

Pro-AV Business Index

Released October 2017

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 tracking trends. Two diffusion indexes are created using this data, the AV Sales Index and AV Employment Index. The diffusion index is calculated based on the positive response frequency from those who indicated their business had 5 percent or more increases 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 over 50 indicates an increase, while an index under 50 indicates a decline).

AV Over IP Helps Drive the Industry

The overall economy is set to grow at a healthy pace according to the International Monetary Fund (IMF), which has raised its forecast for global growth in 2017 and 2018. The Pro-AV Sales Index is on track with this expectation, as business continued to expand in September with a reading of 66.2, the fourth highest score since the inception of the index.

One factor driving business expansion is the progression of AV over IP, a technology solution built for sending audio and video signals through standard networks. AV over IP solutions have been around for many years, but only recently have they proved capable of supporting new and improved technology, such as 4K/UHD. Such advances are now transforming the way systems are connected, as AV over IP is becoming more scalable and requires less hardware.

“The revolutions of IP growth and introduction of new AV over IP products will help increase market share and the overall health of our business.”

– Manufacturer, North America

September’s Pro-AV Employment Index showed no signs of slowdown, defying the labor shortage. In fact, the Employment Index saw a strong 66.0 reading in September, up 11 points from the previous month and 6.5 points from where it was a year ago—seemingly in contradiction to the known challenges many companies have had in finding qualified help. This reflects the cyclical nature of hiring, in which businesses have several projects come online, creating additional positions to support, and then face the realities of finding the right individuals to staff them. Having come out of the summer doldrums, the current scoring likely reflects the middle phase in which the new projects have spawned new positions, thereby reflecting greater optimism among the panel. Future months may show a pull back as these positions are filled, depending on the number of projects coming online.

The U.S. unemployment rate is at a historic low of 4.2 percent for September, a level not seen since 2001, and China just reported its current unemployment rate at 4.8 percent, the lowest since 2012. The EU commission is also reporting its lowest

unemployment rate since 2009. September analysis by the Bureau of Labor Statistics (BLS) showed there was no discernible effect on the national unemployment rate from hurricanes Irma and Harvey, and businesses continued their solid pace of hiring.

“Over the past month we’ve been able to staff several sales positions that had been open for some time, which has allowed us to respond to a number of new opportunities.”

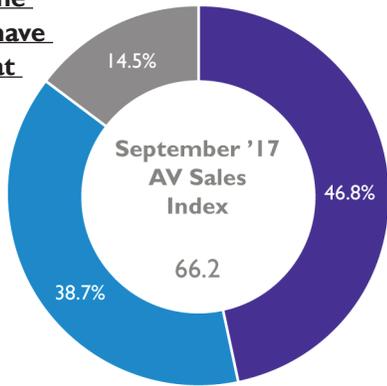
– Systems Integrator, North America

INDEX	SEPTEMBER	AUGUST	PERCENTAGE POINT CHANGE	TREND (MONTHS*)
Pro-AV Sales Index	66.2	58.4	7.8	2
Pro-AV Employment Index	66.0	54.6	11.4	1

*Months the index has been increasing or decreasing

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

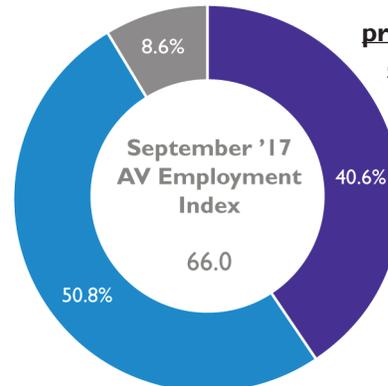
N-124



- 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-128

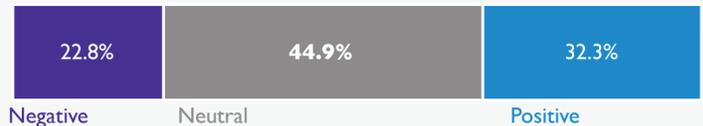


- Employment increased significantly (5% or more)
- Employment remained unchanged
- Employment decreased significantly (5% or more)

Industry Conditions for Next Six Months

When looking at revenue for the next six months, almost half of panel members remain positive while just under 40 percent remain neutral. Panel members are slightly less positive when forecasting workforce over the next six months, as companies have been aggressively filling their current openings depleting the qualified workforce looking for jobs in the future.

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?



International Outlook

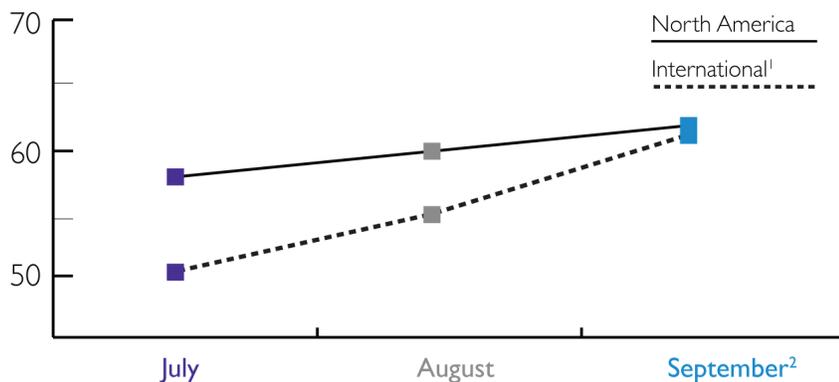
The global upswing in economic activity is strengthening, according to the IMF, with global growth projected to rise to 3.6 percent in 2017 and 3.7 percent in 2018. In the U.S., the final second-quarter GDP reading was up 3.1 percent, the fastest pace in two years.

The International and North American preliminary² September AV Sales Indices continue to expand, with North America at 62.6 and International at 61.9.

Although the current economic condition paints a rosy picture, uncertainty remains in key regions of the world. It is ‘wait and see’ on trade implications within the Eurozone as the Brexit timeline gets closer. The re-negotiation of NAFTA is also just beginning, with headwinds already showing in the initial talks between the U.S., Canada and Mexico. While the hurricanes in the U.S. caused severe damage in affected areas, there has been little overall economic impact up to this point. Meanwhile, the earthquake in Mexico will have some temporary business implications in that region.

“Our business growth is in the collaboration and security integration area for our region. But right now, the earthquake in Mexico will impact all economy in our country, some short-term and some longer to come back.”

– Systems Integrator, Latin America



¹ Global 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. September 2017 index is preliminary, based on the average of August 2017 and September 2017 and will be final with October 2017 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.

Certified Technology Specialist (CTS)

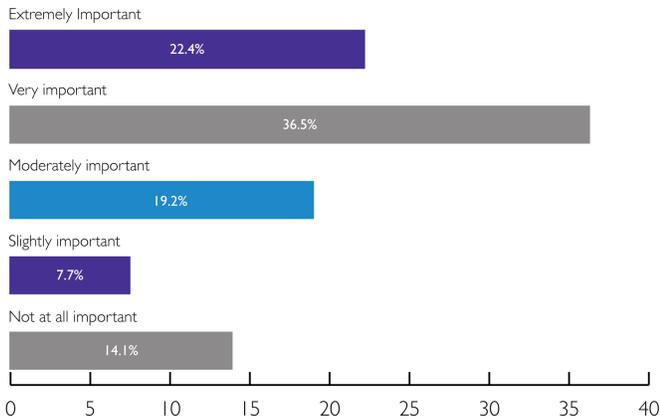
For more than 30 years, AVIXA™ has administered the Certified Technology Specialist™ (CTS®) program, recognized worldwide as the leading AV professional credential. There are three levels of credentials (CTS, CTS-Design, and CTS-Install). When asked, more than half of the panelists felt it was extremely or very

important to work with people who hold a CTS*. Depending on the role, CTS credentials are not the only credential employers look for in an employee. When asked, panelists also mentioned Manufacturers’ Training/certificates such as from Crestron and Extron, IT/networking certifications, and overall experience.

*The panelists all have some contact with AVIXA and are aware of the CTS program, but not all hold a CTS or are AVIXA members.

How important is staffing your organization with CTS holders for your projects?

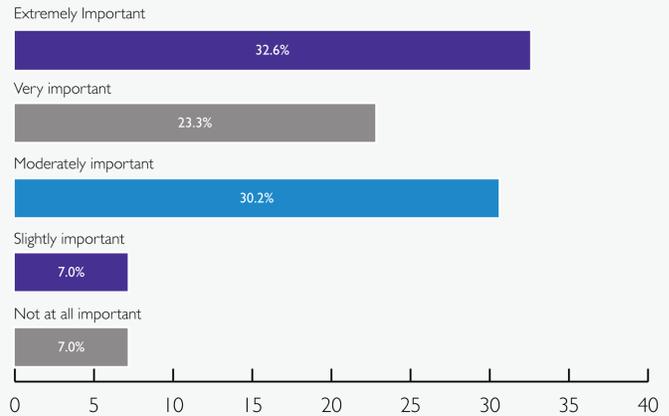
Base = 156 providers



Panelists also placed importance on having vendors with CTS® staff working on their projects. One-third (32.6 percent) of end-user panelists said it was “Extremely Important” for the vendor to have CTS project staff and nearly another quarter (23.3 percent) indicated it was “Very Important.” Less than one-in-10 (7 percent) said it is “Not at All Important” to have CTS certified staff working on their projects.

How important is it for your vendors to have staff with a CTS working on your projects?

Base = 43 end users



Pro-AV Business Index 2017, Historical Data

	July 2017	August 2017	September 2017
Pro-AV Sales Index*	50.9	58.4	66.2
Pro-AV Employment Index*	57.7	54.6	66.0

* For more data starting September 2016, please see past reports or join the panel to get the monthly report and data emailed to you directly.

Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 717 members of the AVIXA AV Intelligence Panel (AVIP) between Sept. 28 and Oct. 6, 2017. A total of 201 AVIP members completed the survey. Only respondents who are service providers and 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 reports 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. Any score above 50 indicates an increase in sales/billings.

Thank You to AVIP Participants

Thank you to all those who have been participating in the AVIP monthly surveys. With your commitment, we have been able to collect a year’s worth of business sentiment data, and with your continued support we will begin to be able gauge continuous trends.

About the AVIXA AV Intelligence Panel

The AVIXA 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, AVIXA AV Intelligence Panel members will be eligible to:

- Earn points toward Amazon online gift cards
- Preview the survey results prior to public release
- Include select questions of their own in panel surveys

The AVIXA AV Intelligence Panel is designed to be a global community, 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 panel, enjoy benefits, and share your insights with the AV industry, please apply at avixa.org/insight/marketintel/AVIP.