

# Pro-AV Business Index

Released December 2016

## November's Pro-AV Business Index Eases as the Year Winds Down

Welcome to the November 2016 InfoComm International® Pro-AV Business Index, a monthly snapshot of the health of the commercial audiovisual industry. The index is built using what is called a diffusion index methodology, whereby survey respondents at AV companies report business activity (in this case, sales and employment) relative to the prior month. The index is calculated to measure perceived change in their sentiment (see the methodology for more information). If more respondents see activity rising than see it declining, the index will be above 50; if fewer see it rising than declining, it will be below 50.

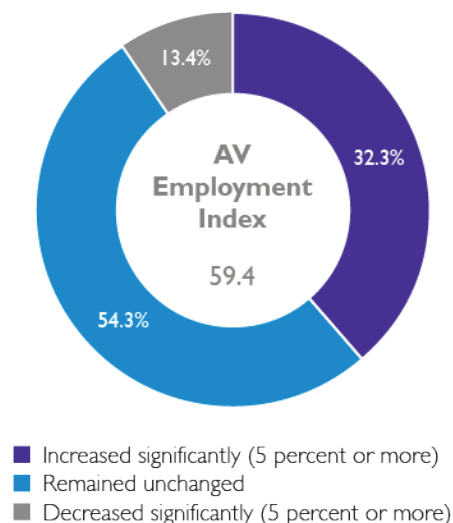
In this third iteration of InfoComm's Pro-AV Business index, the November AV Sales Index fell from 63.9 in October to 59.4. Though down, the index is still well above 50, indicating another positive month, with the majority of respondents upbeat on current business conditions. Firms are growing in many ways, from entering new geographic areas to diversifying business markets. The diffusion index is calculated based on the positive response frequency (32.3) and adding half of the neutral response (54.3) giving a value of 59.4 for this month's index (Figure 1).

*"We have been looking at starting service plans for a while and will implement [them] next year, partially due to a solid revenue stream, but also to simplify things for our clients. They will be able to budget a specific number to AV projects for improvement and service."*

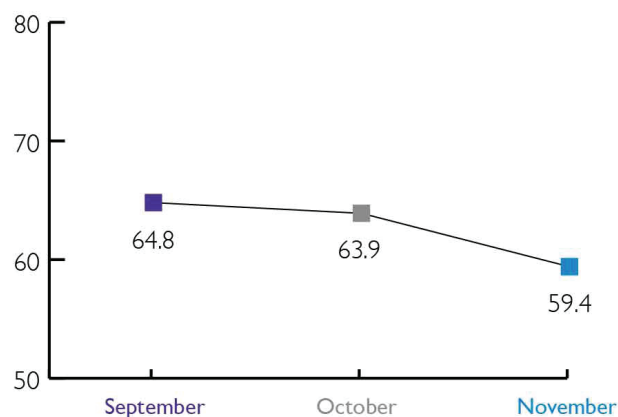
— North America, Systems Integrator

**Figure 1. AV Sales Index, November 2016**

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**Figure 2. AV Sales Index Trend (Sept. 16 to Nov. 16)**



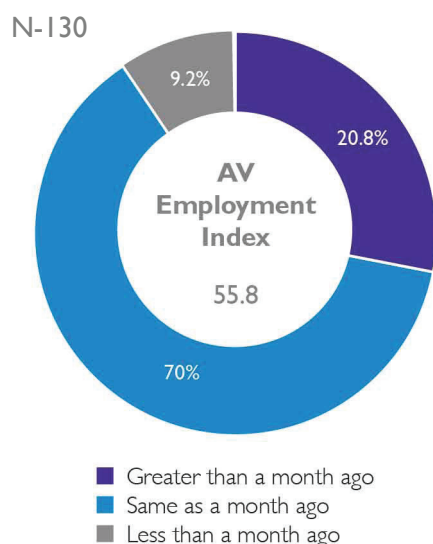
As might be expected, respondents whose businesses are geographically dispersed (globally or nationally) are doing slightly better than those just focused in one state or region of the world. The AV Sales Index for those whose business are international or nationwide is 61.9, versus those whose businesses are more localized (multi-state or regional), with an index of 54.6 (Figure 3).

**Figure 3. Geographic Disperse Sales Index, November 2016**

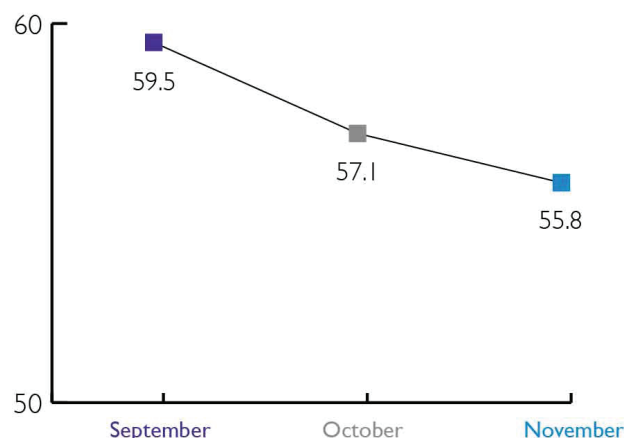


Firms are still hiring, although the AV Employment Index dropped moderately to 55.8, from 57.1 in October (Figure 4). Less than one in 10 (9.2 percent) of the respondents indicated a decrease in employees at their office, while less than one-quarter (20.8 percent) said employment grew.

**Figure 4. AV Employment Index, November 2016**



**Figure 5. AV Employment Index Trend (Sept. 16 to Nov. 16)**



## Future AV Business Conditions

The majority of index survey respondents continue to remain positive about future revenue and workforce trends, with half of respondents indicating that revenue/turnover and workforce conditions would trend positively into the next six months (Figure 6).

**Figure 6. Industry Conditions for Next Six Months**

How would you assess the AV workforce conditions for your organization in the next 6 months?



How would you assess your revenue/turnover conditions for your organization in the next 6 months?



*"We have several large building projects that we are undertaking at the moment. These have been in the planning for the last two years. Budget for these projects will boost our business into 2017."*

— European, Systems Integrator

The AV Index Sentiment Cloud is based on verbatim answers to questions about business conditions (Figure 7). The answers are put through a computer system and a cloud is generated based on the frequency of words used in respondents' answers. The cloud is a visual representation of how AV organizations describe the industry at a point in time.



In this month's survey, the panel was asked how new U.S. presidential administration policies could potentially impact their businesses. The majority felt the new administration would have a positive effect (56.1 percent) or no effect at all (23.4 percent) on their business (Figure 8).

**The Effect of the Incoming U.S. Administration on your Business**

Effect	Percentage
Positive Effect	56.1%
Negative Effect	20.5%
No Change	23.4%

- Fair competition, less regulation
- Increase in local jobs and manufacturing
- Lower corporate taxes

- Policies with foreign countries and possible issues with international free trade
- Education funding cuts will hurt the AV industry, which works with the education community
- Possible loss of insurance for contractors with the appeal of the Affordable Care Act and its preexisting conditions clause

Overall, companies are taking a wait-and-see approach as no one is sure what is to come next. For most respondents, it is business as usual and the election results have had no effect on their strategic plan for the next four years at this time.

# Pro-AV Business Index

## Samsung's Acquisition of Harman

It was announced in November 2016 that Samsung would acquire Harman. According to reports, the deal should close mid-2017. While much of the focus has been on Harman's connected-car solutions, respondents were mixed on how this industry would be affected, based on uncertainty of Samsung's plans for the commercial AV business. Overall, 18 percent of respondents felt the Samsung-Harman deal would be good for the pro-AV industry, while 29 percent felt it was not good for the industry (Figure 9).

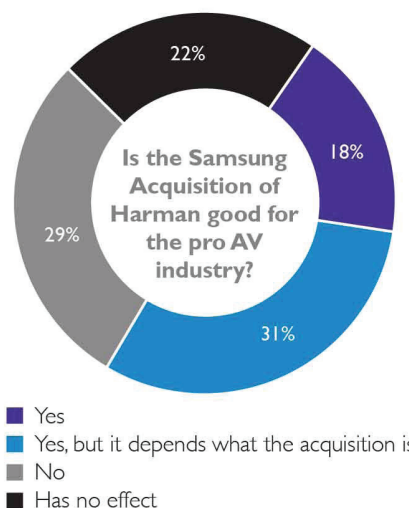
*"It is too early to say. It depends on what Samsung has determined respective to their role in the pro-AV industry. I suspect they may spin off what they don't value or allow those entities to run independently, which will allow for minimal change. Again, it is my perception that Samsung only really valued a part of the Harman business and the other divisions will need to get figured out."*

— North American, Systems Integrator

*"The press release was very focused on the automotive industry. This creates a lot of uncertainty regarding the pro-AV side of Harman. What will Samsung do? Do they invest in pro-AV side? Do they try to sell it? Or is it just an unimportant sidekick that can continue as long as it remains profitable? At the moment there is no answer to this and this means uncertainty, and uncertainty is bad for business."*

— European, Manufacturer

**Figure 9. Is the Samsung Acquisition of Harman good for the pro AV industry**



## Methodology

The survey behind the InfoComm Pro-AV Business Index was fielded to 480 members of the InfoComm AV Intelligence Panel (AVIP) between Nov. 30 and Dec. 8, 2016. A total of 159 AVIP members completed the survey. Only respondents who said they were “moderately” to “extremely” familiar with their companies’ business conditions were factored in Index calculations.

The AV Sales and AV Employment Indexes are computed as a diffusion index, with the monthly score calculated as the percentage of firms reporting a significant increase, plus half the percentage of firms reporting no change. Comparisons are always made to the previous month. Diffusion indexes, typically centered at a score of 50, are used frequently to measure change in economic activity. If an equal share of firms report an increase as report a decrease, the score for that month will be 50. A score above 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score below 50 indicates a decrease in activity.

$$\text{Index} = 1.0 \times \% \text{ of positive responses} + 0.5 \times \% \text{ of neutral responses}$$

## About the InfoComm International AV Intelligence Panel

The InfoComm AV Intelligence Panel (AVIP) is a research community of industry volunteers willing to share their insights on a regular basis to create actionable information. Members of the panel are asked to participate in a short, two-to-three-minute monthly survey designed to gauge business sentiment and trends in the AV industry. Surveys may be taken via your phone or computer.

In return for their time and effort, InfoComm AV Intelligence Panel members will be eligible to:

- Earn points toward Amazon online gift cards
- Preview the survey results prior to public release
- Attend a recognition reception at InfoComm trade shows
- Include select questions of their own in panel surveys

The InfoComm AV Intelligence Panel is designed to be a global community, representative of the entire commercial AV value chain. InfoComm invites AV integrators, consultants, manufacturers, distributors, resellers, live events professionals and AV technology managers to get involved. If you would like to join the panel, enjoy benefits and share your insights with the AV industry, please apply at [infocomm.org/AVIP](http://infocomm.org/AVIP).