

Conference & Seminar



Do Big Ticket Events Require Bigger Investments?

A Panel Discussion On The Future Of Live Sound In Big Ticket Events

*The PALM + AV-ICN Conference, held at the PALM + AV-ICN Expo in May this year, witnessed a conference session on The Future of Live Sound in Big Ticket Events, where a panel of five eminent pro sound industry experts – **Dr. Rajesh Khade, Warren Dsouza, Manish Mavani, George Georgallis, and Tony Sawyer** - sat together and analysed the parameters of a big ticket event, does a big ticket event necessitate the use of big-sized boxes, and if so, what is the ROI on the investments rental companies make for the big sized boxes. The article is an excerpt of the entire talk.*

What are big ticket events in the live sound industry? Are they confined within a periphery, or is the distance covered in a big ticket event just a construct of the mind? Do these live big ticket events require boxes just as big as they are? If so, what ROI can a rental company gear up to achieve with a heavy investment in a big sized box for a big ticket event? A panel of professionals and rental company owners from the pro audio industry, **Manish Mavani, Warren Dsouza, George Georgallis, Tony Sawyer**, with moderator **Dr. Rajesh Khade**, discuss and arrive at a conclusion. Read the highlights of the talk below.

Dr. Rajesh Khade: As the topic states, this is a discussion on the future of live sound in big events. By the end of the session, we will have an idea of the commercial aspect as well as the technical aspect of what goes into big events. Before that,

I want to first quantify – what do we call a big ticket event? Warren sir, what do you think is a big ticket event in India?

Warren Dsouza: A big ticket event is something where you are throwing sound over 350-800 feet. There are mega events that throw audio even far beyond that. Predominantly, for most of the shows that happen in India, the sound is thrown at a maximum distance of 250 feet. The moment you start doing bigger gigs, it starts going into the distances of 500, 600, and 700 feet. So, if I had to generalize it in a very simple synopsis, that would be called a big ticket event.

Dr. Rajesh Khade: I would also like to ask this question to Tony. What qualifies as a big ticket event?

Tony Sawyer: I think most large-scale systems are very flexible based on the

country you are in. In India, these events are huge because you have a huge population here. But in smaller cities or smaller islands, 450 feet, give or take, is probably as big as you are going to get.

The Right Box Size For A Big Ticket Event:

Dr. Rajesh Khade: Now that we have quantified what a big ticket event is, what do you think is the right box size to work for these events?

Tony Sawyer: You know, that's a big question. How big of a PA do you use? One thing I have learnt while travelling around the world is that the requirements for subwoofer count is somewhat neglected in most countries. But I think the subwoofer count is dependent on content. If you are doing a dance festival, the subwoofer count and the top count is very, very different. Delay towers are in a different position. They are at 60 metres and that's it. But, if you are doing a classical event, it changes. So, really, there is no hard rule. Genre-specific, I think, is the correct way to put it.

Dr. Rajesh Khade: Genre specific, I agree on that. Does a big ticket event ask for a big sized box or you can do with a smaller box as well?

Tony Sawyer: I think you need the mass of a big sized box. Nowadays, with the big ticket events, a double 12 is a fashionable box because I think it is more versatile, so rental houses prefer it because the ROI on it is going to be good. They can do smaller gigs as well as bigger gigs with it. So, I think the double 12 it seems to be the synopsis now of what people are using.

Dr. Rajesh Khade: George, I would like to address the next question to you. According to you, what is the difference between, and the reason behind going for a big sized and/or a small sized box? What factors a rental owner needs to consider while choosing that?

George Georgalllis: There are many different ways to look at it. As far as the size of the box goes, I agree with the rest of the group, that usually, for the large scale events, you probably need a dual 12 and above what we consider to be large format boxes. So ultimately, whether it is a compact box or mid-sized box, it is going to be up to the company and to figure out what type of shows they are doing, the size of the rooms, the budgets, sometimes the weight that can be done on a roof, the power available for a gig, etc. So, depending on what the company tends to specialize in and the types of customers, they can choose to go with a certain system or another system. I agree that it has to be a dual 12 and above for a big ticket event.

Dr. Rajesh Khade: So, you are saying that it always has to be a big sized box?

George Georgalllis: Yes. I mean, typically these events require very high output in terms and the bigger boxes tend to have more high frequency drivers and therefore be more appropriate for the large events. But then, more important than the size of the system is actually the deployment. So yes, system size is one thing, but the correct deployment for the venue and deciding where to put the delay towers, how to deploy the large boxes, is also important. You can take a big box and deploy it in a certain way or it might not be as effective as a smaller box when deployed in a different way.

The ROI On A Big Sized Box:

Dr. Rajesh Khade: I think the gist that we are getting is that if you want to do a big ticket event, you need a big sized box. I had a question for Manish, what would you recommend people to go for, a big sized or a small sized box, and why? But then, I think it is self-answered that if you are going for big ticket events, you need to buy a big sized box. So my question for you Manish is, how much time do you think it actually takes to get the return on investment on a big sized box?

Manish Mavani: I have contradictory answers to what people have spoken till now, but I will go with what you asked me. So, how much time it takes for you to get your ROI - that's a homework that you need to do. It depends on what region you are in, it depends on what is your client base, or what is your target base after getting the big box. Is it something that you have been regularly falling short of, so you want to go for a big box?

Let me give you my example. We do a lot of large events, we consistently do venues of over 200-300 metres, which is akin to more than 600-750 feet with multiple delays. So, there are common challenges that one has to keep in mind - like what are the structures that you get to rig in. Everything boils down to a lot of economics in terms of the client budget versus the time versus the weather versus so many factors. It's very easy to say that a big ticket event should be with a big box but you need to factor in the other things before you put that money down. Also, are you targeting to do events which are specifically brand-driven, rider-friendly, or are you doing events which are not important with a specific brand but you can use any kind of brands and it's the audio coverage which is important.

Dr. Rajesh Khade: Still, I think we didn't get the answer to how much time does it take to get the ROI. Warren, would you like to go in depth on answering how much time does it take to get the return on investment?

Warren Dsouza: I don't think that there's a fixed parameter. It's really about your appetite, which brand you buy - you can buy a unicorn brand. It can, on average, take you three years, or maybe five years, and if you have done a great job, you can probably wrap it up in three years or two and a half years. Sometimes, people make mistakes and they are not ever able to recover their money. That is because you have to see it holistically. Who is your team? What is your infrastructure? Where are you demographically? You could be in the North East probably and struggle with a very expensive sound system, because there is not that much of work and then, it also depends on whether you are a regional vendor or a national vendor. There are a lot of guys who buy very expensive systems, but they don't do gigs out of their state.

In mine and Manish's case, the reason why we are able to do work out of the state is because we have such a large quantity of our inventory. We can take care of our domestic market as well as tour across the country. We can even do Leapfrog tours where there is a gig happening in Ahmedabad, and the same artist, on the next day, performs in Kolkata.

So, you start building your ROI based on everything - your infrastructure, your team, the kit, how well you have invested, or how aggressive or risk averse you are. If you have a very strong foundation in form of a good team and a decent infrastructure, you can take more risks. At the end of the day, our equipment is a pile of dumb metal without people. Your ROI could also be timing. You could have bought the most expensive system and then Covid hit. You could have probably not realized that there will be revenge consumption, like last season, where everybody was busy, but they had no kit, electronics, or spares. I think the game here is that the guy who plans for today is the guy who will make the ROI tomorrow.

Is The Indian Sound Rental Market Brand Driven?

Dr. Rajesh Khade: What I have experienced with people is that they think, 'I want to buy the biggest box. I want to buy more boxes. I want to buy a branded system'. The Indian market, I feel, is very much driven by a brand. George, I want to ask you, how is the international market driven? Is it very brand-specific or are there other brands which are not amongst the top three brands and you still have shows happening with them.

George Georgalllis: I think for the most part, the Tier I market is brand-based and I think companies making large investments usually want to go with brands that have a good reputation and are going to be in the market for a long time. They are safe investments. I do think that there are performance aspects of different brands and whether someone prefers one brand versus another. But, I would say probably Tier I market tends to go with the bigger and more reputable brands. There are a lot of good brands and sound systems out there, so it's not just the main brands - we see a lot of different brands in the market too.

Dr. Rajesh Khade: The next question that I want to direct at Tony is that we all end up buying systems, whether big or small. Is then just having a big system enough to guarantee your company's success?

Tony Sawyer: No. You have to look at the rental market as two points - you have the international market and the domestic rental market. I think as a rental owner, you need to focus on whether you are looking to go to international standard level market, or you are going to take care of your domestic rental market. That gives you a target of how you are going to earn your money back.

If you are going to be 95% domestic rental market and only 1 or 2% of your revenue is coming from the international market and you are investing heavily into the inventory for the international market, which may not be needed, as you have got any one of the top tier brands or manufacturers. For example, in Europe, they would look at a 10-year ROI. That's the life expectancy of a system. But, I have known people who are paying off for their sound system 10 years later. Rental companies need to look at this: Are you going to target that 2% or 5% market-driven at the international market, or are you going to your local, domestic market? The domestic rental markets tend to be a bit more lenient on the brands. But the international market is pretty hard and driven about the way they want stuff, because they need the consistency from India to Japan to Tokyo. The domestic rental market is a little bit lenient, bit more feasible, and a bit more flexible. So, if you are in that market, it gives you a little bit more opportunity to design stuff.

Dr. Rajesh Khade: Apart from that, as an owner, as an investor, you need to understand what market are you targeting. The idea that I am getting from this discussion is that the kind of shows you do, the market you are targeting, and the amount of travelling you do is very important rather than just having big brands. Apart from boxes, what are the other factors that are much more important than having a good box?

Manish Mavani: Let me talk about myself and my company. We have had a very organic growth. We have taken about 22 years to be where we are today. The first five years, the ROI was as good as nothing. And about 15 years ago, when I went to the banks to raise money, I paid about 18-21% interest. Back then, no brands

offered you credits. The whole model was, 'pay upfront and get the delivery'. As of today, I, at times feel that there is a demand-supply mismatch, especially Pre-Covid. There was much more supply than demand. So, this makes you think, where is the demand in your region before investing into anything – whether you are buying a small box, a medium box, or a big box. Whether you are buying a microphone or a console, first study how many times are you going to use it and at what price. Look what product is being offered by others currently, and you will automatically come to know if you can recover the money for that or not.

You need to have a lot of process and a lot of infrastructure in your company. What I mean by that is you need to have a strong warehousing team, a lot of back-end help to prep and plan and then reach on your show site. All these things cost a lot of money. It needs time, experience, and this doesn't come overnight. Just because someone is trying to push you XYZ amount of system or XYZ amount of boxes, or just because you have gone and heard the system somewhere and you really liked it, it may not be the best way to choose and buy that system.

Also, when you are calculating your ROI, don't just look at the rental versus the system that you have. You also look at adding into your PNL. There should be a pre PNL for your project and there should be a post PNL for your project. If you are looking at one event, you need to add things like insurance, your back office crew, your transport crew, a lot of things. Just don't look at what you are getting for that show versus what you are spending on the show. There is a lot of spending that you do to just keep your company afloat, whether it is your CA's cost, whether it is the taxes that you pay, or the repair and maintenance that you do – add all of it into your per show cost, and then you will know what is it that you are taking home.

Warren Dsouza: I think I can echo what he is saying because we have a concept of fixed cost and variable cost. The fixed cost is the cost you pay every month – which includes your rent or electricity, CA fees and audit fees. The variable cost is show specific. For any sound guy, the production cost of an average outstation

show is approximately 35% of his total billing. For example, if he charges 10 lakhs for a job, he will spend 3.5 lakhs in only transport and hotels, and what we don't do in India, is audit the cost of time. Even your time is very important.

On your prep day, it takes one whole day just to prep the gear. Like, when I and Manish are doing Arijit's or Diljit's show, it's a one-day prep just to empty everything into the godown. The cost of time is very important. When you add all this up, you will realize how small your margin ultimately becomes. What we are all working for is our bottom line, because from that, you can buy capital goods, which is equipment. It's the equipment, along with your people, that earns you money. So, if you can't do this math right, you will see the differentiation in your company and any other company. Not because that guy has Brand A and this guy has Brand B, but the differentiation is going to be because of the economics – your balance sheet does not lie at the end of the day.

Dr. Rajesh Khade: This is a really good insight into the working of a system. If I decide to start a rental company and grow, what should be my approach?

George Georgallis: From a technical point of view, it's always the performance and all the aspects of the system. One thing to look for is the scalability of the solution. For example, can you grow with the system. You probably look at something that you can grow into a much bigger system. So, you probably want to invest in a solution where, if you do end up with a small system, but you have the emphasis on the infrastructure, you can continue growing. From a sound system's point of view, the number one thing to look for is something you can grow and make it bigger, not having to start it from scratch again for the next step, and invest in a brand new platform and a brand new amplifier.

There is nothing with starting with a small sound system. If you want to start small and grow from there, just look at an investment where you can expand and not start all over again.

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