



TOTAL TECH SUMMIT

CEPro **CI** **Commercial**
INTEGRATOR **SECURITY SALES**
& INTEGRATION

INTEGRATION INDUSTRY RESEARCH SNAPSHOT

Product Mix, Market Mix & Investment Trends

SURVEY METHOD AND RESPONSE

- 16 question online survey
- Total Tech Summit Guest Prospect Database 10,000+ Records
- Incentive: Executive Summary of Report
- 224 Responses
- Filtered to companies with 10 or more employees for report



KEY FACTS & FINDINGS

- The survey provides a snapshot of bigger, better integration companies with three product/market proficiencies: residential systems integrators, commercial systems integrators (strongly focused on A/V applications) and electronic physical security integrators.
- All sectors were growing in 2017 at relatively the same rate of 7%-8%.
- Residential integrators offer the most diverse and balanced set of solutions, but do the smallest unit and dollar volume.
- Security integrators relies most on contracted recurring revenues (average 49% of total revenue) followed by commercial integrators (23%) and residential integrators (11%).
- Residential and commercial integrators are strongly involved in most all kinds of AV and control products suited to their targeted end markets. Security integrators are strongly embrace home and building automation and lighting control. Home automation, lighting control and shade control are the fastest growing revenue producers in the AV/Control category.
- Residential integrators are strongly involved in network infrastructure and devices, including network security (69%) and storage (42%), with sizeable though not as strong participation by commercial (31%, 31%) and security integrators (30%, 37%). Fastest growing revenue producers are home data networks, network security/firewalls, data security devices & software.
- Security and residential integrators are almost universally active in video surveillance and strongly active in access control, locks and intrusion detection. Commercial integrators are less so. Fastest growth in video surveillance/security, electronic access control and keyless/remote control locks.
- Residential integrators are very active in lighting, lighting control, electrical systems and HVAC control. Security and commercial integrators, less so. Fastest growing categories are LED lighting fixtures & bulbs, smart/connected thermostats, lighting switches & electrical outlets.
- All integrators are investing strongly in IT/IP training for their technical staff.
- Finding, developing and retaining technical and sales staff and documenting processes are top challenges for integrators.

RESPONDENT PROFILE

Primary Job Function	All	Residential Integrators	Commercial Integrators	Security Integrators
Executive/General Management	77%	81%	72%	73%
Functional Management	13%	9%	17%	17%
Engineer/Installation/Service Staff	3%	2%	7%	0%
Sales Representative	7%	8%	3%	10%
Other Non-Managerial	0%	0%	0%	0%
Primary Business	All	Residential Integrators	Commercial Integrators	Security Integrators
Residential Custom Electronics Integrator	47%	100%	0%	0%
Commercial Electronics Integrator	26%	0%	100%	0%
Security Systems Integrator/Dealer - Light Commercial/Residential Focus	13%	0%	0%	50%
Security Systems Integrator/Dealer - Enterprise/Mid-Market Focus	13%	0%	0%	50%

RESPONDENT PROFILE

Type of Solutions Currently Offered	All	Residential Integrators	Commercial Integrators	Security Integrators
Security	75%	79%	41%	100%
Information Technology	54%	77%	45%	20%
Audio/Video	88%	98%	100%	57%
Automation/Control	79%	98%	69%	57%
Telecommunications	40%	57%	31%	20%
Electrical	15%	21%	10%	10%
HVAC	21%	38%	7%	3%
Original Core Solutions of Business	All	Residential Integrators	Commercial Integrators	Security Integrators
Security	35%	13%	17%	90%
Information Technology	1%	2%	0%	0%
Audio/Video	46%	57%	62%	10%
Automation/Control	13%	21%	14%	0%
Telecommunications	4%	8%	3%	0%
Electrical	1%	0%	3%	0%
HVAC	0%	0%	0%	0%

RESPONDENT PROFILE

Longevity of Establishment	All	Residential Integrators	Commercial Integrators	Security Integrators
Less than 1 year	0%	0%	0%	0%
1 - 2 years	0%	0%	0%	0%
3 - 5 years	2%	2%	0%	3%
6 - 10 years	5%	8%	3%	3%
11 - 20 years	29%	32%	34%	20%
More than 20 years	63%	58%	62%	73%
Full Time Employees at End of 2017	All	Residential Integrators	Commercial Integrators	Security Integrators
1	0%	0%	0%	0%
2 -- 4	0%	0%	0%	0%
5 -- 9	0%	0%	0%	0%
10 -- 24	40%	60%	24%	20%
25 -- 49	25%	23%	38%	17%
50 -- 99	17%	9%	7%	40%
100 -- 199	12%	6%	21%	13%
200 -- 499	4%	0%	7%	7%
500 -- 999	1%	0%	0%	3%
1,000 or more	2%	2%	3%	0%
Average	82	53	110	105

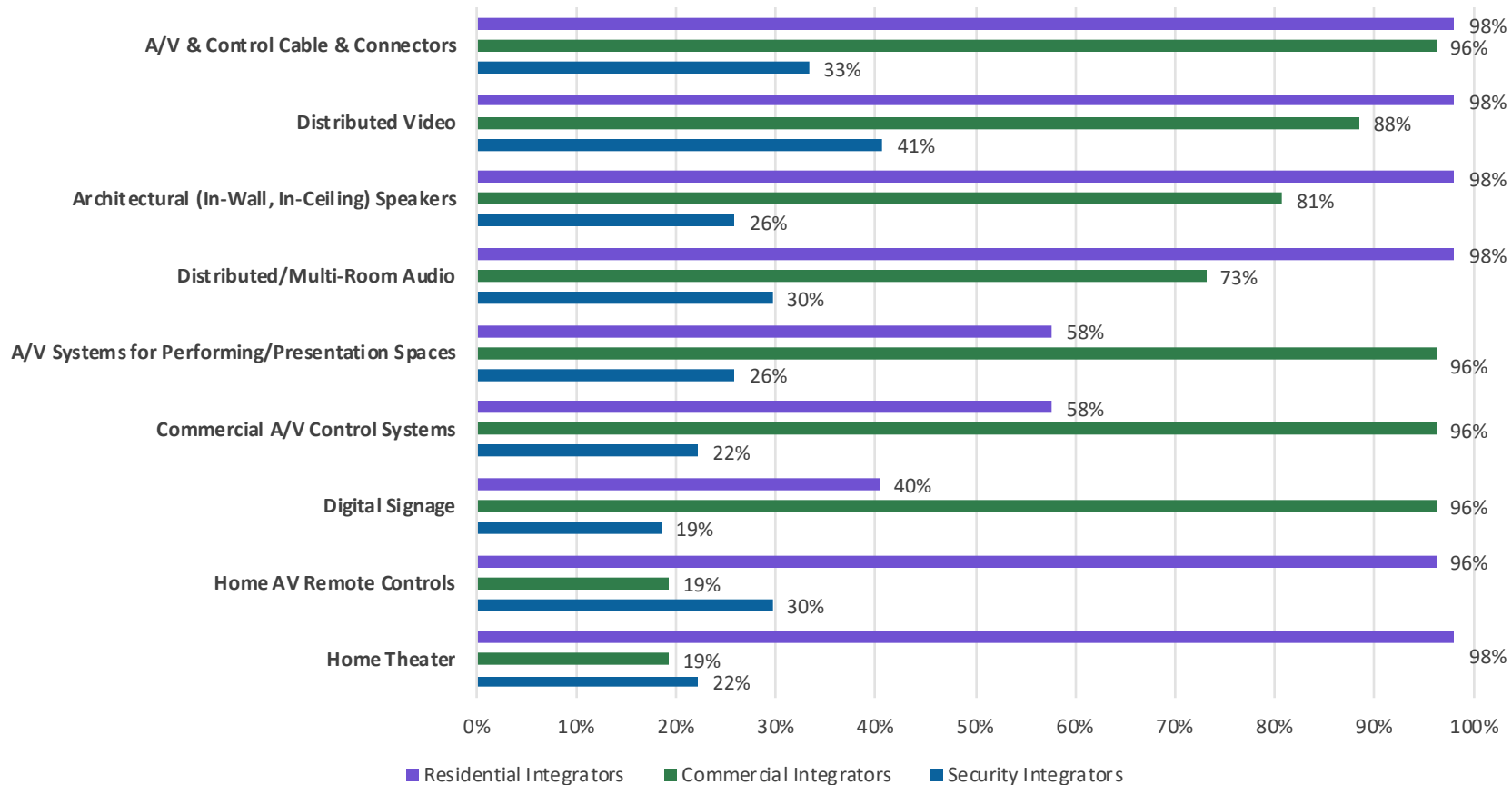
RESPONDENT PROFILE

2017 Revenue	All	Residential Integrators	Commercial Integrators	Security Integrators
\$500,000 or less	0%	0%	0%	0%
\$500,001 - \$1 million	1%	0%	3%	0%
\$1,000,001 - \$2.5 million	13%	17%	3%	17%
\$2,500,001 - \$5 million	29%	45%	21%	10%
\$5,000,001 - \$10 million	23%	21%	24%	27%
\$10,000,001 - \$25 million	21%	13%	24%	33%
\$25,000,001 - \$50 million	6%	2%	17%	3%
More than \$50 million	5%	2%	7%	10%
Average	\$11,829,250	\$7,507,450	\$16,725,925	\$14,731,825
Installations Performed in 2017	All	Residential Integrators	Commercial Integrators	Security Integrators
10-24	4%	6%	7%	0%
25-49	6%	9%	3%	3%
50-99	20%	21%	24%	13%
100-249	29%	25%	38%	30%
250-499	14%	9%	17%	20%
500-999	13%	19%	3%	13%
1,000-4,999	8%	9%	0%	13%
5,000 or more	4%	2%	7%	7%
Average	659	598	488	932

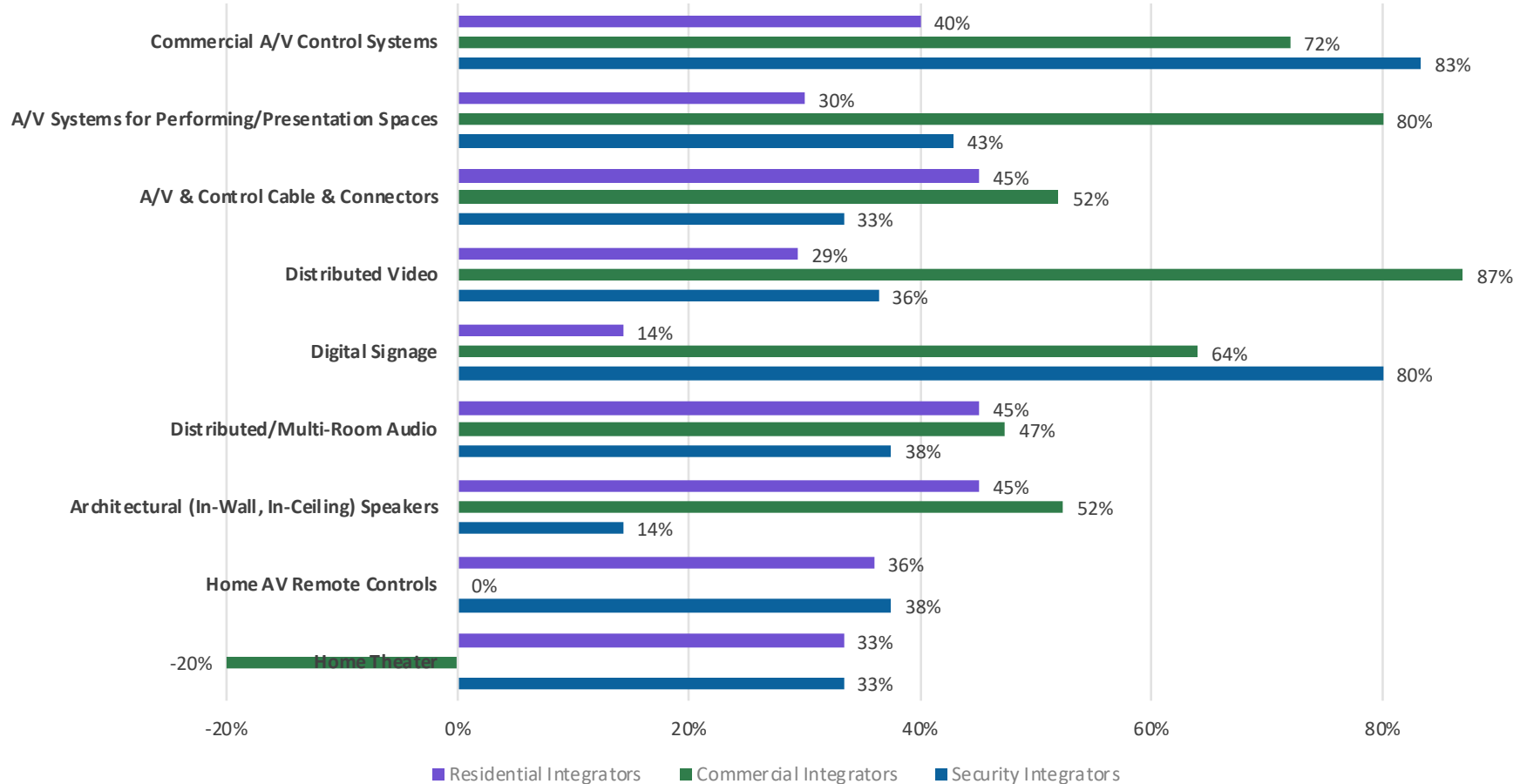
RESPONDENT PROFILE

% of Revenues - Contracted Recurring Revenue	All	Residential Integrators	Commercial Integrators	Security Integrators
100%	1%	0%	0%	3%
80-99%	4%	0%	0%	13%
60-79%	8%	2%	10%	17%
40-59%	13%	0%	17%	33%
20-39%	8%	8%	7%	10%
10-19%	23%	30%	24%	10%
1-9%	38%	53%	38%	13%
0%	4%	8%	3%	0%
Average	24%	11%	23%	49%
2017 Revenues vs. 2016	All	Residential Integrators	Commercial Integrators	Security Integrators
Down more than 20%	0%	0%	0%	0%
Down 11-20%	2%	0%	3%	3%
Down 6-10%	4%	2%	0%	10%
Down 1-5%	2%	4%	0%	0%
Even	11%	11%	7%	13%
Up 1-5%	27%	28%	28%	23%
Up 6-10%	29%	28%	38%	23%
Up 11-20%	15%	17%	14%	13%
Up more than 20%	11%	9%	10%	13%
Average	8.0%	8.2%	8.5%	7.3%

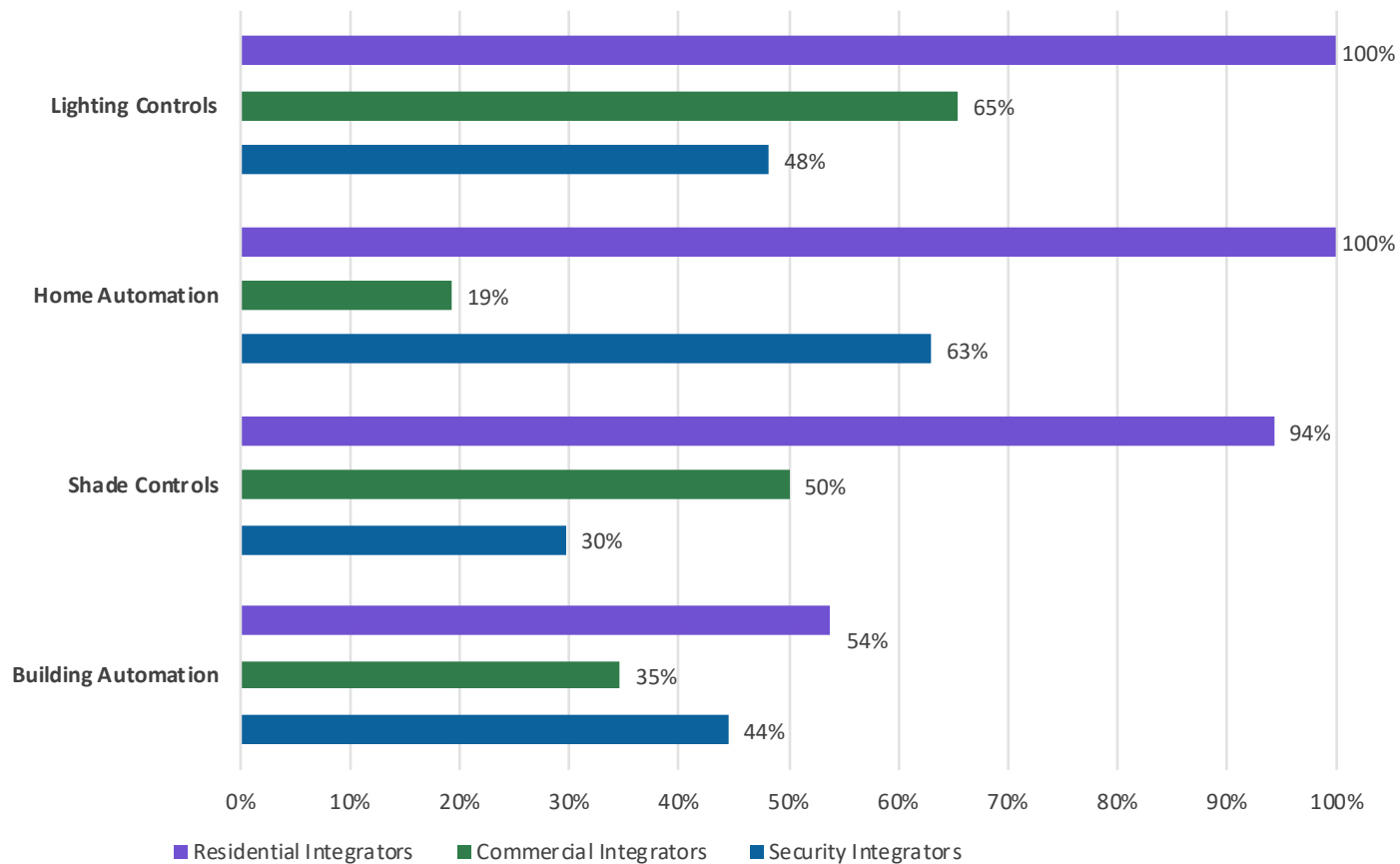
ACTIVE IN A/V



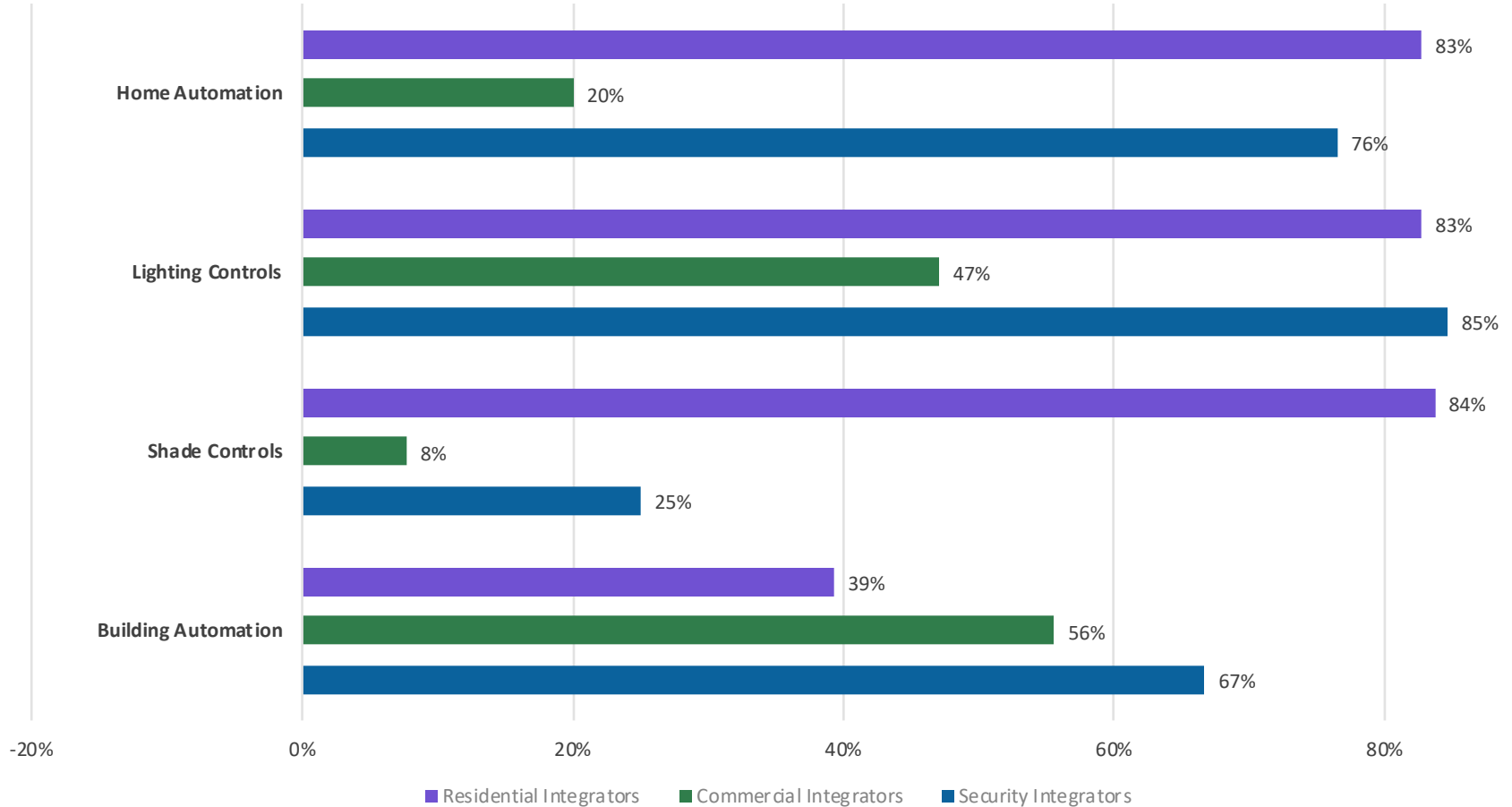
NET % INCREASING REVENUE IN A/V



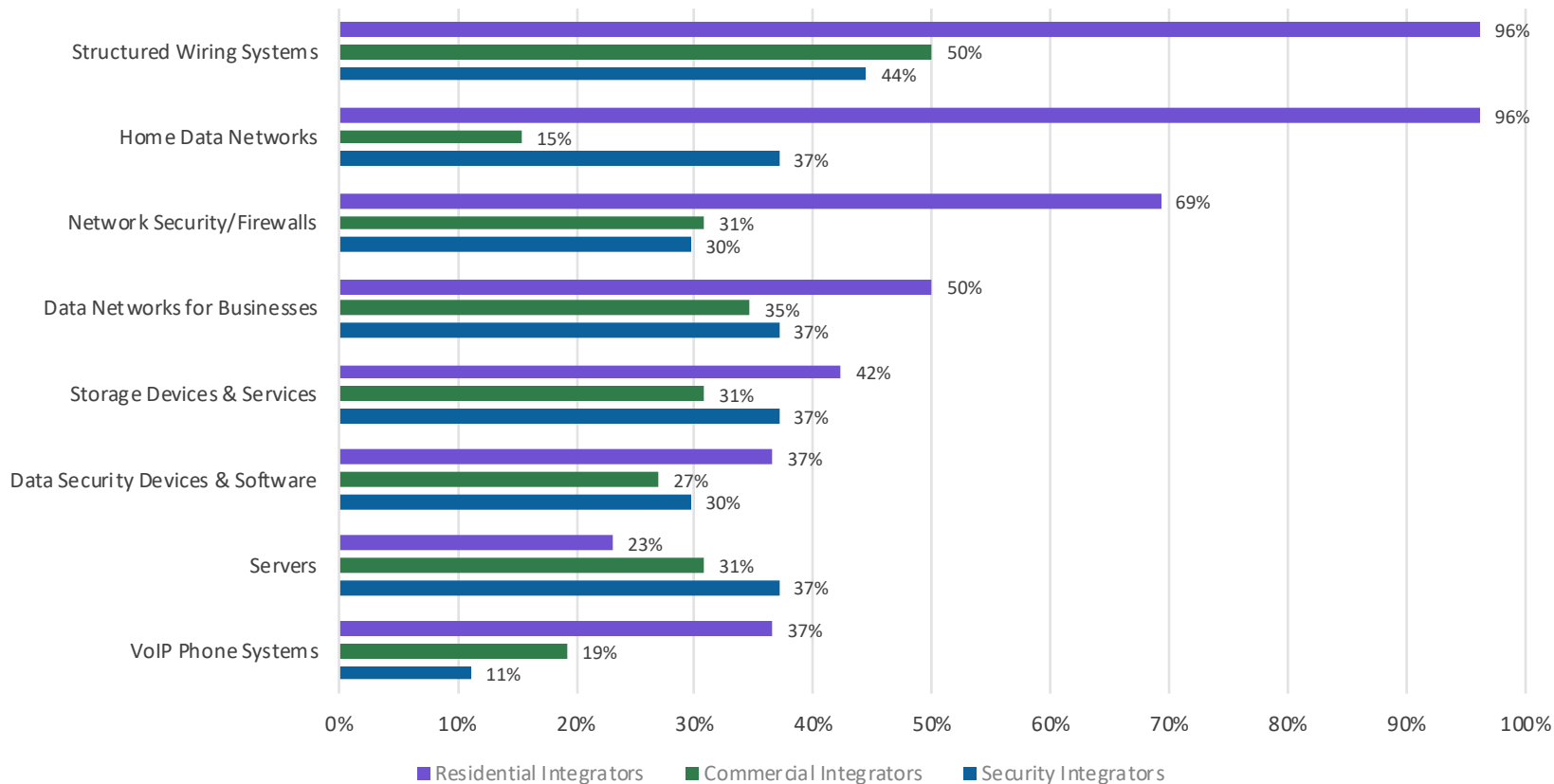
ACTIVE IN CONTROL



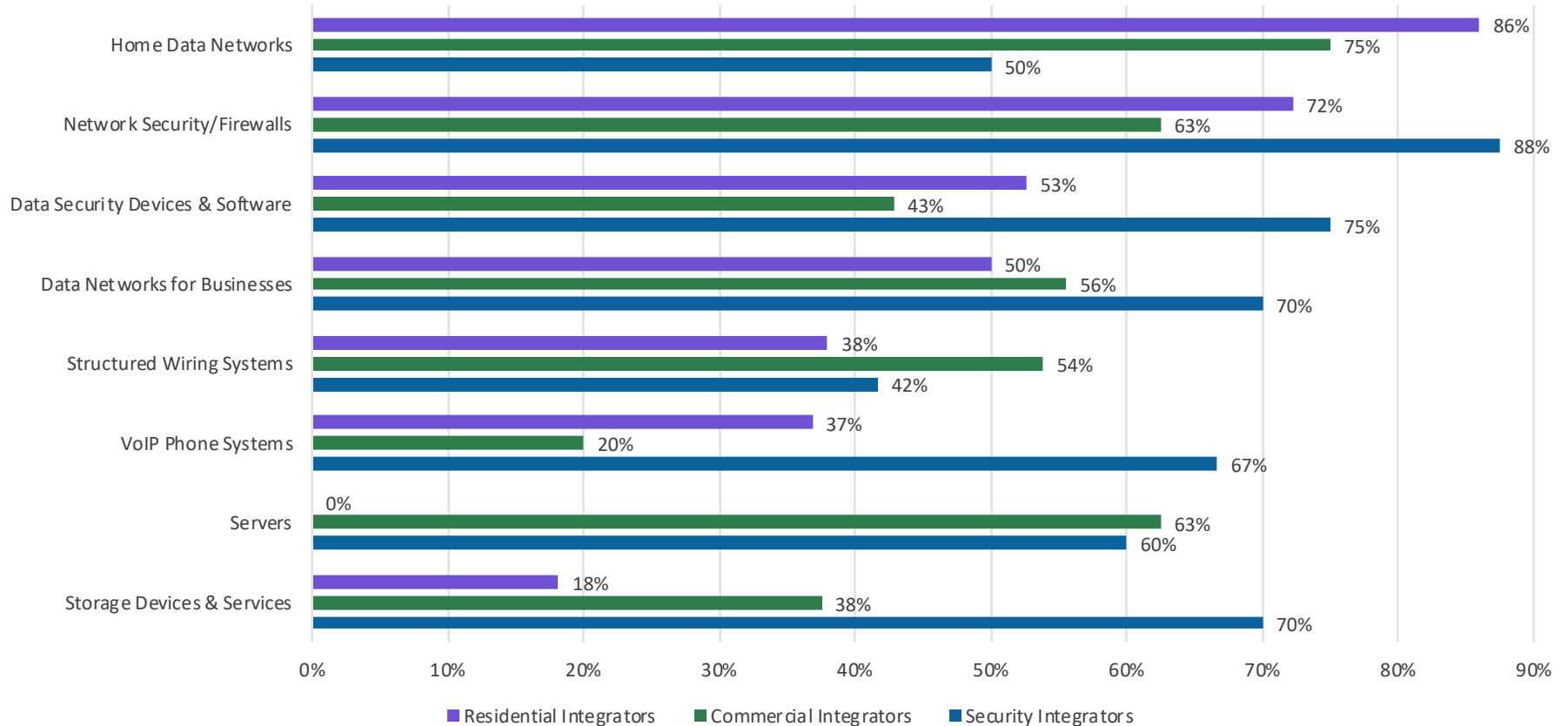
NET % INCREASING REVENUE IN CONTROL



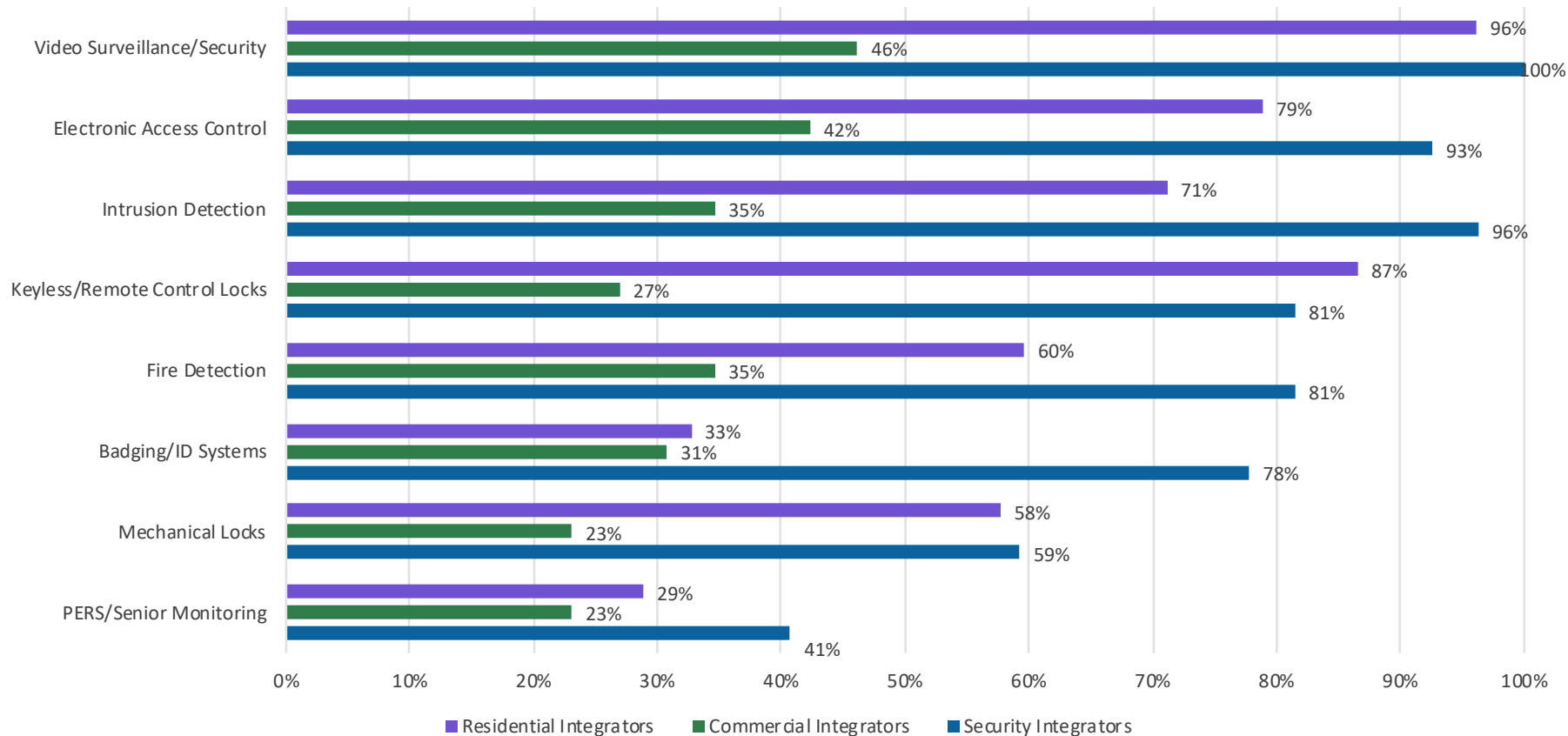
ACTIVE IN IT/NETWORKING



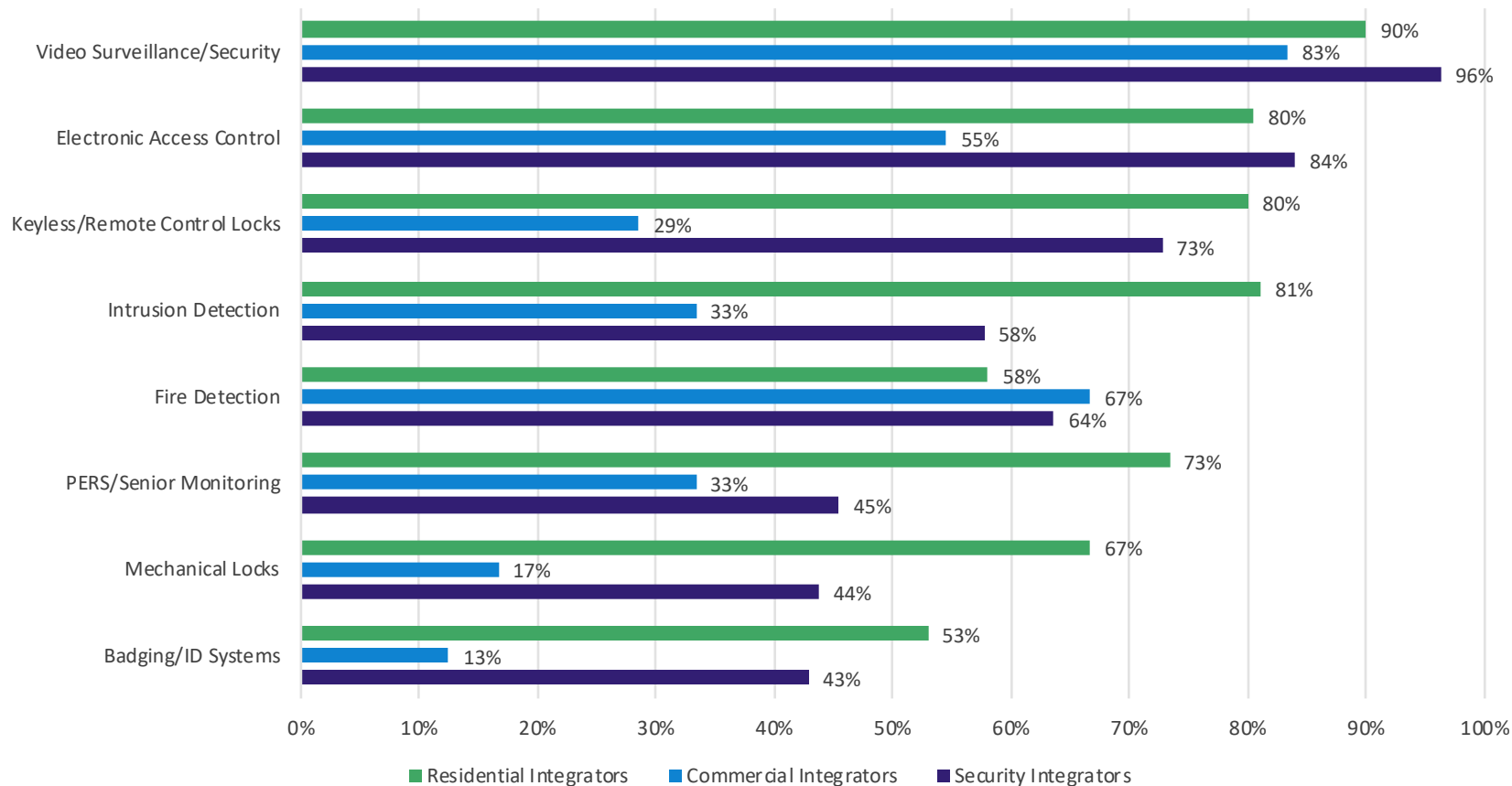
NET % INCREASING REVENUE IN IT/NETWORKING



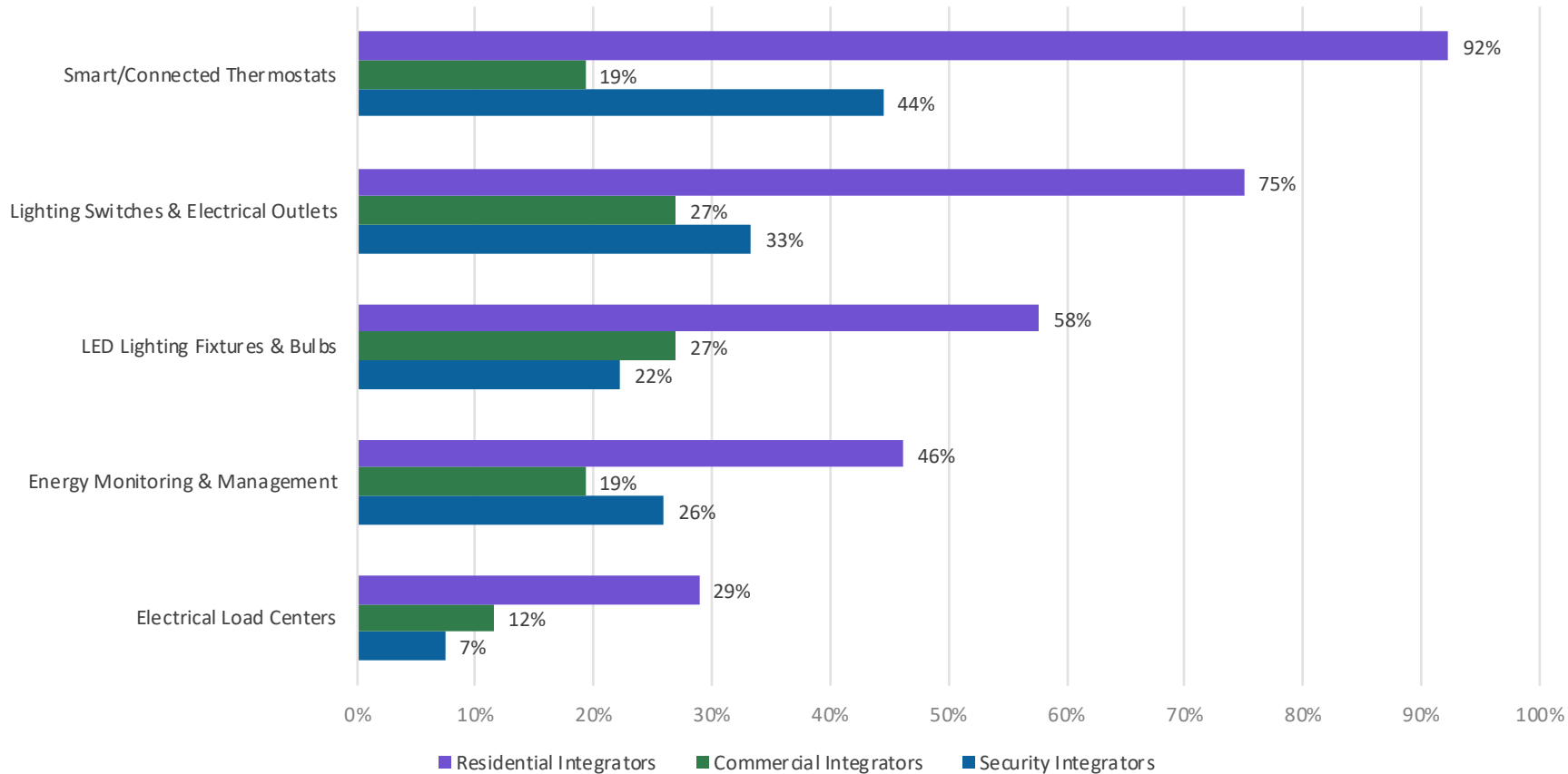
ACTIVE IN ELECTRONIC PHYSICAL SECURITY



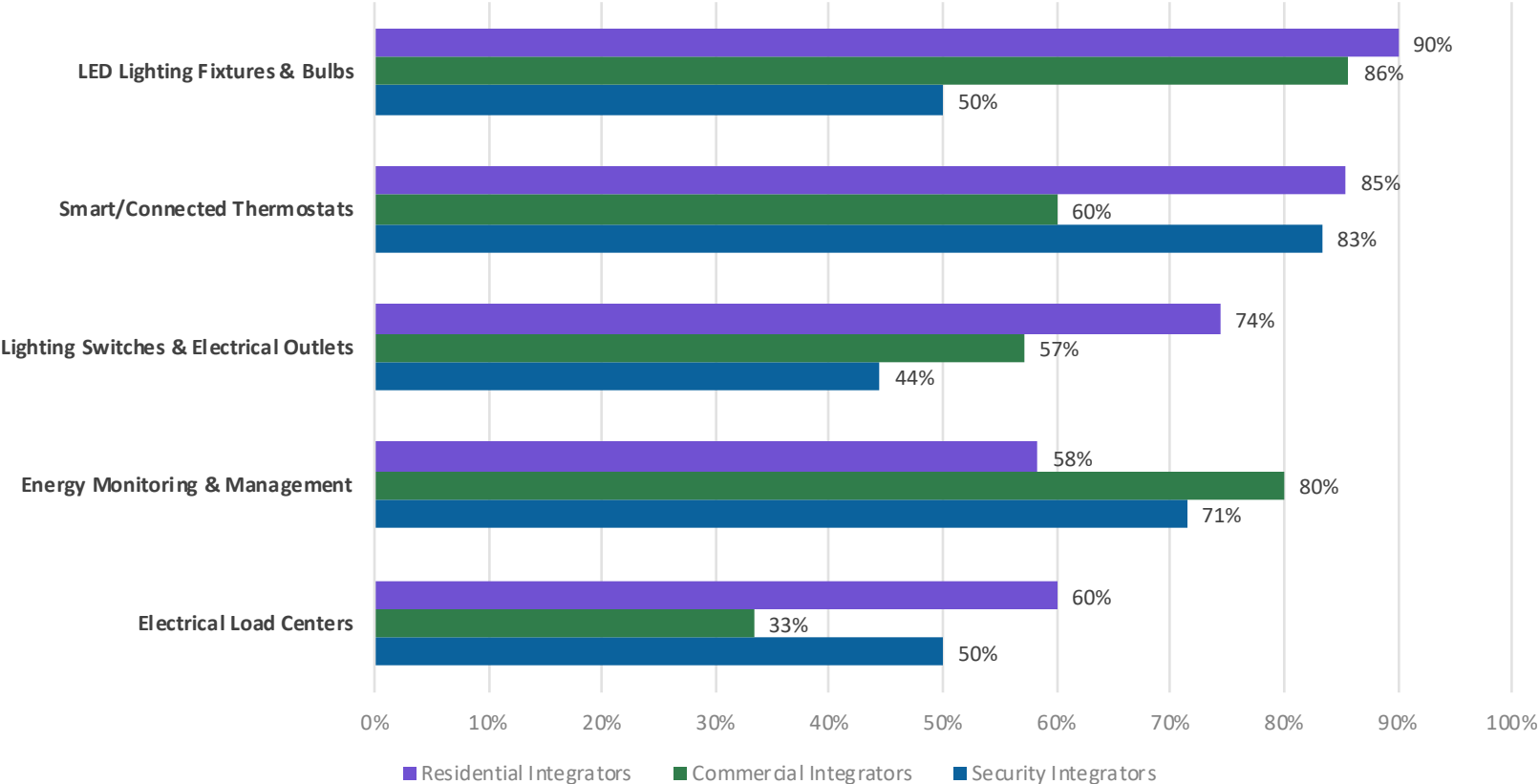
NET % INCREASING REVENUE IN ELECTRONIC SECURITY



ACTIVE IN ELECTRICAL, ENERGY & HVAC



NET % INCREASING REVENUE IN ELECTRICAL, ENERGY & HVAC



GROWTH & ACTIVITY IN VERTICAL MARKETS

Market	% of Cos. Envisioning Increased Revenue Next Two Years	% of Companies Active in Market
Residential -- Single-Family	84%	73%
Newly Constructed Residences	77%	71%
Office Buildings & Suites	66%	78%
Entertainment/Sporting Facilities	63%	47%
Industrial/Manufacturing	62%	51%
Banks	60%	46%
Hospitals/Nursing Homes	60%	44%
Hotels/Motels/Resorts	60%	46%
Residential -- Multi-Family	56%	49%
Retail Business	55%	64%
Restaurant/Bars/Clubs	55%	69%
Colleges/Universities	53%	55%
Schools (K-12)	52%	52%
Utilities	48%	30%
Government (State & Local)	48%	41%
Airports	46%	25%
Houses of Worship	47%	57%
Gaming/Casinos	44%	26%
Government (Homeland Security)	43%	29%
Libraries/Museums	42%	42%
Government (Defense)	38%	25%

AREAS OF INCREASED INVESTMENT IN NEXT TWO YEARS

Technical staff - recruit, train, develop	94%
IP/IT training	88%
Sales staff - recruit, train, develop	77%
Cust. svc. staff - recruit, train, develop	65%
Online marketing/social media	65%
IT solutions for system design and installation	62%
Company vehicles/fleet	58%
Specialized certifications	59%
Sales force automation/CRM systems	55%
IT solutions for work management	52%
Event marketing	47%

MAJOR CHALLENGES

Finding and developing technical staff	57%
Finding and developing sales staff	44%
Improving and documenting business processes	24%
Increasing the value of the business	22%
Competing with inexpensive, mass marketed offers	21%
Generating sales	17%
Financing the business/managing cash flow	17%
Evolving our product/service mix	15%
Managing junior staff	13%



CEPro | **CI** Commercial INTEGRATOR | **SECURITY SALES & INTEGRATION**

2017 GUEST PROFILES STATISTICAL ANALYSIS

Total Tech Guests Big Picture Stats

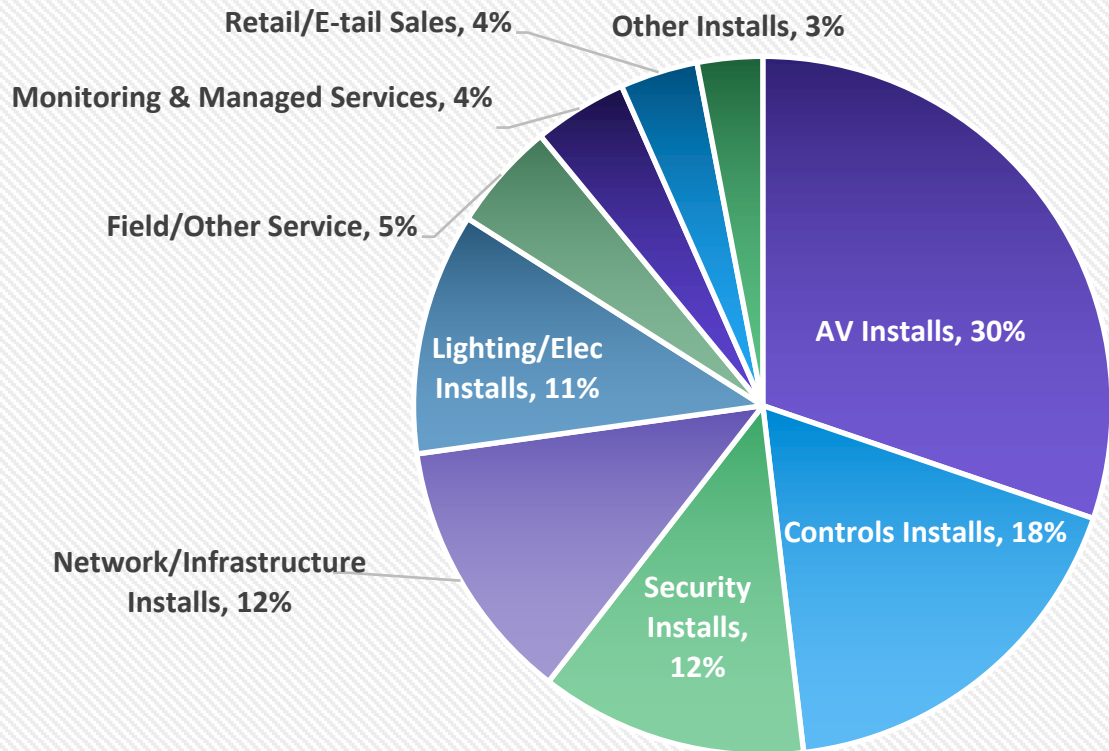
- **\$7.9 billion aggregate 2017 revenues of guest companies**
 - \$1.3 billion for CE Pro Guests
 - \$3.7 billion for CI Guests
 - \$2.9 billion for SSI guests
- **\$27 million avg. guest company revenue**
 - \$11 million average CE Pro
 - \$39 million average CI
 - \$34 million average SSI
- **335,300 total installations**
 - 252,600 residential installations
 - 82,700 non-residential installations
 - 44,300 installations for CE Pro Guests
 - *Company average: 379*
 - 44,100 installations for CI Guests
 - *Company average: 465*
 - 246,900 installations for SSI Guests
 - *Company average: 2,904*

Operating Assets	CE Pro	CI	SSI
Showroom	75%	32%	23%
Store	30%	3%	12%
Alarm/Security Monitoring Center	11%	5%	57%
Managed Services Network Operating Center (NOC)	3%	28%	15%

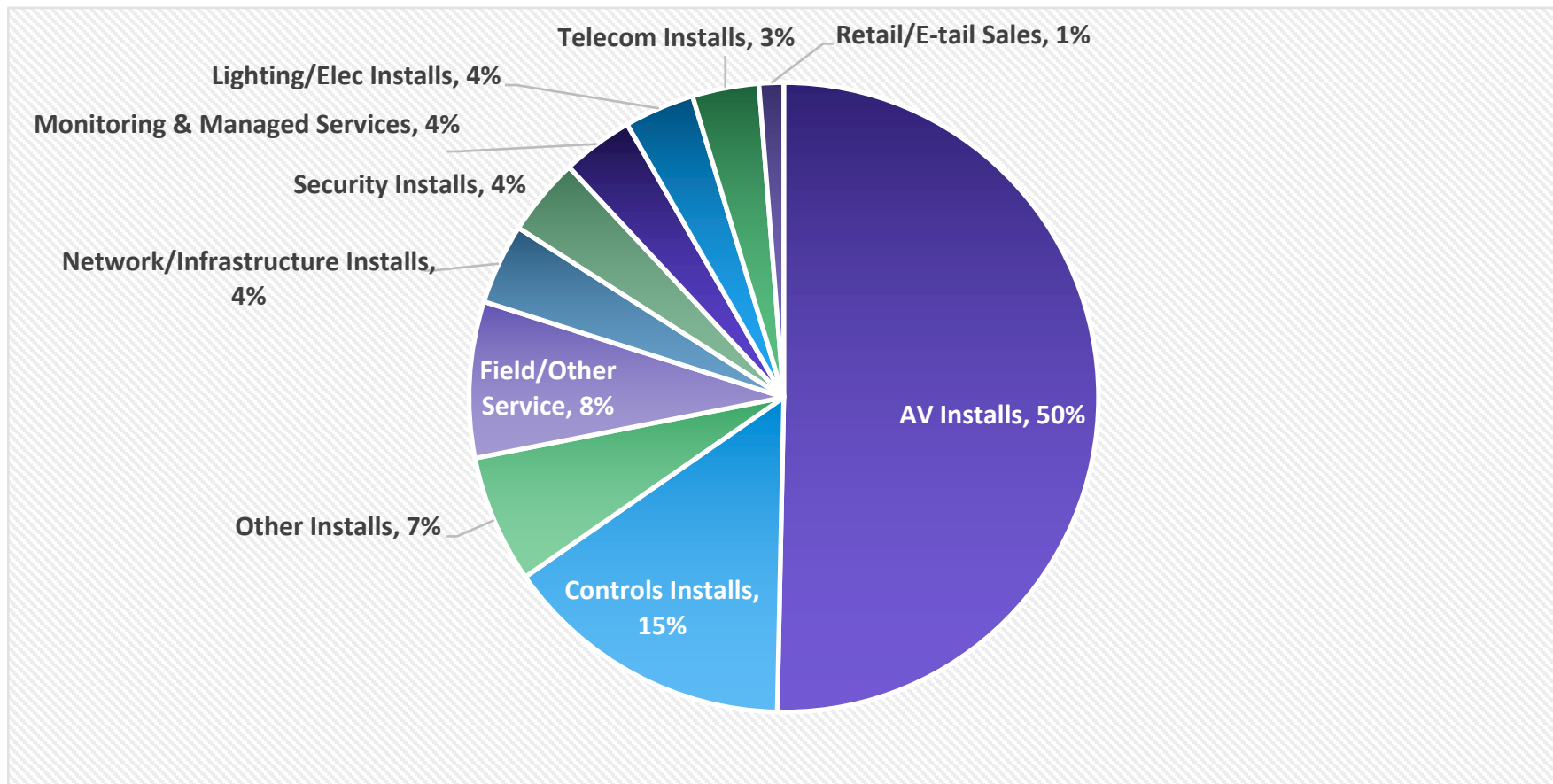
2017 Revenues by Product/Service Detail

Market	CE Aggregate Revenue	CE Avg. Rev.	CE % of Total	CI Aggregate Revenue	CI Avg. Rev.	CI % of Total	SSI Aggregate Revenue	SSI Avg. Rev.	SSI % of Total	TTS Aggregate Revenue	TTS Avg. Rev.	TTS % of Total
Audio/Video Installations	\$383,469,647	\$3,277,518	30%	\$1,868,117,815	\$19,873,594	50%	\$137,017,527	\$1,712,719	5%	\$2,388,604,989	\$7,805,899	30%
Control System Installations	\$227,036,181	\$1,940,480	18%	\$556,913,102	\$5,924,607	15%	\$51,166,946	\$639,587	2%	\$835,116,229	\$2,729,138	11%
Lighting/Electrical System Installations	\$142,128,341	\$1,214,772	11%	\$133,911,683	\$1,424,592	4%	\$31,249,611	\$390,620	1%	\$307,289,635	\$1,004,214	4%
Telecommunications Installations	\$17,812,188	\$152,241	1%	\$126,933,654	\$1,350,358	3%	\$37,430,853	\$467,886	1%	\$182,176,696	\$595,349	2%
Networking/Infrastructure Installations	\$155,879,719	\$1,332,305	12%	\$153,184,332	\$1,629,621	4%	\$157,278,264	\$1,965,978	5%	\$466,342,315	\$1,523,994	6%
Video Surveillance Installations	\$85,461,587	\$730,441	7%	\$71,774,004	\$763,553	2%	\$501,023,991	\$6,262,800	17%	\$658,259,581	\$2,151,175	8%
Electronic Access Control Installations	\$22,888,200	\$195,626	2%	\$43,197,317	\$459,546	1%	\$393,539,063	\$4,919,238	14%	\$459,624,581	\$1,502,041	6%
Intrusion/Fire Detection Installations	\$48,545,135	\$414,916	4%	\$46,520,188	\$494,896	1%	\$489,691,714	\$6,121,146	17%	\$584,757,036	\$1,910,971	7%
Monitoring and Managed Services	\$55,190,096	\$471,710	4%	\$135,573,118	\$1,442,267	4%	\$605,761,700	\$7,572,021	21%	\$796,524,914	\$2,603,023	10%
Field Service	\$52,698,235	\$450,412	4%	\$224,626,048	\$2,389,639	6%	\$280,559,699	\$3,506,996	10%	\$557,883,982	\$1,823,150	7%
Retail/E-tail Sales of Products	\$45,684,110	\$390,462	4%	\$46,852,475	\$498,431	1%	\$20,260,737	\$253,259	1%	\$112,797,321	\$368,619	1%
Other Installations (please specify)	\$22,611,327	\$193,259	2%	\$243,566,410	\$2,591,132	7%	\$135,300,516	\$1,691,256	5%	\$401,478,253	\$1,312,020	5%

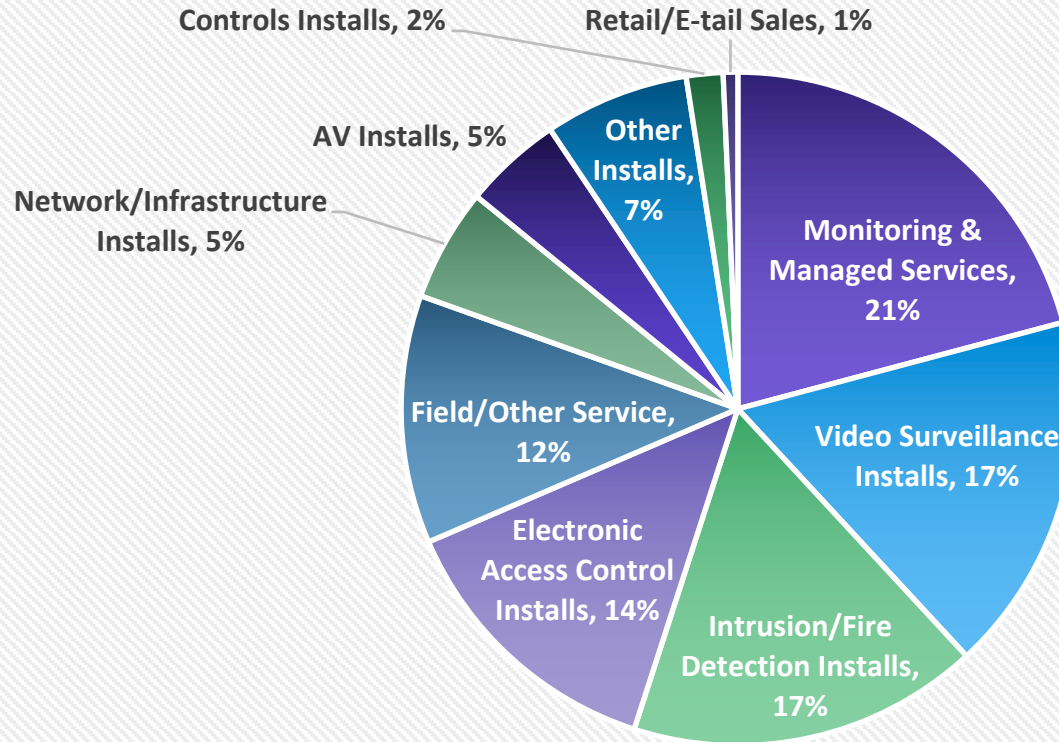
CE Pro Guests % of Revenues by Product/Service Category



CI Guest % of Revenues by Product/Service Category



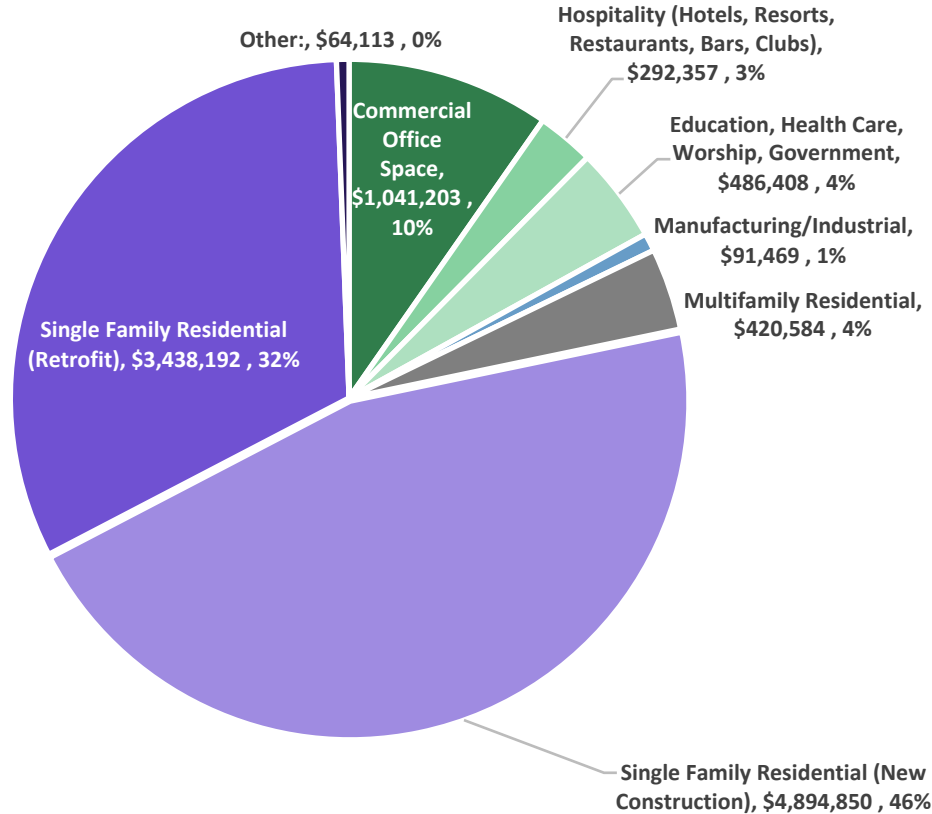
SSI Guest % of Revenues by Product/Service Category



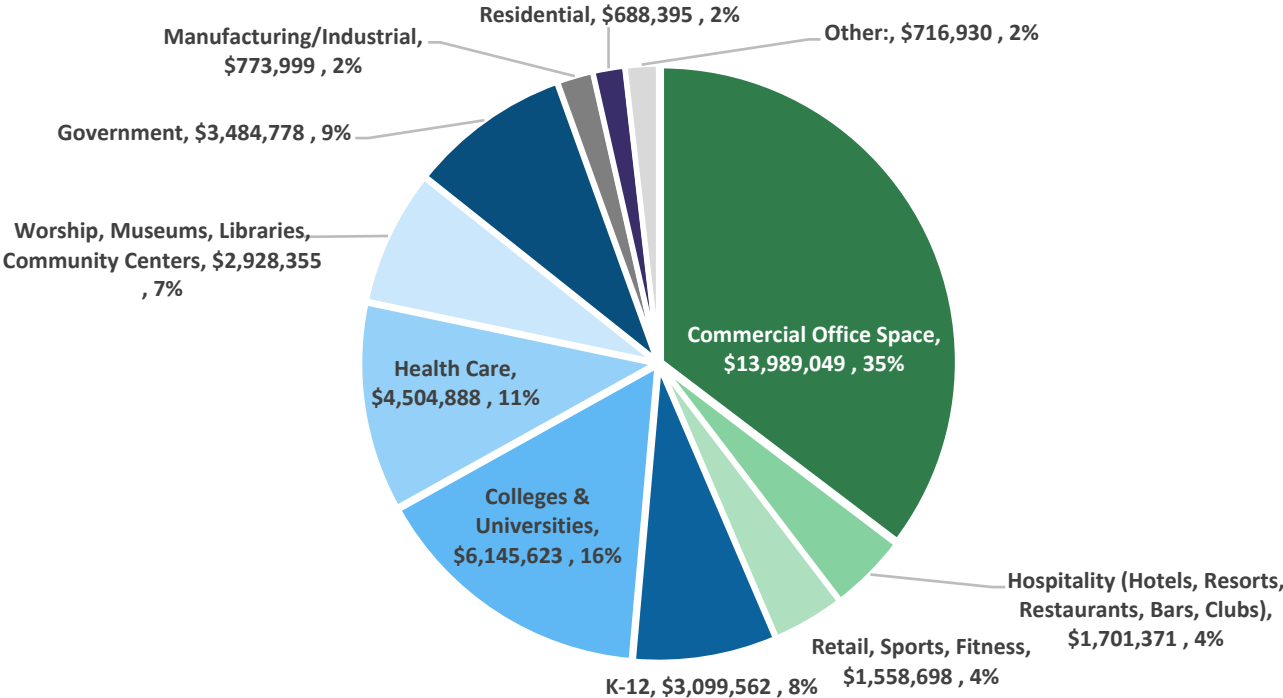
2017 Revenues by Vertical Market Detail

Market	CE Aggregate Revenue	CE Avg. Rev.	CE % of Total	CI Aggregate Revenue	CI Avg. Rev.	CI % of Total	SSI Aggregate Revenue	SSI Avg. Rev.	SSI % of Total	TTS Aggregate Revenue	TTS Avg. Rev.	TTS % of Total
Commercial Office Space	\$121,820,733	\$1,041,203	10%	\$1,314,970,633	\$13,989,049	35%	\$381,786,415	\$4,772,330	13%	\$1,818,577,781	\$5,943,065	23%
Hospitality (Hotels, Resorts, Restaurants, Bars, Clubs)	\$34,205,822	\$292,357	3%	\$159,928,861	\$1,701,371	4%	\$117,550,168	\$1,469,377	4%	\$311,684,850	\$1,018,578	4%
Retail Stores	\$13,902,366	\$118,824	1%	\$57,668,268	\$613,492	2%	\$197,805,659	\$2,472,571	7%	\$269,376,294	\$880,315	3%
Sports, Fitness	\$6,801,158	\$58,130	1%	\$88,849,367	\$945,206	2%	\$21,930,383	\$274,130	1%	\$117,580,908	\$384,251	1%
K-12	\$8,001,362	\$68,388	1%	\$291,358,868	\$3,099,562	8%	\$176,218,679	\$2,202,733	6%	\$475,578,909	\$1,554,179	6%
Colleges & Universities	\$7,201,226	\$61,549	1%	\$577,688,527	\$6,145,623	16%	\$111,605,755	\$1,395,072	4%	\$696,495,508	\$2,276,129	9%
Health Care	\$12,202,077	\$104,291	1%	\$423,459,436	\$4,504,888	11%	\$206,384,797	\$2,579,810	7%	\$642,046,310	\$2,098,191	8%
Worship	\$18,903,217	\$161,566	1%	\$191,445,240	\$2,036,651	5%	\$86,590,672	\$1,082,383	3%	\$296,939,130	\$970,389	4%
Museums, Libraries, Community Centers	\$2,800,477	\$23,936	0%	\$83,820,158	\$891,704	2%	\$46,311,948	\$578,899	2%	\$132,932,582	\$434,420	2%
Government	\$7,801,328	\$66,678	1%	\$327,569,176	\$3,484,778	9%	\$215,366,544	\$2,692,082	7%	\$550,737,048	\$1,799,794	7%
Manufacturing/Industrial	\$10,701,821	\$91,469	1%	\$72,755,897	\$773,999	2%	\$276,148,755	\$3,451,859	10%	\$359,606,473	\$1,175,185	5%
Multifamily Residential	\$49,208,375	\$420,584	4%	\$8,382,016	\$89,170	0%	\$113,429,340	\$1,417,867	4%	\$171,019,731	\$558,888	2%
Single Family Residential (New Construction)	\$572,697,469	\$4,894,850	45%	\$38,892,553	\$413,751	1%	\$244,111,687	\$3,051,396	8%	\$855,701,708	\$2,796,411	11%
Single Family Residential (Retrofit)	\$402,268,463	\$3,438,192	32%	\$17,434,593	\$185,474	0%	\$389,400,473	\$4,867,506	14%	\$809,103,529	\$2,644,129	10%
Other:	\$7,501,277	\$64,113	1%	\$67,391,407	\$716,930	2%	\$59,556,620	\$744,458	2%	\$134,449,304	\$439,377	2%

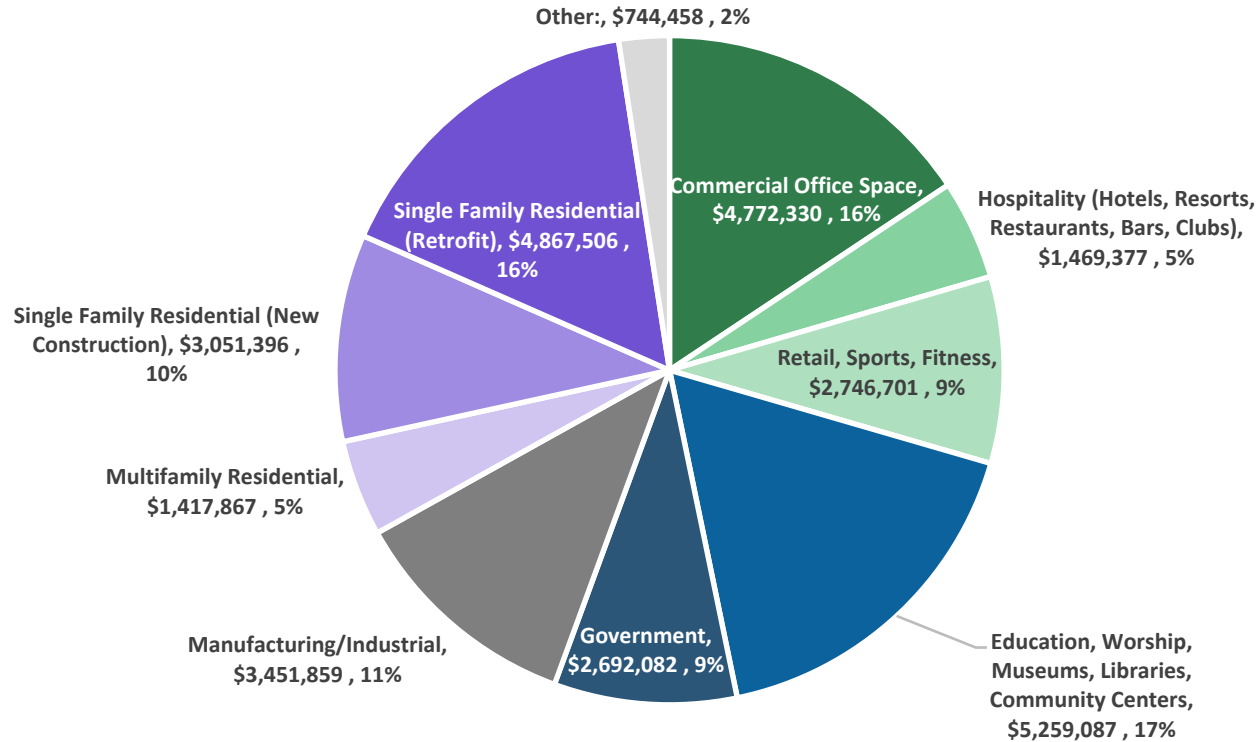
2017 CE Pro Guests Average Revenue by Vertical Market



2017 CI Guests Average Revenue by Vertical Market



2017 SSI Guests Average Revenue by Vertical Market



FOR MORE INFORMATION

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