

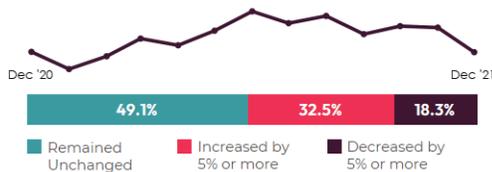
GROWTH REMAINS RAPID IN NOVEMBER

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 a 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; more than 50 indicates an increase, while less than 50 indicates a decline.

SALES INDEX

DECEMBER 2021

57.1



EMPLOYMENT INDEX

DECEMBER 2021

58.6



“Live events were starting to increase, but now with the Omicron scare, there has been some movement back to all virtual. It’s a little bit of a rollercoaster.”

- PROVIDER, NORTH AMERICA

HIGHLIGHTS:

- 2021 ended on a so-so note, as the rising Omicron wave slowed AV sales growth in December. The AV Sales Index (AVI-S) registered 57.1, a level that has both good and bad aspects. On the good side, it’s above the no-net change mark of 50, meaning AV sales did increase in December. That also means that AV sales increased in every month of 2021, a welcome mark of positivity and consistency in a difficult time. The bad aspect of the 57.1 mark is that it’s a clear deceleration from growth in the preceding months. Both October and November saw AVI-S readings of roughly 65, and April 2021 was the last time the index was below 60, so December was indeed a marked reduction in the pace of growth. Beyond the Omicron wave, commenters also emphasized the inconvenience of current supply conditions, including delays and increased costs. Another aspect that showed up more frequently was issues acquiring and retaining talent. The talent pool has been tight outside of AV for some time, and the tightness may be reaching our industry now.
- Year-on-year, the latest numbers show massive increases in semiconductor manufacturing, with 23.5% more semiconductors produced in November 2021 than in November 2020. The increase has been so significant that an annual record for total production was already set in 2021, even with December as yet uncouncted. This shows two things for

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HIGHLIGHTS: *(continued)*

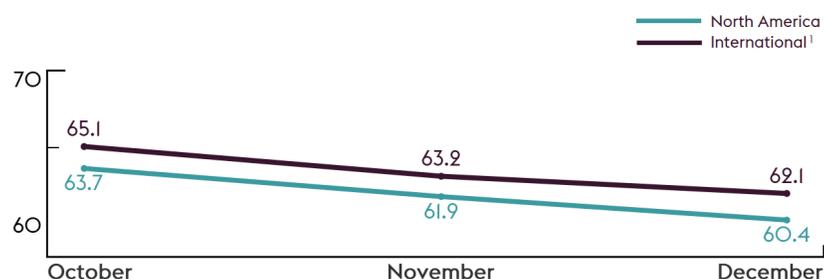
our industry: First, the chip shortage is not the primary issue with supply; continued effects of COVID-19—especially disruptions to the supply chain—are more significant. Second, it highlights how evolving demand is at the root of supply issues; quantity supplied has increased dramatically, but evolutions—revolutions, even—mean much more is needed.

Manufacturing is complex and its capacity to adjust is finite. This story here with chips is true of many AV products as well.

- In December, the AV Employment Index (AVI-E) showed a continuation of solid employment growth, registering at 58.6. This rate was nearly identical to the November AVI-E of 59.1, and it marks the 9th consecutive month of payroll growth proceeding at least at a moderate rate of expansion. That run of growth appears to be creating a scenario we warned about in our second quarter Macroeconomic Trends Analysis (META) report. In that report, we looked at two data points to make one conclusion. The data points were the Industry Outlook and Trends Analysis (IOTA) data showing how AV recovery was lagging the wider economy but gaining steam and wider employment data showing an increasingly tight labor market. Together, our interpretation was that this implied that sooner or later the hiring squeeze would reach AV. As we discussed in the first highlight, comments suggest that squeeze is beginning. If you anticipate hiring needs in 2022, the sooner you move, the better. Hiring is not going to get easier.

INTERNATIONAL OUTLOOK

No region was spared the decline in growth speed, as the moving average for both November and December declined.² The data suggest a more significant decline in North America, leaving the region now 1.7 points below the rest of the world. We expect that modest gap to expand in next month's reading. We emphasize that, as with the overall AVI-S, growth was previously at such a high rate that it continues at a decent clip even after the significant slowdown.



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

“Right now, we are currently looking for qualified personnel. Delivery lead times and price increases (including transportation costs) are beginning to be a factor.”

– 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. December 2021 index is preliminary, based on the average of November 2021 and December 2021 and will be final with January 2022 data in the next report.

METHODOLOGY

The survey behind the AVIXA Pro AV Business Index was fielded to 2,000 members of the AVIXA Insights Community between January 4, 2022, and January 10, 2022. A total of 306 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. The monthly score is 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. In contrast, a score lower than 50 indicates a decrease in activity.

“Under investment over a number of years has now caught up with us, this means in this current climate we are trying to invest in new equipment but supplies are difficult.”

– EDUCATION, EUROPE

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.