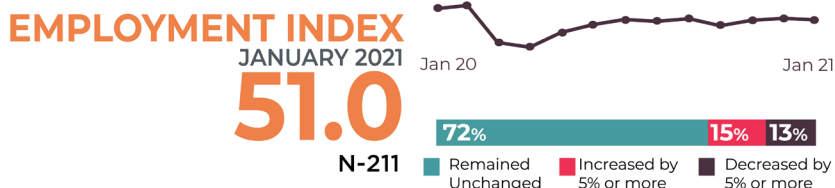
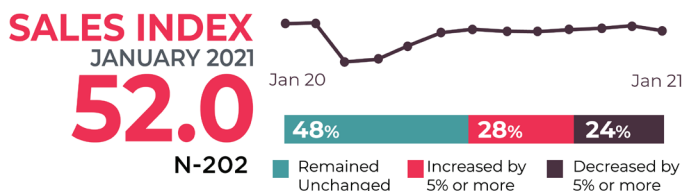


2021 BEGINS WITH SLOW GROWTH

AVIXA®, the Audiovisual and Integrated Experience Association, has published the monthly Pro AV Business Index since September 2016, gauging sales and employment indicators for the pro AV industry. The index is calculated from a monthly survey that tracks trends. Two diffusion indexes are created using the data: the AV Sales Index (AVI-S) and AV Employment Index (AVI-E). The diffusion indexes are calculated based on the positive response frequency from those who indicated their business had 5% or more increase in billings/sales from the prior month plus half of the neutral response. An index of 50 indicates firms saw no increase or decline in the business activity; an index of more than 50 indicates an increase, while an index less than 50 indicates a decline.



HIGHLIGHTS:

- Back in July of 2020 with the launch of its mid-year Industry Outlook and Trends Analysis (IOTA) briefing report, AVIXA described the shape of the recovery for the pro AV industry like a Nike swoosh, in which we would see a steep initial rebound followed by a levelling off. Research went further to say that upon zooming in on any section of the swoosh one might see bobbles as the curve trends up or down during smaller time increments. And so here we are at one of those points in time. The January results of the AV Sales Index (AVI-S) shows a drop of 5-points from the prior month, to 52.0, reflecting a slower start to the year. To be clear, a 52 still indicates overall growth among our provider community which is good news after a strong close to 2020. But growth was less pervasive as we began 2021, with comments mentioning a continued wait-and-see approach in the markets.
- Despite lingering challenges as the world struggles to emerge from the latest COVID waves and improve vaccine availability, responses indicate widespread optimism for the year ahead. The majority of providers surveyed (55.5%) say they expect 2021 revenues to increase significantly over 2020. This reflects

“Accounts receivable (AR) performance is challenging at the moment. Healthy receivables are becoming distressed with some customers seeking bankruptcy protection. Idled projects are impacting our ability to complete and bill for work in progress. Supply chain (manufacturers) are reducing inventory levels to tighten up their operational costs. 2/5 vendors are behind on committed delivery dates.”

– INTEGRATOR, NORTH AMERICA

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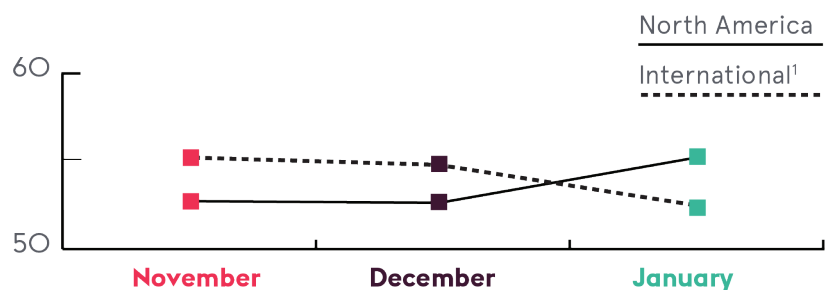
HIGHLIGHTS: *(continued)*

a complete reversal of the trend shown last year in which a similar percentage reported a significant drop in revenues. Converting this new outlook into a diffusion index as we did with the December year-end outcomes generates a value of 66.8. Though not fully comparable to a monthly index value given the longer time range involved with this result, this would be an all-time high score. After a year of nearly ubiquitous declines across the industry, a corresponding year of growth is both expected and welcome.

- Unlike the AVI-S, the AV Employment Index (AVI-E) held fairly steady for the month, indicating a slow but measured return of some of the AV-related work force. The January reading came in at 51.0, which is down slightly from 51.9 the month prior. Slow and steady results here are consistent with overall U.S. employment numbers which showed a modest increase of 49,000 jobs in January. Overall unemployment continues to tick downwards at a similarly slow rate, dropping to 10.1 million. This marks a deep and lasting trough to recover from, which will take some time as with previous recessionary periods. We expect pro AV to modestly improve in its employment-related metrics as well, once a meaningful and sustained return of projects ensues. In the meantime, reskilling remains the primary narrative within many AV workforces.

INTERNATIONAL OUTLOOK

January showed a reversal of trends between the International and North American Index results.² Instead of leading as it had for the past 3 months, the international AVI-S has slipped behind, dropping from a rolling average of 54.2 to 52.7. Meanwhile North America's average rose from 53.2 to 55.6. Both still reflect growth, pointing to continuing recovery in the various regions. The shift may be a temporary phenomenon related to the timing of project resumption or budget allocation and so is merely worth of note as we follow the results going forward.



Global regional indexes are three-month moving averages (based on prior, forward and current months) due to relative small ample size.

“We appear to have somewhat successfully re-tooled our offerings to stay active. This has led to a few new positions being created to bring in the skill sets needed to fulfill this new work; unfortunately, a few vacant positions aren't being filled, so our current employment is going to end up flat when it all shakes out. As we respond to new lines of work, we have experienced an increase in churn in our business development side, and a lower percentage of closed proposals”

– PROVIDER, NORTH AMERICA

¹ International regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

² Due to the small sample, the North American and International indexes are based on a 3-month moving average. January 2021 index is preliminary, based on the average of December 2020 and January 2021 and will be final with February 2021 data in the next report.

“We are beginning the reopening phase in the northwest. Many projects that had been put on hold are starting to gain traction again.”

– INTEGRATOR, NORTH AMERICA

METHODOLOGY

The survey behind the AVIXA Pro AV Business Index was fielded to 2,000 members of the AVIXA Insights Community between February 2, 2021 to February 9, 2021. A total of 374 Insights Community members completed the survey. Only respondents who are service providers and said they were “moderately” to “extremely” familiar with their company’s business conditions were factored in index calculations. The AV Sales and AV Employment Indexes are computed as diffusion indexes, 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 reports an increase as reports a decrease, the score for that month will be 50. A score higher than 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score lower than 50 indicates a decrease in activity. Any score higher than 50 indicates an increase in activity.

“End of the year, everyone scrambles to spend every last cent of their current-year budget before they lose it. So, of course we are swamped right now... and even into January as some of the projects that get squeezed in under the wire of the 2020 budget won’t get installed until Jan 2021. So, we’ll stay up on AV for a bit...”

– END USER, NORTH AMERICA

ABOUT THE AVIXA INSIGHTS COMMUNITY

The AVIXA AV Intelligence Panel (AVIP) is now part of AVIXA’s Insights Community, a research group of industry volunteers willing to share their insights on a regular basis to create actionable information. Members of the community are asked to participate in a short, two-to-three-minute monthly survey designed to gauge business sentiment and trends in the AV industry. Community members will also have the opportunity to participate in discussions, polls and surveys.

Community members will be eligible to:

- Earn points toward online gift cards
- Receive free copies of selected market research
- Engage directly with AVIXA’s market intelligence team to help guide research
- Ask and answer other industry professionals’ questions

The Insights Community is designed to be a global group, representative of the entire commercial AV value chain. AVIXA invites AV integrators, consultants, manufacturers, distributors, resellers, live events professionals, and AV technology managers to get involved. If you would like to join the community, enjoy benefits, and share your insights with the AV industry, please apply at avip.avixa.org.