

Arecont Vision Update

January Customer Update

- Outstanding December Results!
- New people on-board in sales, engineering and services
- New products are shipping!
- Continued Progress with VMS/NVR Partner sales opportunities, business alignment, integration, projects/orders, events, training and execution
- Project Registration highlighted by Top Distributors at their global meetings.
- Quality and Service continue strong improvement in RMA reductions and solid call rates. Averaging less than 2 voice messages per day!
- Operations, Assembly, Distribution working more efficiently in their new areas in our WHQ. Technical Support, Product Management, Quality and Engineering teams moved to new locations in December.
- Customer Satisfaction continued improvement!

- 2016 Results
- 2017 Industry Direction
- 2017 Plan

2016 Results

We managed our business even better this year

- Managed profitability
- Added people in the field and upgraded our support organizations.
- We added a lot of new products and programs.
 - Remote focus across the product line.
 - Try&Buy for panoramics, MicroDome Duo, 4K, MegaVideo Flex
 - Trade-Up Program for Competitor products
- Pricing Improvements
 - Better competitive information and surgical pricing
 - Got much better at targeted pricing opportunities
- We won a number of key customers.
- We grew our project funnel significantly

Technology Partner Program

1. Stronger integration process and follow through on technical challenges
2. Better in-house testing program
3. Improvements continue with Genetec, Milestone, Exacq, 3VR, Salient and ONSSI/SeeTech.
4. Quarterly review process with top partners is a Best-in-Industry practice
5. Improved sales opportunity identification process

Sales Operations

1. Strengthened team
2. Improved CRM program and process
3. Better customer and field support
4. Action orientation—we delivered the actions you asked us to handle throughout 2016!
5. Improved reporting and analysis: Including new “GREEN-YELLOW-RED” light report

Marketing

1. Stronger and more consistent marketing
2. Excellent shows globally
3. More energy around e-blasts
4. Better content, ratings, attendance and “timing” of webinars
5. Many articles and case studies
6. Editors, writers came to WHQ to learn more about Arecont Vision.
7. Many awards for our products and our company.
8. Presentations (Scorecards) in the language of your audience: CSO, A&E, Distributor, SI/dealer, Partner

Improved communications with field sales representatives and our customers; globally, with more outbound communications, management meetings/updates, and training.

A&E Program

1. Excellent organization of the A&E Process
2. Drove much better alignment to A&E Targets
3. New tools are making a strong impact
 - Revit
 - A&E Guide Electronic Book
 - A&E Monthly Update
 - A&E CEO Scorecard

Field Applications Engineers

1. Excellent field support of customers
2. Outstanding work in driving designs for target customers
3. CPCP and CPCP advance training execution has been good
4. New A&E Overview of Arecont Vision and Products

Technical Support

1. Strengthened Technical Support Team: Ted has made a real difference!
2. Reviewing and implementing improvement plans
 - Systems
 - Processes
 - People
3. Calls answered
 - Within 60 seconds Excellent
 - Within 120 seconds Excellent
 - Voice Messages Only 1.5/day average and returned calls made in less than 2 hours
4. Few major customer issues or challenges outstanding.
5. Few major quality issues or challenges outstanding.
6. New Location on 7Th floor with labs and testing equipment proximity to Eng+QA

31 industry awards since 2011

8 new awards in 2016

- **SurroundVideo® Omni G2** - Winner of 4 industry awards
 - 2016 Security Sales and Integration Magazine "Top 30 Technologies of the Year Award Winner" (Awarded in the December 2016 issue of the magazine)
 - 2016 Security Sales and Integration Magazine "Most Valuable Product Award" (Awarded at ASIS 2016)
 - 2016 Campus Safety Magazine "Campus Safety BEST Award" (Awarded at the Campus Safety Conference in October 2016)
 - 2016 Security Products Magazine "Govie Award" (Awarded at ISC West 2016)
- **MegaVideo® Flex**
 - 2016 Security Products Magazine "New Product of the Year" (Awarded at ASIS 2016)
 - 2016 Security Products Magazine "Govie Award" (Awarded at ISC West 2016)
- 2016 PSA Security "**Network Star Vendor Award**"
- Security World "**2016 Top Industry Influencers - Scott Schafer**" - 2nd year in a row (Awarded on the news site, followed by published interview with Scott in December 2016)



**Network Star
Vendor**
Arecont Vision



**Top Security
Influencer**
Scott Schafer

Award	Recipient
North America	
North America Territory Management Award	Johanna Gross
North America MVP of the Year	Mitch Fagundes
North America Best Customer Service Award	John Bujarski
North America Manufacturer's Representative Firm of the Year	Southeast Security Products
North America Manufacturer's Representative Sales Person of the Year	David Owen
North America Regional Sales Leader of the Year	Ben Barry
North America Rookie Sales Leader of the Year	Joe Byron
APAC	
APAC Regional Sales Leader of the Year	Chris Lee
MEIA	
Middle East, India & Africa Top Business Development Leader of the Year	Vishesh Warikoo
Middle East, India & Africa Regional Sales Leader of the Year	Tom Tazey
Middle East, India & Africa Best Customer Service Award	Vineet Panwar
Europe	
Europe Top Business Development Leader of the Year	Paul Taggar
Europe Regional Sales Leader of the Year	Cyrille Laporte
Europe Best Customer Service Award	Evan Boyd
Global	
Sales Excellence Award for Outstanding Support of Arecont Vision's Customers	Ted Brahms
Sales Excellence Award for Outstanding Support of Arecont Vision's Sales Team	Ernie Velayo
Global Inside Sales Manager of the Year	Jeff Liao
Marketer of the Year	Morgan Zerries

- “Earl Bolanos is amazing he had this project registered in a timely matter I really enjoy working with him.” --- Marcus Wynder, ADI Global
- “Glenn Good is an amazing rep and is always helpful on determining which cameras to use. He is such an asset as well on end user face to face meetings.” --- Glenda Graves, Tyco
- “Always happy to get a call from Evan, no matter if its talking about cars or cameras. I get calls about new offers, new material and follow-ups on questions ask. So overall very very good.” --- Anonymous
- “John Turner is a great salesman, good source of information, and my first call when my customers ask for a camera line.” --- Brian McMahon, CSC
- “Ben Barry is an excellent Regional Manager for your company.” --- Dave Burger, RCSystems
- “It is no secret I am an Arecont fanboy! I think the products are great, the factory direct support is great and the project registration process is as good as it gets in the industry. I support Arecont as much as I possibly can - I lead with your product and close 95% of the calls where I lead with Arecont. Keep up the great work, continue to innovate and lead the industry!! Thanks for all you do!” --- Chris Connor, CSC

- “ John Bujarski, Shannon Diddell, John Sprague = Dream Team; Everyone comes out of Bujarski class saying it’s one of the best they’ve ever attended.” --- Nick Lawrimore, ADI Global
- “ I speak with my RSM Joe Byron at least three times a week. Joe is the consummate professional and is a very important part of my sales eco-system.” --- Bob Carr, CSC
- “ My local Arecont rep Robert Christensen is the best. He is always there for customer demo's, help with product design and knowledge. Campion Sales Luke Hagar is another front line support for us here who is as equally supportive and always ready to come visit customers and product demos. Luke and Robert are my A team here in the Tulsa Market and really go above and beyond to make sure we are educating customers and helping us win opportunities.” --- Charles Jewell, Convergent Technologies
- “ Cyrille Laporte who is always there to find solutions and help educate customers in terms of the Arecont product line. We are high end installer/integrator who has successfully convinced customers to choose Arecont Vision’s megapixel cameras in all its formats and varieties on three continents. This has led to significant cost savings to the end-user with increased quality. In addition the camera line has been integrated into the most renowned Video management systems. The key advantage to the Arecont product line is its reliability, quality, diversity and incredible service level of its factory representatives. I can only recommend this company and its products if you are in search of a true high-end camera solution.” --- David Romain, Paro Video

Conclusions

- Overall very good results
- High Scores for:
 - Satisfied with Arecont Vision, Quality, Support
 - Arecont Vision Stands Behind their Products
 - Arecont Vision is a Valued Partner
- Improvement needed:
 - Pricing: drive continued dialog on the Industry's best Project Registration Program
 - RMA Process: tell people about the new on-line system and get parts/demo contracts signed.
 - Training: Need to do more!

Actions

- Keep talk track with customers on PR, RMA process and deliver more CPCP

2017 Industry Direction

“State of the Market” for video surveillance systems and services in 2017

- The state of the Video Surveillance Systems and Services market is very solid
- Higher growth in IP, primarily coming from Megapixel cameras
- IP standard definition cameras will decline 10-25%
- Analog cameras will decline another 10%
- Stronger offers by VMS firms for NVR products for standalone systems and multi-branch deployments

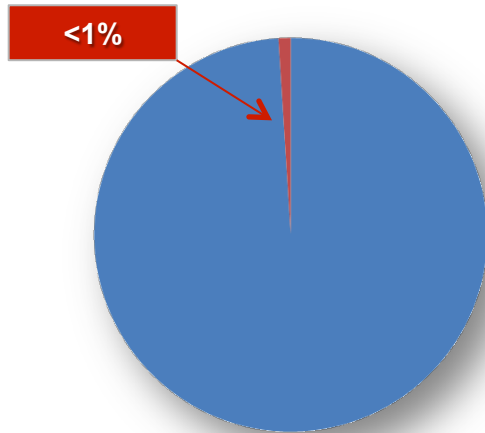
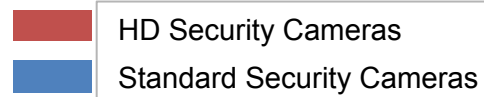
What will make 2017 different from 2016?

- Distributors and SI/dealers may finally realize they should make good gross margin on cameras
- SI/dealers with more experience and better training completed in 2016 will yield stronger systems
- More focus on Cyber Security and web-based Security Systems

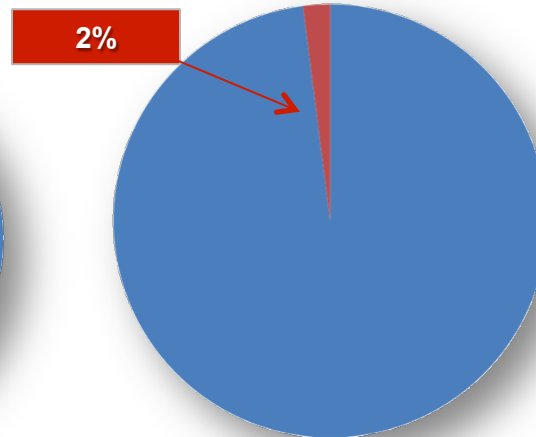
Is anything changing with end users requests or expectations when it comes to video?

- They still want a system that delivers value. Proof of ROI!
- Better image quality than SD or Analog
- Fewer cameras to install, monitor and manage

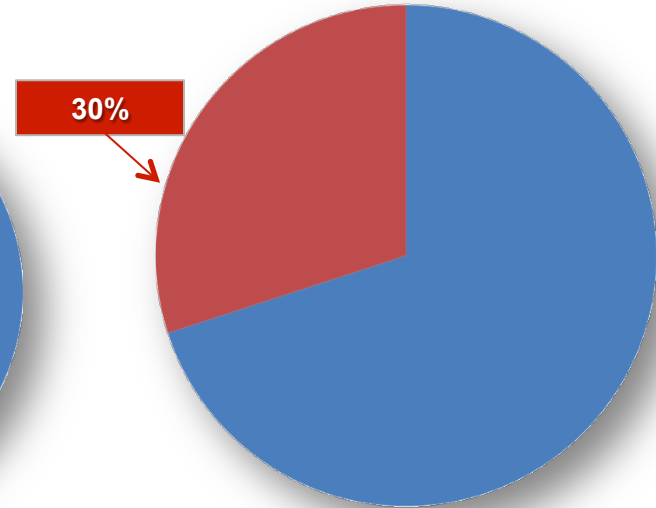
HD Security Camera Installed Base



2009: 215M units



2014: 245M units



2019: 295M units

2017 Plan for Success

Taking Advantage of OUR Opportunity

Arecont Vision needs to continue to excel in all areas:

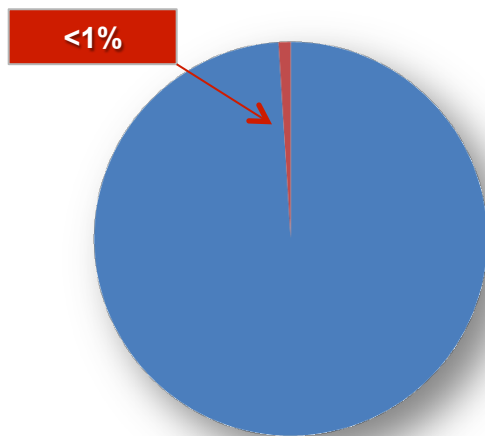
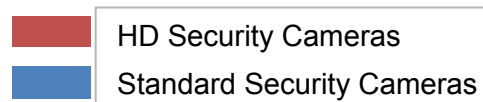
- Product Leadership
- Pricing Leadership
- Promotion and Marketing Leadership
- Sales and Channel Leadership
- Exceptional Execution!

- Products Releases
 - Will Ship 2017: OMNI3, Flex, 4K, MicroDome Duo, HTTPS/802.1x, SNAPstream and MORE!
 - RMA rates continue to be extremely low over the products' 3 year life
- Excellent results in new RMA processes!
 - New On-Line Program is working well!
 - Advance RMA one-trip-replacement saves \$300-\$1,000
 - Saves administration time, too...for End User, SI/dealer, Distributor and Arecont Vision
 - “Zero Day” turnaround!
 - “Flat fee” repair process for out-of-warranty products can request Advance RMA
 - Sign indirect resellers to a direct service/parts account for ease of demonstration equipment, advance replacements and out of warranty work-- get them a \$5,000 line of credit
 - Excellent Technical Service
 - Field Applications Engineers

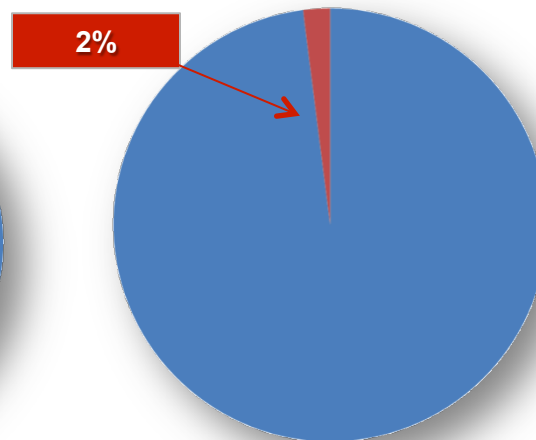
- Tiered pricing model works globally
 - Distributors are making good margins on Arecont Vision products
 - SI/Dealer discounts are effective for “everyday business”
- Project registration works globally
 - On-line process works
 - Well managed by field and corporate—we are better and faster than our competitors
 - Good separation for registered SI/dealer vs. non-registered
 - 5% minimum
 - 25% average additional discount in 2016
 - 5 Year Warranty drives more than just price separation
 - Review competitive pricing every month.
- Distributors and SI/Dealers make solid profits selling Arecont Vision

- Where to Go
 - End Users, End Users, End Users
 - Use A&E/Consultants, SI/Dealers, Distributors, Technology Partners
- What to Say
- How to Win
 - Mega-Must-Do's

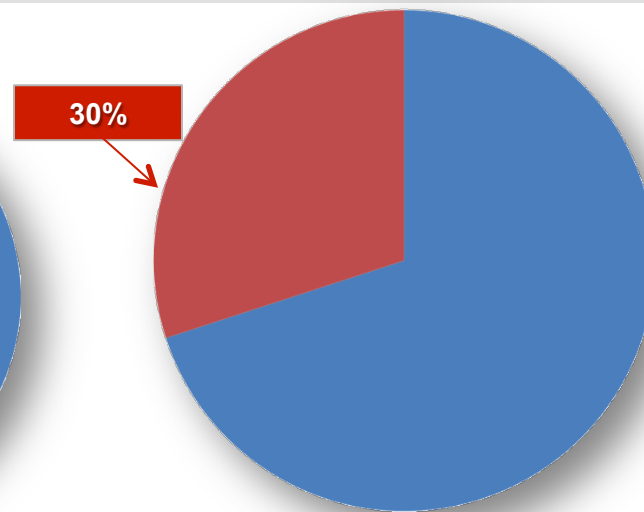
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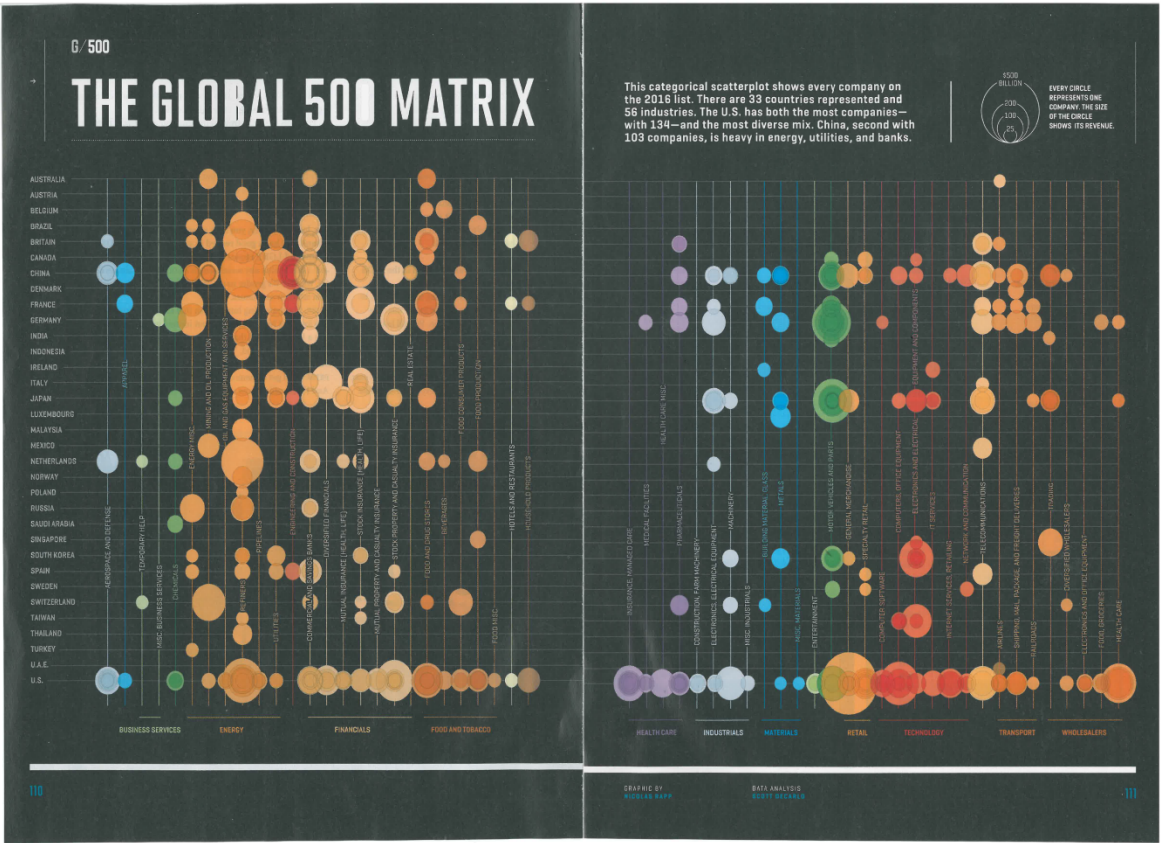


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Where to Go: Global and Regional End Users



Where to Go: Top SI/Dealers

2015 Rank	2014 Rank	Company & Headquarters Location	North American Sales (USD) Revenue 2014	Number of New or Rebuilt Projects 2014	Value of New or Rebuilt Projects 2014
1	1	Typo Integrated Security Scottsdale, AZ	\$5,254,000,000	na	na
2	4	Convergent Technologies Schaumburg, Ill.	\$471,000,000	1,280	\$380,000,000
3	5	Johnson Controls Inc. Milwaukee, Wis.	\$314,000,000	3,330	\$295,000,000
4	8	Kratos Public Safety & Security Solutions Inc. San Diego, Calif.	\$171,700,000	na	na
5		Red Hawk Fire & Security Boca Raton, Fla.	\$102,000,000	3,900	\$119,000,000
6		Kaslo Systems International Falls Church, Va.	\$85,507,000	na	na
7	8	BAS Secure Integration LLC Omaha, Neb.	\$77,875,765	852	\$42,850,979
8	10	Vector Security Inc. Warrendale, Pa.	\$74,900,000	1,892	\$75,000,000
9	11	Securadyme Systems LLC Dallas, Texas	\$70,000,000	na	\$70,000,000
10	12	VTI Security Burrville, Minn.	\$38,449,000	na	na
11	13	RFA Protective Systems Inc. Spokane, W. Va.	\$41,300,000	1,109	\$42,175,000
12	15	RFI Communications & Security Systems San Jose, Calif.	\$44,975,048	1,498	\$42,382,000
13	17	SecurityHunter Inc. Raleigh, N.C.	\$42,500,466	54	\$42,800,466
14	13	Entech Sales & Service Inc. Dallas, Texas	\$39,780,000	151	\$32,760,000
15	14	Tech Systems Inc. Cincinnati, Ohio	\$36,680,941	1,302	\$36,405,482
16	18	Universal Protection Security Systems Scottsdale, Ariz.	\$34,116,144	1,336	na
17	20	Uninited Technology Inc. Chester Springs, Pa.	\$32,409,000	785	na
18	25	InterTech SI Pittsburgh, Pa.	\$31,177,203	12	\$23,574,000
19	28	SIWET Electronic Systems Inc. Vancouver, B.C.	\$30,700,000	685	\$30,700,000
20	19	Mountain Alarm Ogden, Utah	\$26,894,339	5,800	\$17,900,101
21	24	Intelligence Security Systems Holdings Inc. Dulles, Va.	\$24,511,285	15,200	\$35,400,000
22	23	Genetec Security Systems LLC Gaithersburg, Md.	\$23,000,000	36	\$16,000,000
23	24	Access Systems Integration Cranbury, N.J.	\$23,002,753	568	\$15,687,500
24	26	Security Corporation New, Mich.	\$22,824,416	na	na
25	31	Advanced Cabling Systems North Little Rock, Ark.	\$22,619,000	50	\$22,600,000
26	32	Low Voltage Contractors Inc. Minneapolis, Minn.	\$22,630,743	1,173	\$18,200,000
27	35	AVC Inc. Burr Ridge, Ill.	\$21,125,110	2,150	\$20,000,000
28	33	ASE Corporate Security Burlington, N.J.	\$20,400,000	na	na
29	27	Sound Incorporated Naperville, Ill.	\$20,600,000	200	\$19,912,117
30	30	Integrated Security Technologies Henderson, Va.	\$20,280,000	805	\$20,180,000
31	34	Allied Fire & Security Spartanburg, S.C.	\$20,000,000	180	\$15,800,000
32	36	Mountain Security LLC King of Prussia, Pa.	\$19,737,808	640	\$19,137,325
33	39	Security Equipment Inc. Upham, Neb.	\$18,026,072	2,483	\$14,744,687
34	49	Tulace Inc. Birmingham, Ala.	\$17,000,000	983	\$16,115,671
35	57	JCT Union, N.J.	\$16,505,000	84	\$17,600,000
36	36	KST Security Indianapolis, Ind.	\$16,343,788	300	\$13,415,907
37	40	Fireline Security Systems Inc. Anaheim, Calif.	\$15,750,000	258	\$11,500,000
38	27	ETSI Charlottesville, Va.	\$15,035,298	147	\$11,785,852
39	56	Security Integrations Albany, N.Y.	\$14,890,089	200	\$12,000,000
40	28	THI Systems Inc. Rancho Cucamonga, Calif.	\$14,967,260	513	\$14,367,269
41	42	American Alarm & Communications Arlington, Mass.	\$14,889,265	4,534	\$14,554,718
42	52	Reddy Security & Cabling Inc. Irvine, Calif.	\$14,874,542	98	\$14,274,542
43	46	The Protection Bureau Eden, Va.	\$14,800,000	1,200	\$7,200,128
44	47	Security and Data Technologies Inc. Burlington, Vt.	\$14,021,173	288	\$12,887,912

We are the best prepared Sales Team in the Security Industry

- A&E
 - Aligned to your territory A&Es
 - By Firm, by Branch
 - Frequency of visits and training required
 - Tracking your results
 - Updated materials the first day of each month (in their language)
 - A&E Notebook
 - A&E Scorecard
 - A&E Monthly Update Presentation
 - A&E CEO Scorecard
 - Report card of your effort by A&E leader
- Technology Partner Scorecard
- Distributor Scorecard
- SI/Dealer Scorecard
- End Users
 - Gold Standard Presentation
 - MegaVertical Market Presentations (20)
 - Case Studies
 - Monthly Update
 - CSO/ Security Director Scorecard

Selling megapixel cameras requires a new, different focus.

1. You must be able to effectively show the pictures. Both recorded and live video (which requires solid understanding of set up of camera and AV100/200 or an alternative NVR). Having your own video clips that you can discuss with prospects is quite powerful, as well as videos for similar installations globally.
2. You must be able to qualify a prospect (reseller or end user) quickly. If they don't get it, they will call you when they are ready. Don't waste time trying to sell someone that doesn't want to be sold.
3. You must be able to teach the mini-CPCP and do Partner Roadshow Seminars, at a minimum. Best-in-class sales people and rep firms can handle the full 9 hour CPCP class.
4. You must team well with NVR, network, storage, and other supporting technology partners. And there are a lot of them. For a product line like Arecont Vision, this is key. It is much different than the Pelco, Bosch and Panasonic independent sales models of the past. And you don't need to represent those lines to develop the whole solution for the reseller or the end user.
5. You must be able to identify the key end user targets that will deliver major revenue streams, inside and outside of your territory. Driving local, national and global solutions with Cardinal Health, Wendy's, P&G, Nationwide Insurance, The Limited, Kroger, State of Ohio, Ohio State University, US Steel, PNC and others is key leading the market. This major account sales activity will compliment local K-12, healthcare, airport, gaming, government, commercial/industrial, retail and finance business opportunities.
6. You must be able to identify the entry points to the major end users by working hard and smart with systems integrators, technology partners, and A/E/consultants. And if the incumbent doesn't want to provide an entry for you, you need to either do it yourself or pick one of their competitors to build a winning account acquisition strategy with.
7. You must really know your end user customers and prospects and their vertical markets well enough to build an effective solution. The use of the new MegaVertical presentations and programs will be crucial to success.
8. You must be able to determine the right selling strategy based upon the end user account. For analog customers of your SI, you will need to coach them through a migration plan to megapixel over time. For new prospective analog and low definition IP customers, you must be able to use megapixel technology as the game changing event for that user. Make sure you teach your reseller that megapixel is capable of disrupting their competitors effort and show them how to do it.
9. You must be able to effectively design a compelling solution for the user, including the right camera mix, the right lens combinations, camera positioning, network requirements, etc.
10. You must be able to effectively demonstrate and prove that with fewer megapixel cameras can deliver significantly better resolution, lower costs, and a tremendous ROI.
11. You must understand that overall security market will grow at about 1-2%. Analog will continue to decline. NVR will grow 5-10%. Megapixel will grow 15+%.
12. You must be focused on the new megapixel technology. Trying to recoup old analog business by transitioning from one manufacturer to another is time consuming and likely a huge distraction. Playing both sides of the technology game is a losing proposition. It is better to pick one and be the expert. You will be more successful through improved focus. Pick your direction: analog or megapixel.
13. You must pick your focused piece of the solution to apply focus. If you pick megapixel camera technology as the focus, then drive your sales motion on resolution, frame rate, picture quality, size of cameras/housings, lens expertise, camera reduction, the many NVR/network/storage options that are available, etc. If you pick NVR technology as the focus, it would be quite a different sales model.

Are you and your team really following these steps and processes?

If you were, your sales opportunities would be much greater and your results would be much more substantial.

And you would be having the time of your life.

- Our company will achieve our 2017 Plan: Orders, Revenue, Profit
- Customer Satisfaction is Excellent!
- Strongest product line...EVER!
- Improvements in Quality and Support will continue...you will continue to notice the difference!
- Excellent operations performance—on time delivery allows you to sell, less administration
- Pricing with a Project Registration is key to your success
- Customers make more money (profit) vs. selling other brands
 - Distributors
 - SI/Dealers
- Customer Visits to WHQ
- Strong Opportunities are right in front of you: Financial, Retail, Data Centers, Commercial, Manufacturing, Education, Stadiums, City Surveillance, Distribution Centers...

ARECONT VISION MEGAVERTICAL PRESENTATIONS

(Check *arecontvision.com* for other MegaVertical Presentations)

Health Club/ Fitness Center

Areas of Interest



Floor Exercises



Stairways/Hallways



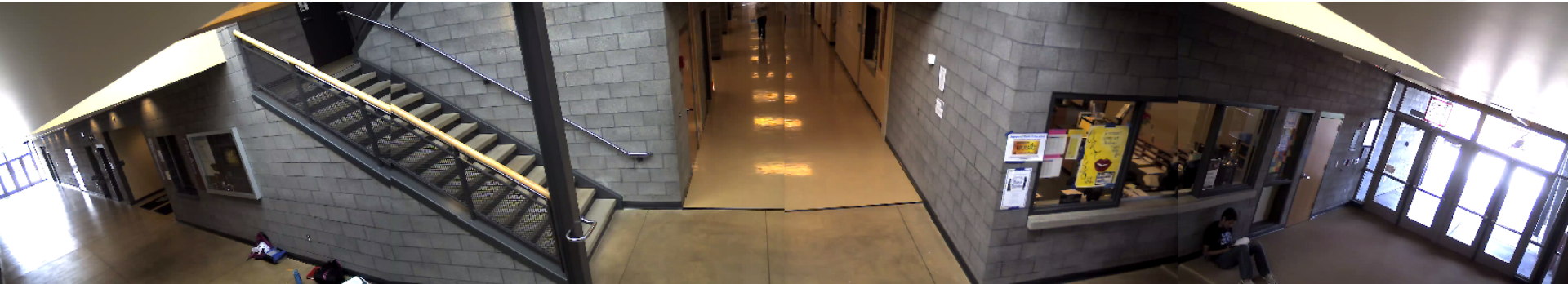
Spin Cycle Room

Entrances/Exits



Walkways







	<u>Units</u>	<u>Model Numbers</u>
• Original Opportunity on PR	3	AV12586PM
• Call to Distributor to understand project	+1	AV20275DN
• Identifying there were single sensor products	+33	MicroDomes
• Asking a little more about what they need	+2	AV08ZMD-400

Just by asking a few questions took a 3 camera project to 39 cameras

Are you asking the right questions?

- Understand the opportunity in front of you
- Understand if there is more to the project than you originally assumed

Are you doing the appropriate follow through to win the order?

- Programs released.
 - Trade UP Program Released
 - Try&Buy Program
 - Extended for Multi-Sensor Products
 - Expanded for MicroDome Duo, 4K and Flex
 - Special Pricing Program on GEN1 via Project Registrations
- SI/dealers should sign up for service parts/demo agreements.
 - Immediate shipment without a credit card.
 - It is fast and simple to do.
- Our new products are shipping now!

Product Update

4 – 10 Megapixel H.264 Compact All-in-One IP Indoor/Outdoor Dome Camera with 2 Remote Focus Sensors in a Single Enclosure

Highlighted Features Include:

- 2 Sensor Ultra-Low Profile True Day/Night Dome Camera
- 4, 6, and 10 Megapixel Models
- 6 and 10 Megapixel Wide Dynamic Range (WDR) Models
- Choice of 2.1, 2.8, 4, 6, 8, 10, and 16mm lenses (Sold Separately)
- True Day/Night Functionality with Dual Mechanical IR Cut Filters
- Independent Remote Focus Modules for Both Sensors on 3-axis Gimbals
- Fast Frame Rates
- Installer-friendly enclosure
- CorridorView™
- SNAPstream®



Integrated Motorized Lens with Remote Focus



Ultra Low Profile Design



NightView™ on 1.2MP Models



Wide Dynamic Range Available on AV2556 and AV3556 Models



True Day/Night with Mechanical IR Cut Filter



3-Axis Gimbal



CorridorView™ with 90° Image Flip



Pixel Binning Mode on 3 and 5MP Models



Impact / Weather Resistant IK-10 and IP66 Rated (Surface Models)



All-in-One PoE and Integrated Lens

Mechanical Overview

Uses Proven **MicroDome**
Gimbals and Bubble

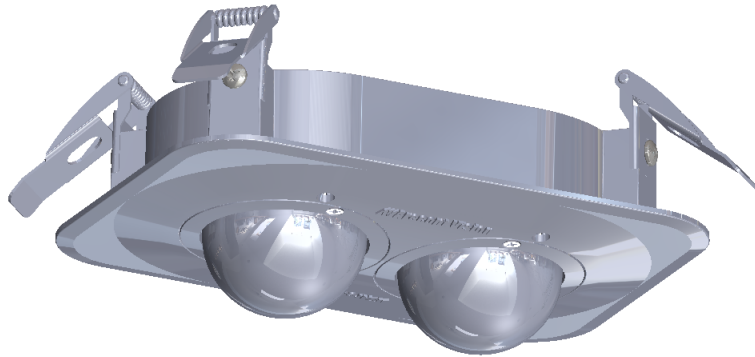
Mounting Plate for Easy Installation

NPT Port

Motorized Lens
Modules

Mounting Accessories

MDD-FMA



Mounting Accessories

MDD-WMT

MDD-CMT



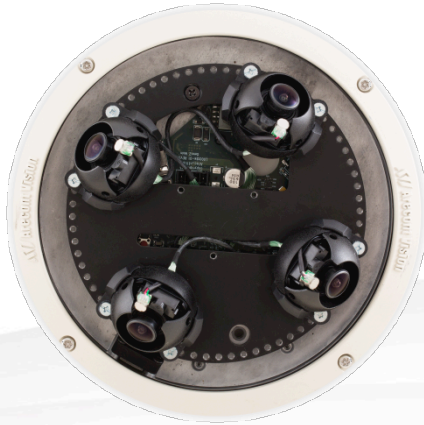
SNAPstream®

Smart Noise Adaptation & Processing

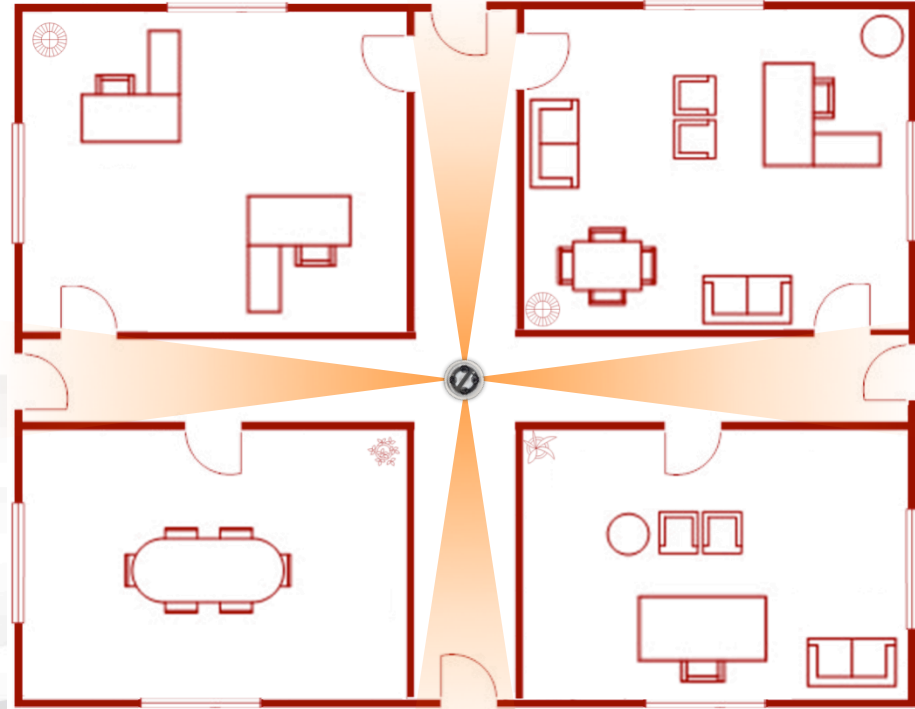
- Smart H.264 Codec Enhancement
- Updateable on Most Legacy Cameras
- Reduces Bandwidth Without Impacting Image Quality



Indoor Hallway Intersection Layout



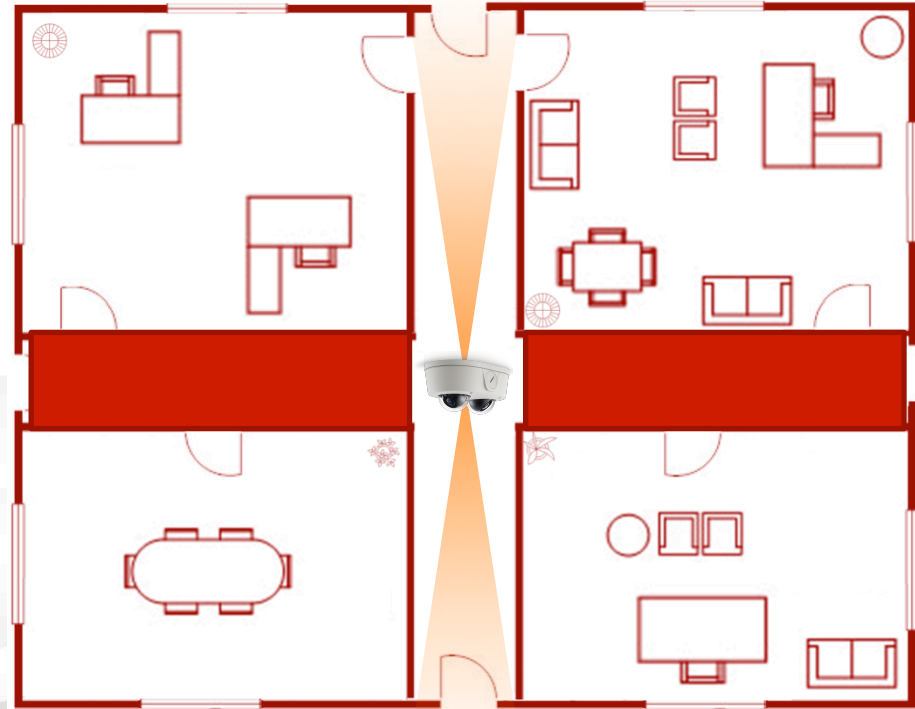
4 Telephoto Lenses



Indoor Hallway Intersection Layout



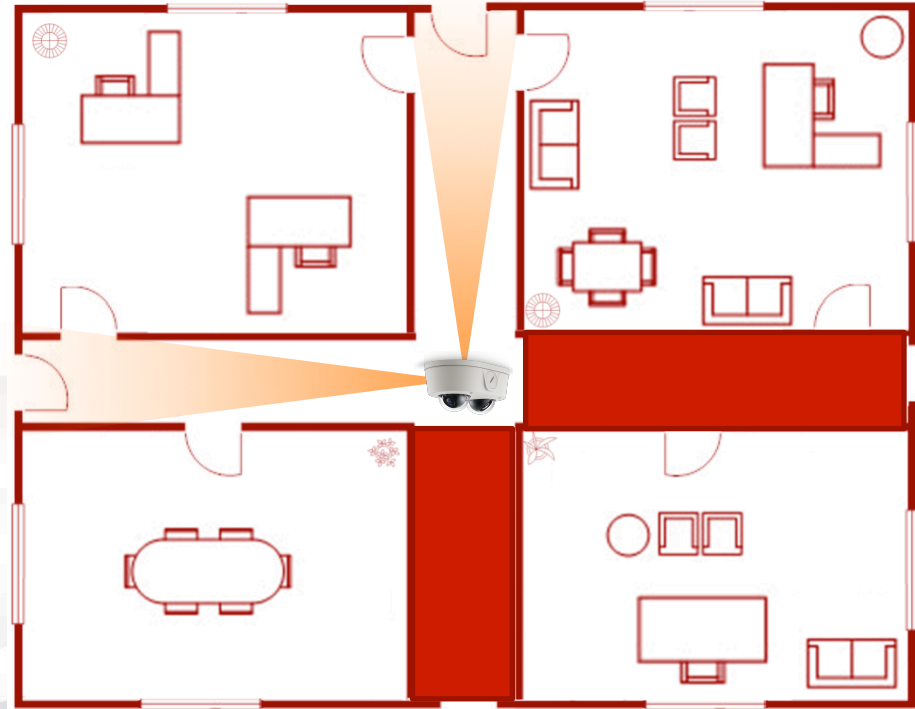
2 Telephoto Lenses



Indoor Hallway Intersection Layout



2 Telephoto Lenses



Tech Tips: What is P-Iris?

Iris



Is an aperture used to control the amount of light coming through the lens of a camera.

MPM2.8A



2.8mm, f/1.8, Fixed Iris,
MicroDome Lens

UHD45-10



4.5-10mm Vari-Focal IR
Corrected Lens



**P-Iris Control for
Best Depth of Field and
Image Clarity (PM Models)**

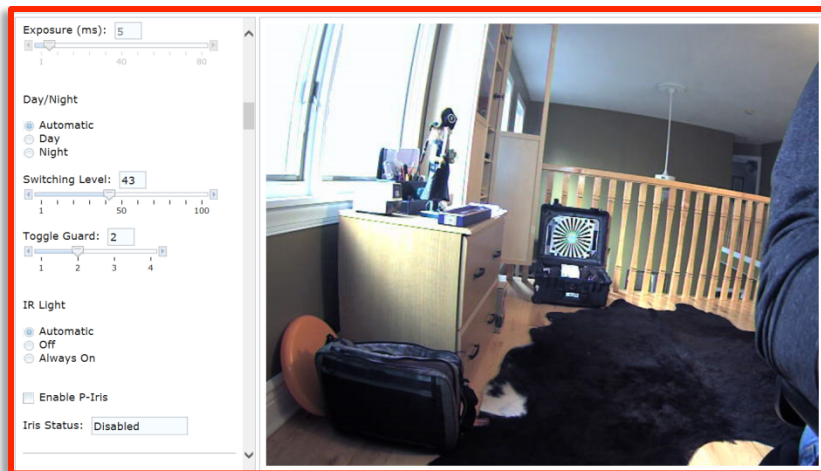
• Four Types:

- Fixed
- Manual
- Auto
- P-Iris

Image Quality over Just letting light in!

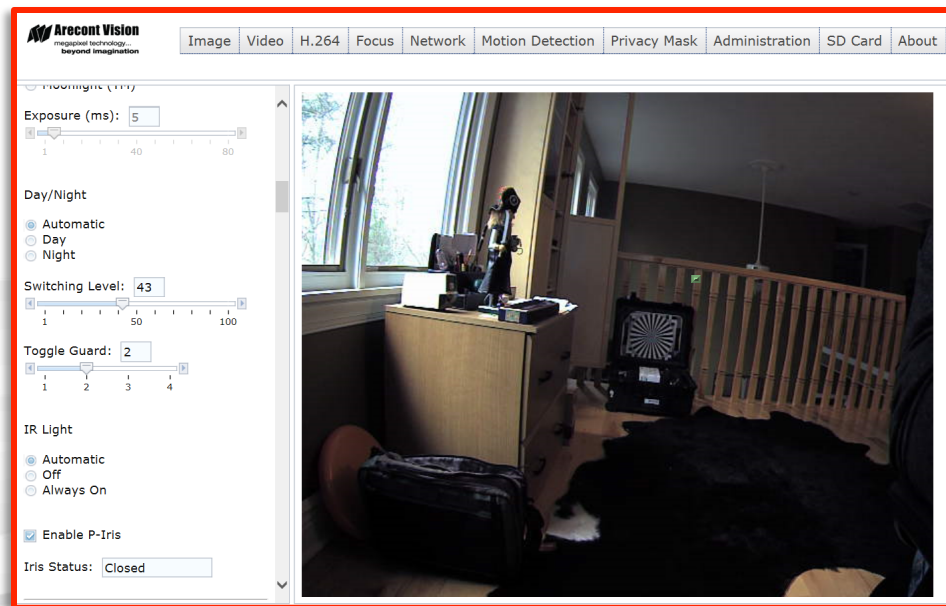


Enable and Disable of P-Iris



Disabled

Enabled





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