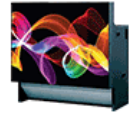




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MARKET SURVEY: INTEGRATORS GET CLOSER TO THEIR CLIENTS

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by Peter Lloyd
Analysis

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Once primarily technical suppliers, systems integrators are now beginning to focus on satisfying clients' communication objectives, says Peter Lloyd.

The UK AV systems market has both broadened out and fragmented.

Many systems used to consist of a projector and two or more sources, linked to a control panel that could also be used to manage lighting and accessories such as blinds; but now, even 'typical' systems involve the installation and control of video conferencing units, multiple displays, sound reinforcement, lighting control, network connections and interactive devices.

Links to video streaming, digital signage, room booking systems, security and remote monitoring systems have further increased complexity levels. And there's more to come.

The AV suppliers' response to the changing market has been to start segmenting itself. For premises-based or online resellers, boxes of kit are supplemented by installation services that may be bought separately, in the same way as PC or up-market hi-fi vendors offer home installation services.

At the same time, the explosion in classroom work inspired by sales of interactive whiteboards has led to the creation of installation teams geared to relatively straightforward projects, although the available margin on that work meant that they had to be hyper-efficient and well project-managed.

But as organisations have come to rely on more sophisticated AV facilities to deliver lectures, present proposals, hold progress meetings or make better-informed decisions, they are now demanding sophisticated systems integration and service delivery.

Initially, this prompted systems integrators (or SIs) to become more technically proficient and boost their project management skills. But many are now finding that they have to provide an interface between users and the technology.

Solutions before technology

"The major value we provide lies in getting to know and understanding the client's business. They want to increase their efficiency and they are looking for a clear return on AV systems investment," says Impact md, Thomas Doyon.

"We need to try to understand what customers are after and translate their operational needs into a technology solution," adds Impact sales director, Marc Coleman.

According to Quadrant commercial director, Chris Sulej: "We look at it through the eyes of a solutions provider. We take the needs of the customer and the business needs of the company and translate these into a solution that looks at improving workflows and productivity, and reducing time to market."

Reflex md Roland Dreesden agrees: "Our role is to understand different manufacturers' technologies, liaise with distribution to build the correct solution for the customer, and integrate all the technology into a workable system."

However, this approach goes beyond proposing conceptual solutions. "We have to liaise with third party contractors and trades, co-ordinate with the client contact and other end users, and of course deliver the solution to a high quality within the budget and timescale agreed," adds Dreesden. "Post sales our role is to provide total system training at various different levels and service and maintenance support."

Masters of integration

"The dictionary definition of 'combining parts so that they work together or form a whole' infers the ability to understand a client's needs, and translate these through great design and construction into a solution that achieves the stated objective.



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"A systems integrator does just this through exceptional product knowledge, precise engineering and commissioning," says PAI Group technical director, Andy Bonehill.

"We need to understand the functions that are valuable to the user and develop systems which satisfy their needs. This is important if we are to understand the technology available and design systems that use the best aspects of each manufacturer in a system that operates seamlessly," says Video South md, Alistair Holdoway.

This is the point when a gap widens between integration and installation.

"We probably need to identify where systems integration applies rather than installation," says Bonehill. "Like many AV systems integrators, we do our fair share of installations. There is also definitely a two-tier market in place. The difference is that rather than a product fitted it is a need accommodated. AV for installers has become about the 'what' (product). AV for integrators still focuses on the how and why," he says.

The deliverables

Meeting business needs may be paramount, but today's integrator still has to demonstrate it possesses top-quality technical and management skills in order to deliver a mix of consultation, design, installation, programming and support.

"The role of the systems integrator is to understand and articulate the client brief into a working solution that meets the communication requirements," says ProAV md, Richard Brooks. "This involves logical, efficient design using appropriate technology; high quality build standards of infrastructure, equipment rack assemblies and equipment installation; intuitive software control that can be operated easily by the client team; and tailored support."

SIs also have to act as an interface between manufacturers and clients: "The integrator is responsible for evaluating the manufacturer and the equipment for reliability, support and longevity," says Holdoway.

"Selecting the best products and solutions for the project is vital," adds Feltech sales manager, Nevil Bounds.

Integrators and consultancy

With SIs now working alongside clients to analyse needs and specify solutions, where does that leave their relationship with AV consultants? There used to be a significant divide in the market, with some integrators only carrying out design-and-build work and others relying almost completely on consultancy-led projects. But this chasm has now been bridged.

Reflex, for example, has started taking on consultancy-led work which represented nearly 10 per cent of its revenue in Q1. Impact decided to get back into the consultancy-led market: "This kind of business is now increasing significantly", says Coleman.

But there are still divisions. Says ProAV's Brooks: "Generally, larger projects will employ a consultant, although our international work involves a higher ratio of design and build."

By contrast, Holdoway says: "We are 85 per cent design and build, specifying equipment and brands as well as the methodology. About 15 per cent of our business is co-operative design with skilled clients."

Overall, it now appears that the profusion of technologies is driving increased levels of consultancy, which is being provided by a mix of SIs and independent consultancy practices.

"There are distinct differences between SI and consultancy," says Coleman. "When we talk about the consultative approach a lot of it is with customers with whom we have already worked, and to whom we are providing support contracts. We are keeping our interface with them open and giving them the opportunity to review the market through our eyes.

"People go to a consultant when they have a big building move. What we are doing is continually giving customers options," he adds.

Skills and technologies

Providing these options is inevitably going to dictate that SIs provide access to a wider range of technologies and develop the skill sets required to implement them.

The big technology drivers are currently video conferencing, HD capture and display, networking, IP, digital signage, IPTV, video-on-demand and – inevitably – IT networking.

To that end, most of the leading SIs have had to make serious investments in IT-trained personnel and training.

"With total integration of AV systems over the client network there is a requirement for the AV integrator to hold similar accreditation and skill sets to that of the IT/network provider, including Cisco CCNA and Microsoft Gold certification," says Brooks.

"There is still a perceived lack of credibility by many clients' IT departments with regard to the capability of the AV integrator," says Bounds. "We absolutely must have people on board who not only fully understand the IT element, but who can also engage and go into bat with external IT departments and managers."

Many companies are combatting this by recruiting IT-based personnel and training them in AV, but the concerns about skills shortages that were being expressed before the 2008 financial crisis are now re-surfacing.

"It's a major problem," says Bounds. "There is very little new blood coming in to our business and companies have to



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work very hard to attract the right kind of candidate.”

On the job training helps – and all our SI interviewees were unanimous in their praise for InfoComm and CEDIA courses (especially the associations’ web-based training) – but there are still manpower issues to be addressed and almost every SI is having to major on project management.

Some companies are solving their problems by developing specialist segments within their overall integration teams (an approach taken by Quadrant, for example), while others, such as Impact, are promoting the idea of specialist partnerships for services such as app development.

Marketing integration

Looking ahead, SIs must work on defining and marketing their changing offerings – which include masses of pre- and post-sales support as well as chargeable services such as maintenance, remote monitoring, network operations and facilities management.

Says Bonehill: “We need to work as an industry to bring the notion of integration over installation to clients and design teams. IT and strategic procurement are obsessed with the notion that delivering best value means splitting down projects into component parts – or ‘lotting’.

“In this model, equipment is centrally purchased from manufacturers or key distribution, bypassing the integrator, which is then left to pick up the pieces of this in terms of badly managed delivery schedules and poor post-contract support.

“Rather than bitch about how IT companies are invading our space, we need to work together to display the value we give as SIs when we deliver turnkey projects,” he concludes.

Put another way, the SIs need to convince their clients that their services, as well as their products, are worth paying for.

“We need to ensure that everything we deliver is quantifiably valuable,” says Sulej. “If the customer feels he has been hard done by, didn’t get what he thought he was getting, or didn’t understand what he was getting, then we have failed.”

THE MARKETS

Higher Education has been one of the SI market drivers for the past few years, so it is fortunate that the financial services market is reviving just as a Higher Education turn-down is being forecast.

“Private sector business and financial services are going from strength to strength”, says Feltech’s Bounds, while Impact’s Coleman says: “There is a boom in the corporate market in and around London, where landlords are incentivising businesses to move.” Retail and leisure are also growing, says ProAV’s Brooks.

However, education doesn’t look so promising: “HE remains an extremely important market for us, but we are building up our corporate business and moving into the healthcare market,” says Reflex’s Dresden.

Video South md Holdoway, a specialist in the medical market, says: “Our hospital business is strong, but our HE business has dropped 50 per cent since 2008.”

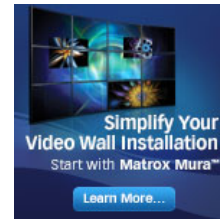
However, Quadrant’s Sulej says we cannot sit back and assume that because HE is moving over to a new funding system it will necessarily have the same amount of money available: “It’s tempting to think that because the students will be paying more they will be demanding that the universities increase the level of their facilities,” he says.

TESTING FOR INTEGRATORS

If the AV market now includes resellers, installers, consultants and integrators, what tests can users apply in order to check that their potential supplier is a ‘true’ systems integrator?

We asked a small selection of users, manufacturers and consultants to specify their top five. They came up with the following top 10 suggestions:

- Supplier independence
- Project management and quality control systems
- Use of in-house qualified installation and design staff
- In-house rack build and testing capabilities
- In-house systems design and CAD capabilities
- Ability to configure, program and commission systems
- Ability to adopt new technologies and embrace IT
- Awareness of quality standards and benchmarks
- Having a project management process in place
- Financially viable (adequately capitalised) with a proper structure



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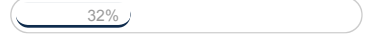
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How has business in 2013 been for you?

A mixed bag - Some great months, some quiet months



Great - busier than ever, orders been placed consistently



Disappointing - the economy is just not picking up as we hoped



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