OVAB-Cooperation-Partner Switzerland:

OVAB Europe
Digital Signage Business Climate Index I/2013
Germany | Austria| Switzerland

February 2013

The Digital Signage industry expects a very good year in 2013

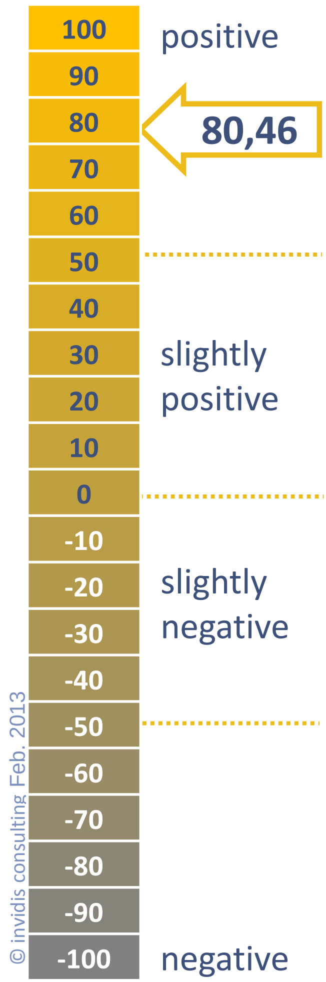

Fig 1: DBCI I/2013

- The Digital Signage industry in Germany, Austria and Switzerland is highly content with the current business situation and expects a very good year in 2013
- The professional display market grows to over 100.000 units
- The Integrators are the big winners in the Digital Signage value chain
- The demand for Digital out of Home advertising is boosted by an increase in network quality
- In the software segment the established vendors continue to occupy the better part of the market shares
- Germany remains the big driver for Digital Signage in the German speaking region of Germany, Austria and Switzerland
- The Digital Signage industry produced hundreds of new jobs in 2012
- The Digital out of Home segment in Switzerland gains market shares

Important information concerning the survey:
- Participants: ca. 250 companies
- Response rate: over 50%
- Region: Germany, Austria, Switzerland
- Time frame: 2013 calendar weeks 3-5

Digital Signage | positive business situation – very positive expectations

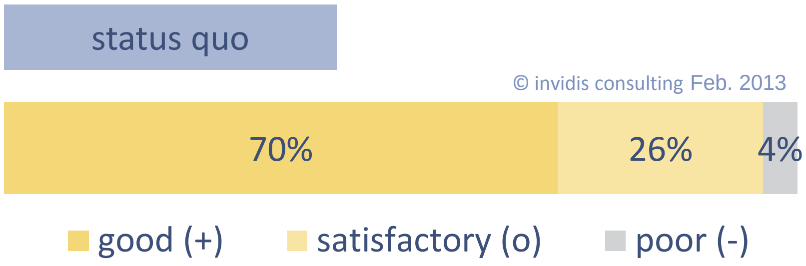

Fig. 2: Question 1 – "How do you rate the current business situation for your products / services in the field of Digital Signage ?"

- 96 per cent of all companies in the Digital Signage industry in Germany, Austria and Switzerland rate the current business situation as positive
- Only four per cent of all companies are not satisfied with the business situation at the beginning of 2013
- Particularly towards the end of 2012 the economic situation improved noticeably
- Big rollouts and a healthy growth in the SMB sector are the prime reason for the good sentiment

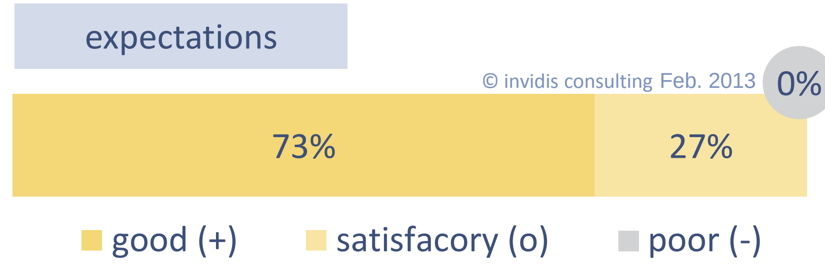

Fig. 2: Question 2– "What are your expectations for the next six months?"

- The expectations in the Digital Signage industry for the next six months are entirely positive
- 100 per cent of all companies in the Digital Signage industry in Germany, Austria and Switzerland see a high potential for their products and services in 2013
- The cautious general economic upswing creates a positive business climate
- Together with the well filled order books all signs indicate a year of healthy growth

Displays | Market grows to over 100.000 units

Displays

- The display producers are very content with the current business situation (2012 in DE-AT-CH: ca. 150 Mio. EUR in revenues and over 100.000 public displays)
- Due to a well filled project pipeline the expectations are very positive for the next six months

Market analysis

- The dominance of large-scale but margin-weak projects (>500 displays) is declining in favor of an increasing number of lucrative small and medium scale projects
- Furthermore the falling prices for hard- and software is driving the demand of the customers for digital signage systems
- Strong competition between the display producers results in high discounts in the project business
- Technological innovations (e.g. System on a Chip) is additionally boosting customer demand

Fig. 4: DBCI I/2013 results in the segment 'display producers'

Integrators | The big winners of the Digital Signage value chain

Integrators

- Without exception the integrators rate the status quo of the business as good
- The expectations for the next six months are affected by a healthy optimism

Market analysis

- Integrators gain a growing share in the value chain (e.g. software integration)
- Integrators more and more take over the role of general contractor, hence size and service portfolio become increasingly important for the customer
- This results in an growing number of big ICT companies showing interest in the market
- Customer demand and market movements are increasingly forcing the integrators to a multi-tier supply chain management strategy

Fig. 5: DBCI I/2013 results in the segment 'dintegrators'

DooH | Increase in quality boosts demand for the media

Digital out of Home

- The current business situation is rated as mostly good by Digital out of Home companies
- Yet with 13 percent negative sentiment it has the lowest rating of the DBCI I/2013
- However, bolstered by rising revenues the expectation are overall positive

Market analysis

- The trend clearly tends towards networks with a high quality in content and technical engineering (Out of Home Channel, Tank & Rast, Media Saturn and the airport networks of Telekom out of Home Media)
- The expansion of networks with a national reach by the Ströer AG and others attracts the interest of advertising clients and media planers
- Standardized auditing and an uniform basis for the evaluation of DooH networks by OVAB Europe as well as the introduction of ad-serving platforms (e.g. VUKUNET) strengthen the confidence in DooH

Fig. 6: DBCI I/2013 results in the segment 'integrators'

Software | Established vendors continue to occupy the lion's share

Content-Management Software

- The business situation of Digital Signage Software vendors is mostly good, only 6 percent see the current situation rather negative
- The expectations are not unanimously good, but at the same time no negative outlook can be registered

Market analysis

- In the German language market more than 100 software vendors compete, creating a noticeable pressure on margins
- 10 percent of the companies combine 80 percent of the total revenues
- The distribution of CMS software still constitutes a high hurdle for vendors and is at the same time a market entrance barrier
- Currently most CMS's adapt to HTML5, another priority is the implementation of Android based media players

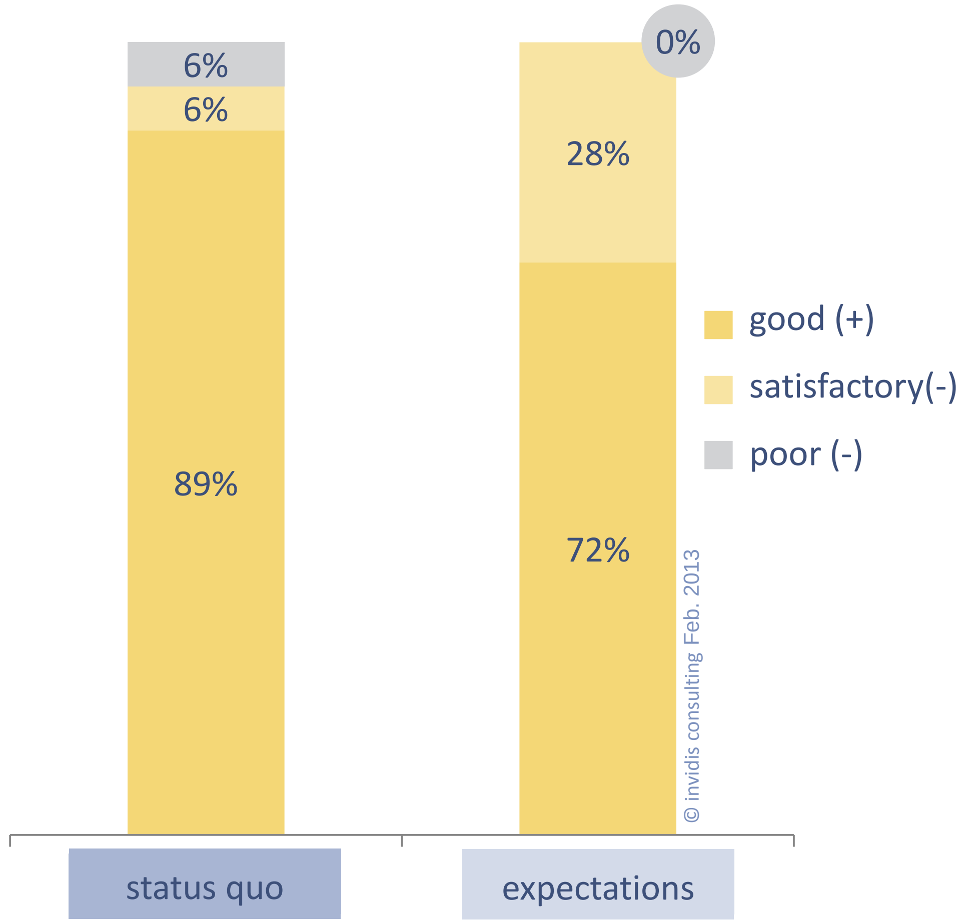

Fig. 7: DBCI I/2013 results in the segment 'software vendors'

DE-AT-CH | Germany remains the driver for Digital Signage

Germany

- Digital Signage is established on the customers side, particularly the retail sector is investing in Digital Signage
- The market is continually growing. Long lead time of large-scale projects is compensated by multiple small and medium projects

Austria

- Investments in Digital Signage derive increasingly from the vertical markets of tourism, traffic and the public sector
- Due to demographic structural conditions investments are primarily focused on the capital Vienna

Switzerland

- The small size of the Swiss market led to an early high penetration with Digital Signage, resulting in a slower growth with new projects
- However the replacement business is good and the retail banking and transport sector are growing fast

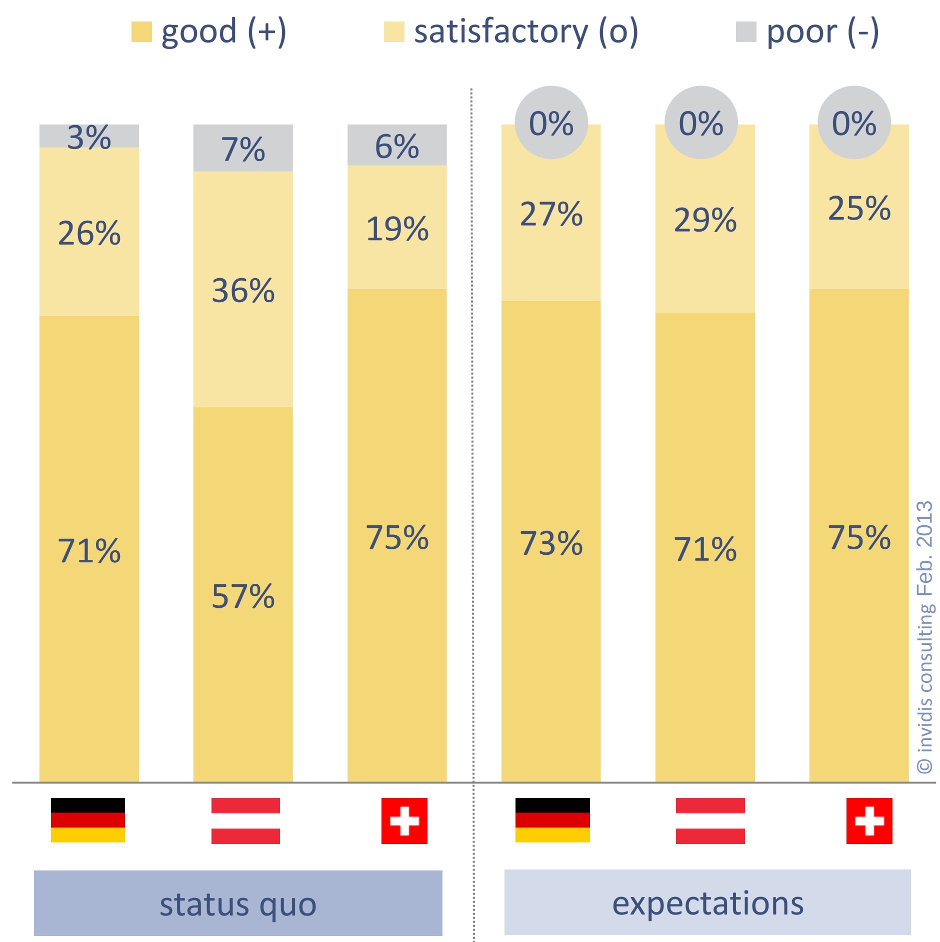

Fig. 8: DBCI I/2013 results for the country comparison Germany, Austria and Switzerland

Digital Signage creates hundreds of new jobs in 2012

Question: "Have you hired new staff at your company in 2012?"

- 69 percent of all companies in the Digital Signage Market have hired new staff in the last year
- In the year 2012 between 400 and 500 new jobs were created in the Digital Signage market in DE-AT-CH
- After the record year 2011 the year 2012 was a similarly good year for the Digital Signage industry
- As a whole there is a high demand for qualified personnel
- Due to an increasing expansion in vertical markets the Digital Signage companies require more professionals from different industry branches
- Labor intensive software development is primarily contracted to e.g. Russia, India
- Due to a growth strategy and re-structuring the demand for personnel on a management level with new qualifications is very high (e.g. key account and project manager)

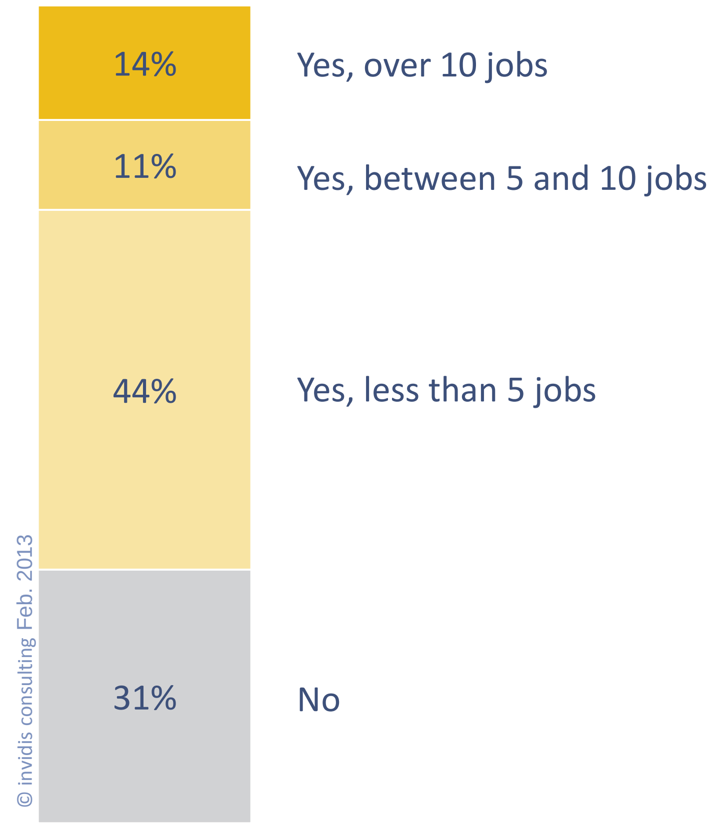

Fig. 9: DBCI I/2013 results for the additional question: 'Did the number of employees increase in your company in 2012?'

Switzerland | Digital out of Home gains market shares (I)

The additional question for Switzerland is presented in cooperation with the Swiss industry association IG Adscreen

"How did the booking practice of media agencies towards DooH networks change for the next six months compared to the previous year?"

- 94 percent of all polled companies are expecting growing market shares for Digital out of Home (AdScreen is the Swiss term for DooH)
- Predicted is a slow growth in the demand for DooH bookings in a regressive total advertising market
- When applying the Gartner-Hype-Cycle, the new media DooH has reached the plateau of productivity
- After the initial boom-and-bust years the new media DooH is now established, replacing excessive predictions in favor of a healthy continuous growth. The absence of the response "very positive" supports this point

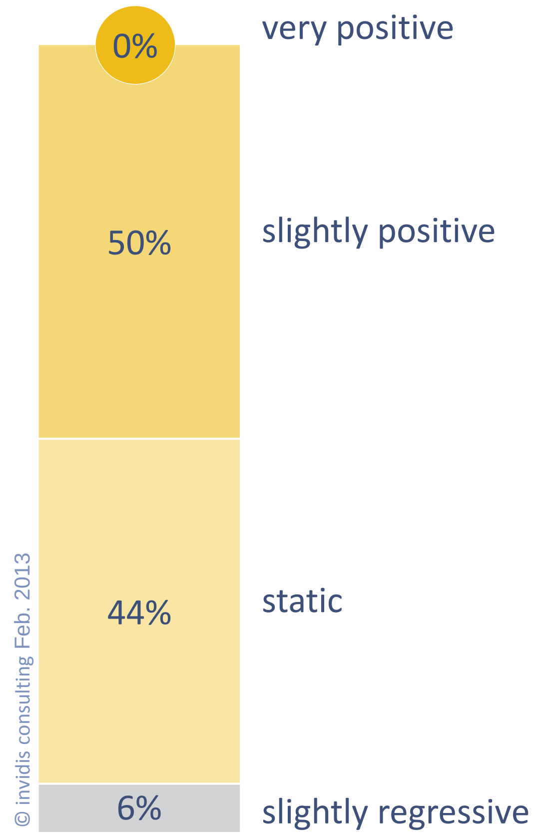

Fig. 10: DBCI I/2013 results for the additional question for Switzerland: "How did the booking practice of media agencies towards DooH networks change for the next six months compared to the previous year? "

Switzerland | Digital out of Home gains market shares (II)

The Swiss advertising market 2012

- Digital out of Home (AdScreen) holds 0,4 percent of the total advertising market and four percent of the Out of Home market in Switzerland
- Total revenues for DooH (AdScreen) add up to 18,6m CHF (15m EUR)
- Compared with the total market DooH is a niche segment. However DooH was the only segment which was able to substantially increase its revenues

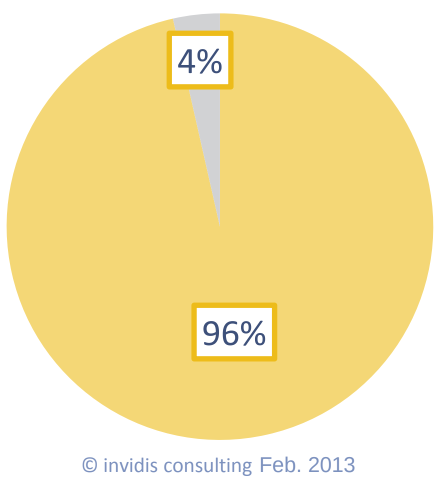

Fig. 11: Out of Home advertising market in Switzerland in m. CHF. Source: Goldbach Media / MediaFocus WizzAd 2012

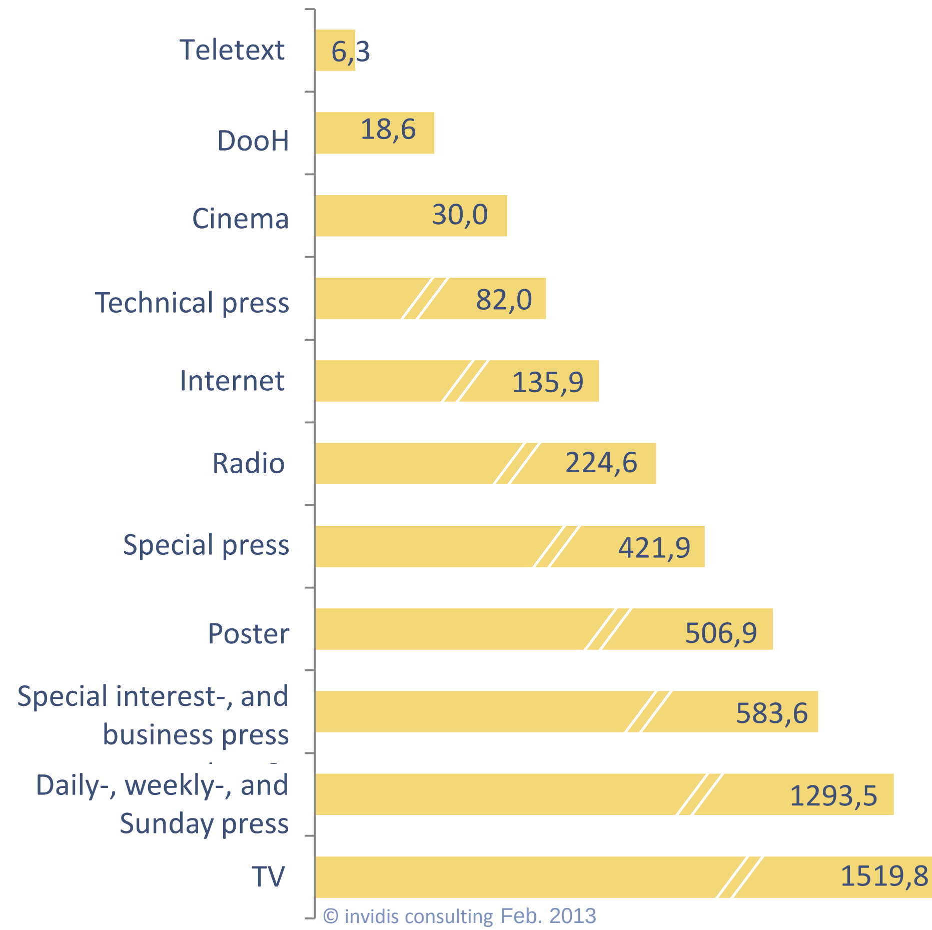

Fig. 12: Total advertising market in Switzerland in 2012 in M CHF. Source: Goldbach Media / MediaFocus WizzAd 2012

Switzerland | Digital out of Home gains market shares (III)

Advertisement revenues in Switzerland in 2012

- The total market in Switzerland was slightly regressive in 2012
- In contrast DooH was the only segment in the Swiss market which could record a substantial growth in 2012. According to the Goldbach Index the increase was in excess of 50 percent
- In comparison with a regressive total advertising market, DooH is the only segment rapidly gaining market shares
- Large-scale rollouts entailed by falling costs for hardware and software are increasingly economical sound
- Addressing focused target groups as in gas stations (Amscreen), or drugstores (Excom Media) becomes more and more attractive for agencies and advertisers

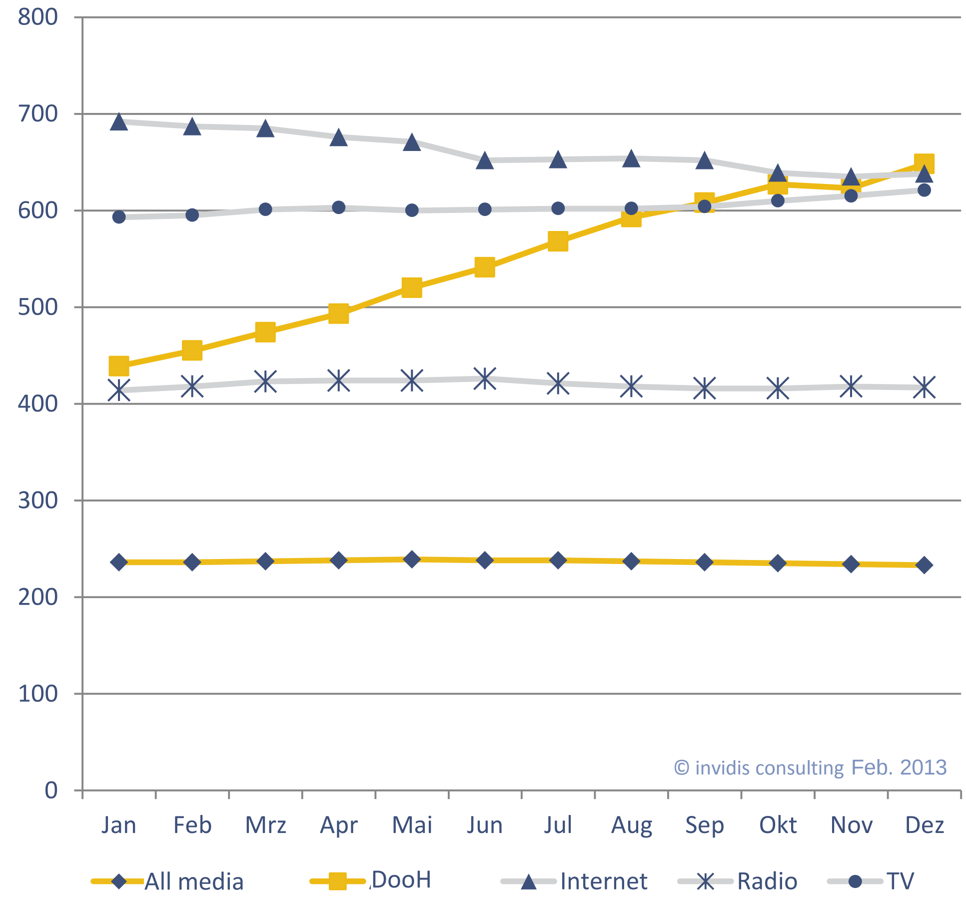

Fig. 13: Goldbach Index 2012 (TV/Radio December 1993 = 100; Internet August 2000 = 100; Adscreen December 2004 = 100). Source: Goldbach Media / MediaFocus

Drei Fragen an Markus Deserno – OVAB Europe / SEEN MEDIA

invidis: You have taken part in the DBCI I/2013 survey, how do you rate the results and their relevance for the Digital Signage industry?
Deserno: The findings of the survey are in almost all points concurrent with our own experiences and with the feedback from clients and industry players. This is clearly supported by meetings we had lately with other industry players and competitors at the ISE trade fair in Amsterdam.

invidis: The analysis of the DBCI I/2013 shows some very positive trends, how do you rate the business situation for this year?
Deserno: 2013 will be in our opinion a very successful year. We have a number of projects currently in the rollout phase and quite a few project inquiries in the pipeline with a short term realization target in 2013. All this makes us look into the future with great expectations.

invidis: Which main challenges will the Digital Signage industry be facing in 2013?
Deserno: The increase in projects and short term project inquiries is obviously good for the total revenues. However a growing and more transparent market gives the customer leverage to put pressure on the pricing, it may well be that some projects will have a negative effect on the gross margin. The challenge here is to compensate the pricing pressure with an adequate purchasing strategy and to optimize workflows and project management. Here a key to success could also be the implementation of higher quality products and technological advancements like display size, high resolution and interactivity.

Markus Deserno
- CEO SEEN MEDIA GmbH
- Treasurer of OVAB Europe since 2012
- OVAB Europe member since 2011
- SEEN MEDIA is a Digital Signage full service integrator
- SEEN MEDIA took third place for the most successful integrator in DE in 2012 (invidis DS Award)

Drei Fragen an Erich Mazenauer – IG Adscreen / Excom Media

invidis: You have taken part in the DBCI I/2013 survey, how do you rate the results and their relevance for the Digital Signage industry?
Mazenauer: The results of the survey as an industry barometer is confirming our daily experience. The marketing of the media DooH has become easier, and the potential is now widely recognized by the customer. Advertisers are primarily ROI driven and have to see a direct added value by booking the media. DooH at the POS stands for precise and real-time marketing without any stray. It is the cross-media finale at the POS – convincing, modern and cost effective. It is good to see other market players enjoying the same trend

invidis: The analysis of the DBCI I/2013 shows some very positive trends, how do you rate the business situation for this year?
Mazenauer: The current business situation has all the potential to make us very happy. We had a great start in 2013 and we are convinced to follow-up the positive trend during the rest of this year too. The results of the survey support our optimism and is laying the foundation for further activities. The future clearly is «digital».

invidis: Which main challenges will the Digital Signage industry be facing in 2013?
Mazenauer: To break out of the niche market DooH has to get into closer contact with advertisement and media agencies. Standardizations and the incorporation into ad-serving tools and platforms are important predispositions for this. Our focus in the year 2013 lies there. Our aim is to establish the Healthcare & Beauty Channel as an integral part of every pharmaceutical and beauty advertising campaign.

Erich Mazenauer
- CEO Excom Media AG
- Vice-President IG Adscreen
- IG Adscreen member since 2006
- Excom Media is a DooH network company
- Excom Media owns and markets the largest DooH network for drugstores and apothecaries in Switzerland

Drei Fragen an Alexander Korte – OVAB Europe / Grassfish

invidis: You have taken part in the DBCI I/2013 survey, how do you rate the results and their relevance for the Digital Signage industry?

Korte: The results are very relevant to us. The good expectations for the year 2013 are mirrored in our own forecasts and encourage us in our planning. Particularly the analysis' are important and support us in our business strategy. Moreover they give us impulses for R&D and also for our marketing. With the DBCI OVAB Europe has created a very reliable tool for precise forecasts in the Digital Signage market in Germany, Austria and Switzerland.

invidis: The analysis of the DBCI I/2013 shows some very positive trends, how do you rate the business situation for this year?

Korte: We rate the business situation at the start of 2013 as very positive and we count on a continuation of this trend also for the rest of the year. Particularly the decision making process of our clients has become much faster compared to the first three quarters of 2012.

invidis: Which main challenges will the Digital Signage industry be facing in 2013?

Korte: As of last year the software segment will see through a steady market-shakeout in 2013. The falling average unit prices are decisive for this development. Because of an increase in cross-boarder projects and rollouts the focus will more and more lie on the maintenance of national and international ecosystems. This affects significantly the relation between single software license sales and software-as-a-service offers. Finally, the media player segment will see through a technology change respectively a diversification (e.g. Android), to which the software vendors have to react appropriately.

Alexander Korte

- CFO Grassfish Marketing Technologies GmbH
- OVAB Europe member since 2012
- Grassfish is a software vendor
- Grassfish were runners-up for the most successful software vendor in DE-AT-CH in 2012 (invidis DS Award)

DBCI | Roadmap 2013 & Contact

2013	
January	
February	
March	2/2013 | 25.03.
April	
Mai	3/2013 | 20.05.
Jun	
July	4/2013 | 15.07.
August	
September	5/2013 | 19.09.
Oktober	
November	6/2013 | 18.11.
December	

- 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 expanded to other markets in 2013. For further information please contact Daniel Russell
- The next survey will take place in calendar week 10 to 11 of 2013
- The next publication date will be the 25. of March 2013

Contact:

Daniel Russell | Junior Analyst
invidis consulting GmbH
Rosenheimer Str. 145e
DE-81671 Munich
Daniel.Russell@invidis.com

Phone: +49 89 2000416-21
Mobile: +49 151 62438503

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Managing Director: Florian Rotberg
Register Court: Amtsgericht München
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VAT-ID: DE 253 622 672

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