

Pro-AV Business Index

Released November 2016

October's Pro-AV Business Index Portends a Positive Finish for 2016

Welcome to the second 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.

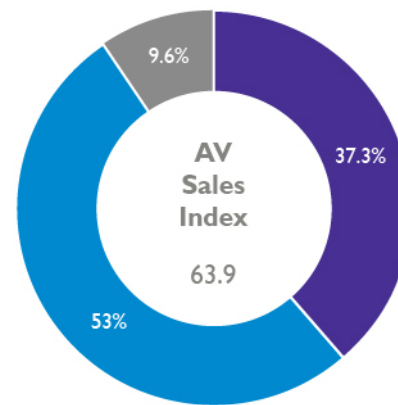
October's AV Sales Index fell slightly to 63.9, from 64.8 in September. The index is still well above 50, indicating another strong month, with nearly four in 10 respondents (37.3 percent) indicating a significant increase in sales month-over-month, and just over half responding that their business remained unchanged. Similar to the previous month, less than one in 10 indicated a significant decrease (Figure 1). The diffusion index is calculated based on the positive response (37.3) and adding half of the neutral response (53.0) giving a value of 63.9 for this month's index.

Firms are still hiring, although the AV Employment Index dropped moderately to 57.1, from 59.5 in September. Just over one in 10 (11.8 percent) of the respondents indicated a decrease in employees at their office, while one-quarter (25.9 percent) said employment grew (Figure 3). One reason, according to the panel, is that companies are completing work from clients that need to spend their budgets before year-end.

AV Sales Index, October 2016

Figure 1. Compared with the previous month, have the sales/billings at your location ...

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- Increased significantly (5 percent or more)
- Remained unchanged
- Decreased significantly (5 percent or more)

When we break down the AV Sales Index by business sector, we find that companies doing AV business in the commercial¹ and institutional sectors also see positive results, and that the AV Index for the institutional sector is slightly higher than that of the commercial sector. Respondents reporting that the majority (greater than 50 percent) of their work is in the institutional sector (education, healthcare, government, venue and others) reported an AV Sales Index of 66.3 — higher than the overall AV Sales Index. Those primarily in the commercial sector (corporate, hospitality and retail) reported an index of 63.5 for the month of October (Figure 2).

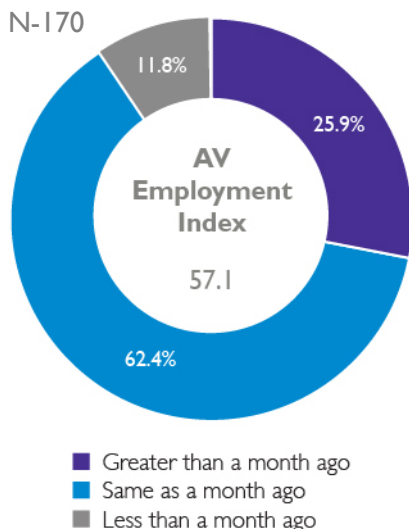
¹Commercial is defined as the majority (greater than 50 percent) of the work is in the corporate, hospitality and retail combined. The Institutional & Other sector comprises a majority of the work in the education, healthcare, government, venue and others.

Figure 2. AV Sales Index by Sector



AV Employment Index, October 2016

Figure 3. Compared with the previous month, is the overall employment at your location ...



Future AV Business Conditions

Respondents expect their businesses will continue to grow during the next six months. The overall sentiment about future revenue and workforce conditions at AV organizations remains strong. More than half of respondents indicated that revenue/turnover and workforce conditions would trend positive during the next six months (57.0 percent and 62.0 percent, respectively).

Figure 4. 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?



Respondents also point out that companies are demanding more qualified employees — and finding them. But with business conditions as strong as they are, these qualified workers are being snapped up quickly. Overall, although it appears the labor pool is strong at the moment, the industry still needs a larger pool to support growth.

“The market is healthy, providing us increased business opportunities that lead us to increase hiring. As a result, the skilled labor availability is in short supply, making resource management difficult.”

– North America, Systems Integrator

Figure 5: Overall Business Conditions for the AV Industry (sentiment cloud)

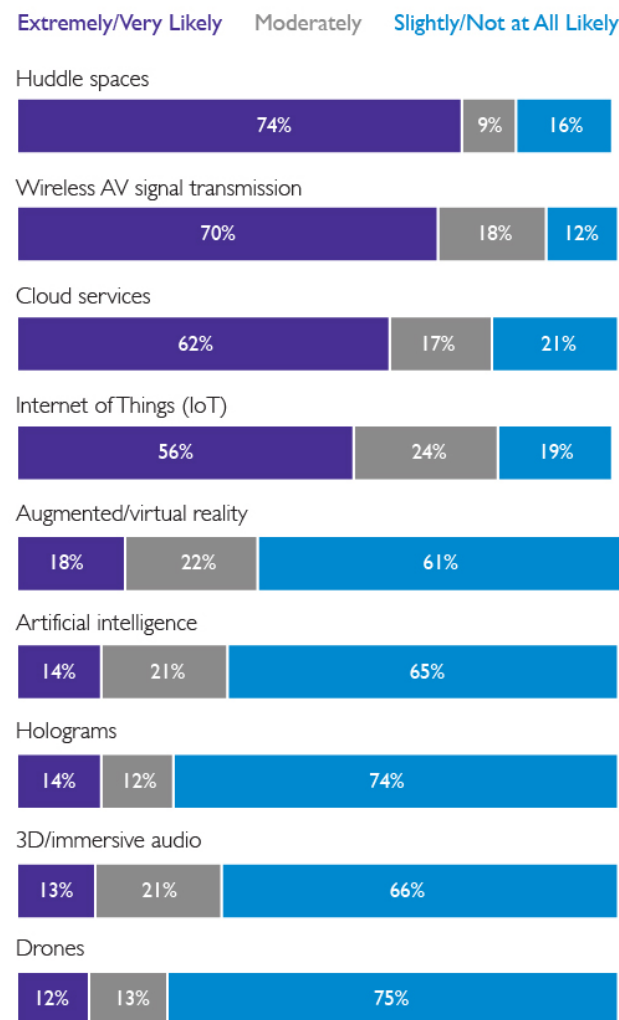
The AV Index Sentiment Cloud is based on verbatim answers to questions about business conditions (Figure 5). The answers are put through a computer system and a cloud is generated based on the frequency of words used in respondents’ answers. The cloud is a visual representation of how AV organizations describe the industry at a point in time.



The Role of Emerging Technologies

In this month’s survey, we asked members of the AV Intelligence Panel how various emerging technologies might impact their business offerings. The top three technologies most likely to impact their businesses were huddle spaces, wireless AV signal transmission and cloud services. It appears the Internet of Things (IoT) will also make its presence felt, with more than half of respondents (56 percent) indicating IoT will likely affect their businesses. Augmented and virtual reality rounds out the top five, with nearly two in 10 (18 percent) saying it is extremely or very likely that AR/VR will impact their company offerings (Figure 6).

Figure 6. Emerging Technology Offering and Business Impact



“Today’s ever-changing technological advances require a diverse skill set. A flow of shifting priorities that is positively impacting the future growth of the business is critical and needs constant monitoring.”
 – North America, End User

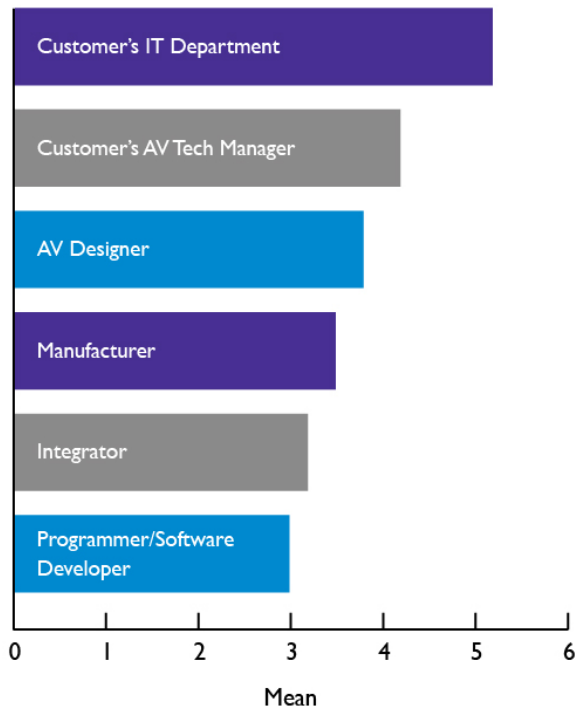
Most AV companies have already adopted the huddle room as part of their business, as this technology is well recognized and more mature than the others. Wireless AV signal transmission is another popular technology that is currently being implemented by many companies, with 70 percent extremely/very likely to offer this product in their business. To round out the top three, cloud services is the next most popular emerging technology being used among the panelists.

The Importance of Network Security

When stakeholders are thinking about new technologies and connectivity, network security is an important consideration — from the manufacturer to the end user. But whose responsibility is it? We asked panel members.

Although there is no one-fits-all solution, many feel it is the customer who should have primary responsibility for ensuring network security (Figure 7). The customer’s IT department was ranked as the primary responsible group for network security, followed by AV technology managers. AV designers, manufacturers and integrators round out the top five, in order of ranking as accountable when it comes to ensuring network security.

Figure 7. Primary Responsibility for Ensuring Network Security Unit: Average ranking on a scale from 1 to 6, where 6 is highest.



Methodology

The survey behind the InfoComm Pro-AV Business Index was fielded to 463 members of the InfoComm AV Intelligence Panel (AVIP) between Oct. 31 and Nov. 8, 2016. A total of 187 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.