CEPro

INTEGRATION | AUDIO/VIDEO | NETWORKING | CONTROL | CONVERGENCE

100

Highest Revenue Integrators

2009 data show 17% decline but the future looks bright.

CE PRO 100

Rank	Verified	Company	City, State	2009 Custom Residential Revenue	No. of Residential Installs	Revenue/ Install	No. of Employees	Revenue/ Employee	No. of Locations	Years in Business
41	✓	Tunnel Vision Technology	Chicago, Ill.	$3,927,349	229	$17,150	14	$280,525	1	11
42	✓	Stereo East Home Theater	Frisco, Texas	$3,910,000	300	$13,033	20	$195,500	1	30
43	✓	Dennis Sage Home Entertainment	Phoenix, Ariz.	$3,900,000	2,100	$1,857	35	$111,429	1	15
44	✓	Eagle Sentry	Las Vegas, Nev.	$3,800,000	500	$7,600	38	$100,000	1	24
45	✓	Audio Video Interiors	Medina, Ohio	$3,791,761	160	$23,699	24	$157,990	1	20
46	✓	Intra Home Systems	Pompton Plains, N.J.	$3,497,704	40	$87,443	12	$291,475	1	25
47	✓	iWired	Scottsdale, Ariz.	$3,400,000	576	$5,903	30	$113,333	2	9
48	✓	Sound Concepts	Jonesboro, Ark.	$3,386,464	180	$18,814	10	$338,646	1	7
49	✓	Enhanced Home Systems	Eden Prairie, Minn.	$3,342,519	182	$18,365	32	$104,454	1	20
50	✓	Crime Prevention Security Systems & Custom Home Entertainment	Gainesville, Fla.	$3,306,247	1,104	$2,995	54	$61,227	2	35
51	✓	CytexOne	New York, N.Y.	$3,126,721	23	$135,944	16	$195,420	1	6
52	✓	Zobo.TV	Charlotte, N.C.	$3,097,271	350	$8,849	17	$182,192	3	11
53	✓	IVCI	Hauppauge, N.Y.	$3,000,000	12	$250,000	100	$30,000	3	15
53		Hesi Security	Oklahoma City, Okla.	$3,000,000	125	$24,000	15	$200,000	2	18
55	✓	The Phonograph	Tulsa, Okla.	$2,987,000	101	$29,574	14	$213,357	2	21
56	✓	Custom Systems Integration	Phoenix, Ariz.	$2,952,000	6	$492,000	14	$210,857	1	8
57	✓	Audio Video Alternatives	Royal Oak, Mich.	$2,900,000	130	$22,308	18	$161,111	1	33
58	✓	Elite Custom Audio Video	Montclair, Calif.	$2,894,713	86	$33,659	6	$482,452	1	16
59	✓	Ray Supply	Queensbury, N.Y.	$2,888,250	290	$9,959	24	$120,344	1	73
60	✓	Maximum Audio Video	Tampa, Fla.	$2,875,625	225	$12,781	22	$130,710	1	27

CE Pro 100 REPORTS 17% DECLINE

in

Total installations down 26%,
but revenue-per-installation is up 20%
and employee productivity is up 3%.
by Jason Knott

JUST LIKE THE REST OF THE INDUSTRY, the largest custom installation companies felt the effects of the deep recession in 2009, but the group responded with what appears to be some hard-nosed business management skills to maximize profit during last year's sagging economy.

The data from the 12th annual *CE Pro 100* show a downturn of 17 percent in 2009 with the average company on the list reporting $5.43 million in residential custom installation revenues. That figure is down from $6.59 million last year and down 27 percent from the peak of $7.4 million reported in 2007. Correspondingly, the average number of installations was also lower by 26 percent.

But that's where the bad news ends. Indeed, optimism is rampant for 2010. *(See article on page 87.)* Moreover, *CE Pro 100* integrators responded to the crisis by properly paring down their staffs and boosting per-installation revenue by a whopping 20 percent. Meanwhile, members of the *CE Pro 100* put their staff productivity into overdrive, increasing the revenue per employee — a key bellwether statistic — by 3 percent to $139,957 per employee. *(Editor's Note: In order to do an apples-to-apples year-over-year comparison between 2008 and 2009, employee and revenue data from one new large participant in the CE Pro 100 — Abt Electronics — was excluded for the purposes of this calculation.)*

Overall, the recession was not nearly as bad for many of these larger integrators as it was for the rank-and-file CE pro, who according to the 2010 *CE Pro* State of the Industry Special Report revealed this past January, dropped an earth-shattering 51 percent in 2009. The fact that the *CE Pro 100* fared much better is likely due to several reasons, including diversification outside of home theater into disciplines like energy management/alternative energy, recurring revenue, home control, and take-over jobs. The less-painful drop could be an indication of better management structure, a more entrenched brand in their local community or prowess in marketing and a larger share of trade networking relationships with architects and interior designers.

The data show only the second year in a row of declining revenues among the *CE Pro 100* since the inception of the list 12 years ago. (The list only had 50 companies for the first two years.) Very few companies reported increases in revenues in 2009, a sign that the recession was certainly nationwide and not isolated

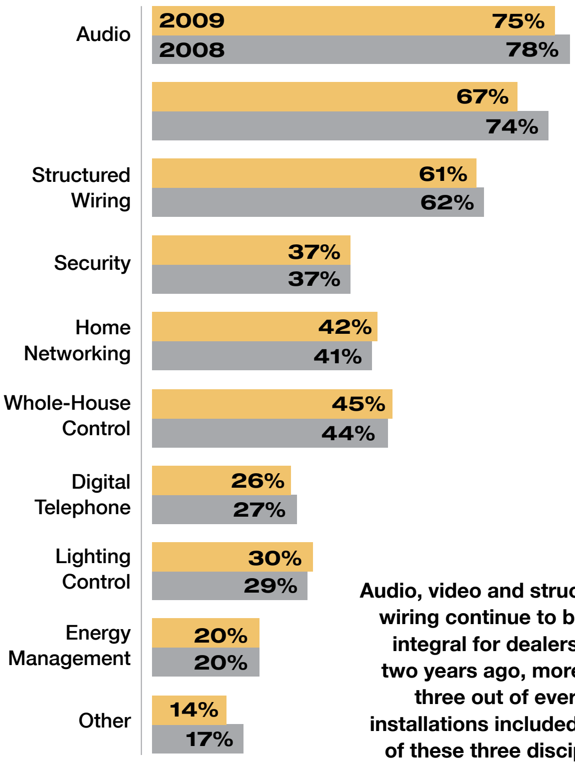
Aurant, No. 21

The Sound Room, No. 26

HS Technology Group, No. 29

Ray Supply, No. 59

Percentage of Installations Including These Subsystems: 2008 vs. 2009



Audio, video and structured wiring continue to be less integral for dealers. Just two years ago, more than three out of every four installations included each of these three disciplines.

to housing-boom locations like Nevada, Florida and Arizona as was the case in 2008. Also, the average revenue per employee rose by 3 percent … a sign that integrators are tightening their belts to be more productive with fewer employees.

DIGGING DEEP INTO THE DATA

The 2009 data is a sure indicator that larger integrators are becoming more business savvy. With the extreme softness of the market throughout last year, dealers had to respond with some tough decisions or face becoming historical footnotes in the annals of the list, epitomized in recent years by poster-boy Tweeter. Indeed, one prominent member of the list did depart — Myer Emco. The Washington, D.C.-area company called it quits in February after 55 years in business, citing the declining margins on video as the primary culprit. In 2008, Myer Emco earned $14 million in custom installation revenue.

+3%
Percentage increase in revenue-per-employee in 2009

-17%
Percentage total revenue decrease of the *CE Pro 100* in 2009.

But for the most part, the top of list is generally stable. Many companies in the industry opt not to participate in the survey and when revenues fall as they did last year, some companies decided to not participate in this 100-percent voluntary list versus facing any public scrutiny of their data.

As mentioned, it appears as though integrators are all over those previously-overlooked business practices that are often the subject of *CE Pro* Webinars or CEDIA educational classes. Why worry about running lean and mean when clients were lining up at the door? Clearly, those days are gone.

The data reflects that more than one out of every four jobs simply did not happen (the aforementioned 26 percent decline in installations). So integrators did what responsible business owners in all industries do … they found ways to earn more with less. *CE Pro 100* companies cut their staffs by one-fourth, going from an average of 49 employees to 36 (a 26 percent decline).

They also found alternative sources of revenue. This year's list includes recurring revenue from various sources, such as service contracts (except from alarm monitoring). It's a well-proven fact that recurring revenue offers the cash flow stability that allows companies to maintain themselves and eventually grow.

SOME COMPANIES WERE UP

It seems almost across the board, *CE Pro 100* companies were down, but surprisingly, a handful of companies were up in 2009 vs. 2008. For example, the company at the top spot, Guardian Technologies, reported that its custom installation revenue rose $1.2 million, or about 3 percent. In boom years, that small increase would be disappointing, but in 2009 it's worthy of popping champagne.

Other top companies that survived 2009 unscathed are Hifi House in Broomall, Pa. (up 31 percent), Definitive Audio in Bel-

Creative Sound, No. 76

Wipliance, No. 77

Grand Home Automation, No. 81

AVS Design Systems, No. 93

Alphabetical Listing and Rank of *CE Pro 100* Companies

Abt Electronics	(4)
Acadian Custom Installations	(92)
Advanced Electronic Solutions	(19)
Ahead Stereo	(79)
Ambiance Systems	(90)
Ambleside Logic	(87)
Audio Command Systems	(5)
Audio Dimensions	(18)
Audio Images	(28)
Audio Interiors	(12)
Audio Video Alternatives	(57)
Audio Video Crafts	(25)
Audio Video Design (Calif.)	(31)
Audio Video Design (Mass.)	(14)
Audio Video Design Consultants	(85)
Audio Video Excellence	(20)
Audio Video Interiors	(45)
Audio Video Planners	(22)
Audio Video Systems	(6)
Aurant	(21)
Automated Environments	(83)
AVL PRO	(65)
AVS Design Concepts	(93)
Bob & Ron's World Wide Stereo	(23)
Boca Theater & Automation	(78)
C&R Systems	(91)
Century Stereo	(39)
Commercial Electronics	(37)
Creative Sound & Integration	(76)
Crime Prevention Security Systems & Custom Home Entertainment	(50)
Custom Systems Integration	(56)
Cyber Sound	(15)
CytexOne	(51)
Dallas Sight and Sound	(27)
Definition Audio Video	(95)
Definitive Audio	(7)
Dennis Sage Home Entertainment	(43)
Desert Sound & Security	(84)
Diamond Case Designs	(88)
Dominion Design & Integration	(63)
DSI Entertainment Systems	(16)
e4 Control Systems	(94)
Eagle Sentry	(44)
Elite Custom Audio Video	(58)
Engineered Environments	(10)
Enhanced Home Systems	(49)
EPI Systems Integration	(24)
Eric Grundelman's Cool AV	(97)
ETC	(11)
Grand Home Automation	(81)
Green Electronic Solutions	(38)
Guardian Protection	(1)
Hesi Security	(53)
Hifi House	(8)
Holm Electric	(74)
HS Technology Group	(29)
InHouse Systems	(67)
Innerspace Electronics	(33)
Intech	(13)
Integrated Excellence	(35)
Interior Systems Design	(79)
Intra Home Systems	(46)
ion (input output network)	(98)
IVCI	(53)
iWired	(47)
JM Resources	(71)
Just One Touch / Video & Audio Center	(2)
Maverick Integration	(32)
Maximum Audio Video	(60)
Maxsystems	(70)
MODIA	(3)
Newport Audio and Video	(100)
North Bay AVS Design	(73)
Paradigm Integration	(99)
Performance Imaging	(9)
Phoenix Unequaled Home Entertainment	(39)
Procom Enterprises	(72)
Quadrant Systems	(61)
Ray Supply	(59)
Sawyers Control Systems	(66)
Showcase A/V & Automation	(29)
Showtime Audio & Video	(69)
Sierra Integrated Systems	(74)
Signals Audio/Video	(34)
simpleHome	(96)
Smart Systems Technologies	(62)
Sound Concepts	(48)
SoundVision	(64)
Sounds Good	(89)
Stereo East Home Theater	(42)
Structured Cable of Virginia	(86)
The Phonograph	(55)
The Premier Group	(68)
The Sound Room	(26)
The Sound Shop	(82)
TriPhase Technologies	(36)
Tunnel Vision Technology	(41)
Wilshire Home Entertainment	(17)
Wipliance	(77)
Zobo.TV	(52)

Key Benchmarks

Some of the key data from this year's *CE Pro 100* are:

- In total, the *CE Pro 100* logged gross custom revenues of $543 million, down 27 percent from its peak in 2007 and down 17 percent from last year.
- The average *CE Pro 100* company earned $5.43 million vs. $6.59 million in 2008.
- The average revenue per installation is $7,211, a whopping 20 percent higher than last year's $6,026. Back in 2001, the average installation price was $12,444. The decrease shows how much more custom installation has "gone mainstream."
- The *CE Pro 100* installed a total of 73,553 jobs in 2009. That's down from 102,246 jobs in 2008 (a 28 percent drop). The average company did 735 installations last year.
- The largest company reported $39.8 million in revenue (up from $38 million for No. 1 last year).
- Even though California has been hard hit by the recession, it is still the most lucrative market. In all, there are 24 companies based in the Golden State, up from 19 last year. There are 14 members of the *CE Pro 100* located in the Northeast tri-state metro New York City/New Jersey/Connecticut area. Only six companies are based in boom/bust state of Florida, down from eight two years ago.
- For the second year in a row, the average-revenue-per-full-time-employee benchmark is up. This year, it's by 3 percent to $139,957. It's a definite signal that companies are working more efficiently. Indeed, numerous companies on the list have fewer locations and fewer employees.
- The average company has been in business for 21 years.
- The trend for multiple locations continues. The average company on the list has two locations, including either a business office or showroom/storefront.

levue, Wash. (up 25 percent), and Engineered Environments in Oakland Hills, Calif. (up 8 percent).

Over its 12 years, the prestigious list has changed from a list that used to include only traditional audio/video companies to a mixture of companies with their roots from audio/video, hybrid retail, automation, structured wiring, security, high-voltage electrical and HVAC. The top of the list itself shows the diversity.

CHANGES IN THE TOP 10

There is some slight change in the top companies on the list for 2009.

For the third year in a row, Guardian Technologies (a division of Guardian Protecttion) tops the list. The company is a perfect example of the "new breed" of custom installation company that understands the value of recurring revenue. As primarily an alarm company, Guardian relies on those monthly alarm bills as well as alarm-only installations for the bulk of its income. Overall, the company had revenues of $124 million last year.

One interesting note about Guardian vs. others on the list is that they carry very few product lines compared to other CE pros. This tactic is purposeful — the company isolates only a few brands and services, such as mounting flat-panel (it claims to be LG Electronics' No. 1 custom reseller), installing in-wall/in-ceiling speakers, and, of course, installing security systems. The company is a member of the GE AIN group. Its pure security revenues are not tallied for the purposes of its *CE Pro 100* ranking.

+20%

Percentage increase in revenue-per-installation.

-26%

Percentage decline in installations.

Meanwhile, this year's No. 2 company is Just One Touch/Video & Audio Center in Santa Monica, Calif. The company was able to experience only a slight decline in revenues in 2009 (just 3 percent) by doing 437 more installations.

Houston-based Modia (formerly Home Theater Store), a regional hybrid retailer with 10 stores, dropped from second to third. Modia experienced only a 3 percent decline in 2009. Back in 2007, the company had revenues of more than $33 million.

The No. 4 company — Abt Electronics in Glenview, Ill. — is new to the *CE Pro 100* and it represents still another type of custom installer: a retail appliance company that also sells and installs electronics. Abt did 8,000 installations in 2009 valued at $25 million.

CE PRO 100: COMPANY PROFILES 1998-2009

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Average Number of Years in Business	14	12	15.9	15.4	13.7	15.5	16.7	17	17.3	19.4	19.8	21.3
Average Number of Installations	212	302	446	328	427	987	2,278	2,325	1,121	1,144	1,087	754
Average Number of Full-Time Employees	27	21	35	28	30	69	110	121	50	56	49	36

Due to the economy, the average number of installations dropped in 2009. Also, *CE Pro 100* members cut their staffs by an average of 13 employees last year. The average revenue per employee is $139,957, a 3 percent increase from last year.

Top Custom-Only Integrators

1. Audio Command Systems
2. Audio Video Systems
3. Performance Imaging
4. Engineered Environments
5. ETC, Inc.

Top Hybrid Retailers

1. Just One Touch/Video & Audio Center
2. Media
3. Abt Electronics
4. Definitive Electronics
5. Hifi House

Top Security/Structured Wiring-Based Integrators

1. Guardian Home Technologies
2. Audio Video Design
3. Cyber Sound & Security
4. Advanced Electronic Solutions

Top Commercial Companies
(by number of commercial installs)

1. IVCI
2. Smart Systems Technologies
3. Commercial Systems
4. Guardian Technologies
5. Abt Electronics

Overall, the company has revenues of $120 million that includes a vibrant online sales presence.

At No. 5 is Audio Command Systems, a high-end "traditional" A/V integration company with strong links to the architectural community. Audio Command earned $23 million in 2009, down $3.7 million from 2008 or nearly 14 percent.

So while the top companies on the list remained very stable, lower down on the list is where the tough market conditions of 2009 are reflected. The No. 100 company this year is Newport Audio Video in Newport Beach, Calif., with $1.31 million in revenue. That represents a 40 percent decline from the revenues of last year's No. 100 company, which came in with residential income of $2.19 million.

Companies Verify Their Data

Unfortunately, you can't undertake an annual project like the *CE Pro 100* without delving into the methodology. If you read this section last year, you can probably skip this. The methodology is the same. This year, we have 91 companies providing verified financial data compared to 84 last year.

Eight years ago *CE Pro* began asking for independent verifying documentation from companies submitted information. The verification is optional, but the number of verified financials has steadily increased. Verification in the form of copies of tax returns or letters from an outside CPA.

The black check mark next to several of the entries denotes that the revenues listed were verified by the submission of tax records, P&L statements or written confirmations from the company's certified public accountant. Companies were required to sign a statement (for faxed or mailed entries) that says, "the information provided is accurate and truthful." That statement also appears at the bottom of electronic submissions.

Similar to previous years, *CE Pro* has selected gross revenue in multisystem residential installations as the determining factor for the ranking. Another much-talked-about aspect of the list is the outlining of the product lines that these large companies have chosen to offer. There may be better and more or less expensive product lines on the market, but it is certainly worth examining why these dealers are using particular brands. Moreover, the list allows you to gauge your own company's performance versus others. It may even provide you with a valuable tool to use with investors or bankers when trying to describe the scope of the custom installation business.

The *CE Pro* list is obtained in several ways:

- A qualification form appeared in the February and March 2010 issues of *CE Pro*.
- An online form was posted on *www.cepro.com* for three months, inviting entries. The Web site will also maintain a list of the 2009 *CE Pro 100* for the next 12 months.
- A blast e-mail was sent out to the installing companies that subscribe to *CE Pro*.
- Special e-mails and phone calls were made to a handful of firms that appeared in previous *CE Pro 100* listing.

The list is ranked by the volume of billed, not booked, business from residential systems that incorporate at least three of the following subsystems:

- Audio (sources, speakers, processors or multiroom distribution components)
- HVAC control/energy management systems
- Lighting controls
- Security systems (alarms, integrated fire, access control or CCTV)
- Structured wiring systems
- Telecommunications systems
- Video (sources, monitors, projectors, screens DBS or multiroom distribution components)
- Whole-house automation/integration
- PC networks/broadband installation
- Window covering controls
- Other (central vacuum, surge protection, irrigation control, spa controls, etc.)

The dollar volume listed from companies on the list whose primary business is selling and installing security systems is derived solely from their residential installation income in which at least three subsystems are included. Likewise, custom retailers that have entered the custom installation business are included, but only with their multi-subsystem installation revenue.

As always there are several large companies that chose not to participate in this year's listing. Many higher-end custom companies do not want to be compared with high-volume companies on any list. Is your company missing from the list? If so, e-mail *CE Pro* at *jknott@ehpub.com*, or please e-mail any other comments about the *CE Pro 100*. **CE Pro**