



Maximizing Profits in Digital Signage Projects: **The Integrators' Guide to Success**

The steady, year-over-year growth of the digital signage market provides a solid foundation for integrators to capitalize on. AVIXA's most recent Industry Outlook and Trends Analysis estimated total digital signage spending in 2022 at \$34.2 billion USD globally, and forecasts over 35% growth through 2027.¹ However, the key question remains: How much of that revenue are integrators successfully turning into profit?

Customers are clearly willing to open their wallets for compelling digital signage solutions, and hardware margins are just the tip of the iceberg: There is a wealth of untapped profit potential hidden beneath the surface, waiting to be explored. 22Miles, a top CMS provider and expert in solution engineering and content design, collaborates extensively with integrators and hardware providers on diverse visual communication projects. This whitepaper leverages insights from 22Miles' experts and key partners to explore strategies for integrators to optimize customer value and profitability in digital signage projects.

Challenges in Maximizing Profit on Digital Signage Projects

To maximize profits on digital signage projects, it's crucial to address the market challenges:

- 1. Budget concerns:** Customers may not understand the value of professional equipment or total cost of ownership (TCO), leading to sticker shock. Addressing objections is key to gaining trust and closing deals.
- 2. Content needs discovery:** A thorough discovery process at the project's beginning is essential to identify content requirements. Neglecting this step can lead to wrong hardware and software choices, resulting in extra costs and reduced profit ability.
- 3. Complex requirements:** Integrators may face difficulties with intricate projects if they lack expertise or reliable partners. Building strong relationships with knowledgeable partners and investing in skill development can help overcome these challenges.

All these challenges are entirely surmountable with the right approach—and the juice is worth the squeeze.



¹<https://www.digitalsignagetoday.com/blogs/with-return-to-in-person-digital-signage-follows/>

The Rewards of Success in the Digital Signage Market

Sunken costs previously constraining solutions to specific ecosystems no longer exist — allowing solutions to evolve as flexible by design and opening a range of service-related revenue opportunities.

- Jay Leedy, Head of Business Development, Technical Alliances, Sony Electronics

The digital signage market offers ample opportunities for audiovisual systems integrators willing to adapt, despite the challenges. Complex projects, with highly customized applications, can yield substantial profits without always demanding increased workloads. The market has matured over the past 20 years, particularly regarding software. User-friendly CMS platforms now empower integrators of all sizes to tackle various digital signage applications, potentially giving late entrants a competitive edge.

“Small to medium sized integrators are in the right position to expand beyond simple digital signage deployments into more complex applications involving multiple data integrations,” says Jay Leedy, head of business development, technical alliances at Sony Electronics. “If you’re entering the market now, sunken costs previously constraining solutions to specific ecosystems no longer exist – allowing solutions to evolve as flexible by design and opening a range of service-related revenues for integrators to drive more profitable deployments.”

By integrating a client’s digital signage application with their other enterprise systems, integrators can create highly personalized solutions. This approach elevates the application beyond a product or a service to an experience, transforming the perceived value (and profit potential) of the project.²

Experiences are a distinct economic offering, as different from services as services are from goods.

- B. Joseph Pine II, author of The Experience Economy

Custom digital signage experiences will elevate the client’s site in both measurable and intangible ways. Fostering this understanding is the key to unlocking a new tier of profitability. To succeed, integrators must correctly position the cost and value of the project, build the right team of experts to execute on the design intent, and seize every opportunity for recurring revenue and future growth.

²<https://hbr.org/1998/07/welcome-to-the-experience-economy>

Redefining Success: Return on Objective, Not Investment

Selling digital signage projects based solely on ad revenue generation can undervalue the system and limit profit potential for integrators. Instead, measuring success through return on objective (ROO) considers a broader range of benefits and outcomes.

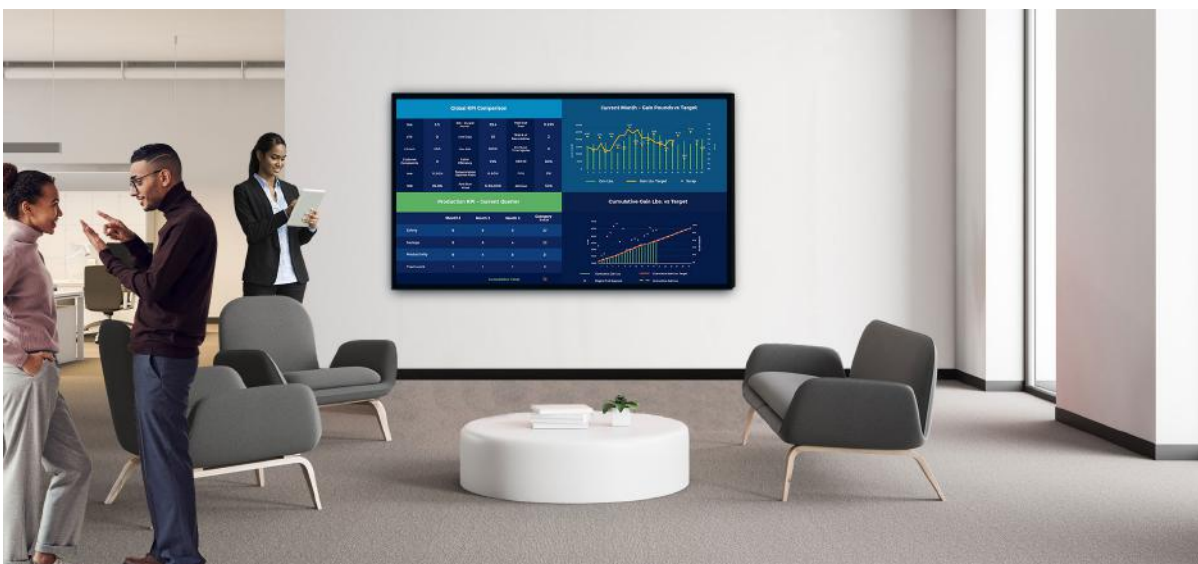
With the right API integrations and content design, visual communication systems can deliver higher ROO by:

- 1. Encouraging collaboration:** Digital signage can promote teamwork and information sharing, boosting productivity.
- 2. Streamlining information access:** Unified systems can consolidate data from multiple sources, enhancing productivity.
- 3. Inspiring and amplifying messaging:** Digital signage reinforces key organizational messages and brand values.
- 4. Enhancing environments:** Signage can create sophisticated experiences in various settings, contributing to a positive atmosphere.
- 5. Influencing customer behavior:** In venues and transportation hubs, digital signage can guide attention and affect customer actions.

Focusing on ROO over revenue generation allows integrators to emphasize the comprehensive value of digital signage projects, resulting in increased client satisfaction and profit potential.

Project Budgeting: Setting Expectations and Offering Flexibility

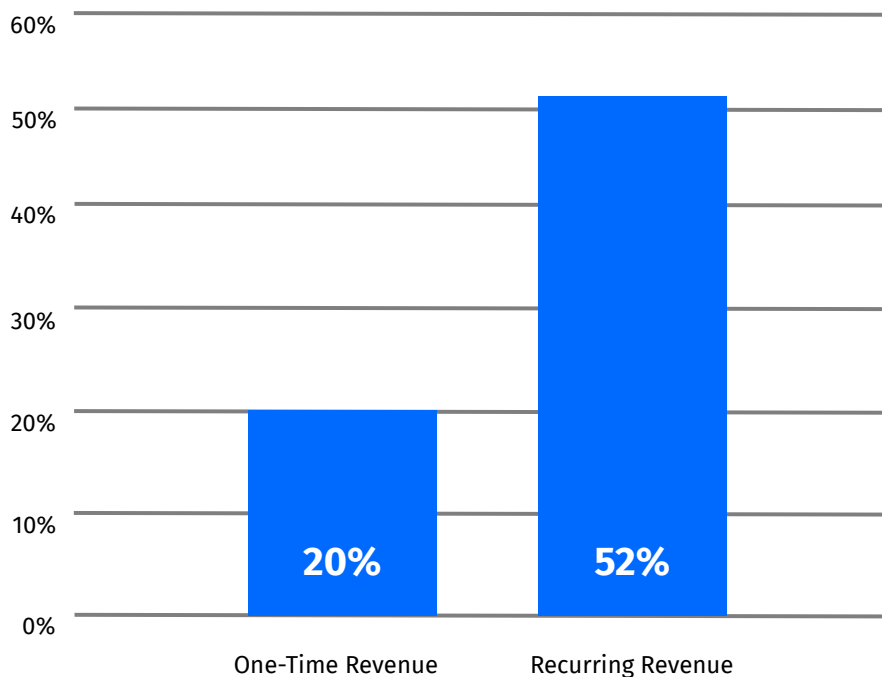
A common error among clients is budgeting digital signage solely as a capital expense (capex), considering only the initial cost of hardware and installation. Integrators using a solely capex budget model risk damaging relationships, as it overlooks ongoing operational expenses (opex) such as content creation, monitoring, maintenance, and service—akin to buying a car without accounting for gas or oil changes. To ensure ROO, clients must plan for operational expenses (opex) as well: Indeed, as economic forecasts darken and the credit market tightens, some customers may choose to budget an entire project as opex.



“Larger scale rollouts typically budget the hardware and installation as a capital expense, and all the managed services as an operational expense,” says Frank Pisano, CEO of Bluefin. “But if a customer isn’t comfortable with a large upfront cost, we also offer hardware-as-a-service models. The integrator can include hardware in a long-term service package and mark it up over time.”

The "as a service" model offers considerable benefits. An opex sales model turns a one-time project into recurring monthly revenue, significantly boosting the project's profit potential. Tamco research indicates that gross margins for multiyear service agreements outperform any other product in the integrator portfolio by a substantial margin.³

Average Gross Margin



Integrators cannot impose a budget model on clients, but they can serve as responsible consultative partners, ensuring clients are informed and understand the considerations and budget for deployment, maintenance, and operation of digital signage systems. Flexibility is key, with integrators offering hardware leasing options to reduce upfront costs and minimize initial risks for clients.

Needs Discovery: Center Content in System Design

When asked how integrators should approach the discovery phase to maximize profit potential and avoid mistakes, every digital signage expert interviewed for this whitepaper had the exact same rule: Content is king.

³https://www.tamcocorp.com/hubfs/Marketing_Documents/TAMCO%20RMR%20Study.pdf?utm_medium=email&_hsmi=233280350&_hsenc=p2ANqtz-8Gscb9Rwdn30LLn6poLYVwKxI59xXnf4sIkJCWEx6nzibHOoYhFPRd76mHly-v_jdVe6cSqPzETX-Q0c3ROv3IormEDILhHZ2vvtThCO-mVs_Oct8&utm_content=233279233&utm_source=hs_email

We're often called on to rescue projects that didn't properly qualify content complexity at the start...The process drives hours and risks the client relationship.

- Tomer Mann, Chief Revenue Officer, 22Miles

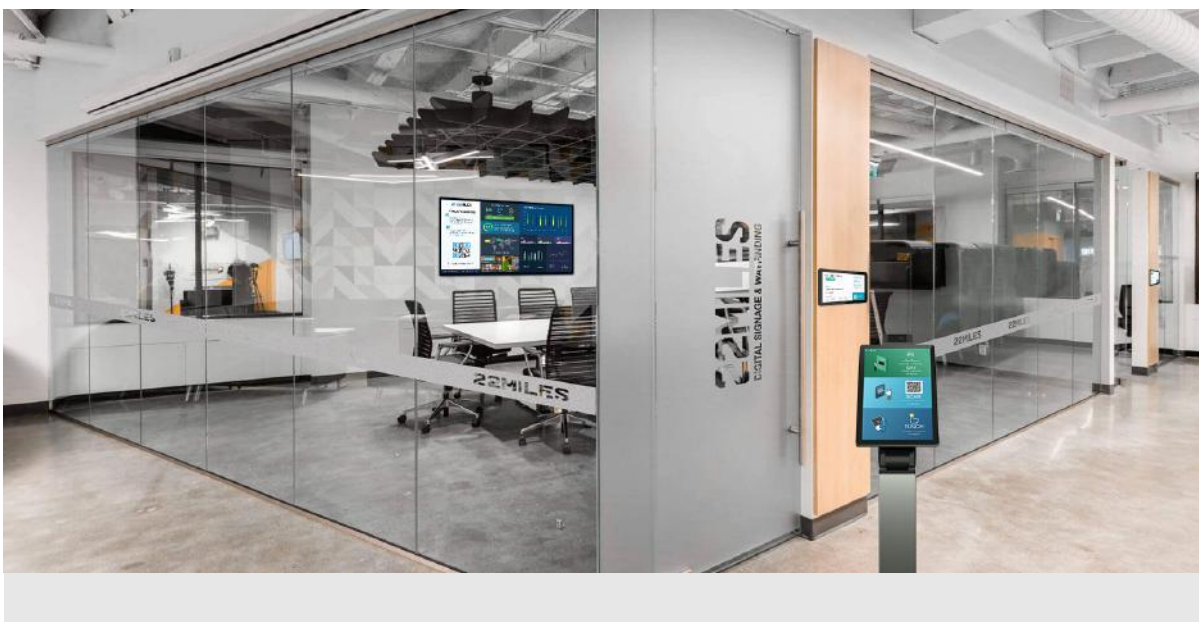
"AV and IT managers gravitate towards tangible assets like hardware and software—but neither is compelling until you have a content strategy," says Leedy. "That's a slippery concept, and some customers and integrators steer away from it—but ultimately, content strategy is what brings the entire system together."

Incomplete understanding of content requirements is the number one killer of digital signage project profits. If the integrator doesn't fully understand the content complexity, they may specify components that cannot deliver the client's intended objectives, resulting in late-stage change orders and replacements that increase the project budget far above its original estimated cost.

"We're often called on to rescue projects that didn't properly qualify content complexity at the start," says Tomer Mann, Chief Revenue Officer of 22Miles. "The integrator has specified components without enough virtual memory, with the wrong OS, or without the proper API capabilities, and the content comes up short as a result. This situation is usually salvageable, but the process drives hours puts the client relationship at risk."

Dynamic layouts, engaging experiences, and interactive experiences build higher ROO for the client. The ability to deliver digital signage with highly personalized content as part of the solution package is also a key differentiator for integrators.

"I always ask, 'Do you want to look like your competition?'" says Mann. "Customers are willing to pay for a custom experience – a unique design that's truly built for them."



Execute where you Excel – Outsource Where you Don't

You need a go-to CMS...A trusted CMS partner is a lifeline that enhances the experience you get from a built-in player.

- Frank Pisano, CEO, Bluefin

Integrators should embrace complex projects and design strategy discussions, but avoid overextending their capabilities. Many lack the in-house capacity for the content design services needed in custom digital signage projects. Partnering with a CMS provider offering in-house design services can simplify the process and enable integrators to tackle diverse application use cases.

"You need a go-to CMS," says Pisano. "Find one that fits your needs and learn its interface inside and out. Some CMS providers have template libraries that can address 80 percent of your use cases. They also offer ongoing support, which pays off over time. A trusted CMS partner is a lifeline that enhances the experience you get from a built-in player."

Integrators and their trusted hardware and CMS partners should form a comprehensive consultative design team. This collaboration allows for the seamless exchange of expertise, resulting in more effective and efficient project execution.

"Integrators should leverage their content partners to extract the client's real content strategy early in the process," says Mann. "We can ask the right questions, demonstrate options, educate the client, and create a storyboard—all before any hardware or software decisions are made."

The CMS provider can act as a pressure release valve for system integrators throughout the digital signage project, handling development, testing, troubleshooting, and support requests for the more complex aspects of the digital signage application. Their subject matter expertise helps integrators avoid the trap of overpromising and under delivering. Working together, integrators and their partners can solidify their reputation for excellence and drive long-term success.

Make Magic

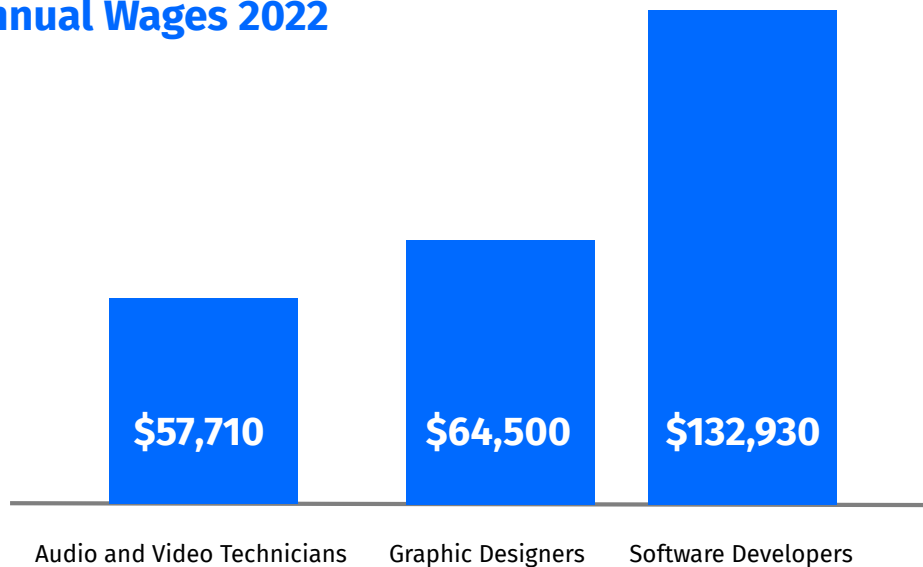
Any sufficiently advanced technology is indistinguishable from magic.

- Arthur C. Clarke, Profiles of the Future

Integrators can realize far higher profits from their digital signage projects by going beyond hardware specification and even basic content creation. With a modern CMS, integrators can offer services that are indistinguishable from software development – an area where customers are prepared to invest. Consider the mean annual wages for software developers versus audio and video technicians or graphic designers:⁴

⁴https://www.bls.gov/oes/current/oes_nat.htm

Mean Annual Wages 2022



By performing technical feats that feel like magic to customers, integrators can position themselves on the same value tier as successful software development. Focus on these aspects:

- 1. API integrations:** Consolidate information from clients' systems into a single dashboard for a seamless user experience, adding value to digital signage solutions.
- 2. Automated content updates:** Enhance project value by saving clients time and effort through automated updates.
- 3. Extending content to mobile:** Offer site experiences via native or web-based apps.
- 4. Creating differentiated experiences:** Customize content for specific zones or groups, such as separate employee and visitor apps, while ensuring easy management.
- 5. Screen take-overs:** Maximize hardware value and utility by incorporating digital signacontent or API integrations into dedicated devices like Microsoft Teams room appliances or room signs.

By partnering with the right CMS provider, integrators can add these upsell features without extra field or coding hours, allowing them to charge a premium and spec higher-end hardware, ultimately maximizing profits.

Managed Services

Digital signage presents integrators with a profitable recurring monthly revenue (RMR) opportunity due to ongoing maintenance needs. Cloud-based platforms allow remote monitoring and troubleshooting, enhancing efficiency and reducing on-site visits. When visits are necessary, integrators can arrive prepared, minimizing field hours.

Integrators should use platform analytics to quantify actions and demonstrate value to clients, staying top-of-mind. A quarterly content performance data analytics review is an effective approach, allowing assessment of content performance, recommendations, and ensuring the highest possible ROO. These meetings offer upsell opportunities—using analytics insights, integrators can identify areas where clients may need additional signs or benefit from new features, generating more revenue.

By adopting these strategies, integrators can maximize RMR opportunities, strengthen client relationships, and ensure long-term success in their digital signage businesses.

Build to Grow

Integrators looking to grow their digital signage businesses should never be satisfied with a single sign—or a single sale. Every project should be executed with longevity and growth in mind. Choose robust, commercial-grade products with technical features that can support your client's future goals.

“No customer likes to rip and replace,” says Pisano. “The ROO for commercial devices is excellent as long as you’ve future-proofed for forthcoming use cases. If interactivity is on your client’s long-term horizon, specifying it at the outset will save them money in the long term and make you look like the hero.”

Integrators should embrace the same future-proofing philosophy for software, selecting a CMS that provides flexibility and adaptability to accommodate both current and unforeseen plans. This includes supporting various new hardware or applications that may not yet be available or on the client's radar. A nimble and versatile CMS ensures that integrators can confidently accommodate clients' requests for new features or expansions, such as extending the experience to an interactive video wall.

A quality digital signage solution creates a dynamic ecosystem. When successful, it will evolve and grow over time. Integrators who design for expansion from the outset will reap the rewards as it occurs.

22Miles: A partner on the leading edge

22Miles offers the content management and design services needed to execute today’s most complex and profitable digital signage projects. By partnering with 22Miles, integrators will be well-prepared to meet the ever-evolving demands of the digital signage market, ensuring continued success and growth in this fast-paced industry.

Learn more and book a demo at 22miles.com