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## System Integrators Share Keys to Success

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It's no secret that the digital entertainment market is growing at a spectacular rate. Research firm Parks Associates estimates media server CAGR through 2010 will be approximately 27 percent, an eye-opening number compared to the single-digit growth rates that afflict the traditional PC market. Equally compelling, the threadbare profit margins of PCs are no match for the double-digit margins that many home media systems offer.

**Wanted: whole-house,  
unlimited access,  
effortless control**

### Sales Tip

Focus on the benefits of your solutions, rather than features of your hardware. And remember: Facts tell—Stories sell.

### SYSTEM INTEGRATOR PROFILE

Jeff Galea of Boca Theater and Automation has always imbued his company with a strong IT-centric philosophy. While maintaining a focus on traditional home theater elements, such as acoustics, speakers, amplifiers and projectors, he's also able to provide his clients with state-of-the-art networking solutions. This compelling blend of capabilities dramatically boosts his company's ability to deliver simple, efficient and secure access to content.

His team has developed unique ways to enable their customers to manage A/V digital content across the network, separately from office-related data such as spreadsheets, emails, and documents. Boca Theater sets up different subnets on the IP network in the client's home, so that all of the A/V and automation systems function on a different set of IP addresses than the workstations the client uses for office productivity, email and other typical PC functions.

These dedicated IP addresses not only prevent IP address conflicts and shared bandwidth slowdowns, they also make it simpler to address PC-centric issues such as easy access to printers and virus prevention/containment.

And this approach enables Boca Theater to highlight the unique requirements that distinguish A/V storage from conventional data storage. By promoting the advantages of purpose-built A/V disk drives (lower power use, cooler and quieter operation, optimized for video streaming, etc.) to the client, Boca differentiates itself from the competition and expands its storage sales opportunities.

Boca Theater's innovative approach ensures its clients enjoy a simplified user experience, which in turn leads to more confidence in using their systems. Such confidence is key to ensuring additional storage sales as clients consume and produce more content.

Such impressive growth and profitability in the digital entertainment market (home media servers, media center PCs, DVRs/STBs, NAS media servers) comes as no surprise, given the multitude of regulatory, technology and consumer trends driving this market. Conversions from analog to digital TV transmissions on a national level, the shift from physical to electronic content distribution, Internet TV, HDTV, the CableCARD initiative, home automation—all play roles in the market's ascent.

System integrators are uniquely positioned to understand and capitalize on the interactions among these market trends, thanks to close relationships with both manufacturers and consumers. That's why NASBA sat down with eighteen prominent system integration companies to get their views on digital entertainment systems, how storage plays into their existing business plans and how they expect storage will influence their future success.

### Storage Opportunities Are Growing

Simply put, any integrator not selling and installing digital storage solutions is overlooking enormous revenue opportunities. As described below, these opportunities include both high-margin sales today and an emerging class of high-margin service offerings that will continue to grow and deliver steady revenue streams well into the future.

All eighteen of the successful firms interviewed noted that they're currently installing some type of digital storage solution in 95 percent of their projects, reflecting growing consumer demand to store music, movies and photos. Indeed, a February 2007 study from Parks Associates found that consumers expected their storage needs to increase by 50 percent in 2007.

### Three Keys to Digital Storage Success

Historically, music has been the primary driver of digital storage solutions in the home, with integrators providing hard drive-based solutions for consumers who wished to maintain extensive digital music libraries. The valuable experience gleaned from such installations has taught integrators three fundamental principles that transcend music-based systems, underpinning the continued success of integrators delivering storage for all types of digital content.

#### ONE: WHOLE-HOUSE DISTRIBUTION

Consumers typically want integrators to deliver digital music library systems that are accessible from multiple locations around the home—a consistently strong selling point, according to integrators. Beyond ensuring that integrators gain revenue from music server hardware and software, these systems help integrators enjoy added income from ancillary products and services such as speakers and controllers.

Understanding this “whole-house distribution” model is critical for any integrator seeking to explore new opportunities in video, movie and photo storage solutions.

#### TWO: UNLIMITED ACCESS TO CONTENT

Integrators have consistently found that consumer demand for

music servers escalates as more content becomes available in simple, inexpensive formats (the iPod and iTunes are huge enablers in this regard).

Furthermore, easy access has substantially increased the amount of music purchased online. As their music collections grow, consumers want more flexibility in how they can play that music throughout their homes. Whole-house music server systems are the solution, providing a centralized repository for all the music that family members acquire and ensuring it can be readily accessed from anywhere in the home.

Additionally, the content must be easily accessible between multiple devices and/or systems. Indeed, consumers tend to avoid music servers that do not offer easy syncing of content between PCs, portable devices and the music server. In response to this strong consumer preference, several music server companies have opened their systems to enable easy syncing/sharing between their platforms and iPods.

By understanding that consumers want all of their content consolidated on a single system that can seamlessly synchronize content from several different sources, many integrators are capitalizing on emerging opportunities in video, movie, and photo storage.

### **THREE: EFFORTLESS CONTROL**

The most important principle learned by integrators and manufacturers? Easy, intuitive control of content is vital for successful sales and integration of storage solutions. Even if a product meets the standards articulated in the first two concepts, it's likely to fail in the marketplace if it lacks a simple and intuitive user interface.

In fact, the marketplace includes systems that arguably ignore the first two principles, but are nevertheless preferred by consumers simply because they deliver a superior user interface. Integrators cite the iPod as a prime example of this phenomenon. The iPod is not by nature a whole-house system (without connecting it to other devices), nor does it easily allow for syncing/sharing of content with non-iTunes systems. Yet, because consumers perceive the user interface as exceptionally easy to operate, the vast majority of integrators interviewed are integrating iPods into nearly every job they do.

### **Putting These Principles to Work**

Without exception, the eighteen integrators participating in this study believe the three principles described above are fundamental to their current success with digital entertainment systems. Clearly, other integrators and manufacturers in the digital home server market would do well to incorporate these same concepts into their business models.

When integrators sit down with clients to design systems that fit their needs and lifestyles, the three principles cited above should always be top-of-mind. (What's more, manufacturers designing new product offerings and/or considering ways to enhance existing products should share evaluation

### **Sales Tip**

Listen to your client's dreams and goals, and treat them as unique and special. Often those goals are similar to those discussed in the principles noted above, so be prepared to show your client some pre-engineered solutions to choose from.

samples with integrators who are willing to give both their own feedback and that of their customers. Engineers are inherently too familiar with products to objectively evaluate their ease of use.)

The three principles presented above are primarily based on the experiences of integrators selling and installing music-based systems over the past five or six years. Not surprisingly, the integrator participants in this study are finding that the same concepts apply equally well to the adoption of emerging digital content. This knowledge is absolutely key to taking advantage of a whole new array of integrator opportunities in the digital home marketplace.

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#### Author

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#### Tips and Tricks

When testing the user interface (UI) of any product that you are considering selling, don't rely solely on your own evaluation. Ask several of your employees and their spouses to test the UI and give you their feedback before you endorse it.

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