

How will consolidation affect the comms market?

There have been a number of high-profile acquisitions in the intercom space recently, but what does this mean for the market as a whole?

ONE OF THE MAJOR TALKING POINTS TO

come out of this year's IBC was the number of acquisitions that were announced. This trend is not new to the pro audio industry, there have been a spate of purchases over the last few years. However, one aspect that was particularly notable was the number of intercom manufacturers that have changed ownership recently.

We reported Clear-Com's purchase of Trilogy in the last edition and at IBC this was joined by Riedel buying both Delec and ASL Intercom. Looking at the wider picture, these acquisitions are part of a larger pattern. 'There have been several recent acquisitions across the various broadcast categories so we don't really think that the intercom market is any different,' states Jake Dodson, director of product management at Riedel Communications.



Gary Rosen, global sales manager for Pliant Technologies

manufacturers consolidating into two would be seen as 'business as usual'. As explained by Mr Rosen, it is the small scale of the intercom market and the limited number of players that makes this more notable. As such, the most important factor will be the impact these acquisitions have on customers. For their parts, both Riedel and Clear-Com state that it will be positive.

'This outcome will benefit customers as there is still robust competition among the remaining players, driving ongoing and substantial innovation while providing a bit more opportunity to succeed in a profitable manner,' says Mr Boster. 'Consolidation down to just one manufacturer would obviously start to run counter to that, but where we are now is very positive for the market. We have substantial differentiation between the major companies in product offering, route to market, and service and support philosophies, which gives customers a real choice.'

'Customers will continue to have a wide range of solutions to choose from,' agrees Mr Dodson. 'In the end, they will choose a system and a company based on how the offering matches their current and future needs. The companies who continue to provide innovative solutions and exceptional customer service will be the ones who survive regardless of how many there are in a given niche.'

However, Mr Rosen does offer some words of caution. 'There are positive and negative aspects for less independent players in the market. The larger companies acquire smaller suppliers and expand their portfolio with a very wide range of product offerings. This can mean they lose sight of their core market. The customer cannot get an in-depth understanding or specific focus on one product or area. It all can become very general with data sheets and websites, but no expert assistance. With a very application-based market like intercoms, often tailored solutions for mission critical communications are required, and the lack of

focus because of too many different product types does not serve our customers well.'

One fear that customers could have is consolidation leading to a slowdown in innovation. But everyone is keen to dispel this idea. 'The cost and investment to continually produce leading edge products for a market this size can be a big challenge for smaller companies,' observes Mr Rosen. 'However, smaller companies are generally closer to the customer and can target new products better than larger companies. Larger companies have greater resources and can sometimes produce more general market driven products well.'

'We can't speak for other manufacturers but, at Riedel, innovation is in our DNA,' adds Mr Dodson. 'There is always room for improvement and we are constantly looking for ways to bring new features and better performance to our customers.'

'Where the industry is broadly heading, beyond intercom, will continue to drive ongoing investment in innovation, and customers should now start to appreciate even greater differentiation between product offerings because of more extensive commercial opportunities,' reasons Mr Boster. 'These trends - IP-based solutions, wireless technology, system interoperability, workflow differentiation - are at a point where their impact on our business would require

from F1 to large festivals to complex theatre performances to Red Bull Air Races, safety and coordination are paramount. Events large and small depend on clear and concise communications.'

'There is a growing need for reliable intercom communications. I believe this trend will continue for a long time,' furthers Mr Rosen. 'Intercom products are evolving rapidly. At the same time, workflow and production techniques are also changing as new and different requirements are met. Production crews have more demands and have a greater need to communicate. Intercom providers need to have flexible and application-specific solutions for their customers. The intercom market is small, but extremely vibrant and I am certain we will see significant growth in the future.'

'Intercom is applicable to so many adjacent applications. For us, the devil is in the details: being able to extend the same level of support and application expertise to these related-but-different customer needs,' reflects Mr Boster. 'Our experience is that people need to communicate more than ever before, and in many different ways, to accomplish their tasks. Being experts in solving those problems means we are continually challenged with new chances to win business. It's been an exciting time for our business and I don't see any sign of that changing.'



Jake Dodson, director of product management at Riedel Communications

'I'm not certain that acquisitions are much more popular now, than in the general production equipment manufacturer sector,' agrees Gary Rosen, global sales manager for Pliant Technologies. 'However, there are fewer players, so their acquisitions are certainly more noticeable.'

While these purchases fit with the current narrative of the wider industry, there are also solid reasons behind them. 'Acquisition is a well understood strategy for business growth. Every company has their own set of reasons for acquiring companies,' offers Bob Boster, president of Clear-Com. 'At Clear-Com, our decision to purchase Trilogy was driven by the desire to expand our footprint in the defence space and to strengthen our presence in the broadcast market. This includes expanded technical capabilities, customer reach, and staff expertise.'

'Our recent acquisition of ASL and Delec fill some holes in our product line-up while giving us access to new engineering talent to help us push the technology forward,' adds Mr Dodson. 'We think this is a win-win for us and for our clients and we are proactively explaining these benefits.'

In many sectors of the pro audio market, five



Bob Boster, president of Clear-Com

continued investment in innovation, regardless of consolidation.'

Away from the acquisitions, all three companies see comms as a growing market. 'Clear and efficient communications are a critical part of any broadcast. We think the difference today is that markets like houses of worship, education, government, and enterprise are realising the benefits that good intercom solutions can provide,' says Mr Dodson. 'Communications are critical for the success of a production and for the safety of the men and women who participate in it. This may sound extreme but when you think about the entire range of events that we participate in,

The intercom market may be streamlining to a smaller number of players, but that should be beneficial to the end customers. 'A competitive landscape of any size is always healthy to keep the players in check,' concludes Mr Boster. 'Even in a smaller field of competition with a few big intercom providers and some smaller regional players, companies still need to work hard to deliver quality products, relevant market solutions and a capable support network in order to maintain or grow their market share.'

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