

STATE OF THE INDUSTRY

Speaker

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Course Description

This session will present industry financial and operational metrics. Attendees will hear analysis on the opportunities and considerations for digital signage providers, digital out-of-home network operators and end users.

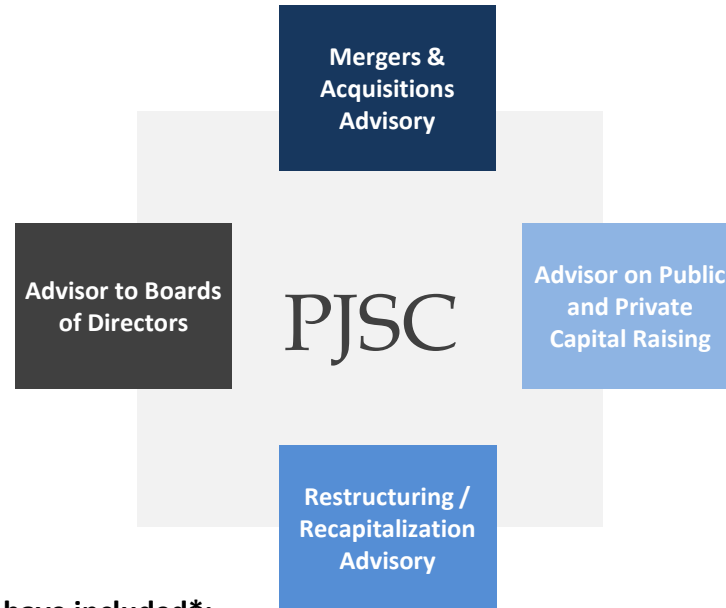
Learning Objectives

At the end of this course, participants will learn:

- Industry Forecasts
- Selected Trends
- Sector Recommendations

Providing Advice to Clients for Over 27 Years

Completed over \$180 billion
of M&A, restructuring and
financing advisory
assignments



PJSC is at the forefront of
media and technology

Assignments in OOH / DOOH / Digital Signage / Retail Tech have included*:



Digital Signage / DOOH Coverage

Billboard National



Local



Canada



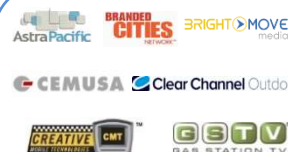
Agency



Airport / Aerial / Water



Transit / Taxi



Latin America



Point of Care



Stadium / Arena



Movie Theater



Restaurant



Bar / Club



Health / Personal Care



Office / Elevator



Hotel



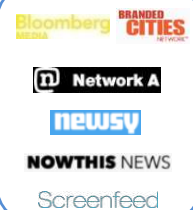
Gas Station



Grocery



Content



Background Music



Shopping Mall



Solutions / Kiosk / Other



POS



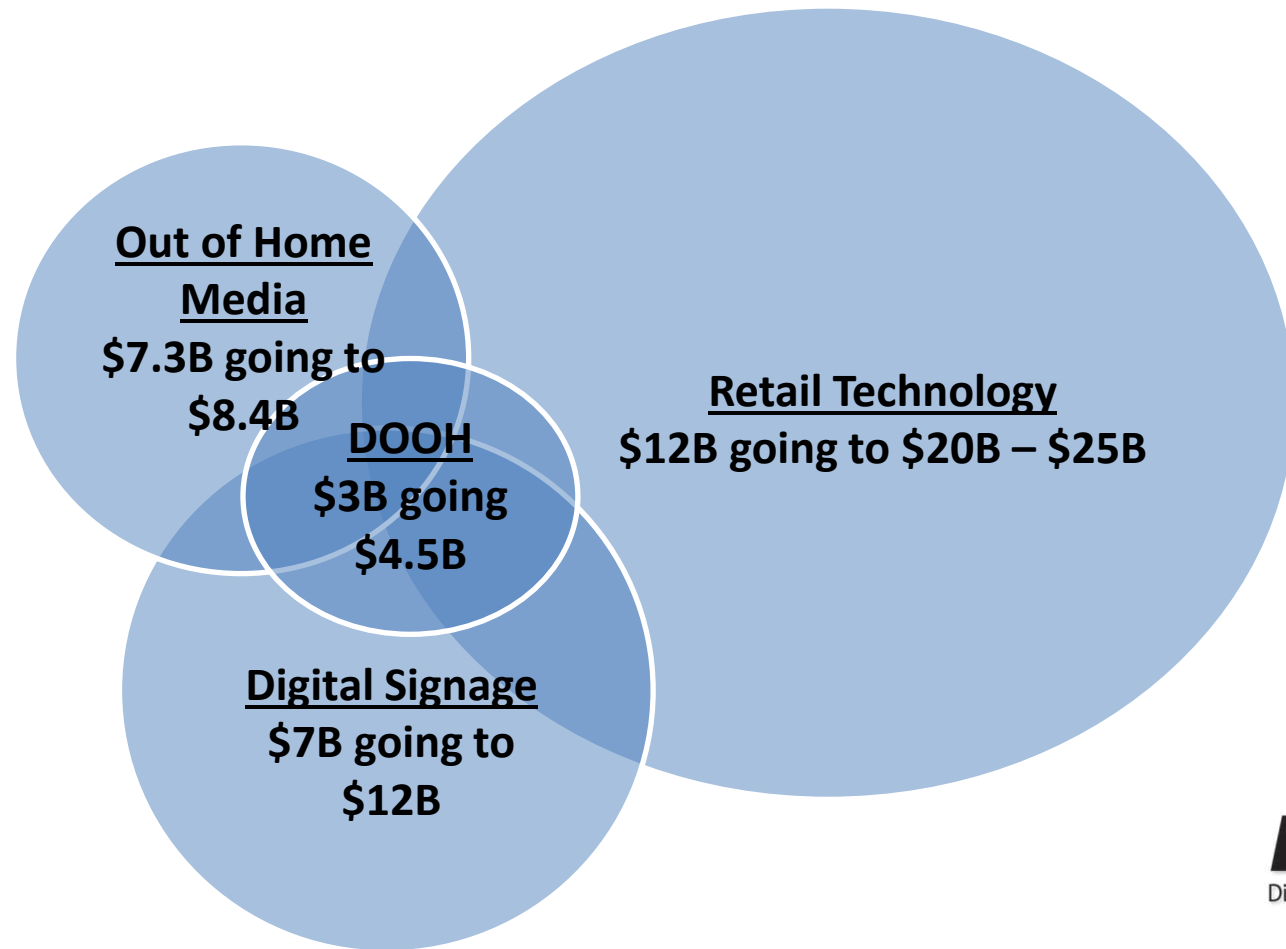
Retail



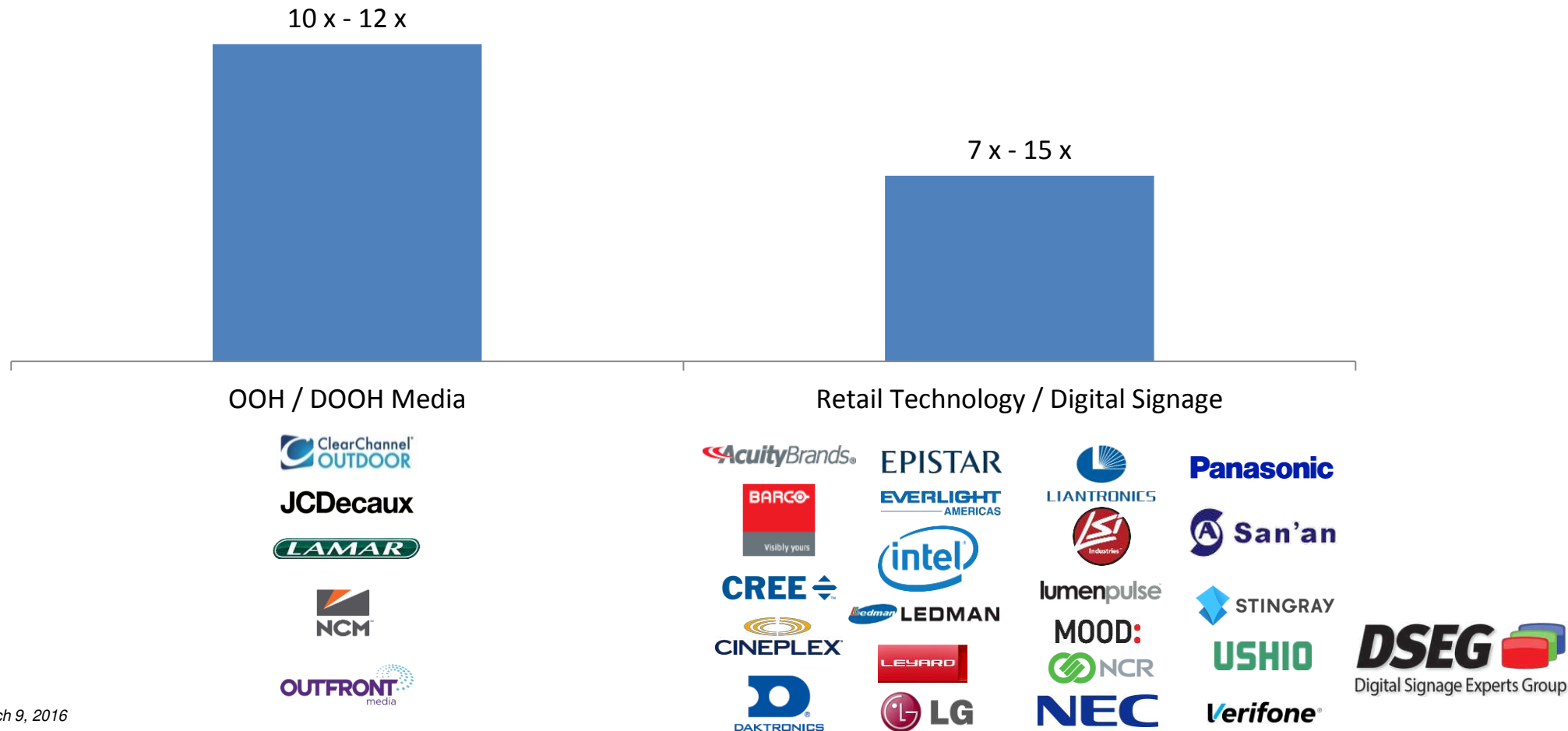
Smart Cities



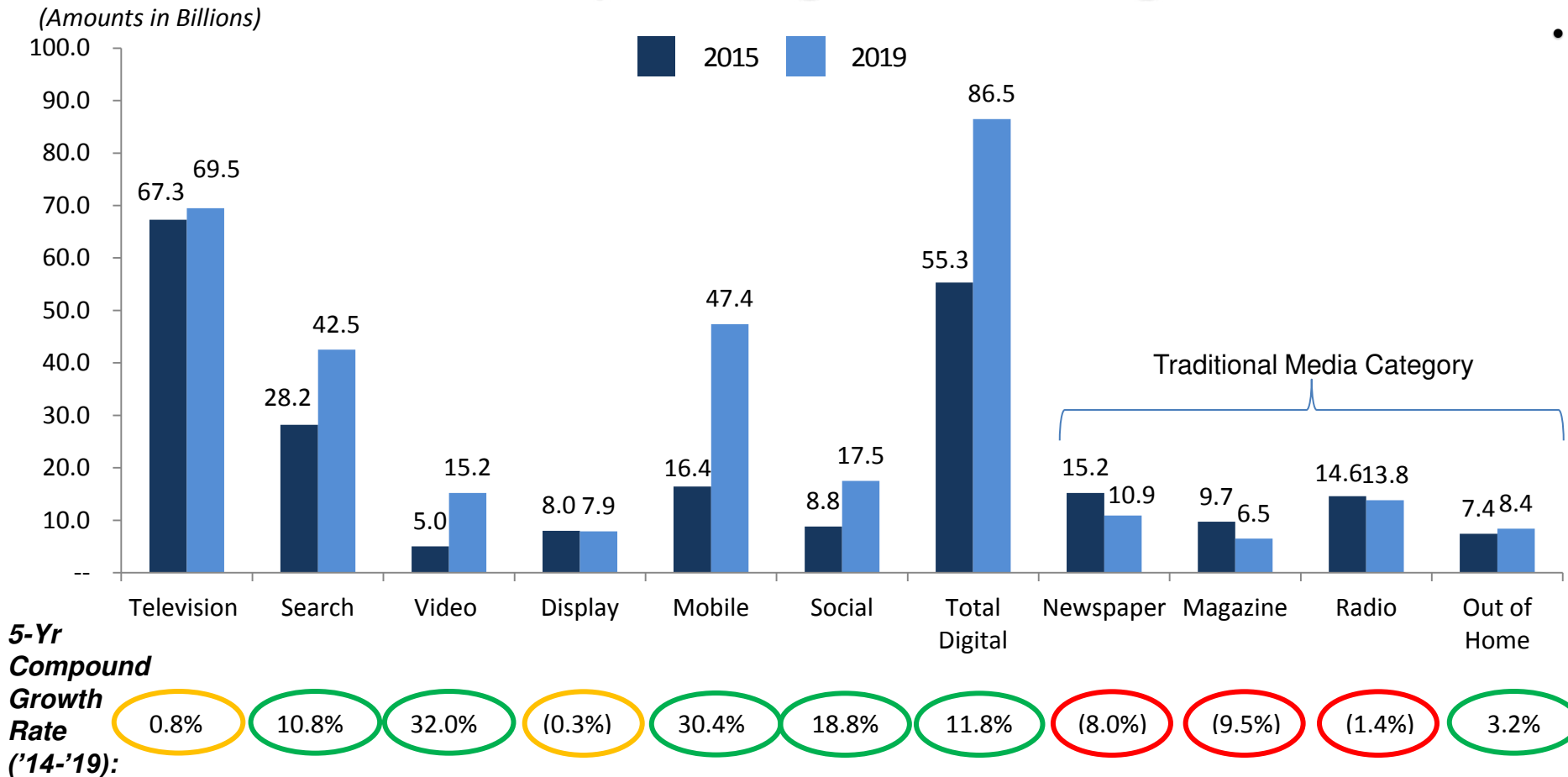
Defining the Industry U.S. Intelligent Visual Communications (2015 – 2019)



Industry Valuation Breakdown (EV / 2016E EBITDA)



Total U.S. Ad Spending to See Largest Increase Since 2004



- Mobile and online video = the leading advertising categories over next few years
- OOH only traditional medium expected to show growth

There Is Not An Expo for Just Anything

>\$10.0 billion
Global DOOH
Media Spending
in 2015^(a)

\$3.0 billion
U.S. DOOH Media
Spending in
2015^(a)

>\$16.0 billion
Global Digital
Signage Spending
in 2015^(b)

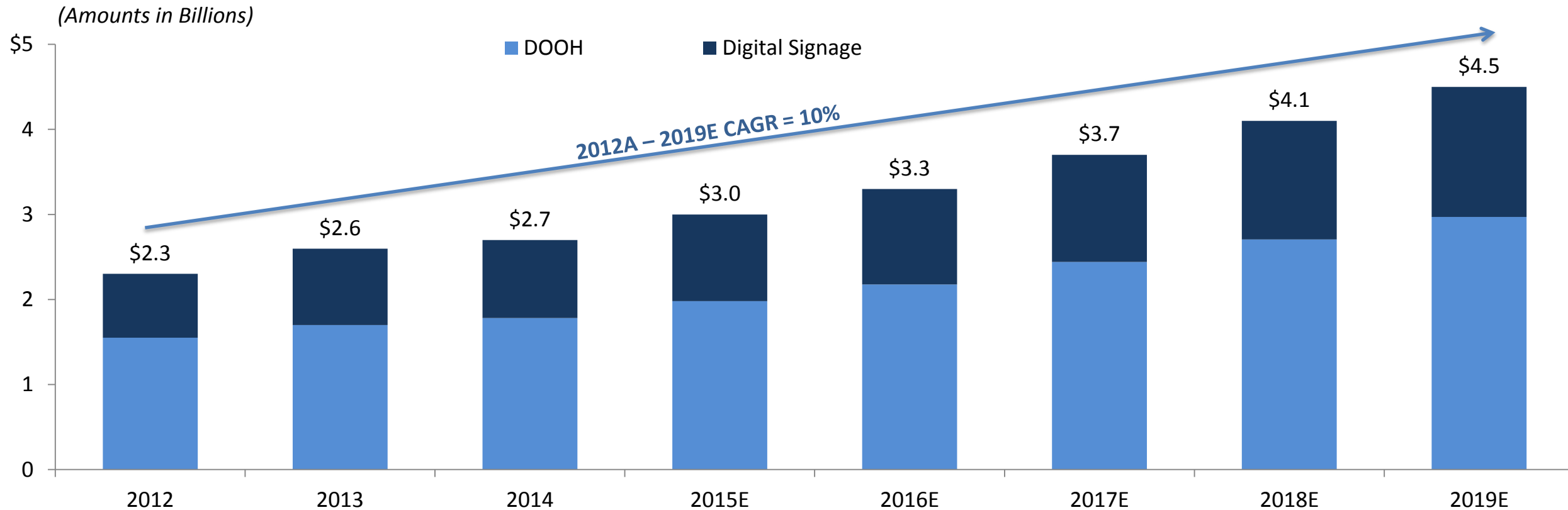
>\$7.0 billion
U.S. Digital
Signage Spending
in 2015

(a) Represents 2015E global and the U.S. digital out of home media forecast as per PQ Media Global Digital Out of Home Media Forecast (5th Edition).

(b) Based on IHS research.

(c) Based on IDC research.

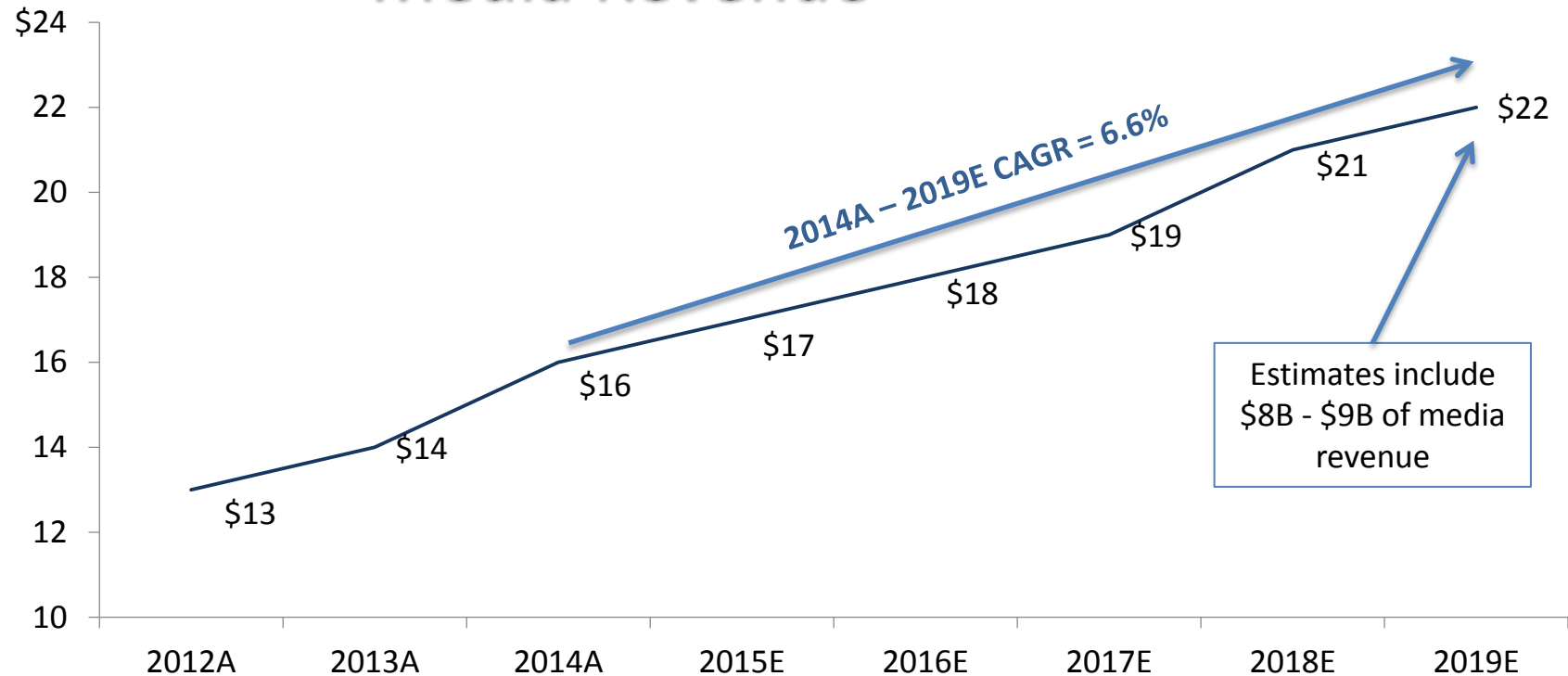
U.S. DOOH Media Spending



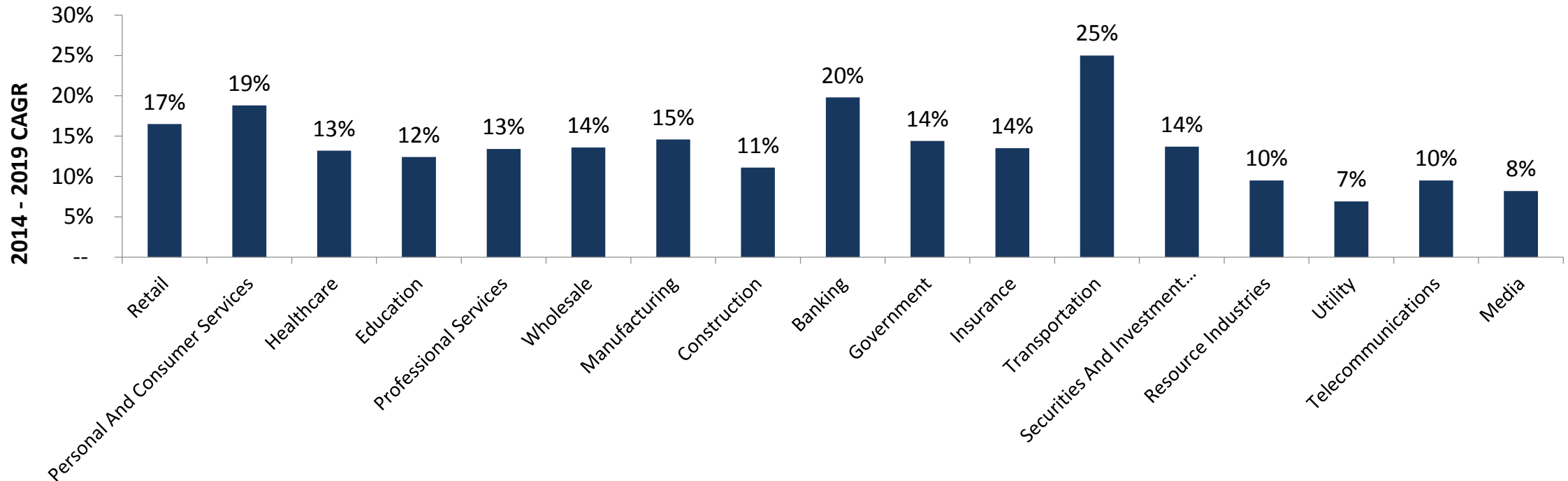
World Market for Digital Signage Equipment, Software, Services & Media Revenue

(Amounts in Billions)

- Worldwide digital signage revenue expected to grow to \$22B by 2019
- Revenue expected to grow ~6% in 2015
- Increase in availability of 4K media players, and decreased cost of entry will continue to drive growth in 2016



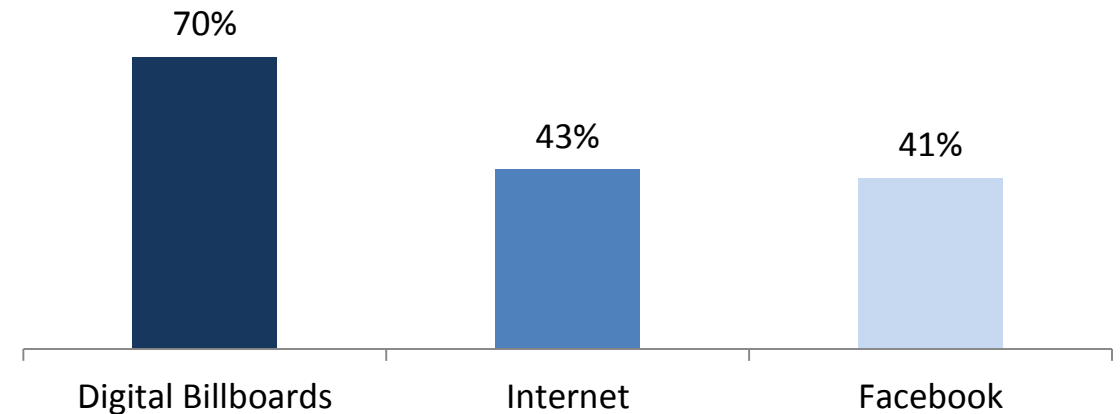
Significant Digital Signage Revenue Growth Across Industry Verticals Through 2019



Digital Signage Facts

- Digital media on screens in public venues reach more customers than videos on the Internet or Facebook

% of Surveyed People Who Felt Digital Billboard Advertisements Stood Out More Than...	
Online Ads	71%
Television Ads	46%
% of Americans Who Have Seen an Ad in the Past Month on...	



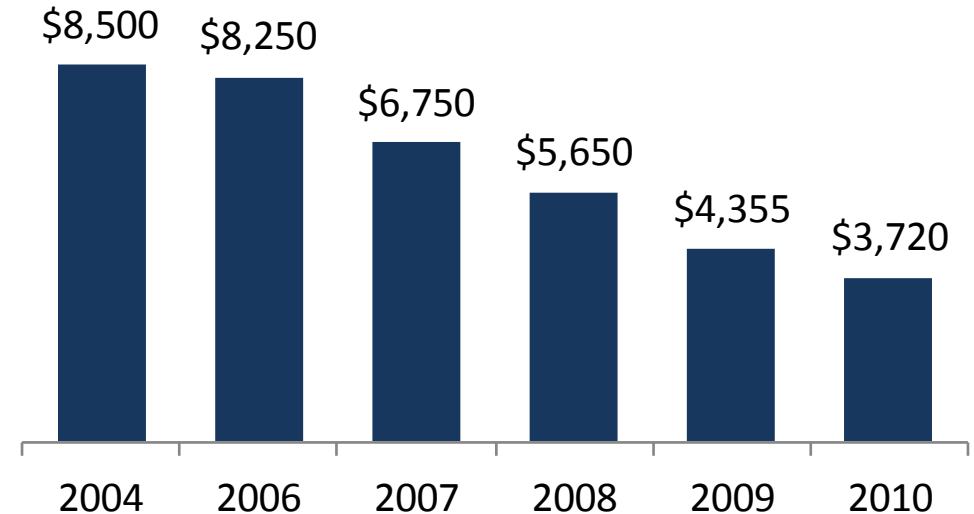
Digital Signage Facts (Cont.)

- Digital signage adoption and use-cases increase as cost of implementation continues to fall
 - Since 2004, the cost of implementing and operating a digital signage network has decreased by more than half
- Retailers are using in-store and POS digital signage advertising to increase brand awareness, drive sales and engage customers

Capital Costs for Digital Signage Networks

The cost of a 100-node network^(a) was twice as high in 2004 as in 2010, and has fallen considerably since.

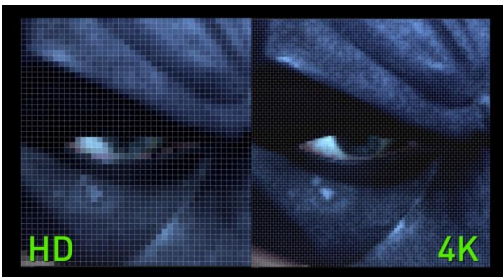
(Amounts in Millions)



Industry Trends

4K Displays

- Consumer adoption of 4K displays is expected to drive demand for 4K signage
- Higher-end digital signage users such as luxury brand marketing and high-end retail have been the first users of 4K displays
- A challenge facing the introduction of 4K signage is the need for content at 4K resolutions (especially video content)



Experiential Shopping Environments

- Digital signage can help facilitate an omni-channel shopping experience
- Interactive digital signage can enhance the shopping experience in many ways:
 - Customizable advertising
 - Consumers can further research products before buying
 - Mobile payments / e-commerce



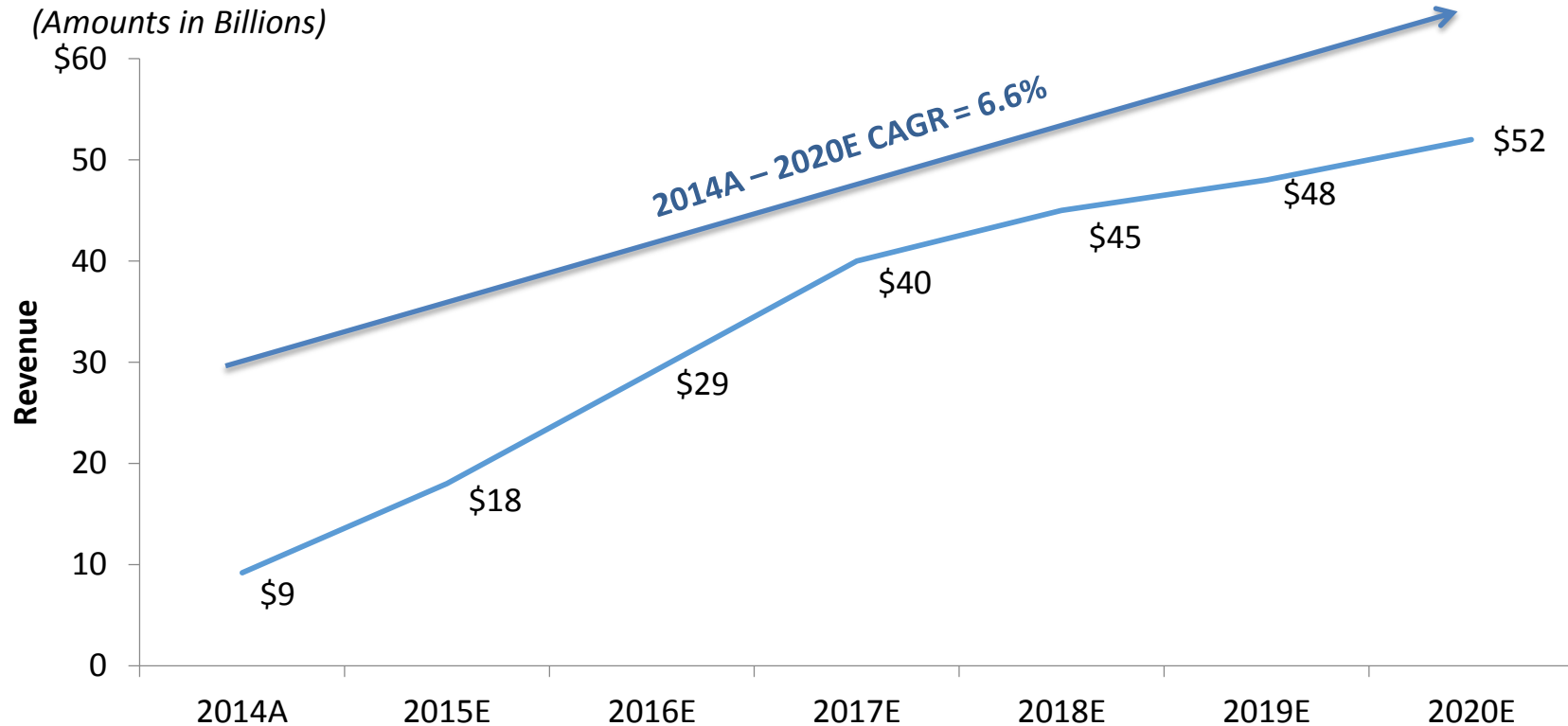
Interactive Displays

- Retail (experiential shopping environment) and Wayfinding (malls / airports / other public spaces) are primary drivers
- Advances in multitouch technology enable multiple users to use the same display
- Smartphone services such as mobile payments or social networking facilitate interaction



Global 4K Display Market

- In 2015, 4K moved from a luxury feature to a component in all major display applications
- Now used in desktop monitors, notebook PCs, OLED TVs, digital signage, smartphones and tablet PCs



Drivers and Inhibitors of Industry Growth

Drivers

Modernizing to
Combat
Showrooming

Relevance

Cost Reductions

Centralized,
Localized Message
Control

Inhibitors

Lack of Ownership

Lack of Research

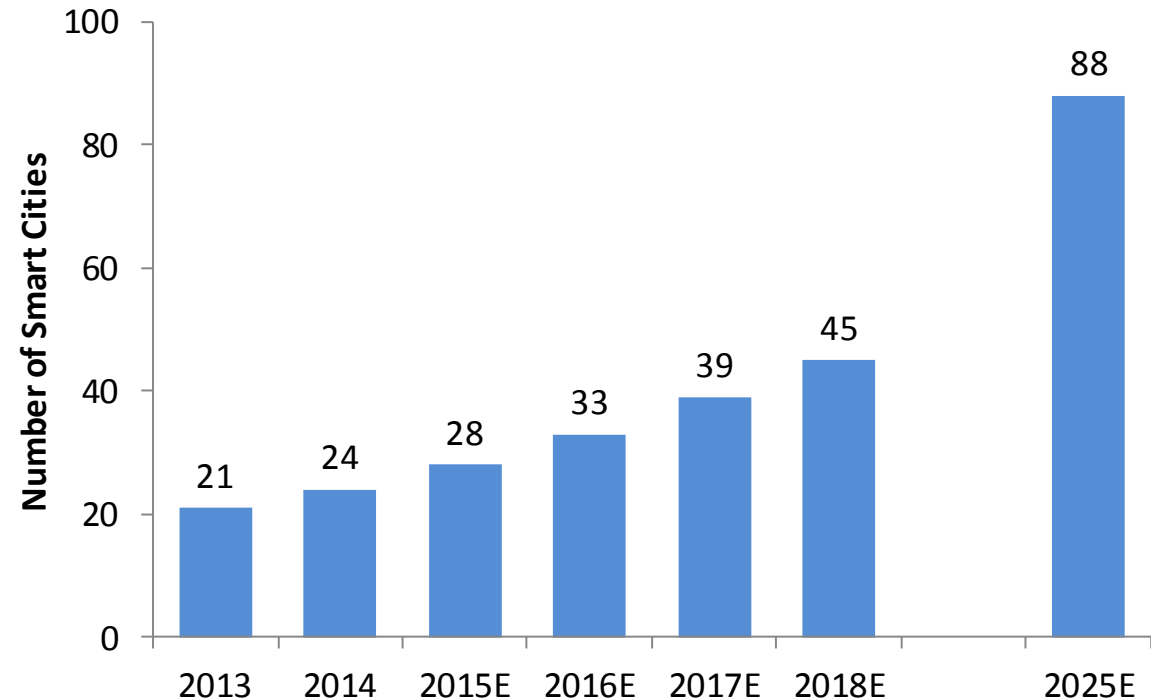
Lack of Ad
Revenue

Lack of ROI

The Smart Cities Opportunity For Digital Signage / DOOH is Huge...

Smart Cities Opportunity

- Smart cities represent a \$1.5 trillion market opportunity in energy, transportation, infrastructure and governance
- Currently 28 “smart cities” spread throughout Europe, North America and Asia Pacific
- Additional 102 planned and in-progress smart cities, with 88 expected to be successfully completed by 2025



Participants in the Smart City Market

Product Vendors

- Provide smart meters and distribution devices (e.g., automated switches, voltage regulators) that operate as main nodes of connectivity



Integrators

- Provide integrated turnkey solutions that package together various smart city capabilities and technologies



Network Service Providers

- Offer collaborative networks and enterprise working solutions that connect people, assets and systems by leveraging M2M capabilities



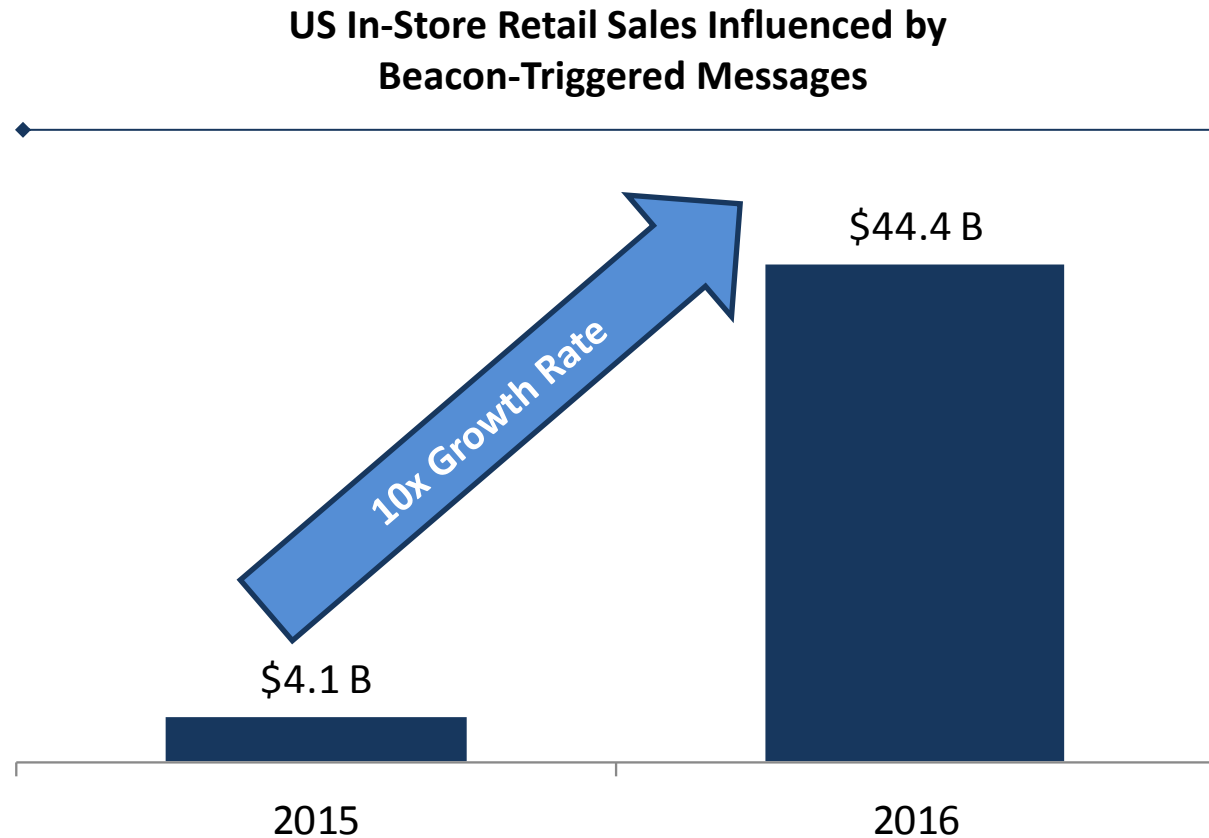
Managed Service Providers

- Offer around-the-clock monitoring, management and compliance services and on-site consulting for smart city solution providers

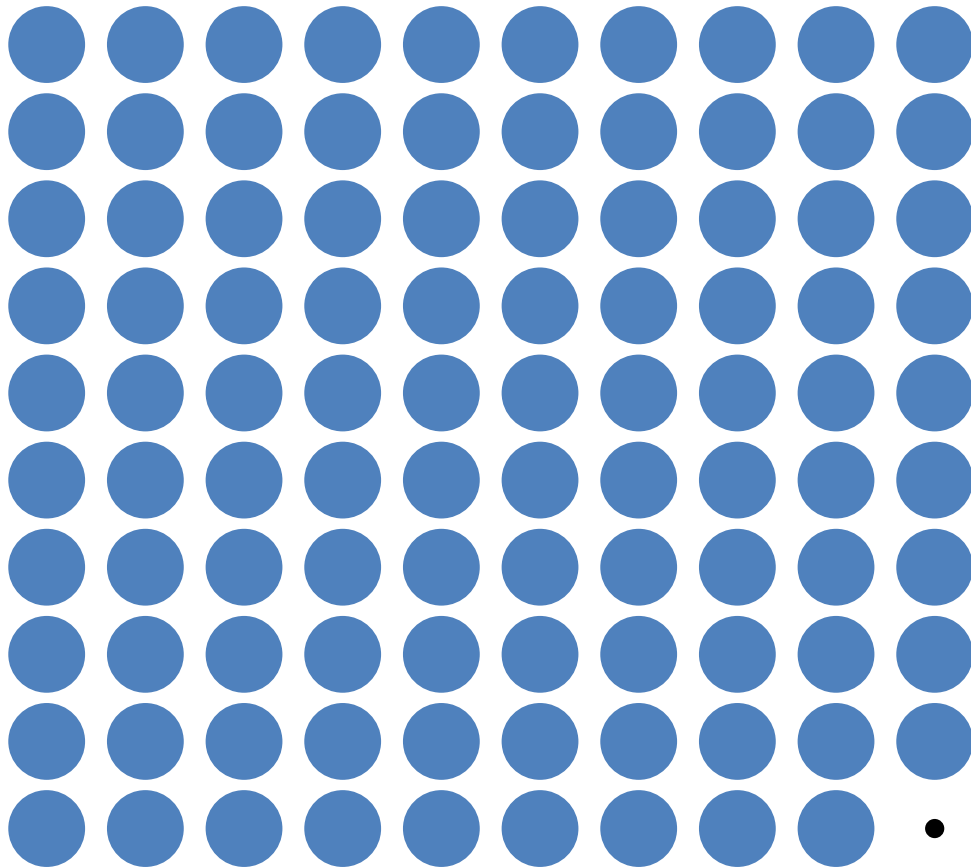


Mobile Technologies Should Drive Digital Signage Growth

Market for Proximity Engagement is Exploding



Massive Opportunity for Proximity



Estimated 60M to 300M
Beacons Deployed Worldwide
By 2018



The Market is Here

Recommendations

1. Consolidation

2. Education to Prove ROI

This concludes the Digital Signage Expert Group
Continuing Education Course

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