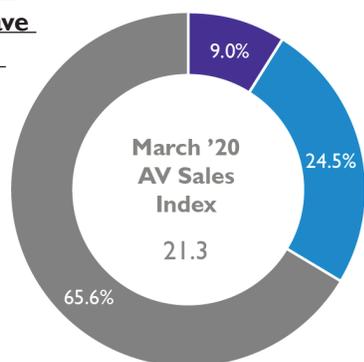


Pro AV Feels COVID-19 Impact, Responds

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 percent 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.

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

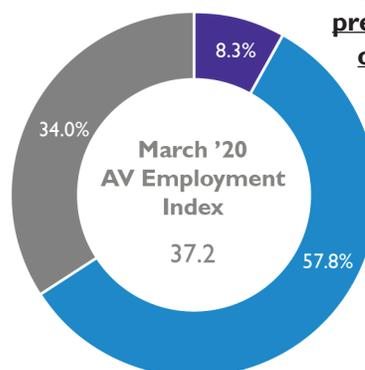
N-192



- Sales increased significantly (5% or more)
- Sales remained unchanged
- Sales decreased significantly (5% or more)

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

N-206



- Employment increased significantly (5% or more)
- Employment remained unchanged
- Employment decreased significantly (5% or more)

Highlights:

- This month's AV Sales Index (AVI-S) marks the forty-third month we have tracked change in AV sales. It also marks the first time the index has shown contraction rather than growth. As COVID-19 has forced billions of people into physical isolation, demand for anything outside of absolute necessities has ground almost to a halt. The result for pro AV is a massive slowdown in sales, with the AVI-S falling to 21.3. This score is 28.7 points below the neutral, no-growth level of 50. Times are extremely tough for pro AV.
- The COVID-19 crisis remains extremely uncertain. VIX — the uncertainty metric we covered in last month's report —reached a record high on March 16, closing at 82.69. This is about 2 points worse than the previous record, which was set during the depths of the Great Recession in November 2008. Uncertainty has eased somewhat since mid-March, with VIX falling into the 40s in early April. Though much better than 82.69, as of this writing, VIX remains above any level it has reached since 2009.

- To the extent that optimism is warranted, it is warranted for two reasons. First, there remains a chance that the crisis, as deep and severe as it is, will be short. If recovery can lift off within about two quarters of the start of the demand crisis this March, it has a good chance of being fast enough and big enough to pull most businesses and people through. Second, governments have gotten serious about financial support to help businesses and people bridge the gap from crash to recovery. As an example, the United States passed the CARES Act, which will inject \$2.2 trillion into the economy. For more on how that can help you and your business, see the [AVIXA COVID-19 impact page](#).
- Employment tends to be stickier than revenue, reflecting changes more slowly, less dramatically, and later. That trend has continued with the start of contraction, as the AV employment index (AVI-E) is showing more modest decline, with a score of 37.2. As a reminder, employment numbers tend to be a lagging indicator, as businesses often hesitate to hire workers in face of demand and lay workers off in face of revenue reductions. Unfortunately, this means we expect AVI-E to stay low longer term, even after the AVI-S starts to tick back up. Because of the lagging nature of employment and because of the timing of the survey that underpins it, this month's U.S. unemployment report does not capture the current conditions well enough to be covered here. A metric that does show the employment impact of the crisis is the totals of people making initial applications for unemployment benefits. Leading up to the crisis, initial claims were in the low 200,000s. A week ago, the number spiked to 3.3 million. This week, it hit 6.6 million. For perspective, the previous record high was about 700,000. The employment market has become very serious very quickly.

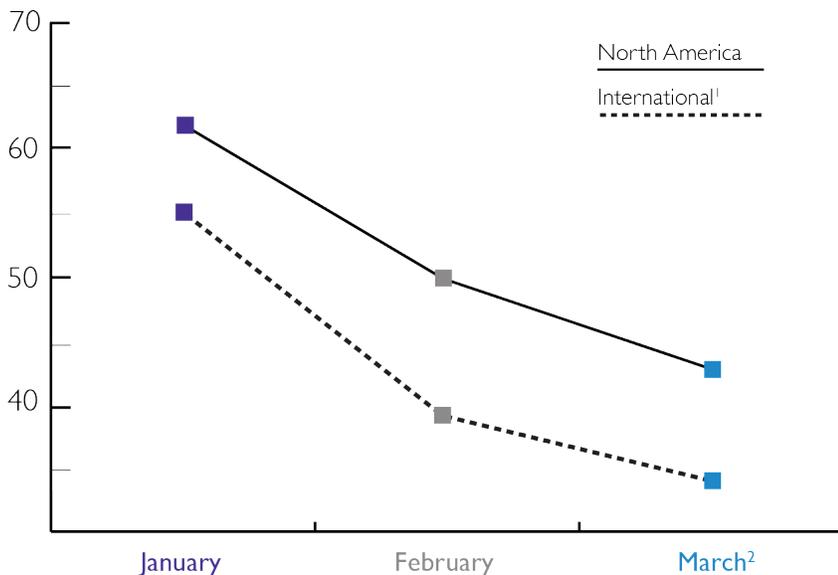
“All staff are on mandatory work from home. Lots of training and remote work in documentation and configuration and backups.”
AV Integrator, North America

“Much like other organizations I’m sure, much of our staff is now teleworking during the pandemic. As such, we are greatly accelerating our move to unified communications as a solution to accommodate the remote workers’ connectivity options, as well as preparing our campus conference rooms for the change when everyone gets back.” End User, North America

“Situation is improving in China as businesses are re-opening and restrictions are easing.” AV Integrator, APAC

International Outlook

COVID-19 is a shared crisis. Both the North America and International AVI-S scores are well below 50. The international number appears worse than the North America one, but part of that is a function of timing. The COVID-19 impact was felt a little earlier in Asia, so the lower international score is in part a function of timing and the fact that these scores are a moving average.² The April update will almost certainly draw both numbers down.



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. March 2020 index is preliminary, based on the average of February 2020 and March 2020 and will be final with April 2020 data in the next report.

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

Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 1,600 members of the AVIXA Insights Community, Feb. 25, 2020, to March 4, 2020. A total of 369 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.

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.