

Nexo generation

Turning 40 this year, Nexo has learned from experience the benefits of embracing change, as Steve Moles discovers on a trip to the manufacturer's Paris HQ . . .

[France] A recent trip to Nexo's HQ just outside Paris proved a good time to recap on the position of this estimable loudspeaker system manufacturer. In terms of history, Ginny Goudy - the company's long-time PR and marketing guru - pointed out that Nexo Geo T hung on the Pyramid stage at Glastonbury for five consecutive years. That gave credence to a later assertion that Nexo sits with 'the big five' pro audio sound reinforcement system manufacturers, alongside L-Acoustics, d&b audiotechnik, Meyer Sound and Martin Audio. It sees JBL, EV, EAW and others as either not strongly representative of the world live event and touring market, or that they are more diverse - covering everything from in-car audio, to retail outlets and the like - and, as such, touring is not core to their business.

Fair enough, the thesis is not without good reason. As sales director Denis Baudier points out later: "It is painfully expensive to be part of the touring sector as a manufacturer. The weight of costs for training and support, and the intense investment required in R&D, bite deep into profitability." He went on to say: "This rationale is supported by the analysis of company ownership; fundamentally, no hedge fund, conglomerate, or mainstream business investor would be prepared to tolerate such costs. But as self-owned businesses, a profit can be turned and it is not insignificant."

This summons the coda that 1) Nexo is owned by Yamaha, a conglomerate; and 2) d&b is owned by a so-called investment vehicle. In both instances, it seems the ruthless red-of-claw US business model does not prevail. Certainly, for Nexo the fact the company is now wholly-owned by Yamaha appears at worst benign, at best a positive change. It's eight years since Yamaha acquired the first 10%



- ↑ Nexo's Paris HQ
- Geo S12 arena/stadium system at Stade de France, Paris
- ↓ Sales director Denis Baudier
- Facing page: Geo M6 array installed at Bethlehem Church



"One of our synergies with Yamaha is a common production approach: to control costs, to always strive to improve product build, and to avoid compromise . . ."

of stock, buying most of the rest over the following five years.

For Nexo, brand maintenance is its moto - this is not a race to the top, but when sales of Geo T subsided the big question was, do they want another go at producing a flagship system? And they did, launching the STM in 2012.

The big USP of STM is scalability. Not a conventional line array system in any familiar sense, STM is founded upon

a modular approach that allows investors to maximise utilisation - in simple terms, you can easily configure STM modules to build a PA for a festival or stadium show, and use those same modules to provide an entirely practical smaller system for a theatre tour. That notion is yet to gain traction on the mainstream US and European markets, but elsewhere service providers are not so set in their ways or expectations. It was quite a

surprise to learn that Bolivia is home to a collective national inventory of five STM stadium systems . . .

This concept of scale and inter-operability is founded upon the more familiar platform of dedicated Nexo brand amplification that ensures consistent performance even in cross-hire equipment situations through standardisation of cabling, software control and the like - features that certainly



are familiar throughout the pro audio market. And while STM is Nexo's new, 'big idea', standard line array systems in the Geo mould have not been neglected and continue to evolve. Geo M6 and Geo M10 are small- and mid-sized systems that sit comfortably beneath the current Geo S12 arena/stadium system.

If you require evidence of the S12's ability to perform, a visit to Stade de France in Paris will prove educational: 300 cabinets of S12 were commissioned last year, replacing the old Nexo Alpha system that went in 21 years ago. The fact that FIFA chose this installation as its benchmark for audio system performance tells you all you need to know about that.

In amongst all this is the venerable Nexo PS8, a small point source loudspeaker that has remained one of Nexo's cash-cow sellers since its launch in 1902 (no one seemed to remember exactly when - it's that long ago).

In terms of flattery for the design, you can't go much better than the fact that in China there is even a clone Nexo PS12, a loudspeaker Nexo has never produced, but one the Chinese patent pirates thought necessary to include in their range of copies between the PS8, PS10 and PS15.

Back in France, however, the new point source cabinet is the ID24, a nice little unit available in install and touring variants, with a very neat rotatable horn accessed from the rear (four formats: 60°x60°, 90°x40°, 120°x40° and 120°x60°) and shallow profile. This is an ideal candidate for an under-balcony or front-fill in the theatre. It also gives one clue to Nexo's current development direction. According to Baudier, the company has never previously produced this kind of small, uniformly-voiced 'toolbox' loudspeaker, beloved of installation designers. Watch this space . . .

On the amplification front, the NXAmp is currently on the second iteration of the line. The amplifier is produced in Japan at Yamaha to Nexo specification; one of the certain benefits to emerge from the takeover. Nemo - the Nexo-developed remote control and monitoring software that underpins the amp platform - even allows end users to power their Nexo point source cabinets with other brands of amplification. Are we seeing a pattern here?

Dennis Baudier presents this assessment of where the market currently sits and how Nexo faces this market: "We see the annual sale market for

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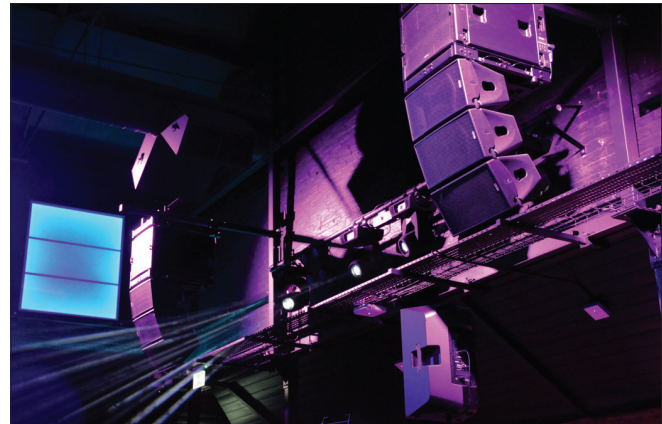
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what we define as touring sound reinforcement equipment as \$100 million per annum - that's strictly touring and special events, anywhere that a PA system is temporarily deployed, be that concert or car launch."

He continues: "Significantly, no new players have emerged in this market since the big five stabilised in mid-1990s. We see this market as a niche, in that it's a side issue to the wider MI market where companies such as JBL prosper. The reason for the lack of newcomers is down to knowledge and experience; that's a prime reason why Yamaha acquired Nexo."

"As of 2018, Nexo will have been doing this for 40 years; there is no substitute for that experience. Part of our longevity has been to embrace change: we were the first to develop a digital control platform, to use software to enhance loudspeaker development, and even at a mechanical level, were one of the first to invest in CNC machines to produce cabinets. One of our synergies with Yamaha is a common production approach: to control costs, to always strive to improve product build, and to avoid compromise."

"Yes, we have made mistakes along the way - like several other European manufacturers, our first venture in the US market completely underestimated the scale of what was required; in short, we failed to notice that opening a single US office could not possibly equate to opening a new office in, say, Poland. The US might be one

- ↑ Above: Budapest's Erkel Theatre has both STM line arrays and ID Series speakers installed
- ↑ Top, right: Geo M10 speakers installed at The Platform, Brighton
- An installation at Mr Fogg's bar utilises Nexo's ID Series



country, but it's the size of Europe. One of Yamaha's first moves was to take over our US distribution - that has brought great improvement, though we are only now starting to break into the installation market."

Baudier continues: "Looking broadly at our history, our market share has been 60% touring, 40% installation. These days that's changing to more of a 50/50 split - our core install market is club and theatre, but we're growing. In the UK, we have recently installed Geo S12 in stadiums for Glasgow Rangers and Wolverhampton Wanderers football teams, with a couple more significant sports venues in the pipeline. In the US, we have done the same thing at the Plattsburgh Hockey arena and the Anaheim arena. And then there is the new stadium in Perth Australia where this Christmas we commissioned the STM system we specified and installed."

"Admittedly, on the touring side we have lost ground since the Alpha system - the market is currently polarised between d&b and L-Acoustics, but that polarisation has had an

adverse effect for all the service providers. They can't sustain their price to rent when all their fellow competitors are offering the same two top brands. That's why we are currently pitched more towards the temporary install event such as corporate and industrials, rather than mainstream touring."

"Just to finish off, we now share the domestic market in France with L-Acoustics, but internationally, 87% of our production is exported - that's why to Yamaha, the brand is worth much more than the turnover, not that we aren't profitable. In terms of Yamaha's turnover, we're around the equivalent of their stationery budget, but that comparison underlines our importance to them. To many other conglomerates, such a small share of turnover might lead to disposal. For Nexo, the converse is also true; when we pitch for a big stadium job such as the one in Perth, the fact we have the Yamaha name behind us is very reassuring to the client. Likewise, Yamaha now presents its own brand loudspeakers as 'voiced by

Nexo'; a win-win in that respect."

What does this cursory analysis tell us about the future? Baudier explains: "The key element is going to be differentiation. I use this analogy: if you're building a factory and need to drill hundreds of holes into the structure, you buy something like Hilti. Buy a Black & Decker to do that job and you'll end up buying six. Long life and reliability is core. We have sold 200,000 PS10 since launch and they are still selling. Take that long life further and one of our key development rules is to never make something that isn't compatible with our older models. We have clients all over the world who have kept Geo T in their inventory for up to 15 years. When they come to replace it, they find they can still sell it for 50% of its original purchase price. In that sense, we help our customers to make money: invest in a system, pay back the capital cost on the first year's rental, make profit for up to 14 years, and then still sell on for a good return." Sounds like a good plan. 🎯

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