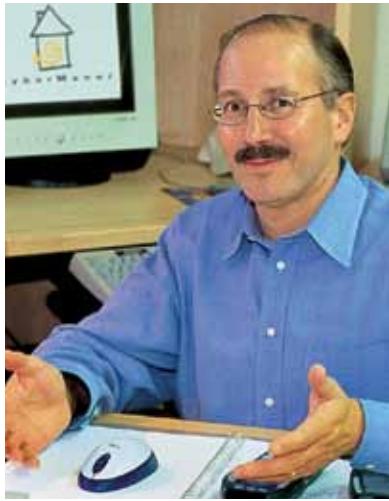


# Digital Home Renovations

## Analog Sunset Inspires Profitable Digital Upgrade Opportunities

BY GORDON VAN ZUIDEN



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Over the last year, our company has seen a significant swell of new and recurring opportunities in what we call “technology refresh installations.” This business has been driven by the obsolescence of analog technologies (aka the analog sunset) and the increased mass adoption of digital technologies in the home.

All of our customers now listen and view content from cloud-based services. They also store their audio and entertainment on hard drives throughout the home and want to view it anywhere there is a TV or iPad/iPhone in the home. Our customers want to control their content from network-connected devices (wired or wireless) distributed throughout the home, and they want access to their digital content when they travel.

The analog-based infrastructure installed in our client’s high-end homes in the late 1990s and early 2000s will not meet their current needs, and they are looking for companies like ours to “digitally remodel” their homes. Driven by consumer demand for products like the Apple TV/iPad, Netflix, Sonos, TiVo, Slingbox, HDMI-based TVs, and Blu-ray players, we find that our company has become a trusted professional for digitally enhanced and integrated homes. These installations are typically not large, six-figure “new construction” deals. They don’t involve a lot of pre-wire and in-wall products, but what they do require is an intelligent leveraging of the home’s existing wiring infrastructure to implement today’s whole-house digital solutions.

### Retrofitting Multi-Room Audio

Ideally we look for a Cat-5 structured wiring plant throughout the home on which to build our digital framework. We will often find that Cat-5 wiring was installed in a client’s home but never fully terminated. So our first course of action is to terminate and label all of this wire, then install a business-class 10/100/1000 switch. This becomes the digital wired foundation from which we can enable all of our entertainment and control solutions. Where Cat-5 wire is not available, we can

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look at leveraging powerline and wireless solutions to enhance and extend the networked coverage of the home.

Whole-house audio is the first system that we upgrade to a digital solution. Most of our clients are now listening to streamed music from the internet, in addition to their own digital music collection. Many of these homes already have a wired whole-house audio system, but a “dumb” central amplifier that will only allow the homeowner to play one source at a time throughout the home. And the only audio control in a given room is volume attenuation with a volume control knob on the wall. We can leverage the whole-house in-wall speaker system and infrastructure speaker wire by installing multiple “network-intelligent” Sonos amplifiers at the speaker wire head end, replacing the single whole-house amplifier. This Sonos solution allows our clients to listen to any music (online or their own local music collection) in any of the rooms where speakers are currently installed. And with an Android, iPod, iPad, PC, or Mac desktop interface, they can control not only the music volume in a given room, but the source content and the various transport control options (skip, pause, rewind, etc.)

### Handling Video Distribution

The next upgrade we look at is the home’s video wiring plant. These homes typically have component-based video infrastructures, complete with complex component video matrix switchers and control systems. Current HD video display products require digital HDMI cabling and ports to pass copy-protected content between AV products in the home. To digitally upgrade these component-based video infrastructures, we will often use component/HDMI baluns. Or, if structured wiring is available, there are a number of products that will allow us to use Cat-5-based HDMI switches instead of the existing component switch to digitally move these video signals throughout the home.

### The Control System Upgrade

All of these new digital AV products require updated controllers, and we provide programmed universal remote solutions in the traditional “candy bar” format, as well as mobile or in-wall touchscreen displays.

These new digital refresh solutions represent a significant business change from the larger new construction AV solutions that we provided many of our clients in the last decade. Though they do not have the hardware or pre-wire margin that we used to enjoy, they still require a large number of labor hours to properly design, procure, install, program, and train our clients on their upgraded digital infrastructures. These are professional services that do generate healthy project margins, and our jobs are often started and completed within months, not years. Payments also are made more frequently, cash flow is improved, and we extend our professional services to more clients, further extending our company’s image and brand.

All of us are looking for the holy grail of recurring revenues to bolster our bottom lines, and the steady stream of technology refresh installations for our existing and new clients has become our recurring revenue opportunity. Shouldn’t it become yours?

*At its core, the analog home has become the digital home.*

