



Arzel Zoning Technology Inc.: Recipient of the
2007 North American Zoning Controls Competitive Strategy Leadership of the Year
Award



(From Left to Right) Dennis Laughlin, President, Arzel Zoning Technology Inc., and Art Robbins (right), President, North America, Frost & Sullivan

"We accelerate growth."

2007 North American Zoning Controls Competitive Strategy Leadership of the Year Award

Award Description

The Frost & Sullivan Competitive Strategy Leadership of the Year Award is presented to the company whose competitive strategy has yielded significant gains in market share during the research period. Often, the recognized company has taken advantage of recent market changes that facilitate the introduction of never-before seen methods of capturing and solidifying market presence. Alternatively, the Award recipient may have executed an innovative strategy within the existing competitive landscape, empowering the company to overtake the competition. In either case, the company captures the attention of the competition, which quickly adjusts in order to protect its own market position. Frost & Sullivan analysts expect such innovations to produce lasting, precedent-setting trends in the industry.

Research Methodology

In order to select the Award recipient, analysts quantify several market factors for each market participant according to predetermined criteria. The research process includes interviews with industry participants as well as extensive secondary data research. Formulated criteria determine industry rankings. The Award recipient is the company that ranked number one among all industry participants.

Measurement Criteria

In addition to the methodology described above, specific criteria are used to determine the final rankings of industry competitors. The recipient of the Award has excelled based on one or more of the following:

- Percent growth in revenue
- Degree of strategy innovation
- Successful alliances, mergers, and acquisitions
- Market share growth
- Correlation between revenues and investment
- Penetration rate of new markets



The 2007 Frost & Sullivan Competitive Strategy Leadership Award in the North American Zoning Controls Market is bestowed on Arzel Zoning Technology Inc (Arzel) for its product reliability, design flexibility, and installation simplicity. The company operates in the United States as well as in Canada, with a commitment to make whole home comfort a cost-effective reality for homeowners. Arzel has ideal zoning systems designed for applications ranging from new and existing homes to light commercial buildings.

Target Market – Competitive Advantage

Arzel focuses primarily on residential homes within the North American market. The company is all set to capitalize on the huge opportunities in the United States and Canada, where there are around 75 million existing homes.

In early 2000, the growth of the zoning controls industry in North America mainly came from new construction, as opposed to the retrofit market. In 2007, the growth of zoning controls was around 8 to 10 percent, in which close to 35 to 40 percent came from new construction, and the remainder from retrofit zoning and the products sold in the replacement market. It was estimated that around 75 percent of these existing homes make use of a single thermostat. Arzel realizes that only around 1.4 million new homes are being built every year while there are many more homes available in the retrofit market. Most of these homes have comfort issues and consume more energy than they should, therefore becoming a potential target market for the company.

The company focuses on both the residential as well as the light commercial market. The demand for more building automation components has been acting as a key driver for the zoning controls in commercial facilities. Arzel is rightly poised to capitalize on the significant number of opportunities in the growing light commercial market.

Arzel has been highly successful in aligning its strategy to achieve an impressive 20 percent growth in 2007, as compared to a 9 percent industry growth. The company has thoroughly examined the industry scenario and has leveraged the retrofit advantage to its growth strategies. Arzel design features are highly focused on providing flexibility to cater to both the retrofit as well as the new construction markets.

Chart 1 depicts the reasons for Arzel's competitive strategy leadership in the North American Zoning Controls market in 2007.

Chart 1
Arzel Zoning Technology Inc – Competitive Strategy Leader



Source: Frost & Sullivan

Innovate to Differentiate – Technology Advantage

Arzel opines that flexibility is one of the key factors driving its growth. Arzel's technology is designed to cater to both the retrofit as well as the new construction markets.

The company has been striving to introduce innovative technologies and solutions to help increase comfort and reduce energy usage in the light commercial and the residential markets. Arzel is well positioned to continue its development of smarter control solutions.

The HeatPumpPro is one of the unique products offered by Arzel. The company observes that the use of this product will result in 25 to 30 percent energy savings, and it is aiming to market the product to educate contractors and end users about comfort and energy savings. The company's products have an advantage in terms of reliability, retrofit zoning, and warranty.

All these cumulative factors make the company the deserving recipient of the 2007 Frost & Sullivan Competitive Strategy Leadership of the Year Award for in the North American Zoning Controls Market.

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Frost & Sullivan • Stacie Kopecki
+1 210.247.2450 • stacie.kopecki@frost.com
www.awards.frost.com

Arzel Zoning Technology Inc. • Joe Hlavacek
216.831.6068 • joeh@arzelzoning.com
www.arzelzoning.com