Scandinavia

May | June 2015

DBCI

Digital Signage & DooH Business Climate Index

The pulse of the Digital Signage and DooH industry

invidis research
2015 SK 300

DBCI Scandinavia - Introduction

- The OVAB Europe **D**igital Signage **B**usiness **C**limate **I**ndex (DBCI) is the leading European indicator of the economic development of the Digital Signage and Digital-out-of-Home industry
- It is compiled every two months by invidis consulting in cooperation with OVAB Europe
- Questions:
  - Current business situation: “good”, “satisfactory” or “poor”
  - Expectations for the next six months: “more favourable”, “unchanged” or “more unfavourable”
- **Scandinavia**– first poll May/June 2015:
  - Scandinavia is the 4th largest market in Europe for Digital Signage (in units of public displays), with a +20% YoY dynamic development across the region
  - DBCI Scandinavia: **66,65** base points
  - **61,9%** of the polled companies have a **positive outlook** for their business within the next six months
  - **Only 4,8% of the polled companies** rate their current business situation as **negative**

Index | Digital Signage industry with very good business sentiment

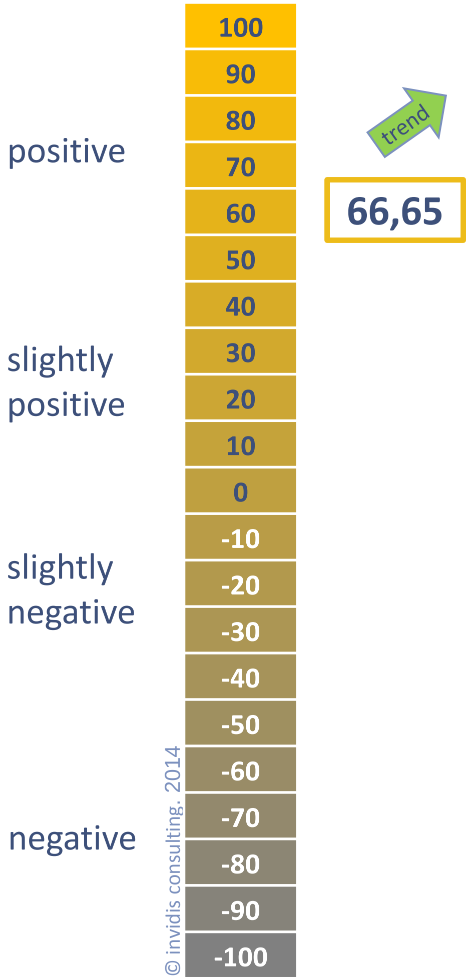

Fig. 1: DBCI SK May | June 2015 n=21

- The Digital Signage Business Climate Index Scandinavia has been surveyed for the first time in 2015. The index stands at 66,65 base points
- The positive outlook of the DBCI reflects the good business sentiment of the Digital Signage industry in Scandinavia
- After the financial crisis in 2008 only in Norway the Digital Signage and Digital-out-of-Home industry could keep up the pace. However, since the end of 2013 also the general economy in the other countries (Sweden, Denmark, Finland & Iceland) have gathered momentum. Creating a positive knock on effect for strategic investments in the digital transformation process

Further Research

- The market participants have again underlined the high importance of the SMB market for Digital Signage, with three quarters of all revenues being generated in this sector
- The vertical markets of Retail, Corporate Communication and Education were the Top 3 markets for Digital Signage related products and services in 2014 (measured in number of projects)

Survey facts
- Participants: n=21
- Region: Denmark, Sweden, Norway, Finland & Iceland
- Time frame: 2015 calendar weeks 17-18

Status Quo | Very positive current business situation

Question: How do you rate the current business situation for your products / services in the field of Digital Signage?

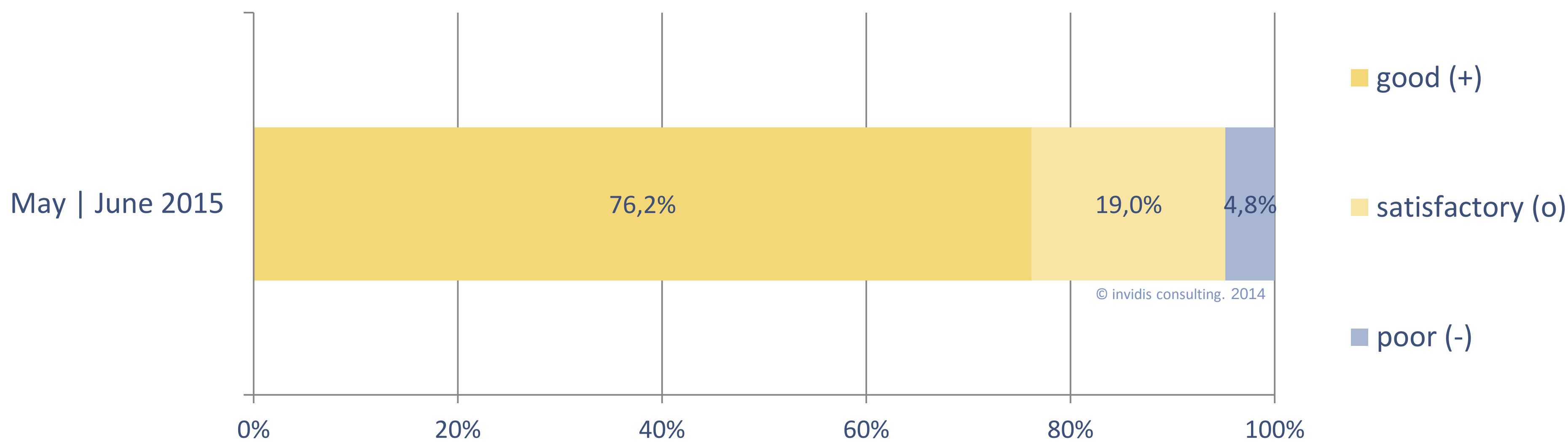

Fig. 2: DBCI SK May | June 2015 "business situation", n=21

Expectations | Good outlook for the next six months

Question: What are your expectations for the next six months?

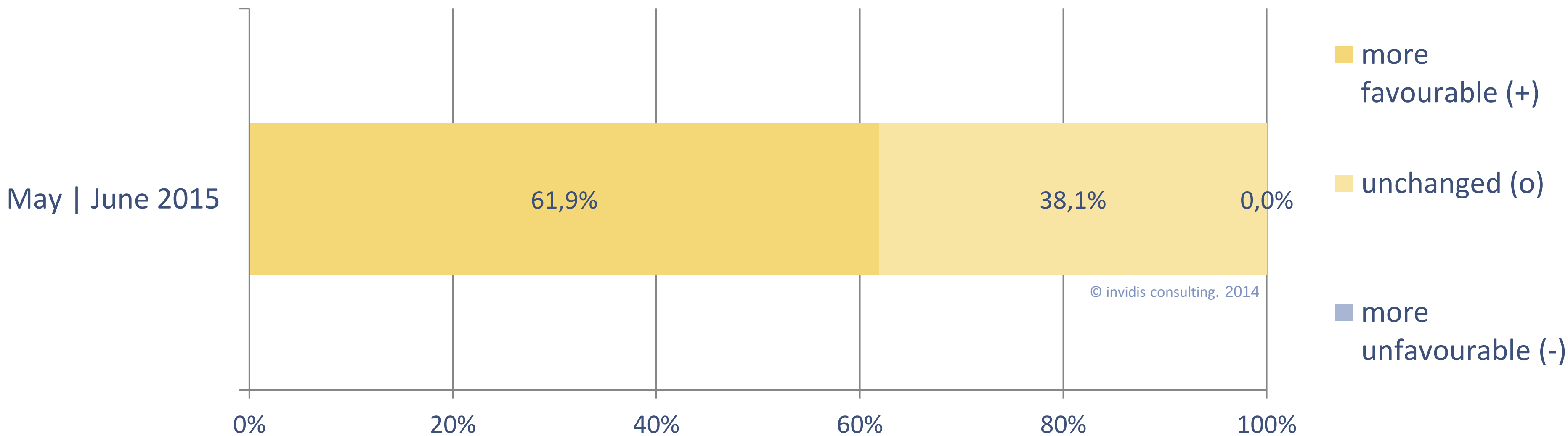

Fig. 3: DBCI SK May | June 2015 "business expectations", n=21

Further research | The SMB sector drives Digital Signage revenues

***Question:** How many projects did your company roll out in the following categories in 2014?*

- Three quarters of all DS projects in 2014 were small and medium installations with up to 50 displays
- Smaller projects have a higher margin and can be carried out successfully by most players in the market
- Falling hardware prices created a high demand for easy-to-use Digital Signage solutions in the SMB sector
- Only 6% of most Digital Signage networks are larger then 100 displays
- Large projects generate high revenues, but discounts increase with the number of hardware used and tear into the margin. Moreover, only few market participants can sustainably carry out projects with over 100 displays.

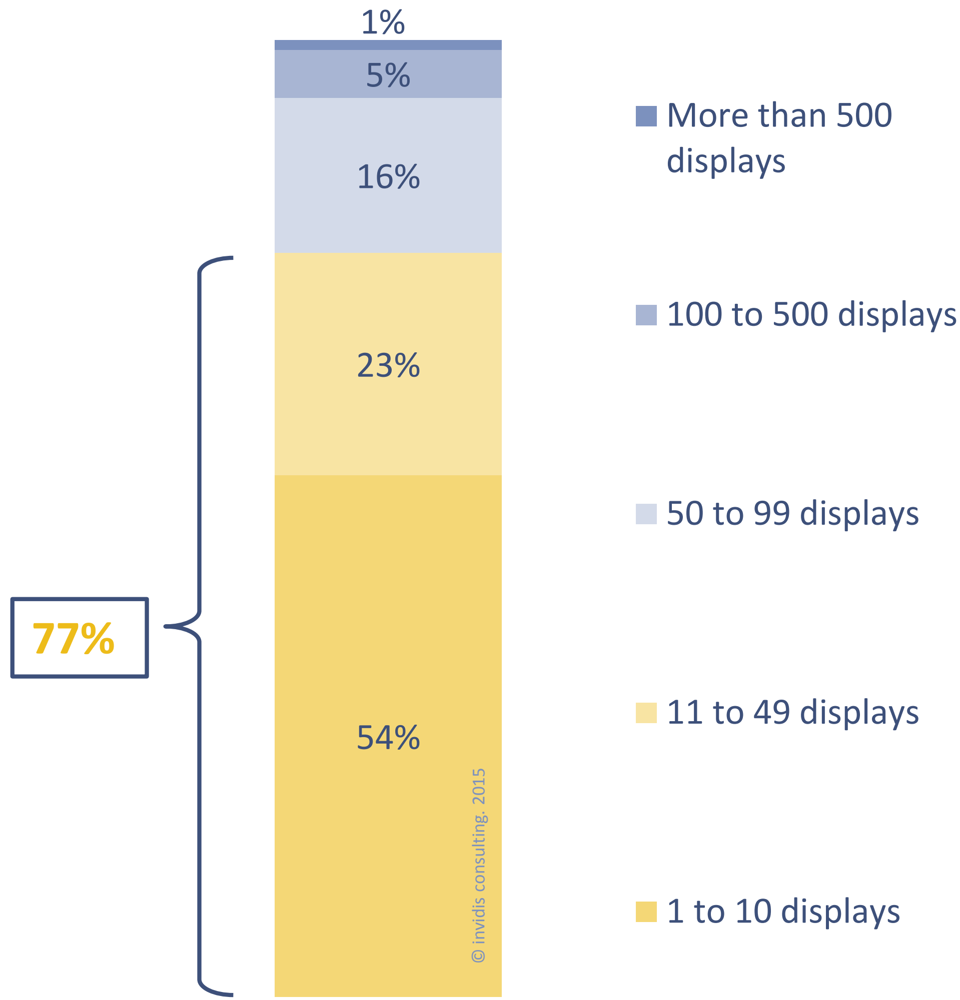

Fig. 23: DBCI SK May | June 2015 „project sizes 2013“, n=15

Further research | Strong demand in Retail, CC & Education

***Question:** We would like to assess the dynamic for Digital Signage in the different vertical markets. In which vertical markets has your company realised the most projects in 2014? Please rate the Top 3 vertical markets*?

- Retail is with approximately one third of all Digital Signage revenues the biggest vertical market. Customer engagement, marketing and ambient installations become more and more common not only in most high-street retailers, but also in small and medium businesses. Important trends are full integration of signage by shop fitters and the high demand for shop window signage.
- The corporate communication vertical market has grown exponentially over the last few years. With rising IT budgets, the digitization of employee communications is now seen as a sustainable investment by many companies.
- Education is the third biggest vertical market. The trend towards the digital / paper-less communication in universities and schools has increased the digital transformation in western societies. Particularly in Scandinavia this trend has already resulted in a high Digital Signage penetration.

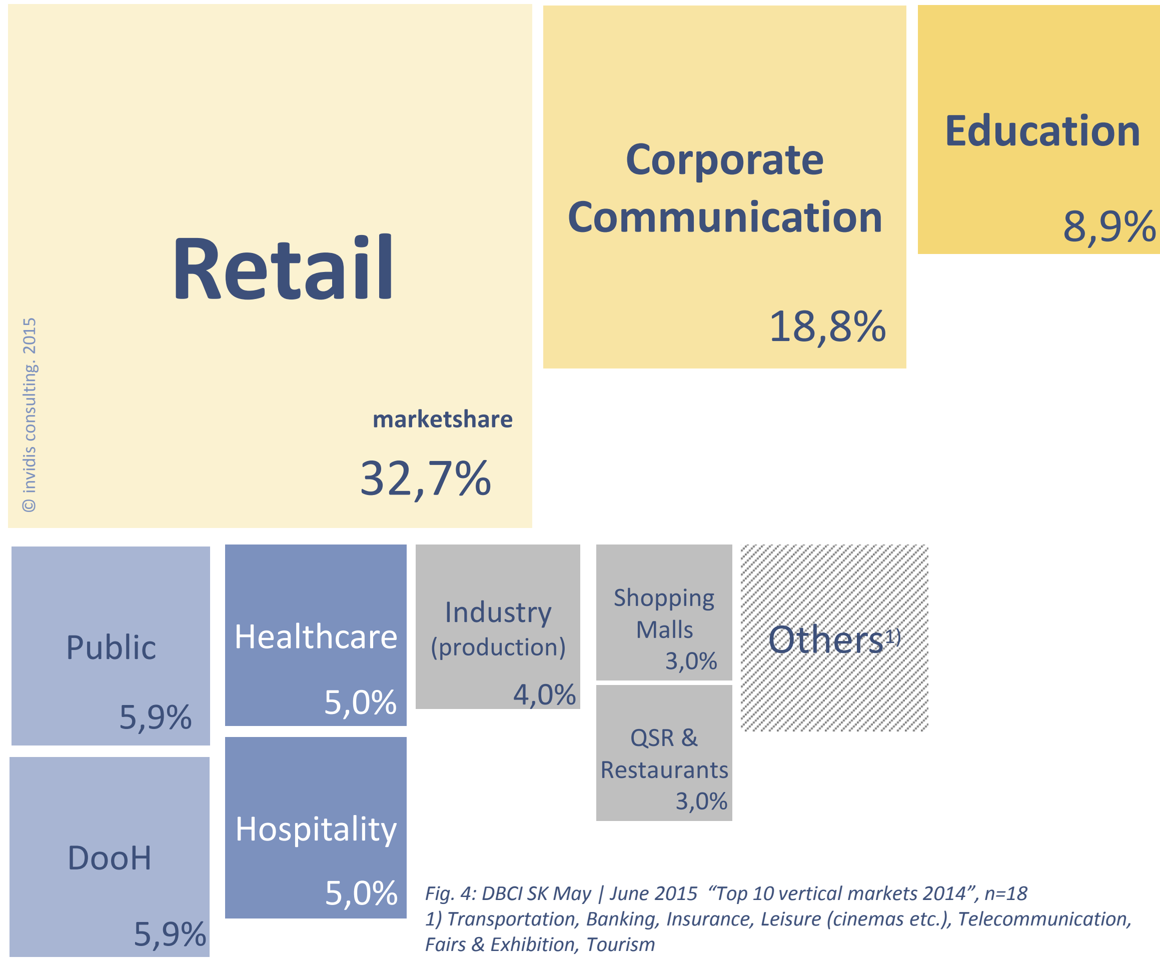

Fig. 4: DBCI SK May | June 2015 "Top 10 vertical markets 2014", n=18
1) Transportation, Banking, Insurance, Leisure (cinemas etc.), Telecommunication, Fairs & Exhibition, Tourism

Interview: Frank Larsen (CEO Digital Experiences Nordic)

Frank Larsen | CEO Digital Experience Nordic (photo Frank Larsen)

invidis: *Mr. Larsen, you have taken part in the first DBCI survey in Scandinavia, how do you rate the results and their relevance for the Digital Signage industry?*

Frank Larsen: I find the results very similar to the observations we see in the market and therefore a good indicator of the general situation in Scandinavia. I believe it is highly relevant for the industry as such to have some more reliable data to build around their business. For years, the Digital Signage Industry has been waiting for the "big explosion" in growth, but reality is that only a few has been able to take advantage of the growth, since the pond of vendors has exceeded the market growth. I expect to see more consolidations in the market in the coming years, which is good for the business in general, but also for the customers who will experience a more professional and mature market.

invidis: *The analysis of the DBCI shows a positive trend, how do you rate the current business situation for Digital Signage in Scandinavia?*

Frank Larsen: Positive. The financial crisis is finally letting go of pessimism and negative growth. Retailers and corporates are again willing to invest in a better customer experience with Digital Signage solutions.

Interview: Frank Larsen (CEO Digital Experiences Nordic)

***invidis:** And how do you see the situation in the different countries, can we observe real differences?*

Frank Larsen: No doubt, that Norway was the Scandinavian locomotive during the crisis, almost unaffected of the global financial crisis. The locomotive is still running strong, however with a more reduced speed. Sweden, Finland, Denmark & Iceland are now picking up again and I am sure these countries will all show good growth in 2015

***invidis:** Which main challenges will the Digital Signage industry in Scandinavia be facing in 2015?*

Frank Larsen: I might be stepping on someone's toes here, but seeing ISE 2015 and some of the other tradeshows, the industry are still focused on Digital Signage as a separate segment. Omni channel integration is keyword everywhere, but a true integration between Signage, Smartphones, Social media etc. is still very seldom. Today we interact with everything around us from various location-based apps and we expect the same from Digital Signage. Sure, there is some fancy integrations out there, but unless they show daily relevance and value to the customers, I am sure the "fanciness" will fade fast and become irrelevant.

***invidis:** You have been working together with OVAB Europe to support the DBCI and start the survey in Scandinavia. What other projects do you currently pursue?*

Frank Larsen: It has been a great experience for me to see the Digital Signage Industry from the outside for almost a year now, and given my vast experience from the industry, I have been working with counselling potential customers in various projects. Currently we are working on a large project within hospitality. We have helped the customer to redefine their customer experience. It is rolling out in this minute and is expected to be finalized during summer.

DBCI | Roadmap 2015 & Contact

2015	
January	
February	
March	
April	
May	
June	
July	Jul./Aug.| 2015/07/13
August	
September	Sept./Oct. | 2015/09/07
October	
November	Nov./Dec. | 2015/10/09
December	

- The next survey will take place in calendar week 26-27 of 2015
- The next planned publication date will be the 6th of July 2015
- The DBCI is polled by invidis consulting and published in cooperation with OVAB Europe
- If you are not yet part of the DBCI survey please contact us for further information
- The DBCI will be extended to other markets in 2015. For further information please contact Daniel Russell

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