New Supply Category Emerging in North America Digital Signage Industry.
(Digital Signage Business System Providers (DS-BSP) offer new option to End Users)

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Changes in the digital signage supply chain are occurring as the industry matures. A new category of supplier, the Digital Signage Business Systems Provider (DS-BSP) has emerged as End User confidence and the application of digital signage has grown in North America. This new supplier group operates in a key point of partnership with organizations that represent a significant new user base for digital signage.

This new supply category has emerged in response to better informed end users, typically those that have assessed supply options and grasped the complexity of designing, deploying and operating a digital signage network. The growth of the BSP category is being driven by end users that seek turnkey systems comprising all elements of the DS ecosystem, while providing some content, technology sourcing and operating infrastructure themselves. Such end users will buy the technologies and want full control of the content presented. They do not wish to carry advertising.

The Digital Signage Business Systems Provider (BSP) is like the general contracting firm that places its billboard on a vacant piece of commercial land advertising that they will "design and build to suit."

Steve Harris, VP Business Development of Digital Display and Communications (DDC) a BSP, notes that "organizations engage us to provide their digital signage network based on our experience in applying the medium and our ability to supply objective technology recommendations, ongoing network operations, content and continuous improvement. Our approach to digital signage is to clearly explore & define our client's overall business objectives first, leading us to the development of a sustainable content strategy. Then, we are able to source the most suited, "best of breed" technology to finalize system design and operational structure".

Harris adds, "The end users that reach us have typically "shopped" widely or experienced internal operations of their network on limited scale" . He adds "Sometimes end users don't immediately see the value of using a managed service provider until after they have had limited success trying to implement & manage a digital signage network in-house".

End users seek expert counsel in the digital signage medium and its application, and in comprehending the complexity and organizational scope of a DS network, see themselves in a co-managing partnership with a principal supplier that can provide all required digital signage elements. As digital signage is increasingly recognized as a highly cost-effective and empowering communications device this characterization of end users increasingly applies.

Rachel Milan, Marketing Director of the Teachers Credit Union reflects the views of many end users in pointing out that “Our Marketing department is small and we are not in the business of digital signage”. She adds “digital signage works, and by using DDC as a full service provider, we have been able to benefit from having and using digital signage as part of our marketing and staff communications, where it might not otherwise have been possible, or as effective”.

In presenting a case study of the staff communications network deployed at NAVSEA during the recent Strategy Institute/Infocomm08 Digital Signage Technology Summit, Pat Dolan, Deputy Director, Naval Sea Systems Command Office of Corporate Communication, who has overseen the network project said "having the combination of technology expertise and communications experience has been critical to our successful application of digital signage". She also noted that a full service provider can be very helpful in moving a project forward more quickly within an organization, because they can provide informed commentary on all areas of the planned deployment.

In some cases, existing digital signage infrastructure and internal projects are being integrated into new supply relationships where the BSP provides a full service package of project design, system enhancement and ongoing operations that include network operations, creative and playlist administration services.

Typically, providers of hardware (displays, servers, etc), software or connectivity have been a primary respondent to end user interest in digital signage. Many Requests for Proposal are still issued to technology providers by end users.

In the past several years other supply options have emerged.

In “old west land-grab” fashion, many signage network operators and service providers have established location agreements to gain high traffic venue access for the new enterprise to offer networks that integrate third party advertising sales with technology integration and network operations. Some industry association websites - www.ovab.org and www.the-CDSA.org reflect that 56 network operators have established ad-based, arm’s length supply “partnerships” to provide about 425,000 displays in 36,000 locations through retailers, property managers, transit systems, health service providers, hospitality facilities, etc. Beyond these 56 network operators, which tend to be national in geographic scope, many other ad-based networks exist, including smaller and local or regional networks, sometimes serving just a single location. The reported total number of ad-based networks varies from 100 to 1000 in North America.

More recently, system integrators and commercial AV providers have become part of the digital signage supply mosaic based on their ability to successfully integrate the many moving parts of hardware, software, connectivity and needed services that comprise the digital signage ecosystem. Their technology “solution” has typically been provided to end users or network investors. Ingram Micro, the Digital Signage Group and members of the USAV Group such as Multi-media Solutions and Nor-Com offer good examples.

Jeff McDowell, who leads employee communications for Procter & Gamble's Health Care businesses worldwide, said "we have dramatically improved how P&G communicates with its more than 4,500 employees across its global health care businesses. As part of these efforts, P&G installed a robust digital signage system throughout its 1.6 million square foot global health care headquarters located just north of Cincinnati, Ohio." He added, "Our selection of a digital signage supplier was based on our confidence in the supplier's abilities and their knowledge of the P&G culture, organization and environment".

System integrators that can demonstrate their capabilities to integrate DS into the end users communications plan and provide services following technology deployment will become Business System Providers. The motivation of an ongoing client relationship, recurring revenues and profits from sources other than product mark-up suggest that System Integrators could become a significant force in DS supply, and a big part of the BSP category. There is clear evidence of this direction by forward thinking commercial Audio-Visual providers and systems integrators, with industry associations such as InfoComm International offering training and other programs to accelerate this development.

As a growing giant, the supply category of Digital Signage Business System Provider has its roots in systems integration, business communications services, vertical market business growth consulting or as a network operator. Such firms have typically low profile. They work under confidentiality agreements while sourcing technology, are highly targeted in generating new clients, operate in multiple market verticals and rarely exhibit at trade shows, present at conferences or appear in the digital signage media.

The following compares the operating characteristics of the three types of turnkey service providers of Digital Signage.

	DS Business System Provider	**Network Operator**	**Systems Integrator**
Example firm	DDC www.thefullpicture.com John Ryan Inc. Vox Optima.	See member list www.OVAB.org or www.The-CDSA.org	Ingram Micro
Primary end User objective	• Improve branding • Staff or patron information • Support communications goals	• Increase Retail sales • Enhance location experience	• Present visual media
Governing structure with End User	Supply and service agreement	Location Agreement	Supply contract (purchase order)
Profitability Source	Service fees and margins on technology	Ad display revenues less	Margins on product resale.

	sales.	network capital and operating costs	Revenues from planning and installation services.
Technology positioning	Agnostic	Influenced by existing infrastructure	Agnostic
Relationship to End User	Partnership with Co-management of DS Network	"Arm's Length" Location/service agreement	Supplier
Owner of network	No	Yes	No
3rd Party Advertising	Typically Not	Yes	Potentially

Providers of displays, servers, DS software, connectivity, installation, mounts and other hardware, software and services are well served by the growth of this new supply category. Digital Signage Business System Providers are close to end users, can select the right technology for the requirement and accelerate projects while helping assure their success.

Systems Integrators are provided a growth path which can increase their revenues and margins, leverage sales investment to improve revenue-per-client and improve their supplier/client relationship.

The big winner is the end user. As digital signage is increasingly seen as a very valuable enterprise communications tool, meriting internal budget, the ability to source digital signage easily, with low risk and to maximum application benefit, will benefit the End User above all.

Rachel Milan advises other end user that "there must be a good working relationship with the digital signage provider, in particular the graphic artists – it is critical to draw on a strong creative department that understands your brand within the signage provider".

The emergence of the Digital Signage Business System Provider (DS-BSP) as a new supply category reflects the growth and maturation of North America's digital signage industry, and the desire on the part of the industry to meet market demands in ways that provide value and maximize End User and project success.

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