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## MODERN-DAY AUCTIONEER

CONFERENCING AND IP SET STAGE FOR INNOVATION IN BIDDING.

## **HAVE YOU SEEN IT?**

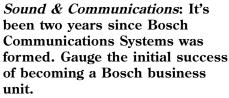


## **Bosch Communications Systems: Two Years On...**

An exclusive interview with Bosch executives.

## By Dan Ferrisi

Editor's Note: Bosch Communications Systems, a business unit of Bosch Security Systems, is now two years old and has become a strong force in the global audio market. Its debuting EV-Innovation line, to be rolled out in phases over the next three years, promises to be one of the company's most aggressive plays for influence in the US commercial fixed-install segment. To learn about how the company plans to proceed, as well as how its technology is changing the game, we caught up with Robert Mulatz, CEO of Telex Communications Inc. and senior vice president of Bosch Communications Systems, and Tom Hansen, vice president, Bosch Communications Systems, as well as Guy Low, public relations manager, Bosch Communications Systems.



Robert Mulatz: Actually, our integration efforts [of Telex into Bosch] have been very successful so far. We've brought the company overall to a higher level of excellence. Our first priority has been to improve-our operational performance. That involves delivering performance, quality of product and customer support. To start, we also made a significant investment in our factories. Although we have reached a nice level, we aren't satisfied—we never are. There's still work to be done. But, we're in good shape and, especially in this challenging economic environment, it's important to provide good support to the customer.

Now, we're in the second phase, focusing more on innovation. Inno-



vation, for us, is a key value within Bosch and part of our philosophy. That means more investment in R&D and engineering, bringing more products to the market faster, and implementation of processes. We're seeing good progress, as shown by the number of products we're bringing to market. [We'll detail those later—Ed.]

Tom Hansen: With respect to operational excellence, Bosch is completely focused on the customer. We can now attend to them every day in a way that, maybe, with Telex, we were less capable of doing. In these first two years, our customers—our contractors and integrators—are really starting to see the difference: on-time deliveries, better quality, faster delivery and being quicker to the market with product.

S&C: What are Bosch Communications Systems' plans in the near and far term for the commercial fixed-install space?

Mulatz: Even before the acquisition, Bosch was a market leader in commercial sound in Europe and Asia.

That, in fact, was one of the reasons for the acquisition. Bringing these types of products to the US has been



a big step. We are ramping up our portfolio, aiming to become one of the major players. We have quite an extensive speaker range and, for the more performance-driven segment, [this month's initial] EV-Innovation introduction is a real milestone. It's the first phase of a program to renew our position in the install market, where EV has always been a strong player and has a strong heritage. We want to build on that.

Hansen: Commercial fixed install is a major initiative for Bosch. We're market leaders in the other regions of the world. We've restructured the sales team for a focus on the commercial space. That's a great concentration for us. In the commercial business, voice intelligibility and mass notification are areas where we'll focus.

S&C: How do you expect the commercial fixed install market to evolve? How will Bosch adapt? Mulatz: The market for commercial and installed audio is growing faster than the adjacent markets, which makes it attractive. We also see, from the technology viewpoint, a changing situation: Digitalization is key. We will see, in the next few years, IP

Dan Ferrisi is Sound & Communications' Associate Editor.

infrastructure projects, IP audio transport and single control infrastructure concepts.

So, there's a lot of change in that area. And we, as a company, have to adapt to that. We will increase focus on IP technology, which, actually, has always been a strength. But we'll focus on it more. It's also important that we educate the market and our partners, so they make the conversion with us.

## S&C: Have any Bosch Communications Systems brands tweaked their focus due to the reorganization?

Mulatz: Our brands are important for us. Each brand has its distinct position, value proposition and identity. We don't want to mix all that; there has to be a clear brand position for each of our lines. Having said that, at the same time, we benefit from being a broad organization, particularly with respect to R&D. We have core competencies we can exchange; we share procedures and manufacturing expertise. But, from a pure product perspective, we want to maintain clear brands with specific identities.

## S&C: How is the EV-Innovation line, being introduced this month, different from anything else on the market?

Hansen: We're one of a very small group of manufacturers able to control every facet of a box, from conception through to market. We build all our own drivers and woofers in America. We build our own crossovers, all of our horn designs, horn patterns...we control all those things. The motor structures and everything are EV-designed. And we've done that for 80 years. We're involved in some of the largest driver and woofer programs in the history of Electro-Voice.

The Innovation line, the first iteration of which was seen at InfoComm '08, is coming in five phases. They will be introduced to the market-place over the next 36 months. Right





now, you're seeing the first phase, which will roll out this month. And, although we call it EV-Innovation, you could think of it as "EV-Install." We spent an enormous amount of time with our customer base, asking them what they needed. These boxes have been designed entirely for the integration and install market. There are not adaptations of a tour box or a retail or MI box. Everything that goes into those boxes is for install.

There's enormous efficiency in the drivers and woofer technology. Being part of the Bosch family, with its unparalleled commitment to R&D, Electro-Voice engineers have access to the most advanced developmental and diagnostic tools and software available. The efficiencies that we're getting out of drivers and woofers are phenomenal.

With EV-A, the first wave in this phase, you'll be able to run eight boxes off one amp channel, which is perfect for our customer base. Those are some of the innovations and technologies in the pipeline. As far as rollout, there will be a little bit of everything in all phases. We won't just focus on array technology first, for example. You'll see a smattering in each of those phases.

## **S&C:** For what venues is the EV-Innovation family most appropriate?

**Hansen:** As Robert said, with our portfolio, we're a broad company. Our verticals and the marketplaces we serve might be among the broad-

est in the industry. We believe EV-I will go from the smallest houses of worship to the largest stadiums. And, as noted, it's an install box only; these are brand new designs just for the install market.

S&C: How have global economic conditions affected your business plans? Mulatz: Of course, like everybody, we had

to be very cautious in our 2009 planning. But, what we don't want to do is change our strategies. We have a clear mission, and one of the advantages to being a privately held company is we are relatively independent and can make our own decisions. We are a long-term-focused company, and we've clearly outlined our strategies looking forward. We will continue to follow those strategies. At the same time, we'll be watching the development of the market carefully and drawing conclusions for the short-term. But, we don't want to change our strategy; we're long-term thinkers.

# *S&C*: How big a chunk of Bosch Communications Systems' business does the United States represent?

Mulatz: We are well balanced in all three regions; that's one of our advantages and part of our strategy. Economically, that gives us some relief right now. A third of our business, roughly, is United States driven. Right now, with the introduction of the commercial audio line, which has been strong in the other two regions already, the US portion will grow faster as we build up our position in the US market. But our focus is not exclusively on the US. Instead, it's all three regions.

**Hansen:** From the Americas perspective, Latin America has a number of emerging markets: Chile, Brazil, (continued on page 70)

### **SIGHT LINES**

(Continued from 12)

in *our* hometown? Well, who's to say it won't spend that additional income on technology, too?)

Target will boom. Wal-Mart will have a good year. Heck, JCPenney may have its best year ever. *Someone's* going to gain from this down economy. Just be creative, look around and think logically: Who's going to spend what, where?

And, make sure they know you're still in business and ready to partner with them. Don't drop your marketing efforts! In fact, accelerate them. Seriously. If you disappear now, you're gone forever! Remember those who came before you?

#### **POV: BOSCH**

(Continued from 32)

Argentina and Mexico, for example. These are strong markets, which might have a stronger growth target over the next few years than portions of North America, for instance. They're still emerging, there's money and they're jumping onto the technologies.

S&C: Share some details about Bosch's research and development efforts, particularly with regard to patenting. Mulatz: Again, innovation is a key motive and success factor for the whole Bosch company. One of the key performance indicators we've defined is how many patents we file. Presently, more than 3000 patent applications have been filed by Bosch this year alone—more than 14 per day. And every R&D operation has targets for how many patents should be filed yearly. That's definitely a key area for us.

## *S&C*: What else distinguishes Bosch from its peers?

Guy Low: In our industry, Bosch is in a unique position as one of the world's largest privately held companies: Zero debt, zero public equity. We have a strong commitment, as a 92% foundation-held organization, to charity. Going along with that is a strong commitment to green initiatives. So, there is more than just this financial stability. There is also a forward-thinking commitment to general societal issues. That reinforces the stability of the company.

Hansen: With respect to many of the green initiatives that people have jumped on now, Bosch has been a leader for years. As Guy noted, the charitable foundation donates an enormous amount of money each year. That gives us all internal pride.■

#### **DOWN TO BUSINESS**

(Continued from 18)

It's true that all hands are on deck at most companies these days, but the reality is that all business cycles are just that: cycles. Eventually, we will return to times of demand and growth. In the meantime, the key to navigating the rough seas is to focus where the best opportunities are found. If they are not found in your normal business sectors, you must refocus on other sectors. Doing the same things and expecting different results is a strategy for failure.

So...given the pending investment spending from the government, now would be a good time to get your marketing and sales engine ready to focus on education. You can

bet that, when money is made available to institutions, they are going to spend it. Be sure your company is visible on the radar if it is not already. If you already are, you should be ready to increase your visibility to defend your position, because there are others who will also want to be visible.

But economic stimulus aside, a down economy is always a good time to increase your visibility with customers and meet new ones. They will remember you. Especially if you're one of the few who are still coming around to visit. Remember Winston Churchill's advice: If you're going through hell, keep going.

#### **HOW: BUSINESS**

(Continued from 24)

which I believe will lead me to experience a profitable year:

- First, and most obvious: Create a realistic and flexible business plan. Develop a new business model with fresh and personal communication approaches. Set goals for the year, for each month and for each day. Adjust the plan as needed.
- Second, be aware of market issues, but don't consume large doses of TV or radio news. Their words are like drugs: They are intended to keep you hooked and stressed. The negativity will thwart your optimism and cause you to be less productive. Instead, consume news with moderation that will enable you to be aware of issues. And also consume media that will make you laugh, smile, and encourage and motivate you. There are far

more possibilities out there than the news would lead you to believe.

• Third, do honest business. Greedy people often win the day. But, in the long run, greed and selfishness, as we are witnessing, eventually ruin lives.

I add prayer, good deeds and kind words for others to my daily life. Encouraging other people and helping needy people helps me to realize that my life is blessed.

One writer wrote: "The trail is the thing. Not just the thing at the end of the trail."

I believe that we should all strive to enjoy the journey as much as the destination. Thus, I also believe that, in spite of difficult times, we have many good reasons to be optimistic about 2009.

I want to know what you believe. ■

### **RX FOR SUCCESS**

(Continued from 28)

My analysis of this has revealed that a onesecond mistake on paper in the office can equate to many hours of lost field time sometimes days.

Installation teams work only with the information that has filtered its way down to them. Often, this information is incomplete. Did *you* ever write "One Lot Misc." on a job work order? If so, you have Fat-Ass. You can't install a speaker with a "Lot Misc." I tried; it doesn't work. You can't plug a microphone into a "Lot Misc.," either; tried that, too. Yes, there is absolutely a difference between someone with experience and the proper tools and know-how, and someone who lacks those (a subject for another conversation); what we're concerned with here are the many points of view, which are:

• How long should a task take?

- How long did the salesperson *allow* for it to take?
- How long did the project manager *say* it should take?
- How long *did* it take?
- How long did it take to do...again?

There is an old saying that goes something like, "There's never enough time to do a job right, but there's always time to do it over."

Now here's the really funny part: Come up with a "task," let's say, "install a wall-mounted volume control." Ask a person in every different department (sales, engineering, project management, administration) how long it takes to mount a wall-mounted volume control. I guarantee that you'll get a different answer from each one of them.

to be continued