



## **A View on the Near Future of the AV Industry**

As the AV industry and the world confronted the biggest economic challenge of the last 70 years, InfoComm International invited 100 industry members to a two-day meeting in April to think about the future. In this year of InfoComm's own 70<sup>th</sup> Anniversary, the association wanted to look forward to the opportunities and challenges that lie ahead.

InfoComm International as the global trade association for the AV industry serves its members with tradeshow, education, certification, standards, networking and the provision of information. The InfoComm 100 was a unique opportunity to bring together from around the world members and non-members to discuss the future. They represented manufacturers, systems integrators, independent design consultants, distributors, independent programmers, live event professionals, independent sales representatives, business consultants, and the AV industry's clients from government, corporate and higher education sectors.

### ***Assumptions about the 3-5 Year Future of the AV Industry***

The attendees of InfoComm International's inaugural "InfoComm 100" summit discussed in small groups the industry's current conditions and trends in six primary categories: 1) industry competition and structure; 2) technology and science; 3) demographics; 4) social values and client preferences; 5) global economics and the business climate; and 6) legislative, regulatory and political climate. From the trends, the small groups created "Assumptions about the Relevant Future."

Assumptions are statements describing issues that may impact the future of the industry. They assist in building foresight about what's ahead to assist in recalibrating business strategy to plan for an articulated future environment. Assumptions are designed to stimulate further discussion and deliberation over which trends will have the greatest impact on the industry's future and how individual companies and industry organizations will respond to the assumptions. In this particular exercise, participants were asked to assume a three-five year planning horizon. Those assumptions that participants believed would have the greatest impact on the AV industry are listed as primary and other assumptions are listed as secondary.

## Industry Competition and Structure

### Primary Assumptions

- There will be more commercial competition in the AV industry from end users.
- The blurring between the professional and consumer markets will increase.
- The amount of client-furnished equipment in AV solutions will increase.
- IT companies will be more involved in AV design and integration.
- Consultative selling (relationship-based selling) will become the norm.
- IT may increase its knowledge and capabilities to deliver the visual experience traditionally provided only by AV.
- The definition and scope of the AV industry will continue to evolve.
- Prices will continue to come down; shrinking margins.

### Secondary Assumptions

- The AV industry will become more fragmented.
- There will be more competition from the IT industry.
- System design and the supply chain will become synchronized, creating more efficiencies and decreasing costs.
- There will be more “all-in-one” box solutions, diluting the necessity for integration.
- There will be a split into cable-only installations and application installations.
- Electrical contractors will be more involved in AV systems cabling.
- End users will continue to be more comfortable with AV technology.
- The environment will increasingly become a buyers’ market.
- IP will no longer be just IT’s responsibility.
- There will continue to be industry consolidation.
- There will be increased involvement in AV projects of traditionally complementary sub-sectors: i.e., electrical, unions, distributors, architecture and voice/data.
- There may be changing preferences for the presentation of AV products and services.

## Technology and Science

### Primary Assumptions

- There will be growth in multidiscipline AV providers.
- The increase in the value of systems will be in software, not in hardware.
- 3D and virtual reality will increase in prevalence and demand.
- The computer will increasingly become a multifunction tool supplanting specific AV devices.
- The AV industry will need to fully understand unified communications, networks and wireless applications.
- There will be massive needs for more bandwidth.
- “Open source” will be the norm in software, hardware and services.

### **Secondary Assumptions**

- There will continue to be a shift in the architecture for content delivery.
- Displays will be bigger, brighter, thinner and cheaper.
- There may be a catastrophic failure of a major AV system due to being digital and networked.
- As products and industry segments converge, there may be blurring of lines among trade associations.
- Facial and gesture recognition will become more mainstream.
- More media content will be developed and delivered by the general public.
- Clients will increasingly “pull” desired technology and AV will “push” technology less frequently.
- “Plug and play” will be expected.
- Future contracts will integrate multiple technologies.
- There will be more “plug and play” devices that need to be intelligently managed.
- More than 50 percent of network traffic will be “real time” voice and video.
- Anyone with inexpensive devices will be able to distribute media as easily as broadcast television.
- All media will require time-shift capabilities.
- Consumer experiences will increasingly drive expectations.
- Leveraging networks will become essential.
- AV/IT will be more deeply integrated.
- There will be more seamless web integration.
- Leading adopters of video technology will increasingly shape the AV industry.
- Inclusionary technology will be expected to be everywhere.
- There will be a mainstream shift to “do-it-yourself” integration solutions.

### **Demographics**

#### **Primary Assumptions**

- The public will increasingly prefer and demand visual communication over straight text.
- Enhanced wireless capabilities will continue to change communication and connection preferences.
- Social media will become the norm for collaboration, socialization, decision-making and connection.
- There will be fewer boundaries based on demographics (such as gender, geographic, generational, racial and cultural).

#### **Secondary Assumptions**

- The public will more rapidly embrace non-traditional media methods.
- There will be increased adoption of shared media models by the public.
- There will be increased reliance on and use of broadband Internet globally.
- The public’s assumption that published online information is accurate will increase.
- There will be increased demand for instant communication, initially driven by younger generations.
- Content and delivery will become more targeted to specific demographics such as young people or corporate executives.

## **Social Values and Client Preferences**

### **Primary Assumptions**

- People will still need to connect face-to-face.
- “Going green” and sustainability will be part of the social fabric.
- Clients will want more control and interaction within the process.
- Purchasers will be more technically savvy.
- Ethics and green solutions will drive future business.
- Social values will increasingly drive client preferences.

### **Secondary Assumptions**

- Decisions will be made with “an eye” to environmental impact.
- There will be increasing client demand for quicker ROI.
- Clients will expect an AV system that works all the time and every time.
- AV clients will be more highly educated and will be hyper-connected.
- The use of electronic methods to collaborate will increase.
- The definition of the workplace will evolve.
- There will be a greater expectation that AV design staff will be LEED®-certified in order to participate in the design process.
- There will be AV green credits.
- There will be a shift back to value and not just low cost.
- How clients measure value will be redefined.

## **Global Economics and the Business Climate**

### **Primary Assumptions**

- AV systems will be necessary for business success, not a “nice-to-have.”
- There will be modest definitions of growth (in the next three years) and new standards of economic success.
- There is an acknowledgement that today’s value-added service will be tomorrow’s commodity item.

### **Secondary Assumptions**

- Innovation will be globally distributed.
- The next three-five years will be better than the last three-five years.
- Sales volumes will go up and costs will go down.
- The focus on environmental engineering and sustainability will increase.
- There may be increased “reverse off-shoring” (jobs will come back to the United States).
- There will be increased focus on environmental and economically friendly hydrocarbons.
- Businesses will return to profitability, but not at the same level as in the past.
- Video communications will become the key enabler for increased globalization.
- There will be greater opportunities for AV companies to accommodate the diverse needs of their clients.
- There will be a significant increase in “lease with upgrade” versus procurement.
- There will be no “off time” or “down time” due to global support/operations requirements.

- Some segments of the AV industry will continue to lead (i.e., videoconferencing, digital signage and streaming) while some will continue to lag (i.e., home theaters and residential).

## **Legislative, Regulatory and Political Climate**

### **Primary Assumptions**

- There will be movement toward more certifications (manufacturer and association).
- There will be increased legislation and regulation on AV products and systems.
- The AV industry will eventually benefit from U.S. stimulus money.

### **Secondary Assumptions**

- There will be regulations regarding “green” technologies.
- There will be fewer plasma TVs sold.
- There will be increasing demand for compliance within organizations – affecting staffing and bottom lines.
- There will be changes in the U.S. as to how healthcare is paid for and delivered.
- LEED points for AV/IT systems will be developed.
- In the U.S., government will increasingly influence the roles of CTOs and CIOs with greater focus on technology, policy, process and governance.
- Increased regulation and oversight may mute the economic rebound.
- “Wireless spectrum” issues will continue to be a low priority for regulators.
- There will be more U.S. government incentives for “going green.”
- There will be more mandatory environmental regulations on a nationwide basis such as ENERGY STAR and LEED.

## ***Implications of Assumptions on the 3-5 Year Future of the AV Industry***

The summit attendees next discussed in small groups the most relevant of the assumptions that would have the most significant impact on the industry's future. The discussion focused on the implications of the identified assumptions, and the following are common themes articulated by several of the small groups during their discussions of the AV industry's relevant future.

### **Implications to the AV Industry**

#### **Theme 1: Convergence of AV and IT**

The traditional AV and IT industries have converged. One small group titled the converged industry as the "Technology Integration Industry." Several important points were emphasized within this theme:

- Greater emphasis will be placed on visual communications.
- There will be a need to increasingly embrace and educate IT professionals.
- IT should be viewed as an opportunity rather than a threat.
- AV professionals will need to become more credible within IT.
- Visually, AV is at the top of the "Industry Pyramid," information technology is in the middle, and electricians are at the bottom.
- AV needs to be defined more broadly.
- "Open architecture" will be common.
- Technology equipment is no longer the "magic."
- Simple technology will become a commodity sale, complex technology will become an engineering sale.
- There will be a shift in focus from hardware to software.

#### **Theme 2: Certification will Increase in Importance**

Certification will become increasingly important, especially within the industry's sub-specialties. There will be an opportunity to certify traditional IT professionals and there will be a greater need to educate the client on the importance of industry certification(s).

#### **Theme 3: Importance of Industry Standards**

As AV and IT continue to converge, industry standards will become increasingly important.

#### **Theme 4: The Collaborative Workspace**

AV will increasingly be used in a collaborative workspace. AV equipment will be accessed by users with varying degrees of knowledge and experience.

#### **Theme 5: Greater Emphasis on Visual Communications**

There will be a need for greater leadership in and emphasis on visual communications. The opportunities within visual communications will grow significantly.

**Theme 6: Environmental Sustainability will be the Norm**

Environmental sustainability and green buildings will be the norm. Contributing to the development of intelligent green buildings, supporting LEED initiatives, and responding to consumer expectations for environmental sustainability create significant opportunities for the AV industry.

**Theme 7: Increased Globalization of Industry**

Industry innovation, product development, business expansion opportunities, competition, location of employees, and the sharing of ideas and information will increasingly become more global. Industry products will continue to be manufactured globally wherever cost of labor is low.

**Implications to the AV Industry's Current and Potential Clients****Theme 1: New Clients Not Yet Known**

Given the industry changes, the future is based upon clients the industry is not currently serving. Who will the new clients be and how should the industry define itself to meet their needs?

**Theme 2: Clients will be More Technologically Savvy**

Clients will be more educated on technology tools and applications. They will have access to more technology and will be more connected. They will expect to be treated more as "partners" rather than "clients." Clients will expect to integrate existing technology into new systems. AV professionals will need to be better equipped to sell solutions rather than hardware.

**Theme 3: Global Client Base**

Both competitors and clients will increasingly be distributed globally.

**Theme 4: Growth of Social Media**

Clients will regularly use social media and will expect the AV professional to understand and integrate social media into their visual communication needs.

**Theme 5: Access to Content**

Clients will expect access to all content: anywhere, at any time and by anybody.

**Theme 6: Environmental Sustainability**

Clients will increasingly value environmental sustainability and will expect their solution providers to share this value and to offer products and services that are "green friendly."

**Theme 7: Making Visions a Reality**

Clients will expect providers to make their dreams and visions into a practical reality through "elegant engineering."

## Implications to the AV Industry's Workforce

### **Theme 1: Knowledgeable in All Disciplines**

Industry professionals will need to understand all aspects of the industry. They will need to know hardware and software applications, design and installation, new client development and client retention. Industry professionals will need to combine all AV disciplines and perform all of them well.

### **Theme 2: Creating Value Beyond Equipment**

AV professionals will need to do a better job at communicating their value beyond the equipment.

### **Theme 3: Maintaining Employee Loyalty**

Given current economic conditions, maintaining employee loyalty is increasingly important.

### **Theme 4: Need to Embrace Change**

AV professionals will increasingly need to embrace and be comfortable with change. They will need to understand and accept new technologies and quickly change business models to take advantage of new opportunities.

## Implications for InfoComm International

During discussions, meeting participants identified several implications of the future environment for InfoComm International:

- There is a need to facilitate the redefining and reinvention of the industry.
- There is an opportunity for InfoComm to develop additional certification opportunities within AV sub-specialties such as rental and staging, digital signage and IT, as well as communicate the value of certification.
- There is a growing opportunity to offer professional development to the AV professionals on IT and to the IT professionals on AV.
- There is a need to emphasize and embrace social media.
- There may be a need to increase involvement in legislative and regulatory advocacy.
- There is a need to create opportunities to convene end users to assist in defining and mapping the profession's future.
- There is a greater need to deliver real-time information, education, publishing and tradeshow.
- There is an opportunity to create tools and education to assist members in changing their business models and adjusting to fragmentation and consolidation.