revenue/turnover?

- Non-integrated sales (box sales)
- Rental and staging services
- Systems integration
- Design consultation services (exclusive of associated equipment sales)
- Repair services, maintenance contracts and employees contracted to others
- Other: _____

18. Is your company a member of InfoComm International?

- Yes
- No
- Not sure

About InfoComm International

InfoComm International® is the international trade association of the professional audiovisual and information communications industries. Established in 1939, InfoComm has 5,000 members, including manufacturers, systems integrators, dealers and distributors, independent consultants, programmers, rental and staging companies, end-users and multimedia professionals from more than 70 countries. InfoComm International is the leading resource for AV market research and news.

Its training and education programs, along with its separately administered Certified Technology Specialist (CTS®) and corporately administered Certified Audiovisual Solutions Provider (CAVSP) company credentials, set a standard of excellence for AV professionals. InfoComm International is the founder of InfoComm, the largest annual conference and exhibition for AV buyers and sellers worldwide. InfoComm also produces trade shows in Europe, Asia, and China and India. Additional information is available at www.infocomm.org

Market Research

InfoComm's Market Research program facilitates the process of finding relevant market information about the size of and product/service trends in the AV industry, as well as trends in end markets. InfoComm's market reports provide in-depth industry data to assist members in making informed business decisions. To find out how InfoComm Market Research can help you and your organization, please visit www.infocomm.org/marketresearch.



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