



Just how green is (Grass) Valley?

Recent successes won't spoil this group

GRASS VALLEY, Calif.—A spirit of cautious optimism pervades the Grass Valley Group these days.

Fresh from a successful trade show, and hard on the heels of the best accounting period in its history, the Tek subsidiary is watching its volatile marketplaces with an eye on better things to come.

Meanwhile, things haven't been bad at all. The National Association of Broadcasters (NAB) convention in Dallas was "our best competitive show ever," according to Executive VP/GM Dan Wright. "All our divisions scored well against their competitors."

And in terms of orders, it was the best AP ever, says Director of Sales Randy Hood.

GVG's 6000 sq. ft. exhibit booth was "mobbed, absolutely mobbed," says Switching Products Div. Manager Len Dole. Every division, as well as Dubner Computer Systems and Telecom Systems Group, attracted big crowds.

GVG introduced many new products this year including the Model 200-2 Production Switcher; two new routing switchers, the TEN-20 and 20-TEN; the Model 9550 Sync Pulse Generator Changeover Switch, the 8560 Stereo Audio DA

System; the SMT-85N NTSC Source Timing Module; the SCB-100N NTSC Sync/Color Bar Generator; and three new DS3 Telecommunications products, 4500 Video Codec, Digital Cross Connect and Protection Switch.

New products from Dubner included the Model 5K Character Generator, the

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TB-20 Turbo Paint System, and the Super TEXTA-500 Graphics System.

"All the new products, large and small," Dan said, "are steps along the road of improved price performance."

The Model 200 Production Switcher got rave reviews. "I think it's safe to say that this NAB rivaled that of 1984 when we introduced the Model 100 switcher," said Professional Video division manager Dennis Brunnenmeyer. "While the number of orders didn't rival the number received for the Model 100, the 200 exceeded our performance expectations."

Indeed it did. As a result of the product introduction, PVD exceeded its order plan for the year.

The Model 200 is a mid-size product that meets the needs of a wide range of users between the Model 100 and the industry standard Model 300. "I've heard others say that the Model 100 was probably the most successful product ever introduced, in terms of overall acceptance and rapid growth in market share," Dennis said. "I believe that the Model 200 will be just as successful."

PVD expects to start shipping the product in July. Dennis said he anticipates "reasonable" product availability by the end of the year.

But he also said there's more work to do on the Model 100 and similar new products as GVG moves ahead. "And we're going to do it again next year. New products will be there and every one of them will find customers just as the Model 200 is finding customers."

In addition to its introduction of new Editor enhancements and features on the Kaleidoscope Digital Effects System, Production Systems division demonstrated multi-level digital compositing for post production. "We had a lot of interest from both networks and production houses," said Division Manager Dave Mayfield. "We went a long way in convincing customers where we're headed in the future."

Dave said an important statement was
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made at NAB: GVG Plans to be in the mainstream of the production world, whether it be digital or analog technology.

While Modular Products Division didn't introduce a so-called "home run" product (theirs typically generate lower dollar volumes), they still had three new ones at the show. "We didn't book a lot of orders directly as a result of the show," said Division Manager Jerry Sakai, "but our sense was that most of the people we talked to were making buying decisions, (checking) to see what we had to offer."

"The impact on our division is that we can look favorably to the future. We also improved the incentives for our distributors, which was welcomed."

Driven by the transition of public network architecture from analog to digital technology and other factors, Telecom Systems Group successfully introduced three products aimed at the emerging DS3-level telecom network market.

Switching Products Division had several successful new product introductions and will be gearing up to meet current order demand. While they closed several predictable orders at the show, Len Dole said, they also took several new orders for routing switchers—a first for GVG.

Len said "This NAB, I think, took us all by surprise. What is interesting, however, is what the salesmen—the people facing the customers on a daily basis—have been saying for months, 'Don't worry, trust us.' 'Trust us' when you're under plan is a very difficult thing to accept. But those guys knew something that we didn't know. I feel sure of that."

While GVG made a major hit at this year's NAB, it's very important to remember that the game is far from over. As Dave Mayfield put it, "We don't want to dent the fact that NAB was good, but we don't want to give the feeling that we know where the industry is headed."

The consensus seems to be that the condition of the industry is difficult to read.

"The industry is still going through a lot of change," Jerry noted. "The people controlling the industry are losing their grip

and the networks are now dominated by people who are financially oriented as opposed to broadcast oriented.

"The financial people approach business (to get) the most from their investment. We're all spending a lot of dollars on entertainment, so the industry itself is strong, (and) the consumers are willing to fund the basis for the revenue, which is advertising.

"The sentiment was that customers held off spending for many years and now have to start reinvesting in their plants, because they can't let them deteriorate. They're telling us that yes, they are getting approvals to keep up and in many cases to expand, and that yes, they all operate under tight budget restraints but there is money to be spent. Fortunately we had the products this year. We did well because we had the right offerings.

"I think what we're seeing—we're hoping—is some pent-up demand," Dennis said. "The marketplace has been very level, in the broadcast arena at least, a result of acquisitions (and) the load on new owners. They've been restructuring their organizations to hold back on capital purchases.

"That, coupled with changing technologies, have certainly caused some people to wait. This influx of orders is perhaps an indication that the market is beginning to turn around. They can't wait any longer, they have to have new products to stay competitive."

But Dennis believes there is a need to proceed with caution when a windfall of orders is received. "We need to ask ourselves, 'Is that all there are? Did we milk the market dry? Is this truly indicative of the business to come for our product?'"

Len came away from the show with a feeling of "cautious optimism."

"Suddenly we're seeing this bubble of orders in a market that has been really flat," he said. "It seems really strange. On the one hand you can say maybe there's a pent-up demand that is now being released. On the other hand you could say well, it's just a flash in the pan and we'll go back to status quo over the next few weeks."

"The industry could still be in a very tight time," Dave noted, "and we just had an extremely good NAB against the com-

petition. But is that the entire budget of the customers? If it is, we're not in such good shape. I think if the market isn't growing significantly, then the orders we took were at the expense of the competition. I don't know how much of that occurred versus how much the overall market is growing and everyone got a piece of the market. I don't think anyone knows at this point.

"I think one of the things that makes GVG so great is the fact that we're pretty hard on ourselves really," Dave added. "We expect a lot of ourselves. So I think we should pat ourselves on the back and revel in the fact that we did extremely well at the show. But that doesn't lessen the fact that we still have some significant territory to cover. It became very obvious to me that the competitors understood where we were headed, and in fact we jumped the gun, we beat them to the market, which was a hit, but I think that they're headed down similar paths."

As Len put it, "I don't want GVG people to slack off at all, because I think we've got as tough a year ahead as we had in FY700."□