Dealer and Integrator Trends

Sandra Jones and Company
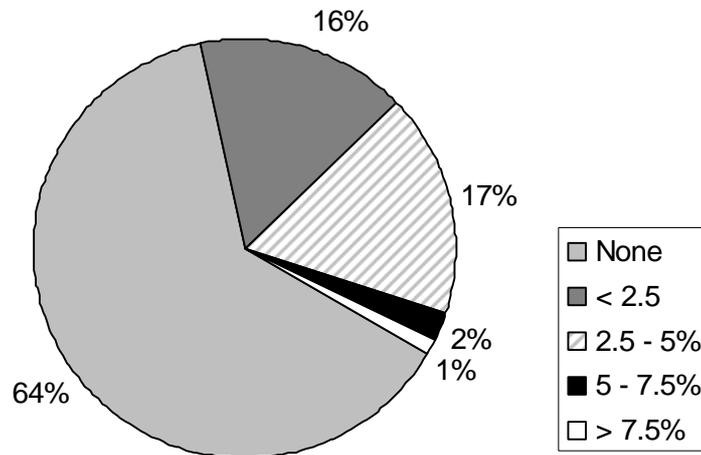
Industry Resource and Consulting Firm
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2009 RMR RATE INCREASE

Analysis: Sandra Jones and Company
Source: 2010 *SDM* 100 Report

Question:
By what percentage have you increased the recurring revenue rates charged to your customers during the past year?
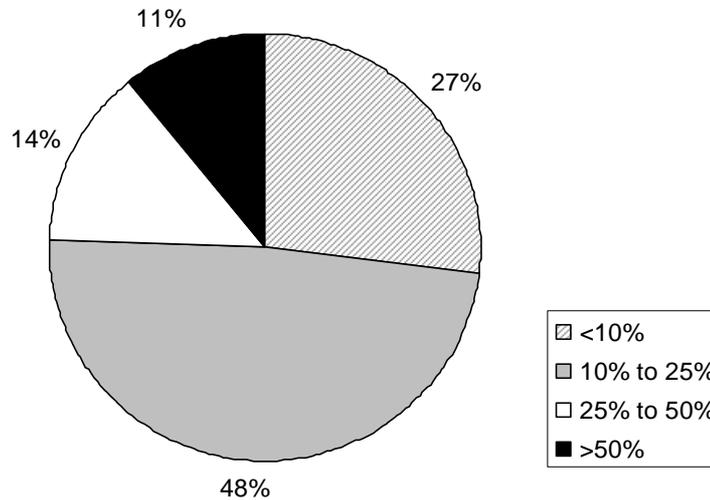
Observation:
While there were signs of an improving economy dealers were still inclined not to raise prices. Only 37% increased their rates vs. over the 58% who increased them in 2009.

Rate Inc.	2008	2009
None	41.7%	64%
< 2.5	18.3%	16%
2.5 – 5%	31.7%	17%
5 - 7.5%	3.3%	2%
> 7.5%	5.0%	1%

PERCENTAGE OF SERVICE PERFORMED REMOTELY

Analysis: Sandra Jones and Company
Source: 2010 *SDM* Top Systems Integrators Report

11%

27%

14%

- ☑ <10%
- ☐ 10% to 25%
- ☐ 25% to 50%
- ■ >50%

48%

Question:
What percentage of service, troubleshooting and software updates do you perform
remotely (using phone, or Internet)?

Observation:
Integrators continue to move towards greater efficiency by shifting a higher percentage of
their troubleshooting, and service remotely.   In addition to improving efficiency the shift
should improve customer service and lower operating cost.

SALES GENERATION

Analysis: Sandra Jones and Company
Source: 2010 *SDM* 100 Report
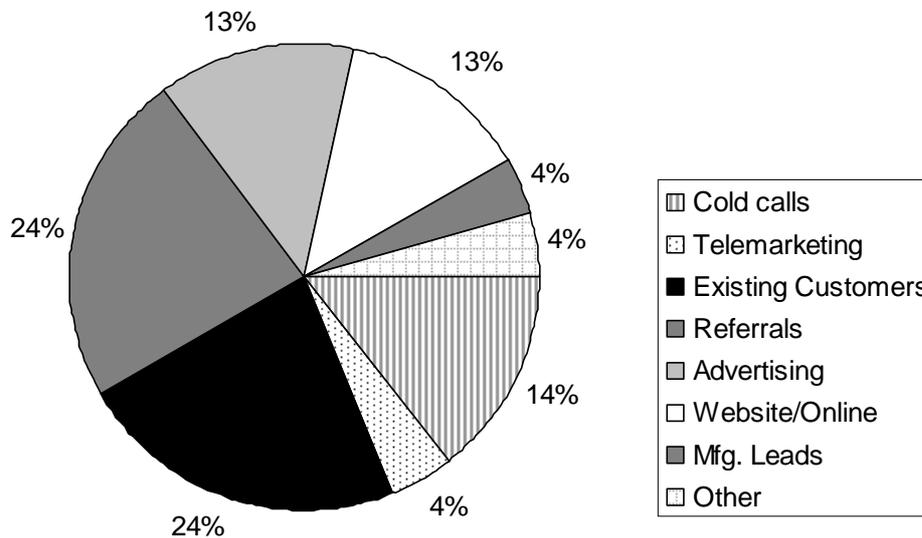
Question:
What percentage of your company's new system sales were generated by the following?

Observation:
Existing customers and referrals have always accounted for the greatest number of sales.
This year is no exception as they accounted for over 45% of responding dealer sales.
What has changed is that dealers are generating new business from other sources. Not
surprisingly website and online marketing accounted for 13.45% of sales versus 6.2% last
year.

NEW SERVICES AND CAPABILITIES

Analysis: Sandra Jones and Company
Source: 2010 Top Systems Integrators Report

When system integrators were asked what new services and capabilities they added responses ran the gamut. To try to categorize them we considered services as items that were resold and generated revenue. Capabilities were organized in areas that made them operate more profitably and efficiently.

For the first time this year's responses included numerous services that focused on generating more monthly recurring revenue. What was just knowledge that the SI had to move towards recurring revenue has translated to changes in how many do business. Many added new sales forces devoted to selling service contracts, or expanded their business by opening branches. Several diversified their customer bases by adding new product lines while others added new skills such as consulting, engineering and more IT services. For the second year in a row Video Monitoring / Verification and Hosted Access Control remained the two services that were most frequently mentioned.

Top Services
All About Adding RMR

1. Selling RMR Service, inspections, testing and maintenance contracts
    - Video verification and monitoring
    - Hosted A/C
2. IT integration
3. Lock and door hardware
4. Consulting
5. Engineering

System Integrators leveraged the web for everything that ranged from improved operations to enhanced customer services and for educating customers through webinars.

Capabilities
Leveraged the Web to improve service and efficiency

1. Added web portal for remote diagnostics and service
2. Enhanced or automated customer service and support
3. Added project tracking and other software to improve operations
4. Invested in new technicians
5. Added more sales people and enhanced their capabilities