



Pro AV Growth: A Look Forward

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**Audiovisual and Integrated Experience
Association**









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Acquisition
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Hybrid Office?



Research to inform strategy and roadmap.



+Includes:

Employment:
Channel Trends Report

AVBI:
Industry Vitality Meter

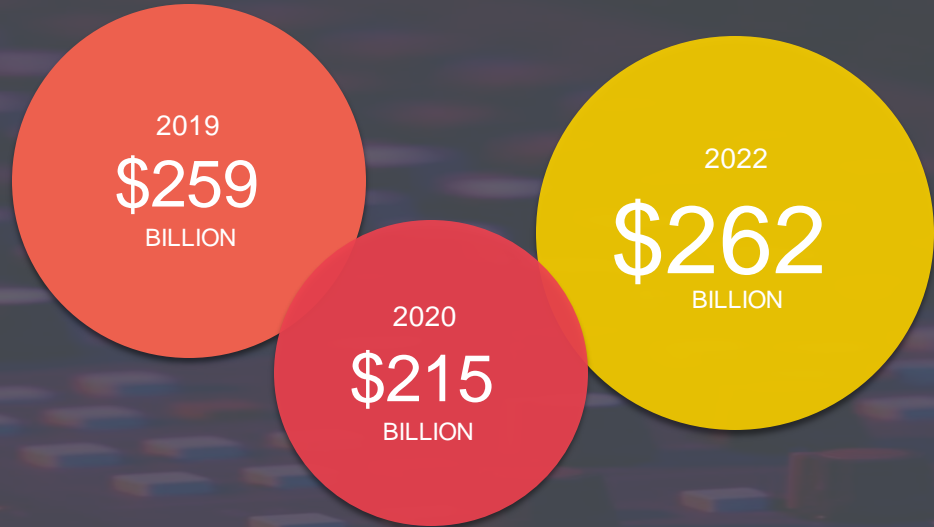


Pro AV set new peak in 2022.

The global pro AV industry surpassed the 2019 peak this year.

Though some segments still lag, this means we can say we are a fully recovered industry.

Having fared worse than the overall economy, we are now exceeding it.

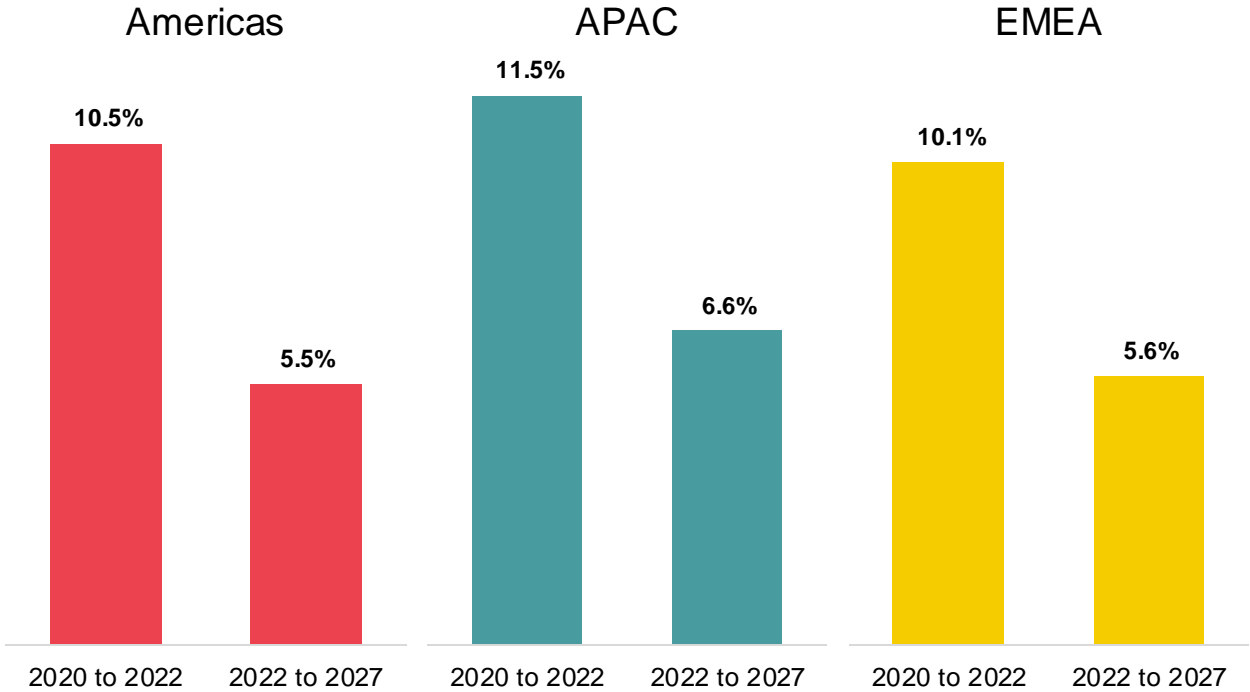


Growth was driven by recovery. Now what?

During the pandemic recovery period (2020 to 2022), global pro AV revenues grew 10.8%

The next five years (2022 to 2027) show a CAGR of 5.9%, a clear decline as recovery plays out.

Regions vary depending on recession impact, but there is limited upside overall.



Long-Term Steadiness After 2023 Recession Risk.



AMERICAS

Expected growth of 1.8% 2024-2027, though higher in Latin America.



EMEA

EMEA is slightly better than the Americas at 2.2% in the long term, though Europe projects at 1.9%. Within Europe, Central Europe looks strongest and Eastern Europe weakest, though with high uncertainty

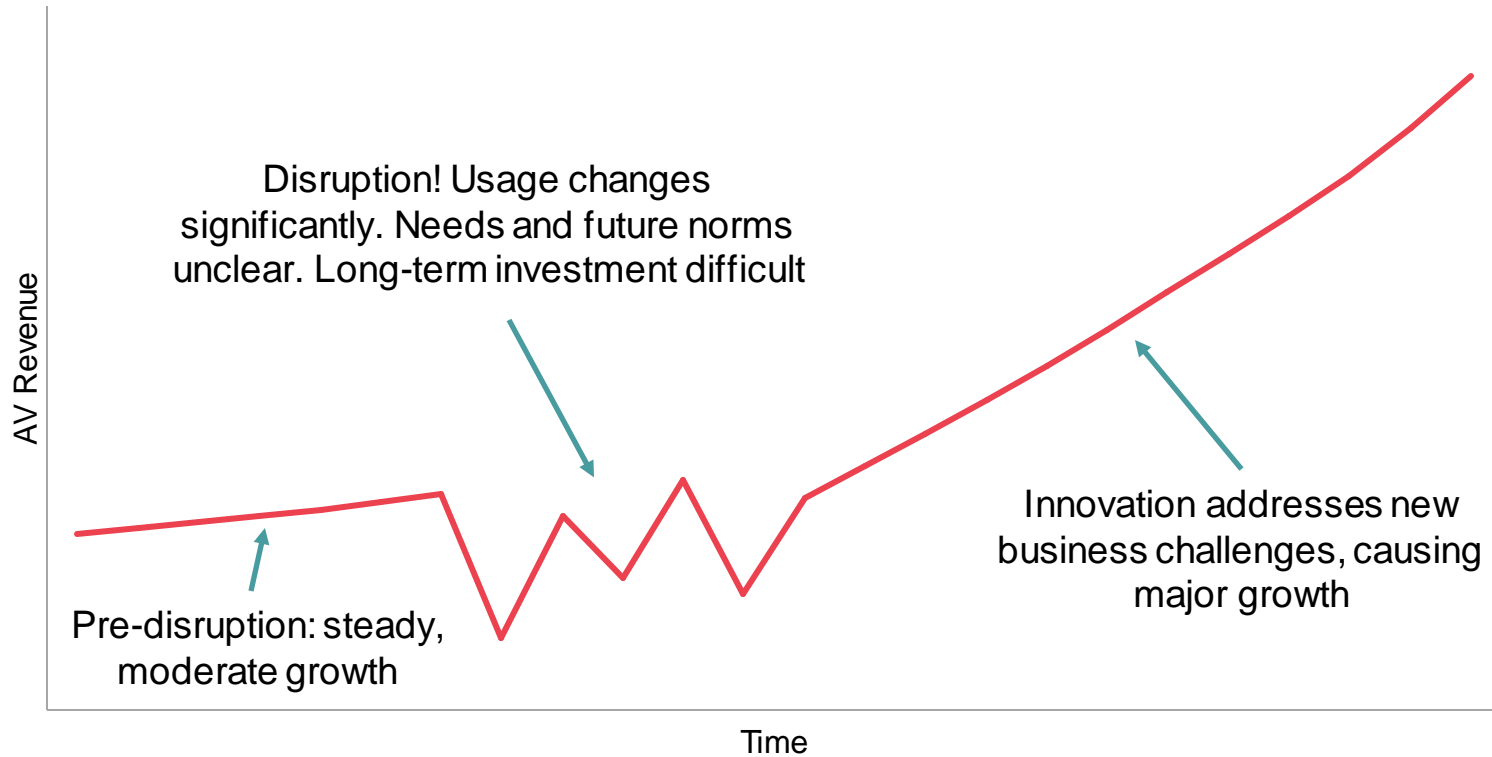


APAC

APAC has the strongest long-term growth prospects at 4%.



Disruption + Innovation = Major Growth



Corporate and Hospitality are disrupted verticals.

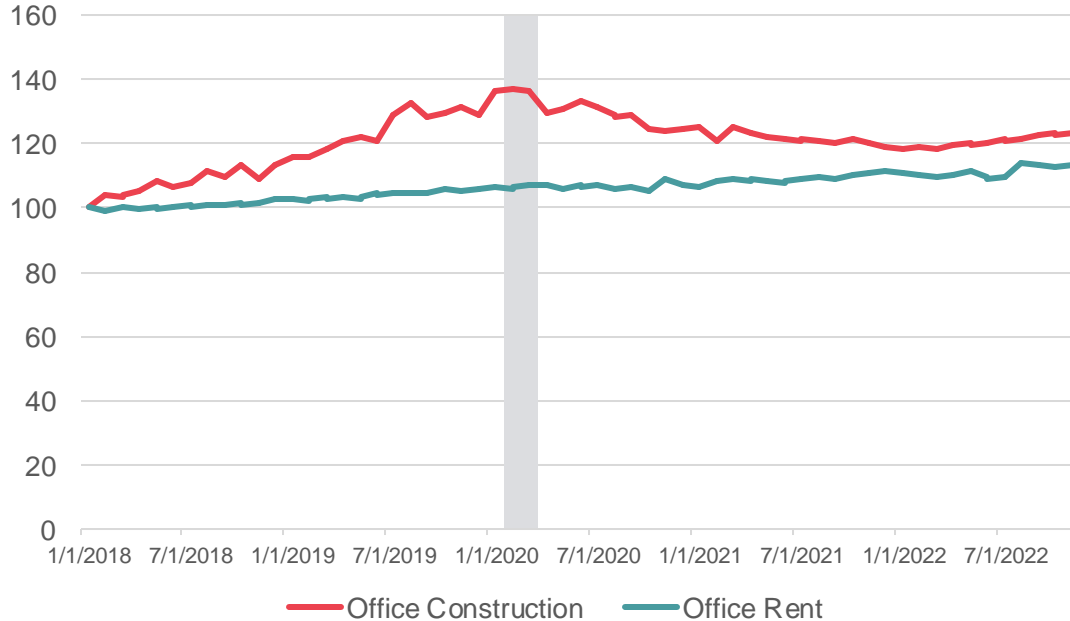


- Pandemic movement to touchless is one disruption
- Smart control of lights, temperature, and media already increasingly common
- Integration with user profile for portability + personalization

Support for hybrid is driver of upside.

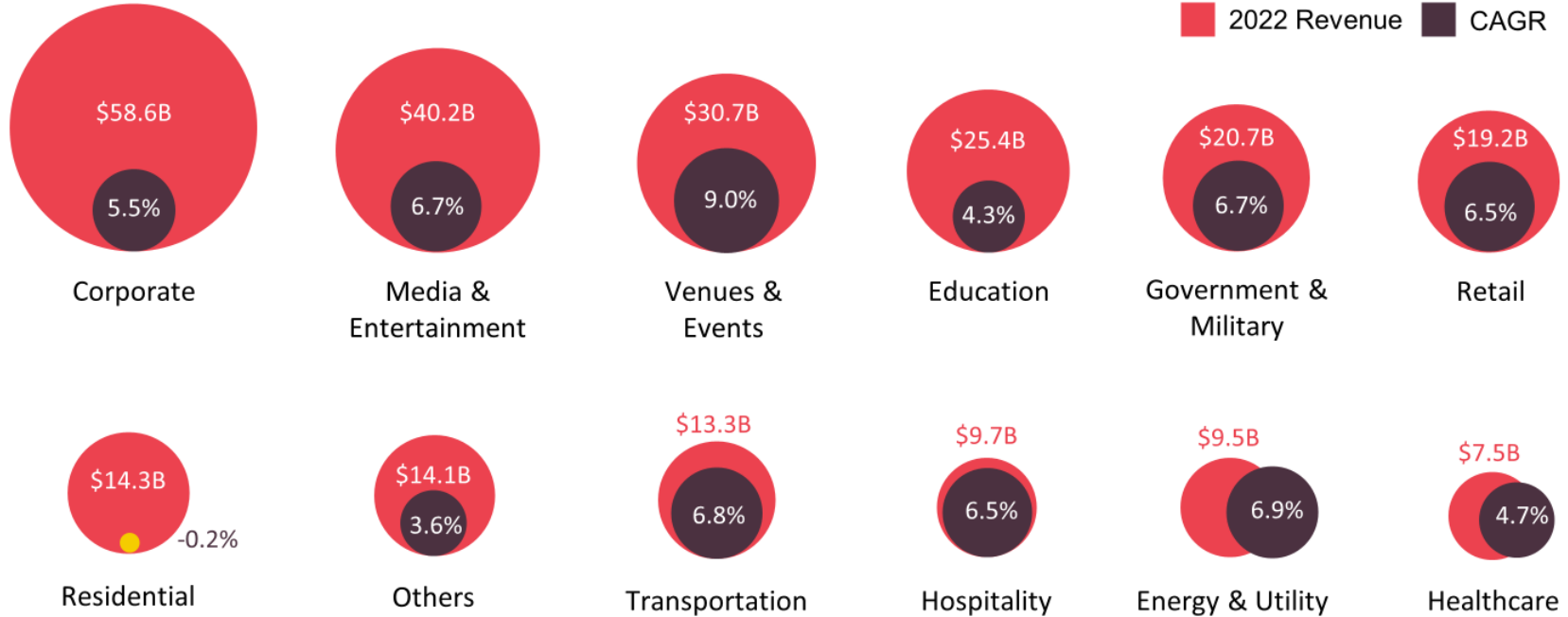


Office construction and rent data support opportunity.



- US Data shows office rent increasing along pre-pandemic trends and office construction rebounding after pandemic decline.
- Data shows US as more remote-centric than Europe, which suggests these trends are a floor for office usage

Recovery dominating market growth for now.

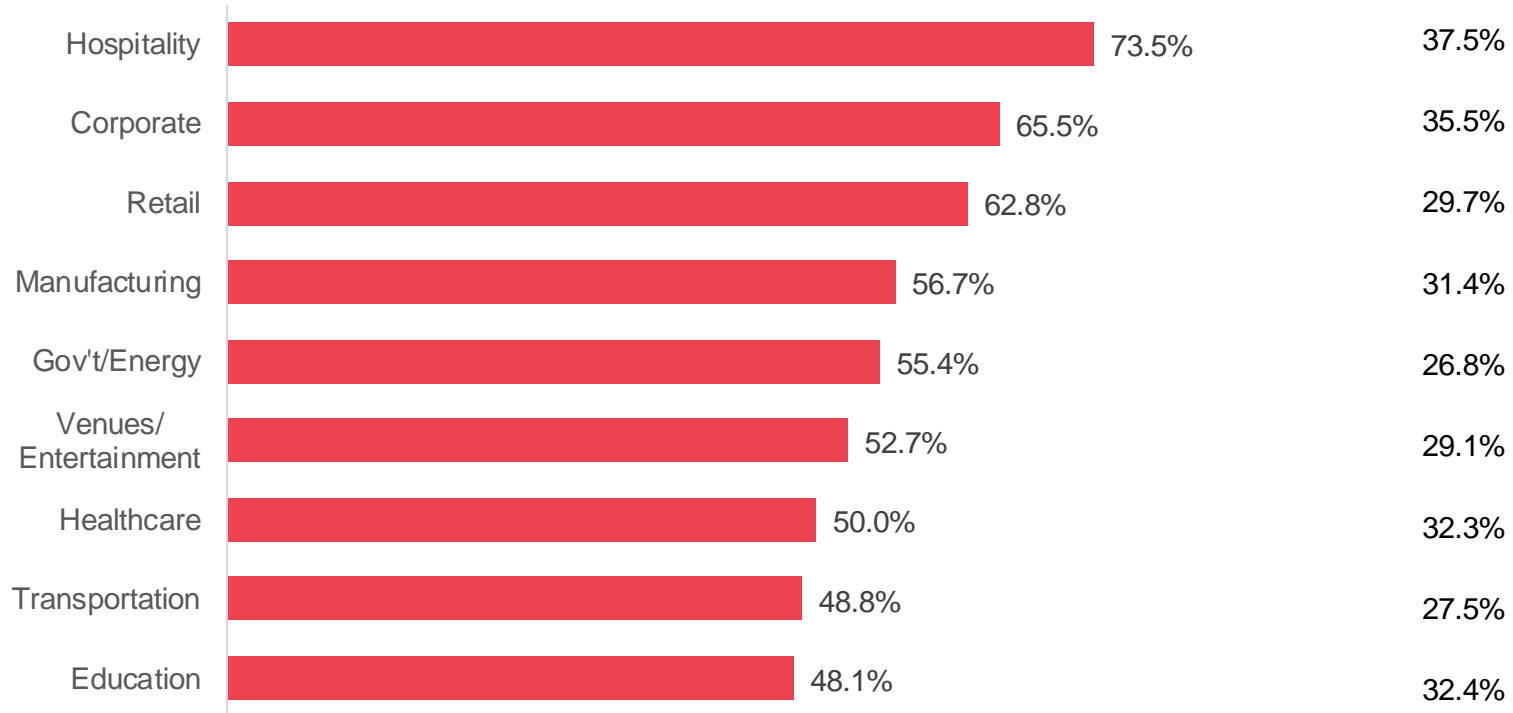


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As markets recover they are returning to spending.

Percent Planning to Increase Capital Improvements in Q1 2023

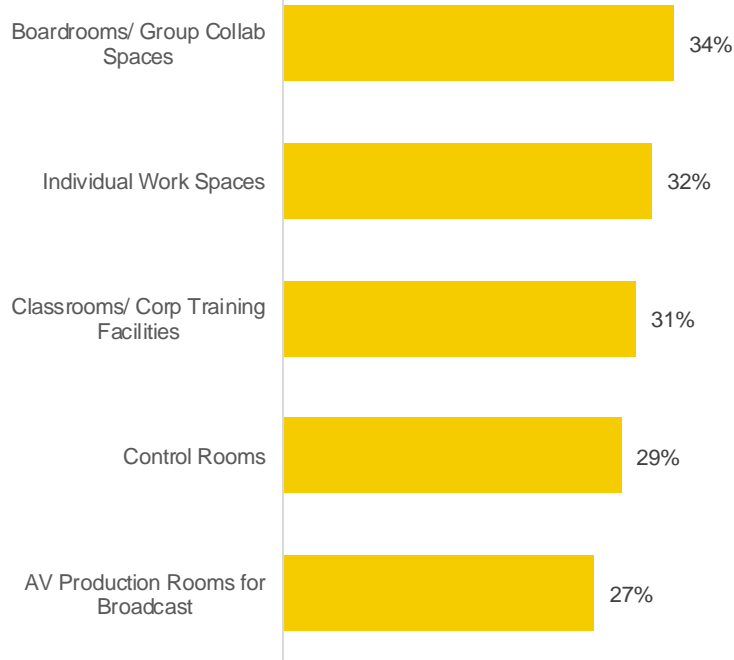
Mean Allocation to AV



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Spatial upgrades suggest office facelift.

Top 5 Spaces Targeted for AV Upgrades (Q1 2023)



MOAR FINDING:

Boardrooms/ Group collaboration and individual workspaces now top the list of those receiving AV upgrades.

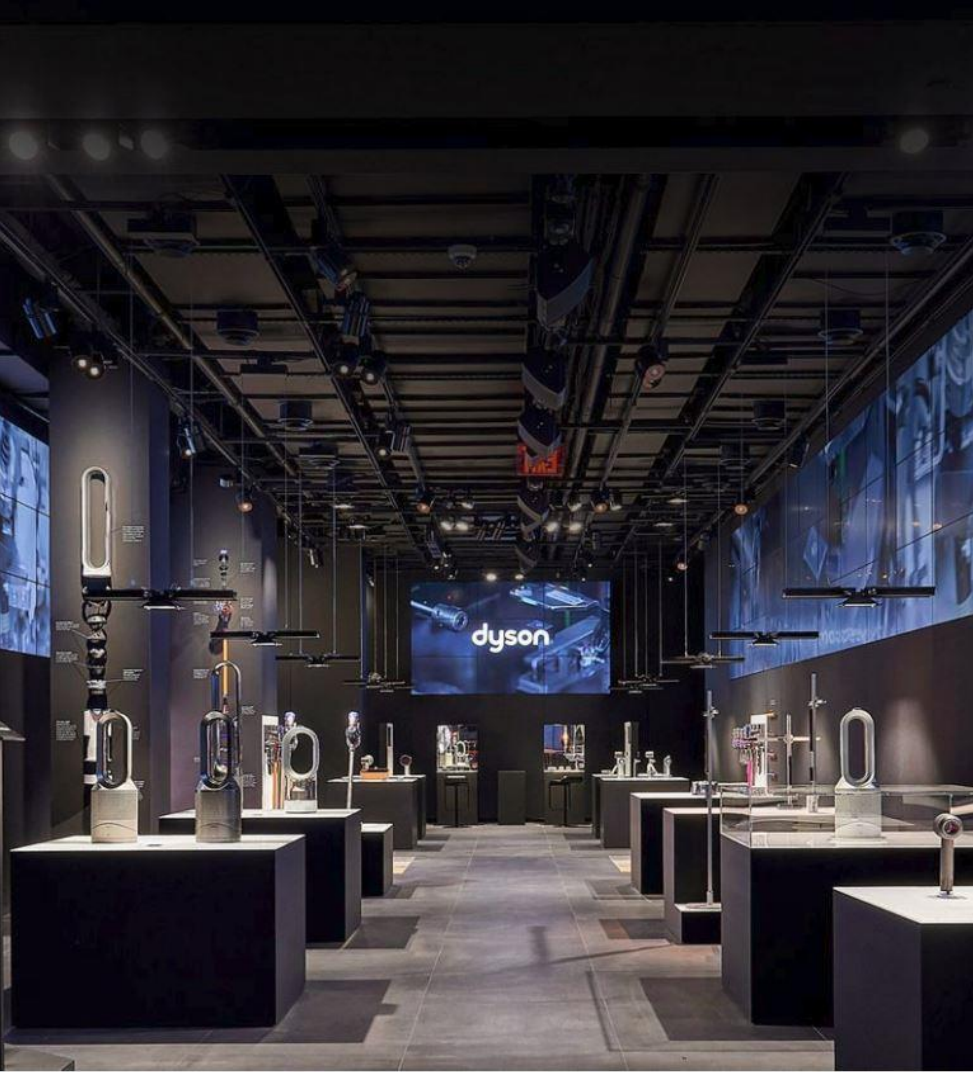
INTERPRETATION:

Investments highlight a return to office and adaptation to hybrid work. Control and broadcast rooms reflect shifts.

IMPACT:

Spending is returning and expanding into new areas, fueling growth and possible upside.





**Differentiation from
online is a driver of
innovation and growth.**

Right now solution forecasts show return to in-person.

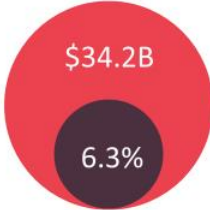
2022 Revenue CAGR



Confferencing and Collaboration



Learning



Digital Signage



Content Production and Streaming



Security/Surveillance/ Life Safety



Performance/ Entertainment



Live Events



Command and Control

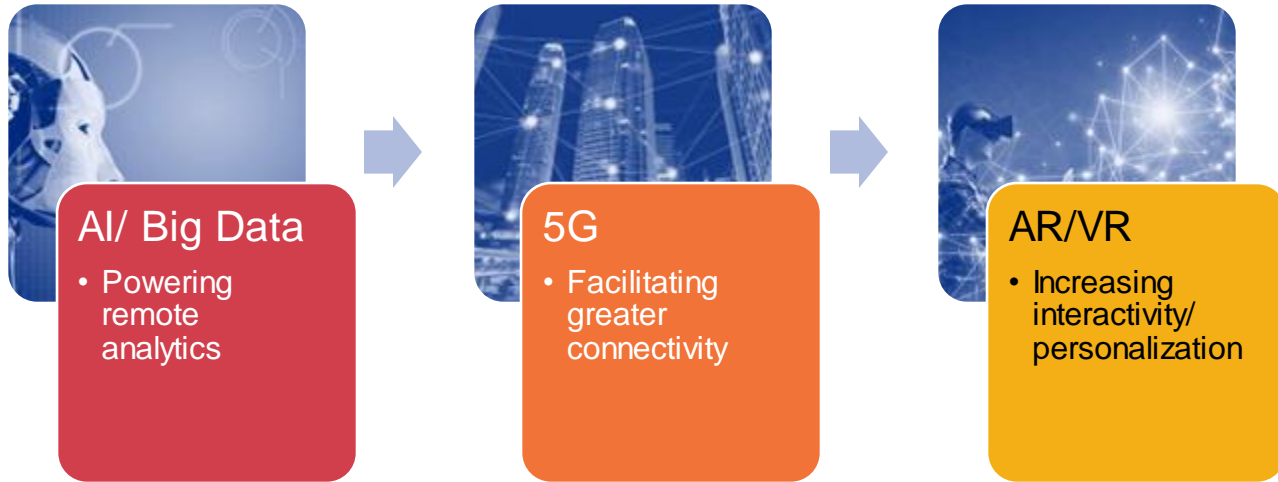


Others



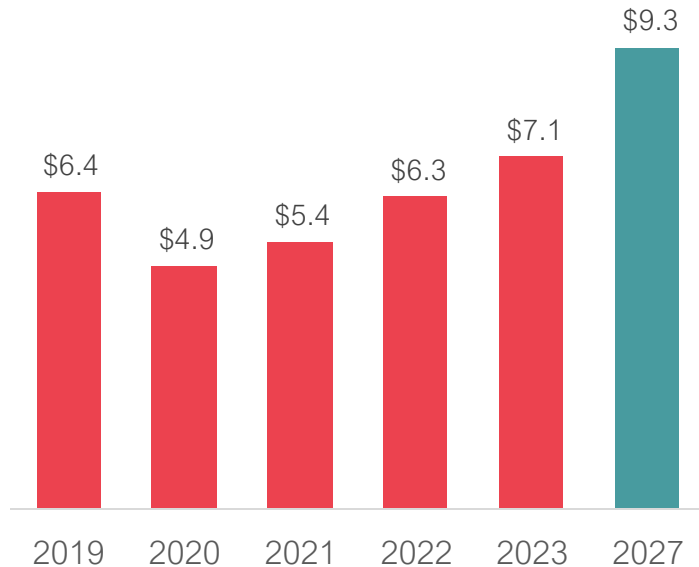
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New technologies create opportunity for innovation.



As-a-service gains momentum with new technologies.

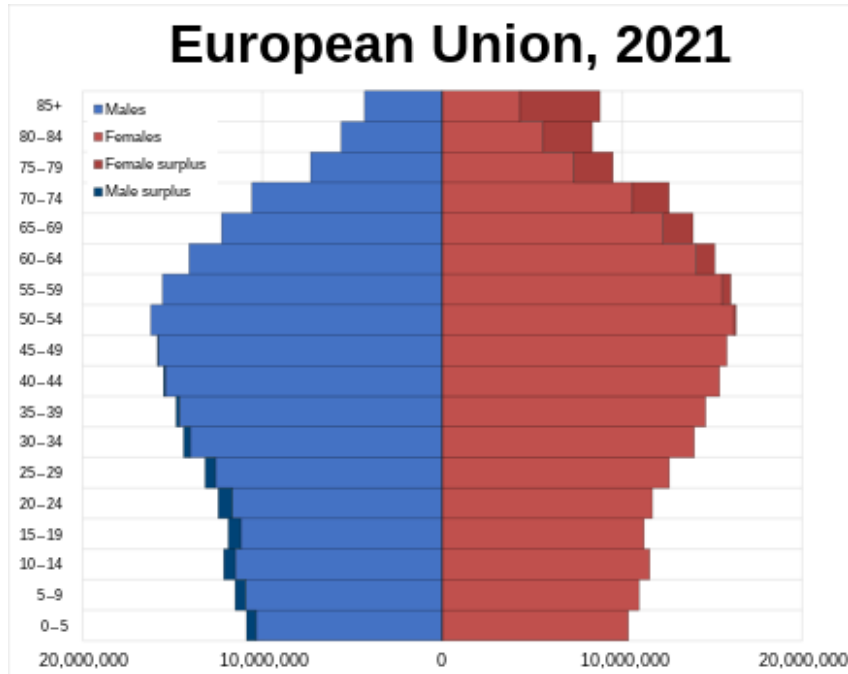
Managed Services Revenues (\$B)



- Though growing, managed services remains at around 12% of total service revenues.
- The category includes maintenance, remote monitoring, upgrade pathing.
- AV and content as a service represent potential upsides.
- Some of this overlaps with cloud-based services, which is now one-third of service revenues.



Staffing difficult and projected to remain that way.



- Our data shows major staffing issues in pro AV right now
- Population shrinking in EU and China
- Demographic trends + Growing industry = Long-term staffing issues

Who is managing AV? The IT Department.



52% of companies say internal staff who manage AV are a part of the IT department.



31% of companies have an IT resource as the lead on AV projects, compared with **25%** saying they use an AV resource.



38% say an IT manager is directly involved in the decision-making process for technology upgrades or purchases, the most common response.



AV Compensation Dashboard



In early 2022, AVIXA surveyed the Pro AV Industry to gather information on compensation. To calculate total annual income, the survey collected data on annual salary; monthly and hourly wages; plus, additional compensation like bonuses, profit sharing, and overtime.

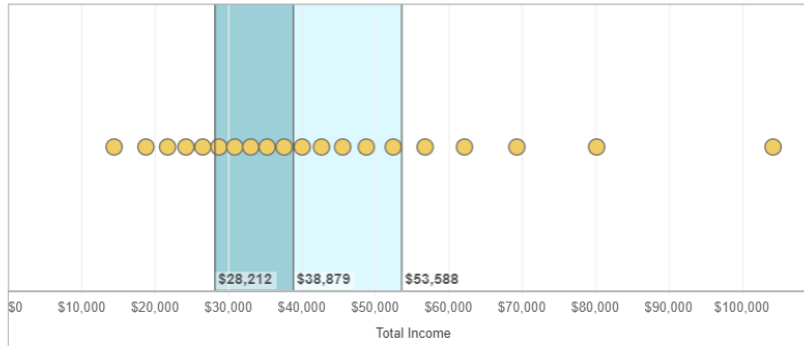
Instructions: Adjust the filters below to make selections among the factors that determine appropriate compensation. Use this information to find your market worth within the Pro AV Industry. For more information, see the FAQs below.

Country:	Your job category:	Employed by end user or provider:	Your highest CTS certification:
Spain	Technician	Provider	CTS
Work in urban or rural region:	Approximate years of experience:	Your highest level of education:	
Urban	Less than 5	Master's Deg or Doctorate	

Median Total Income

\$38,879

Technician
Spain



Salary data guides market.

- Personalized salary estimates
- Country level data
- Benchmark current salaries for prior year
- Shows approximately **5%** increase for 2021



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Post recovery, innovation will provide upside.

Growth is tailing.

Growth was strong as pandemic waned and in-person returned.

New revenue records set in 2022 across much of the globe.

The next five years average 5.9% CAGR through 2027, exceeding GDP outlook but tapering.

Hybrid a disruptor.

While core markets bring audiences back, enterprises focus on hybrid.

Data suggests investment in a new approach to office.

Question is whether this ends up being more commoditized.

Innovation pending.

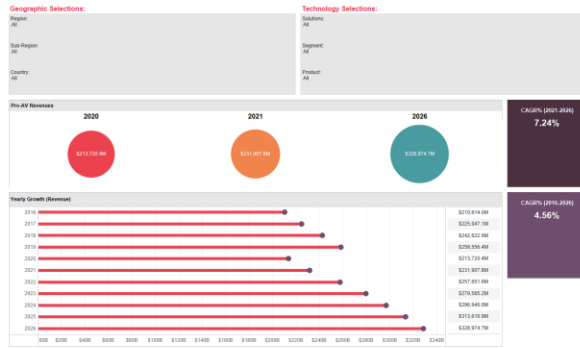
Disruption provides fertile ground for innovation.

Office reimagination is one possibility.

Business model evolution is another as managed services grow.



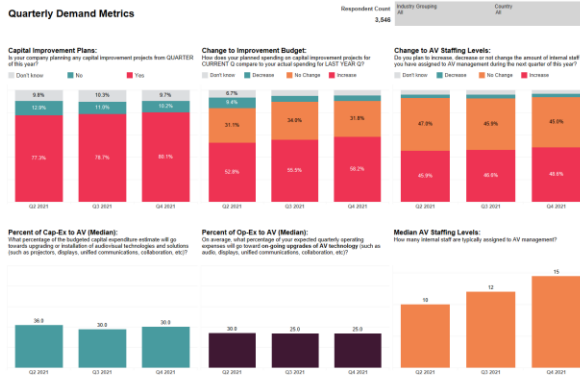
How big is your sector?



IOTA offers comparative analysis.

- 5 regions, 14 sub-regions, 43 country groupings
- 12 Vertical Markets
- 9 Solution Areas
- 32 Product and Service Segments

Quarterly Demand Metrics



MOAR now gauges demand.

- Quarterly surveys of 1500-2000 end-user/buyers
- 9 Countries are sampled
- 10 Verticals are represented



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Questions?

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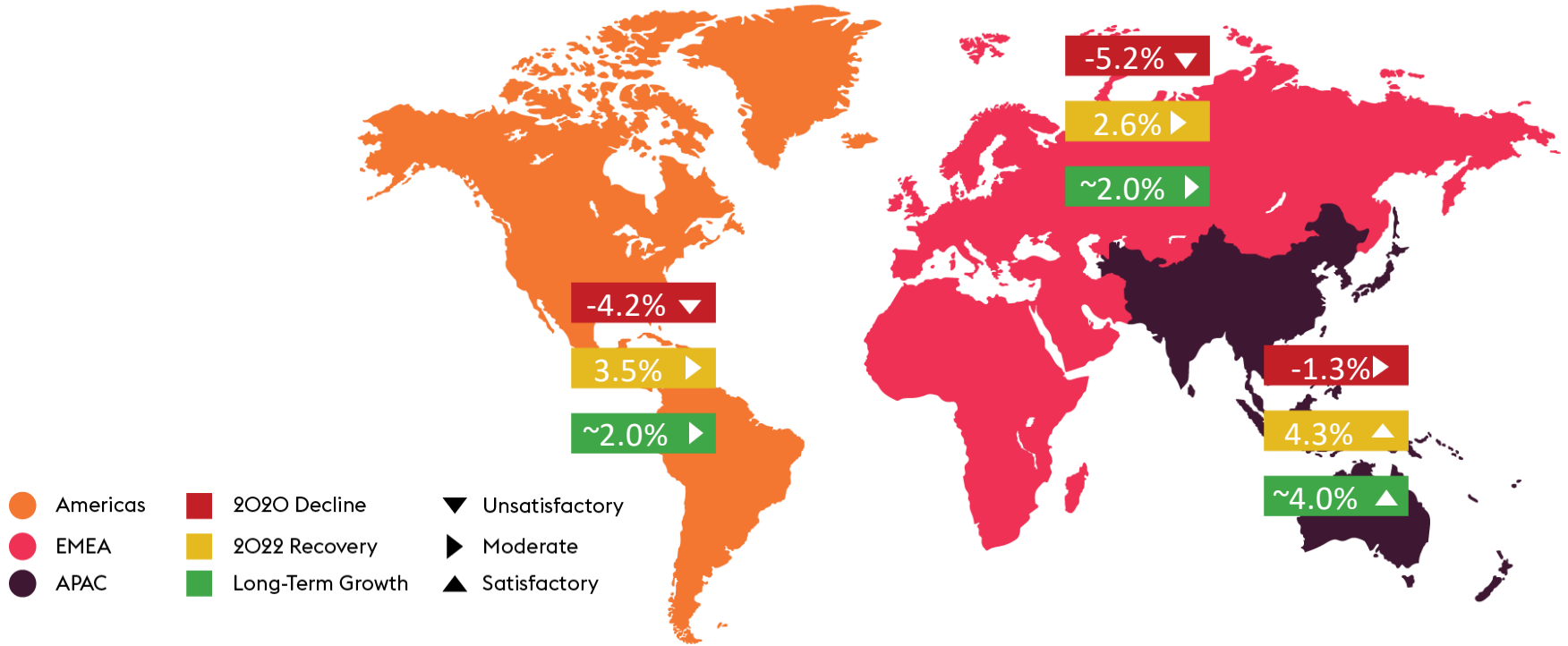
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As a starting point, GDP suggests growth.



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Our context -- the threat of recession has grown.



- Chances are higher than they have been in years, topping 50%
- Inflation and rising interest rates are contributing factors
- Less severe than 2008
- Demand back-log may be the saving grace for pro AV



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Pro AV faces three primary challenges.

Supply Chain

Whether shortages or logistic challenges, providers face difficulties sourcing some product, creating project delays and challenging sales growth. Impacted categories may be experiencing inflation.

Staff Shortages

With unemployment back to historically low levels, finding skilled labor has become more difficult. This has made it harder for providers to meet the rising demand.

Recession

A combination of factors are aligning to elevate recession risk, which suggests possible demand reduction. New construction is typically impacted, and project requirements shift.



The timing matters due to backlog.

May have already started in the UK

Q4 is a likely start time for much of Europe



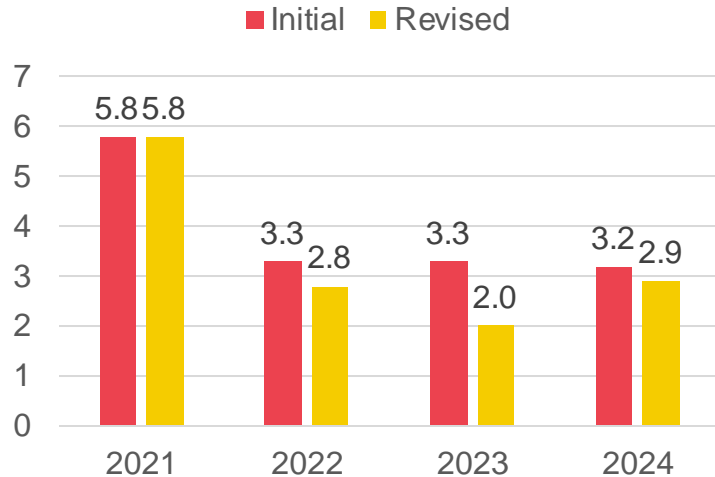
Q4 start time suggested for US, but it's already November...

2023 Q1 the most likely moment for contraction



Impact may also be brief and minimized.

Global Real GDP Growth Estimates*

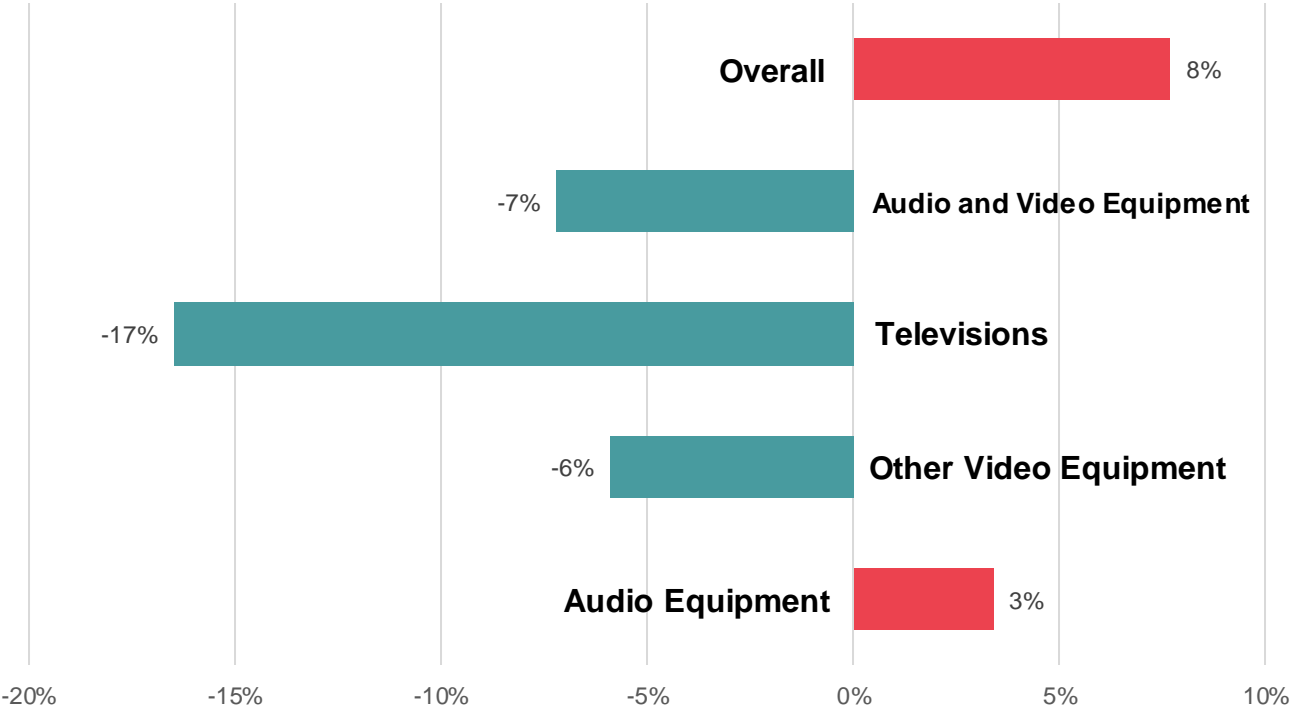


*Sourced from S&P Global

- Estimates from September 2022, show a drop of 1.3 points to GDP Growth in 2023
- Growth still expected to be positive for the full year.
- This highlights the brevity of the recession, isolating it to the minimum of 2 quarters.
- Degree of back-log for pro AV becomes important here.



How about inflation? Overall ≠ AV!

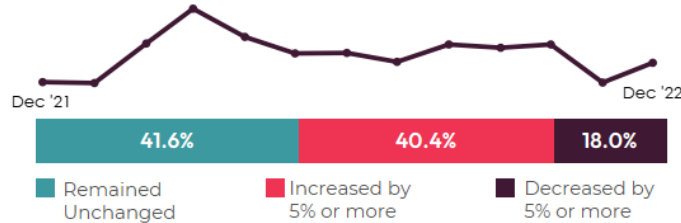


Our index shows demand has been high.

SALES INDEX

DECEMBER 2022

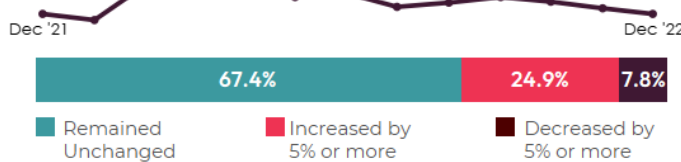
61.2



EMPLOYMENT INDEX

DECEMBER 2022

58.6



Both are diffusion indices – scores are the percentage of firms reporting a significant increase, plus half the percentage of firms reporting no change.



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