

Strategies in Light[®]

The Leading Events for the Global LED and Lighting Industry

200 lumens/watt Can I sell it NOW?

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LED v Commercial Lighting Agenda

- My background
- Definitions
 - LED “Guy”
 - Lighting “Guy”
- Define the lighting market
- Top 5 cultural differences
- Advice to both camps

The Lighting Market

Channels, C&I

	C&I, Project	C&I, Stock	National Accounts
Sales force	Indirect	Indirect	Direct/indirect
Focus	Specifiers Contractors	ED Owners	Store Planners Specialty ED's
P.O. Origin	Distributor	Distributors	Distributor
Influences	Specifiers Distributors Contractors Reps	Buying Groups Incentives Brand Rep	Service Performance Price

Lighting Market Channels, deux

	Utility	ESCO	Big Box
Sales force	Indirect/Direct	Dir/Ind	Direct
Focus	Standards Engrs Purchasing	ESCO Owners End-users	Buyer
P.O. Origin	IOU/Distributor	Distributor End-user	Big box
Influences	Quality Performance Rep	Energy Price	Brand Price Delivery

LED v Lighting

#1 Difference. SPEED

LED Guys

- Haitz's Law
- Product life cycle= months

Lighting Guys

- Vitality index
- Product life cycle= decades

LED v Lighting

#2 Difference. Intellectual Property

LED Guys

- Patents are KING
- Patents are functional and process oriented
- IP rights are swords
- Created by EE's
- CTO

Lighting Guys

- Patents are “nice”
- Patents are typically mechanical or esthetic
- Patents are defended but not offensively
- Created by ME's
- VP Eng
- “tighten wirenuts”

LED v Lighting

#3 Difference. Manufacturing

LED Guys

- Long run= Millions of pieces
- Automated/'lights out'
- "Lean"= better equipment
- GM's = <30%
- Replicable technology

Lighting Guys

- Long run = < 5,000 pieces
- Labor intensive
- "Lean"= faster assembly, quicker change-overs
- GM's= >50%
- Mechanical devices

LED v Lighting

#4 Difference. Customers

LED Guys

- Electronic distributors
- OEM's
- => “design influenced”
- Component mindset

Lighting Guys

- ‘Buyer’ is assumed to be an electrician
- Sell to everyone who can reach an electrician
- => “Trade” influenced
- Finished goods mindset

LED v Lighting

#5 Difference. 'Lighting'

LED Guys

- Brightness is king
- Lumens/Watt
- More lumens='gooder'
- Long distance golf balls

Lighting Guys

- Light on Task
- FC's are king
- Less glare= 'gooder'
- Controlled accuracy golf balls

Advice to Both Camps

LED Guys

- Slow down and learn the channel
- Pick a strategy
 - OEM? Fixtures? ESCO? Specialty?
 - If OEM, don't over commit
- Find people who understand your strategy AND who have the relationships to implement that strategy

Advice to Both Camps

Lighting Guys

- Embrace it
 - Find LED partners to help, hire EE's
- Recognize your new competition
- Fix your channel
 - It's anachronistic and inefficient
- Change your business model
 - Warranties, Processes, Channel partners

Closing Thoughts

- “LED is the most disruptive technology to affect the lighting industry since Edison”

A White Paper examining the channel impacts of LED technology, Ted Konnerth, PhD 5/09

- “If you’re not changing faster than the world around you, you’re backing up” unknown

