

# Strategies in Light®

*The Leading Events for the Global LED and Lighting Industry*

## **Solid State Lighting: the end of lighting as we know it?**

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# Why Me?

- Lighting guy
- Talent guy
- Industry observer

# Observations

- Executive email
- Kodak
- Big Four's position on LED
  - 40% by 2015
  - LED 'not ready for indoor, yet'
  - “EVENT”

# Evolution

- Traditional channels:
  - New construction
  - Esco
  - Remodel
  - Muni/Utility
  - Retail
- Complexity
  - Lighting is applied everywhere

# Channel evolution

- Narrowly evolved:
  - Distributors: sell what their customers want
  - Contractors: power distribution equipment and installation services
  - Ltg reps: new construction and deal brokers
  - Ltg Mfrs: electro-mechanical devices

# Channel problems

- Distributors: not trained to promote new technology solutions, to new customers
- Contractors: no electronic experience; tools, meters, certifications, union, etc.
- Mfrs: HUGE legacy investments in mechanical products, no electronics fab experience; clean rooms, test equipment

# Lighting reps v. Mfrs

- Financial chasm across their mfrs
  - Compensation programs aren't aligned
- Manufacturers abdicate local control over:
  - Price
  - Participation in projects
  - Uniformity/quality of their message
  - Brand

# Pyramid of Margins

## Traditional channels

- Manufacturer GM= ~50%+
- Distributor GM= 8%-25% (project v stock)
- Contractor GM= 8-10%
- Rep GM= 10-15% (accretive)

# Who's gonna sell this stuff?

- Emerging solutions:
  - Leased lighting
  - Franchised LED 'distributors'
  - Licensed installers
  - ESCO's
  - End-user focused sales teams
  - Electronics distributors

# Success stories

- MSI. Mine Safety Industries (who?)
- City of Houston
- City of Los Angeles
- Walmart
- The client who didn't know they couldn't

# Future players

- Specifiers: added strength with product qualification and assessment abilities
- Electronics companies: global top 5 firms
- Controls companies: the future of lighting as we WILL know it
- New channel players

# Future sideline players

- Ltg reps: marginalized to new construction and dis-intermediated from price control
- Contractors: as went premise wiring, so will go SSL and eventually 'lighting'
- Distributors: will follow their contractors
- Mfrs: Big 4 will be re-aligned. The 400+ LED entrants will be rationalized

# The future of lighting

- DC distribution
- Systems: security, sound, video, lighting, access, HVAC, etc.
- Energy: off-grid lighting
- Bio-lighting: color and intensity control to influence: animals, humans, plants

# Grandkids, aka 'anachronisms'

- Troffer
- Reflector
- Incandescent
- HID
- Overage
- Ballast
- Lamp
- Film
- Video store
- Picture tube
- Rolodex
- Index cards
- Carousel projector
- 'Event'

# epilogue

“if you don’t like change, you’re going to like irrelevance even less”

General Eric Shinseki



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