

The **2009 Digital Signage Pricing Report**

Research Findings from WireSpring's
Digital Signage Insider Blog

**SPECIAL
REPORT**



Introduction

While digital signage systems have been broadly adopted across a wide array of vertical markets, many companies still have difficulty budgeting for the upfront and ongoing expenses that these systems require.

Additionally, though many companies cite “cost” as a major factor in determining whether to implement a digital signage network, there has been very little research into how much digital signage actually costs, not to mention how much companies feel it *should* cost.

This report aims to address the pricing confusion in the market by providing a comprehensive estimate of the costs of implementing and managing a digital signage network. The estimates have been assembled using data collected from network owners and operators, service providers, and component vendors. They are further broken down based on network size (small, medium and large).

The cost of a 100-node network

Our study indicates that the cost of installing a 100-node digital signage network and operating it for three years (excluding content and personnel costs) is approximately \$435,500, or \$4,355 per node (\$121/node/month). In this case, a node is a single screen powered by a single digital signage media player.

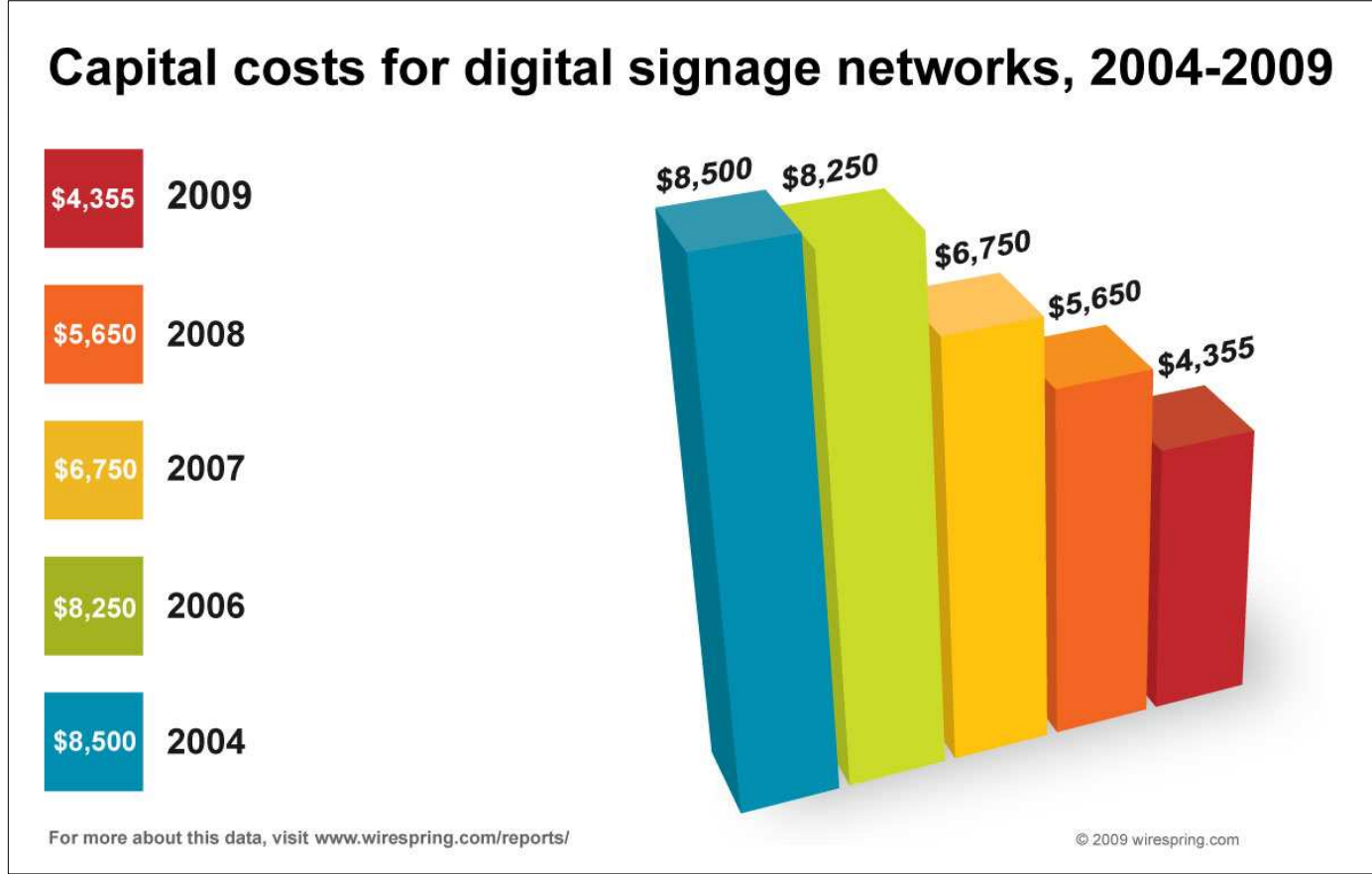
Table 1 shows the breakdown of costs by component.

Table 1: Cost of a digital sign for 3 years

40" LCD screen	\$800
Player hardware	\$775
Display mount	\$110
Player software	\$405
Management software & tech support	\$1,300
Installation	\$740
Initial project management	\$225
Total	\$4,355

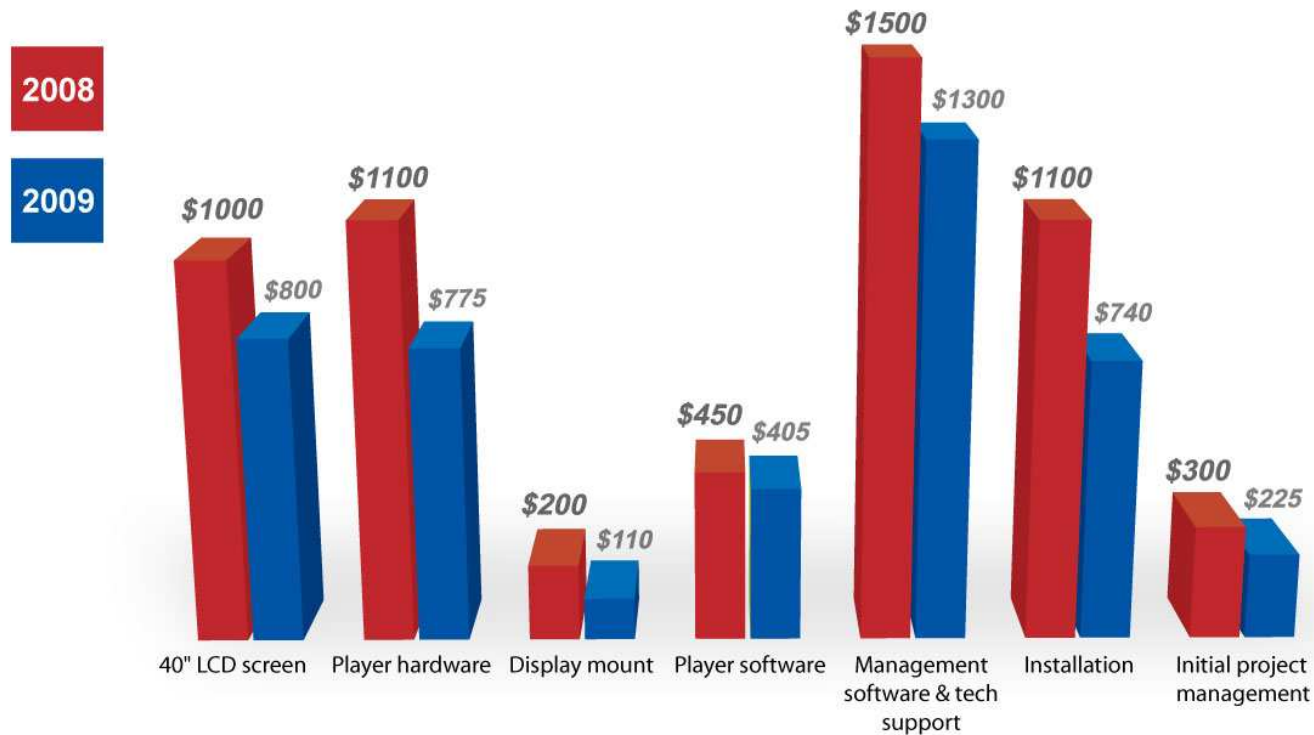
Has the cost changed much over time?

Yes, considerably. When WireSpring first began tracking the market in 2004, the cost of installing a 100-node network was nearly twice as costly, at \$8,500 per node. Costs have fallen steadily since then.



In fact, the global economic downturn over the past twelve months actually accelerated the declining trend. Between 2008 and 2009, the cost of implementing a 100-node network decreased 23%, the biggest single year reduction ever noted in WireSpring's yearly analyses.

Pricing of digital signage components, 2008 vs. 2009

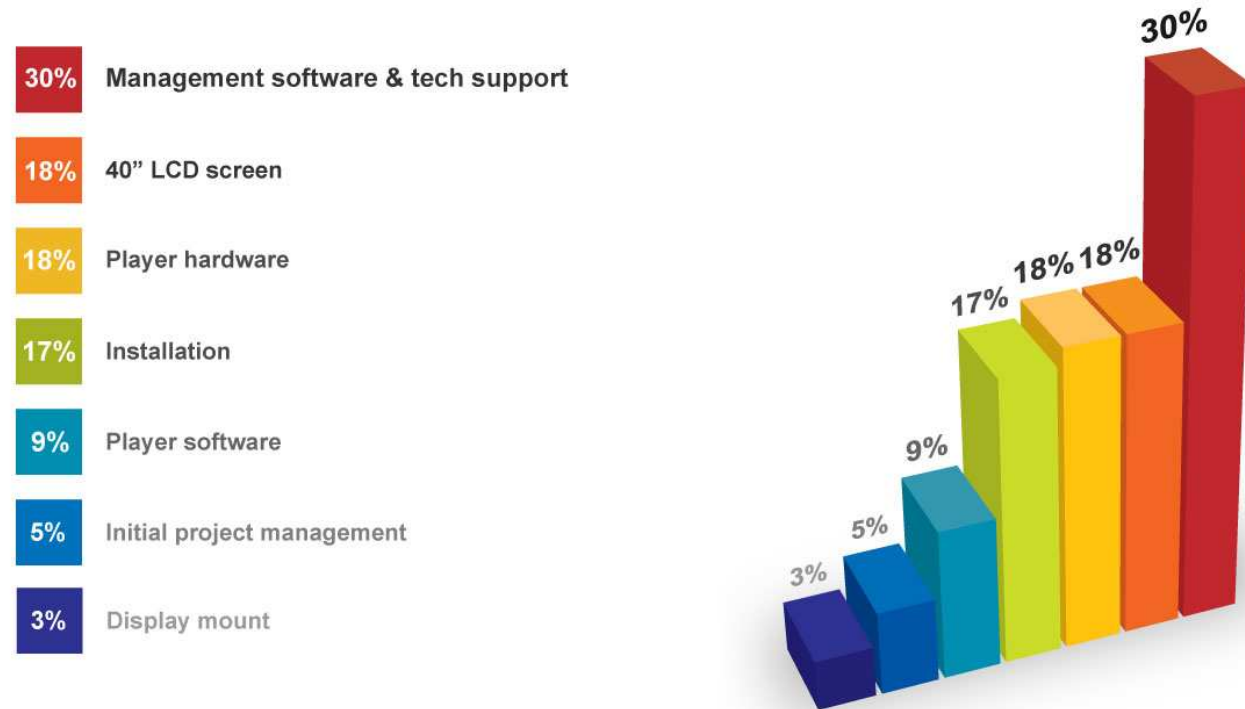


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While digital signage networks continue to require significant upfront capital investments, commoditization of commercial monitor and player hardware and increased competition in the digital signage software market since 2004 have shifted the cost equation. Today, nearly half of the cost of a network goes towards services like installation and technical support.

Cost breakdown for digital signage networks, 2009



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Pricing differences based on experience

Not surprisingly, individuals who have different amounts of experience with digital signage tended to answer pricing-related questions differently. Thus, in order to accurately assess pricing expectations for the components featured in our analysis, it was necessary to sort the responses we received based on the experience level. Respondents were placed into one of four categories:

- **No experience** (has not yet completed a digital signage project)
- **Small network experience only** (has only worked on digital signage projects with fewer than 100 screens/nodes)
- **Large network experience only** (has only worked on digital signage projects with 100 screens/nodes or more)
- **Mixed experience** (has worked on both large and small network projects, as defined above).

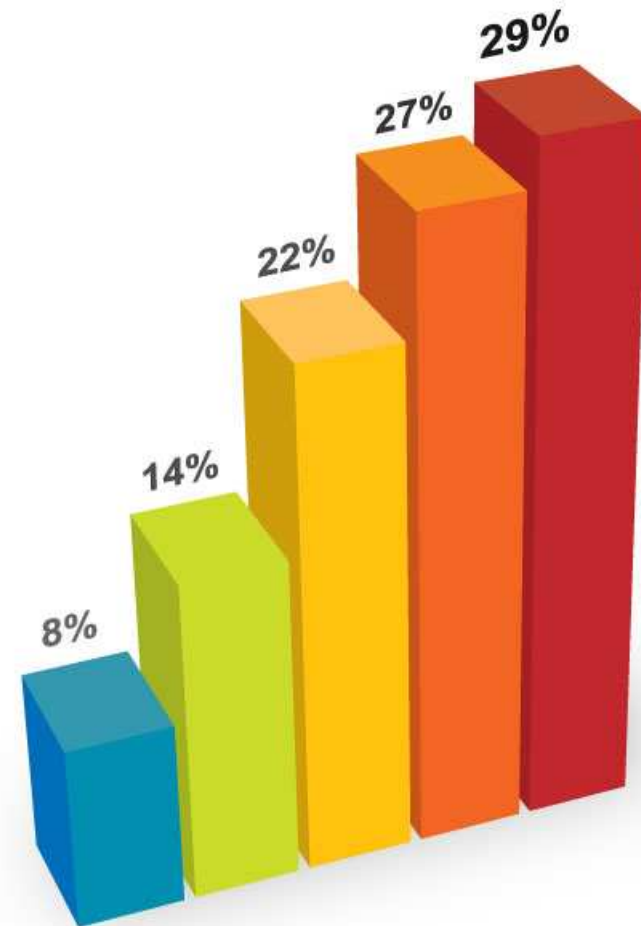
What should a 40" commercial LCD cost?

Highlights:

- Pressure from low-cost, consumer-grade screens continues to push the cost of commercial screens down.
- Those with no digital signage project experience expect to pay less for a commercial screen than those with experience, possibly indicating that those unfamiliar with digital signage are accustomed to purchasing consumer grade screens.
- 1/3 of small project managers identified the “sweet spot” for commercial 40" LCDs to be \$1,000 - \$1,200. Those with experience with larger projects identified a price point \$200-\$400 lower.

What do people expect to pay for a 40" commercial LCD screen (including 3 year warranty)?

(Among those with no project experience)

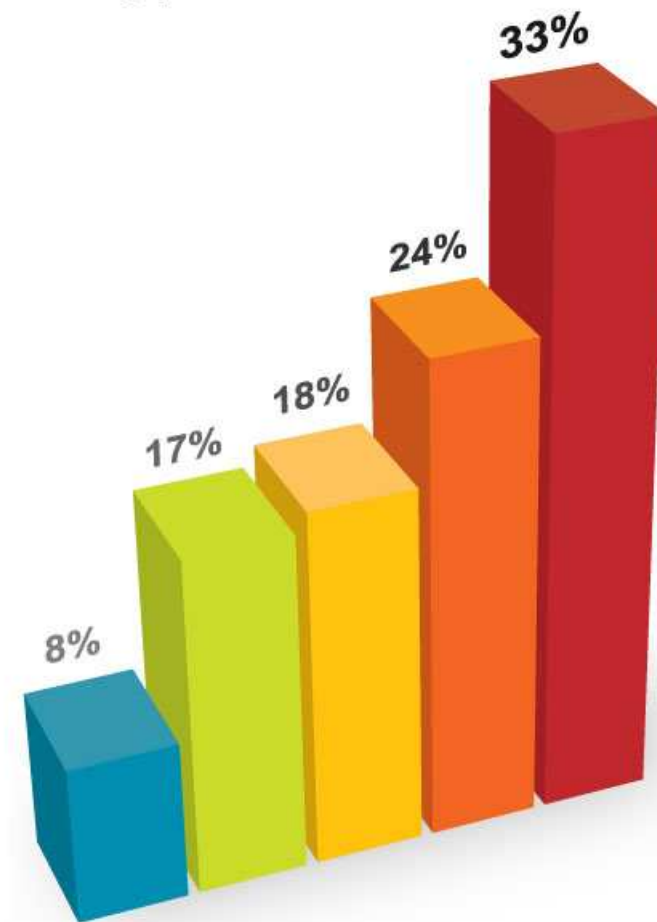


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What do people expect to pay for a 40" commercial LCD screen (including 3 year warranty)?

(Among those with small project experience only)

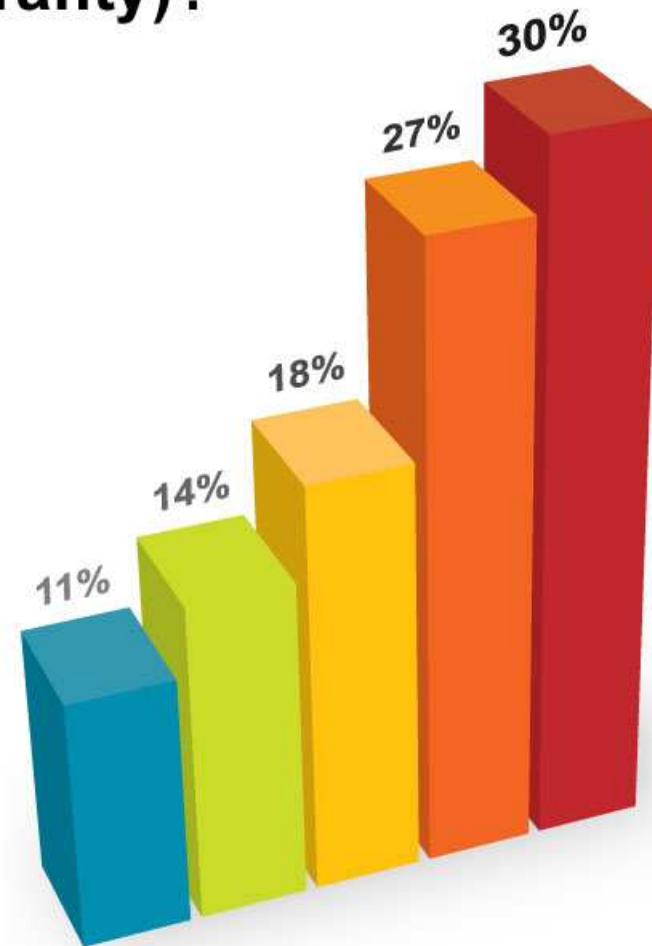


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What do people expect to pay for a 40" commercial LCD screen (including 3 year warranty)?

(Among those with large project experience only)

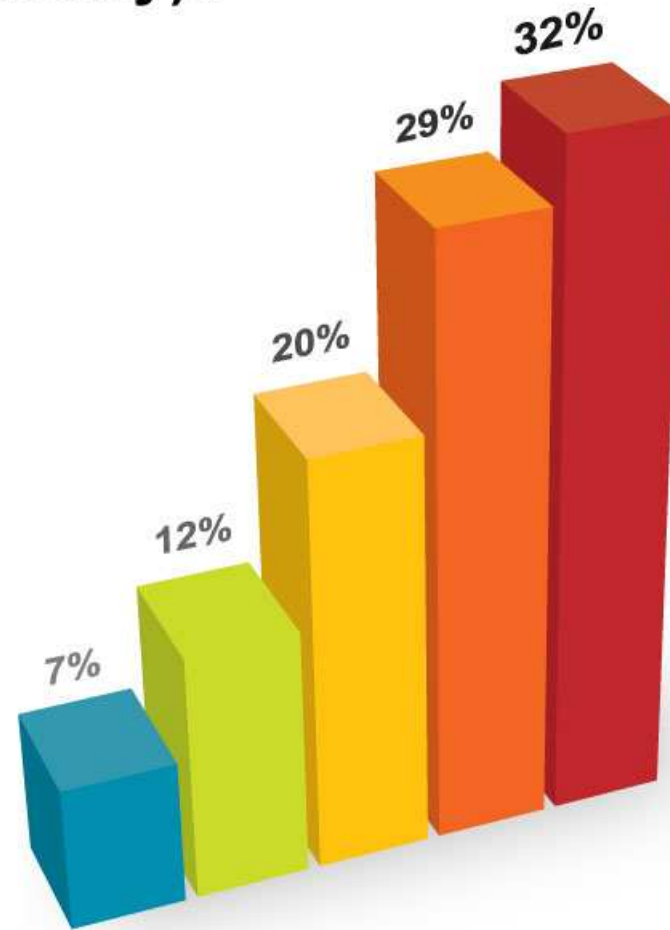


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What do people expect to pay for a 40" commercial LCD screen (including 3 year warranty)?

(Among those with mixed project experience)



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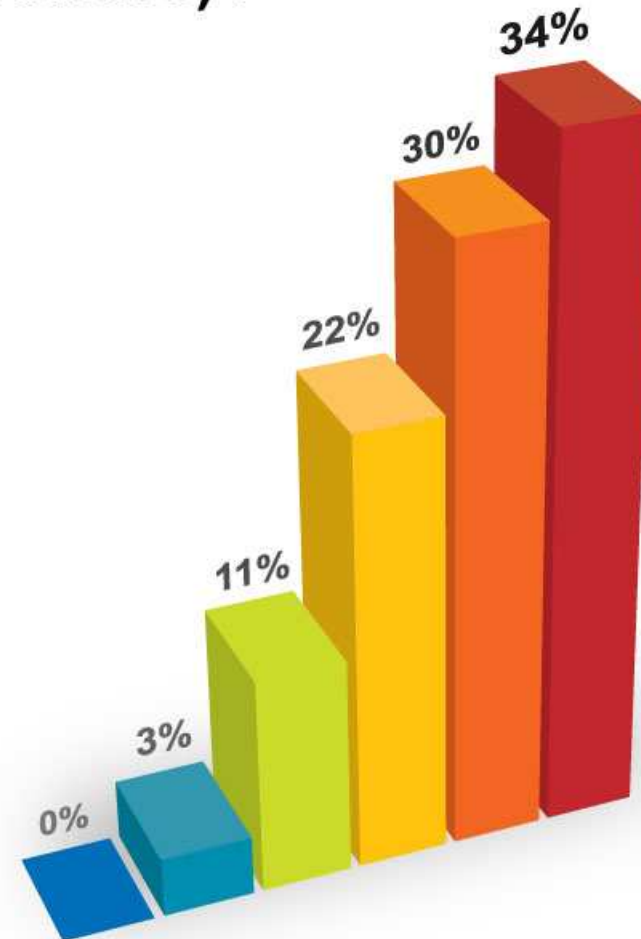
What should a digital signage media player cost?

Highlights:

- The average price for a media player was \$890, which is a decrease of 19% from the 2008 estimate of approximately \$1,100.
- Those with no digital signage experience expected to pay the least (\$785 on average), likely indicating a lack of familiarity with the pricing of these components, which are more niche-specific than LCD screens, wall mounts, etc.
- The average difference between those with large project experience and those with small project experience was quite small – only about \$24, or 3%.

What do people expect to pay for a digital signage media player (just the hardware)?

(Among those with no project experience)

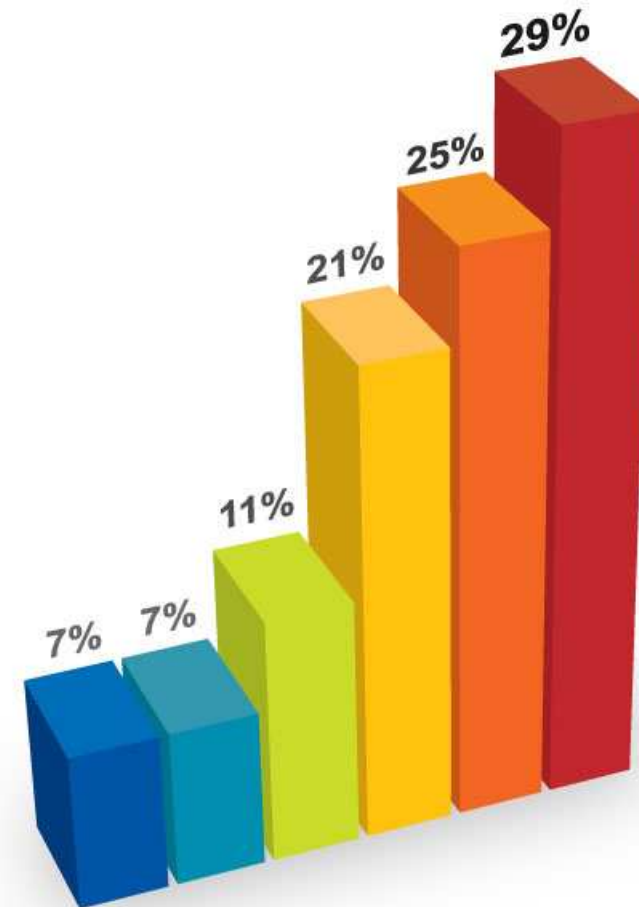


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What do people expect to pay for a digital signage media player (just the hardware)?

(Among those with small project experience only)

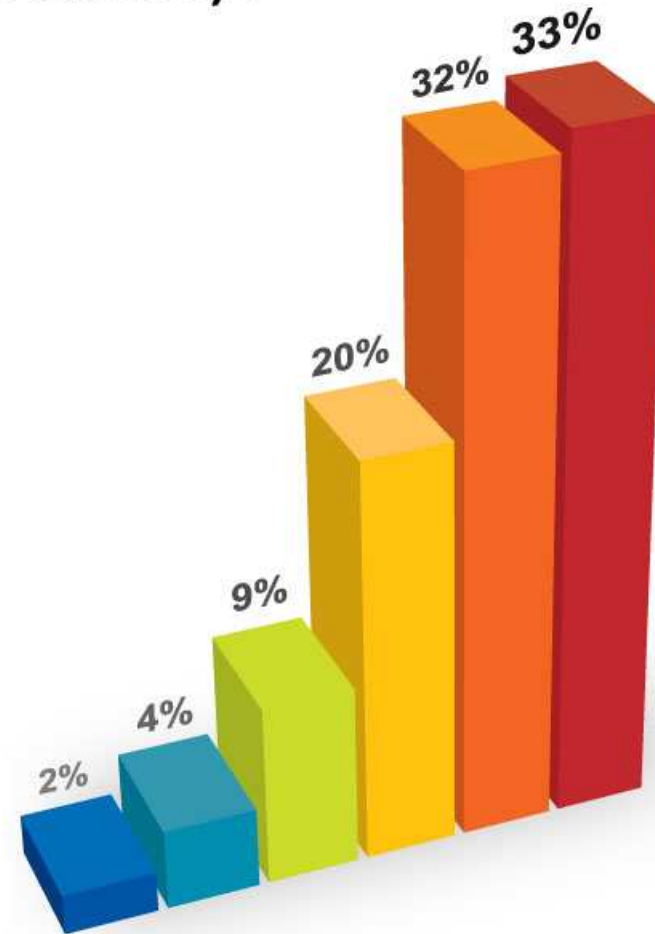


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What do people expect to pay for a digital signage media player (just the hardware)?

(Among those with large project experience only)

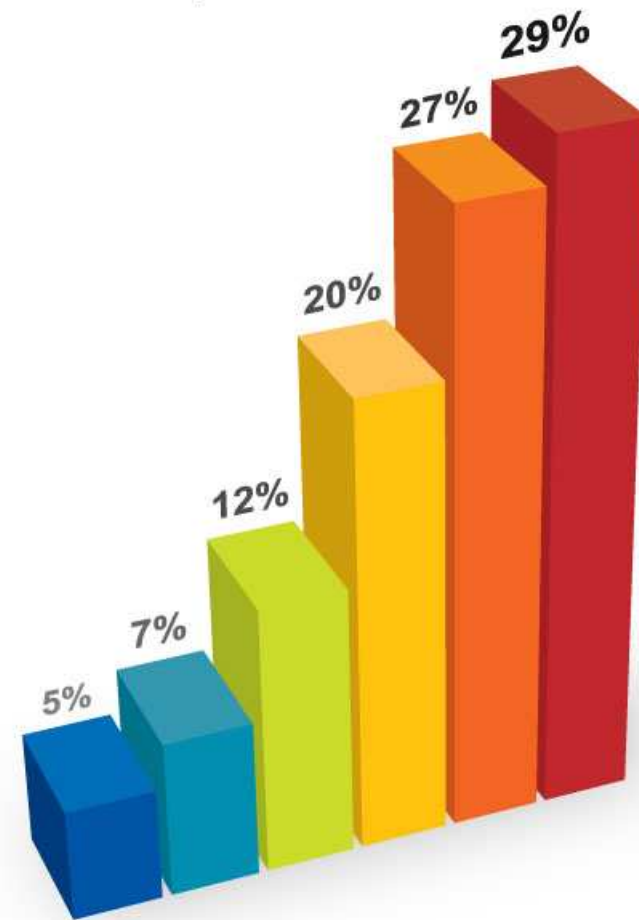


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What do people expect to pay for a digital signage media player (just the hardware)?

(Among those with mixed project experience)



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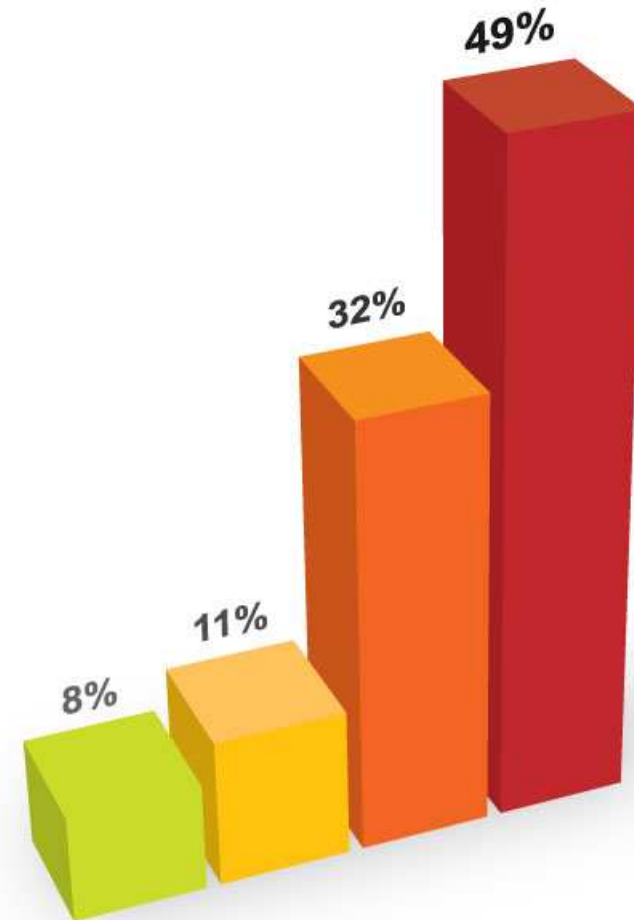
What should a tilting wall mount cost?

Highlights:

- There was a fairly large discrepancy (over 10%) between those people who have some digital signage experience and those who don't, likely indicating that those with little or no experience are only familiar with inexpensive consumer-grade mounts designed for mounting HDTVs.
- Those who have done work with digital signage in the past uniformly indicated that the "sweet spot" for tilting 40" LCD mounts right now is the \$100 - \$200 price range.

What do people expect to pay for a tilting wall mount?

(Among those with no project experience)

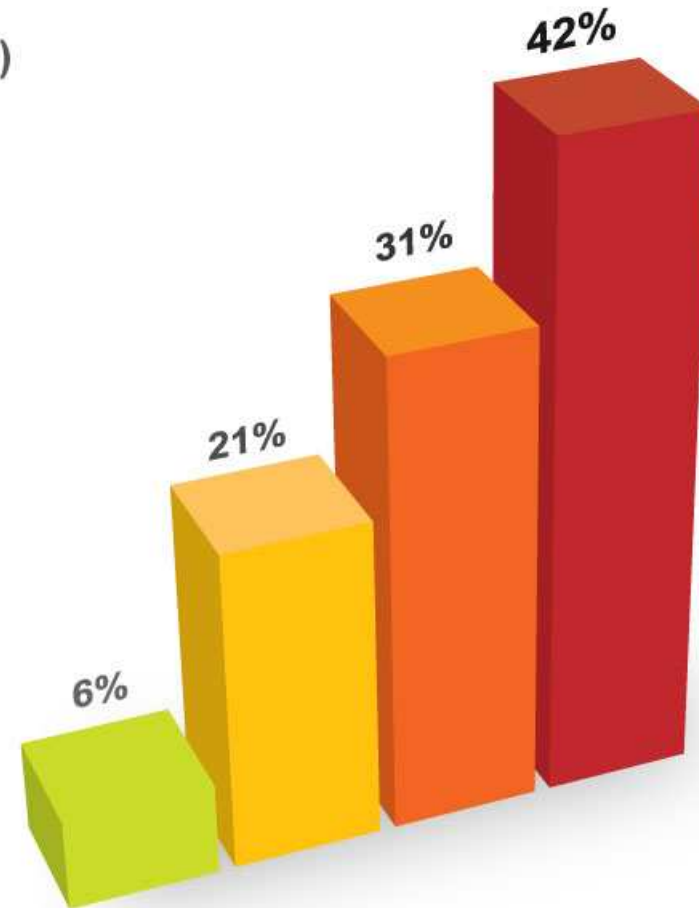


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What do people expect to pay for a tilting wall mount?

(Among those with small project experience only)

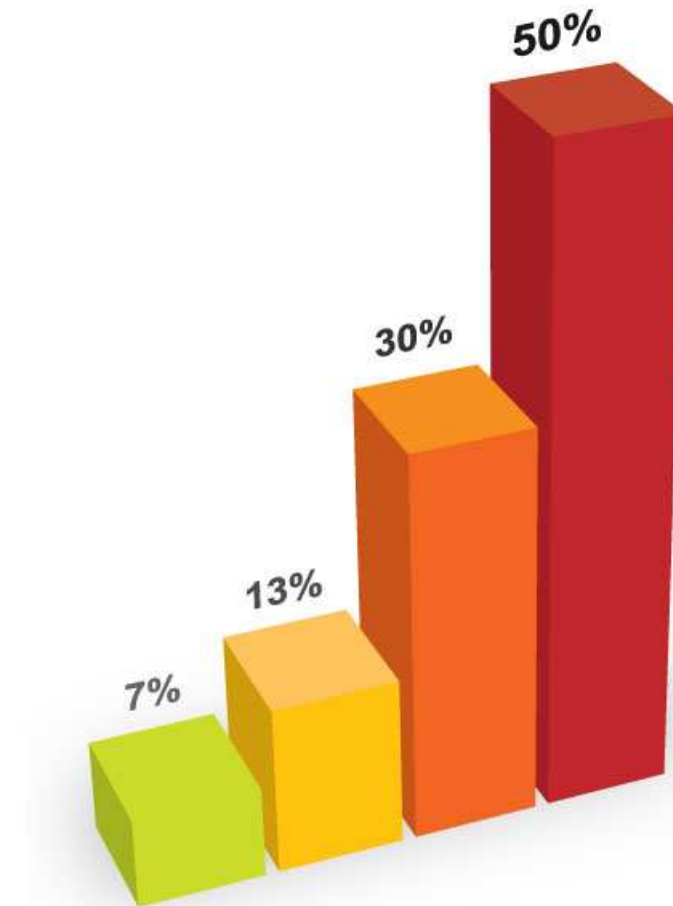


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What do people expect to pay for a tilting wall mount?

(Among those with large project experience only)

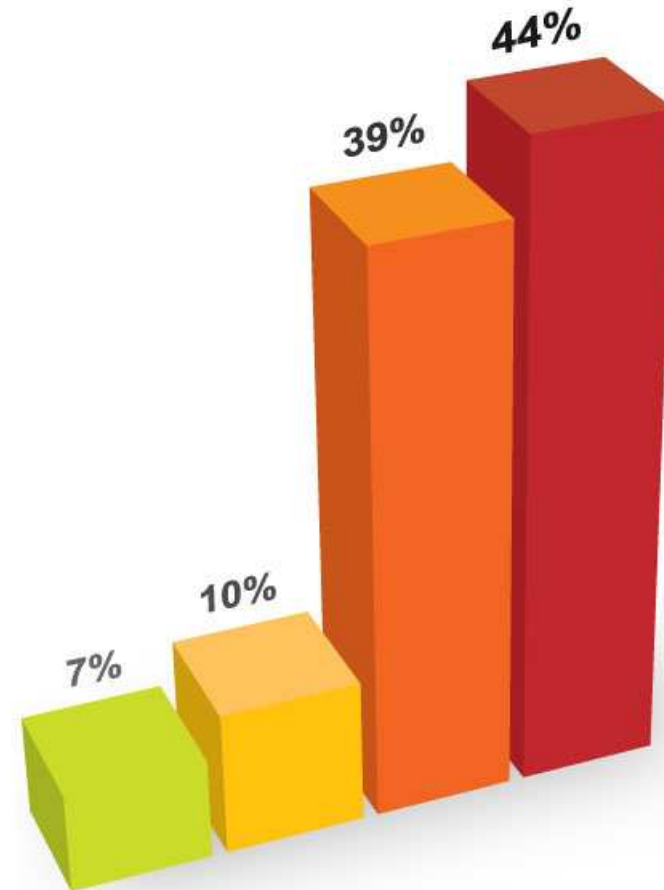


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What do people expect to pay for a tilting wall mount?

(Among those with mixed project experience)



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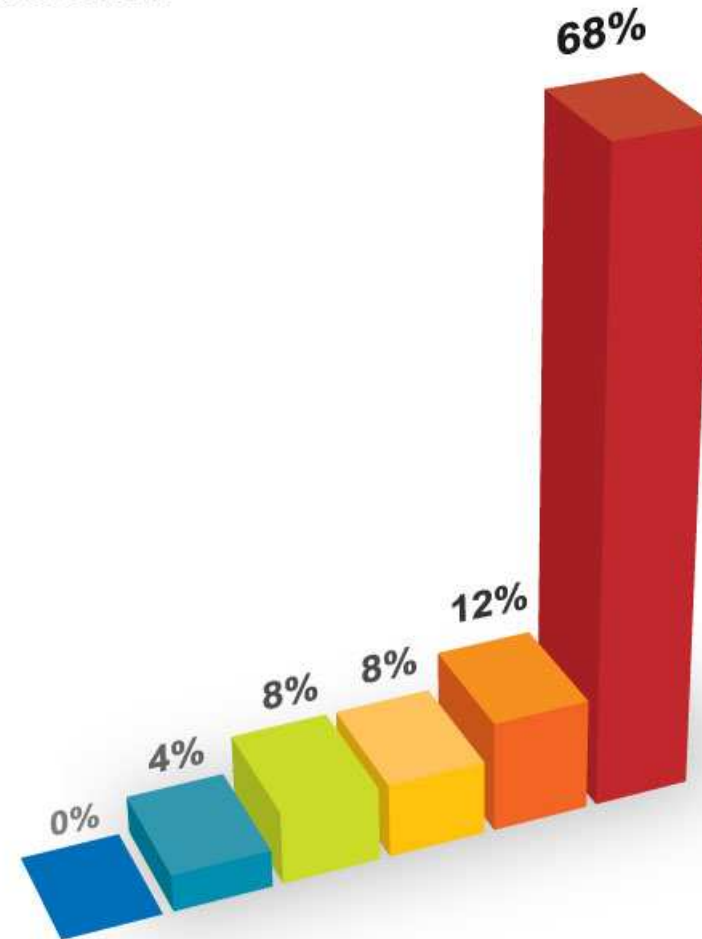
How much should installation cost?

Highlights:

- The average price for digital signage installation indicated by respondents was approximately \$610.
- The majority of respondents indicated a price of "less than \$500".
- The average figure cited by those with experience respondents was \$840, a nearly 24% discount over last year's estimate.

What do people expect to pay for screen and media player installation?

(Among those with no project experience)

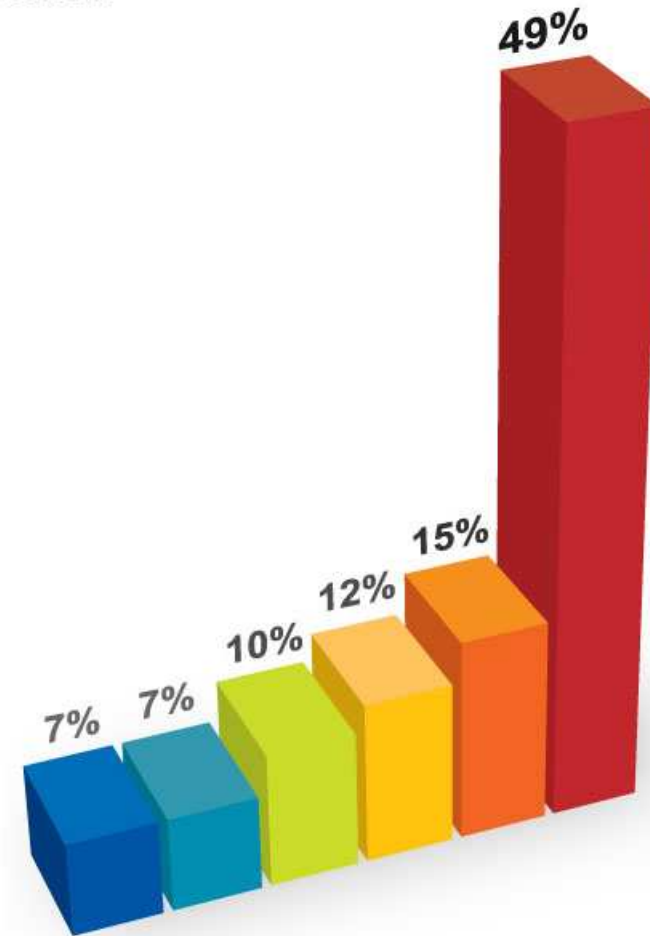


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What do people expect to pay for screen and media player installation?

(Among those with small project experience only)

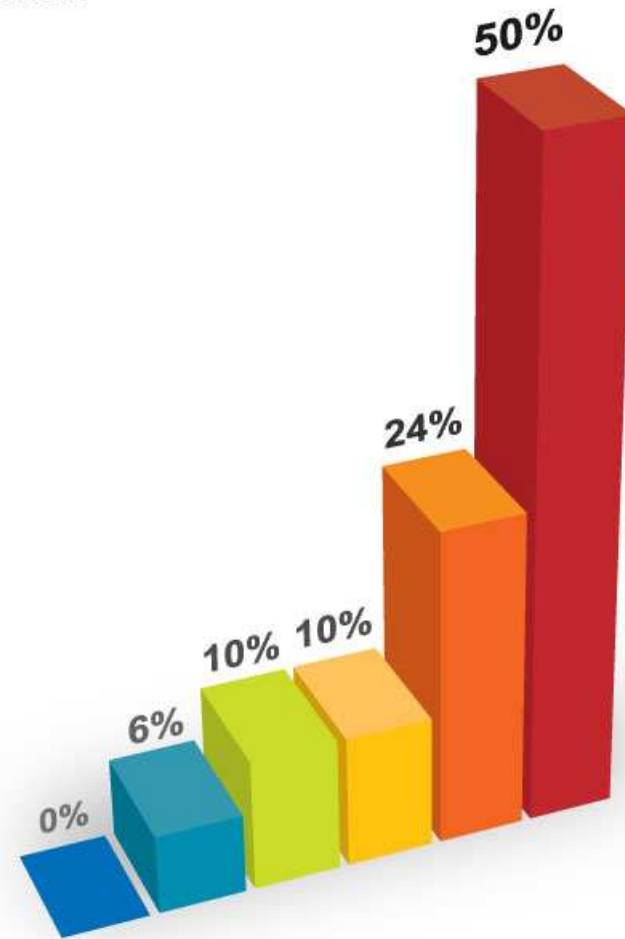


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What do people expect to pay for screen and media player installation?

(Among those with large project experience only)

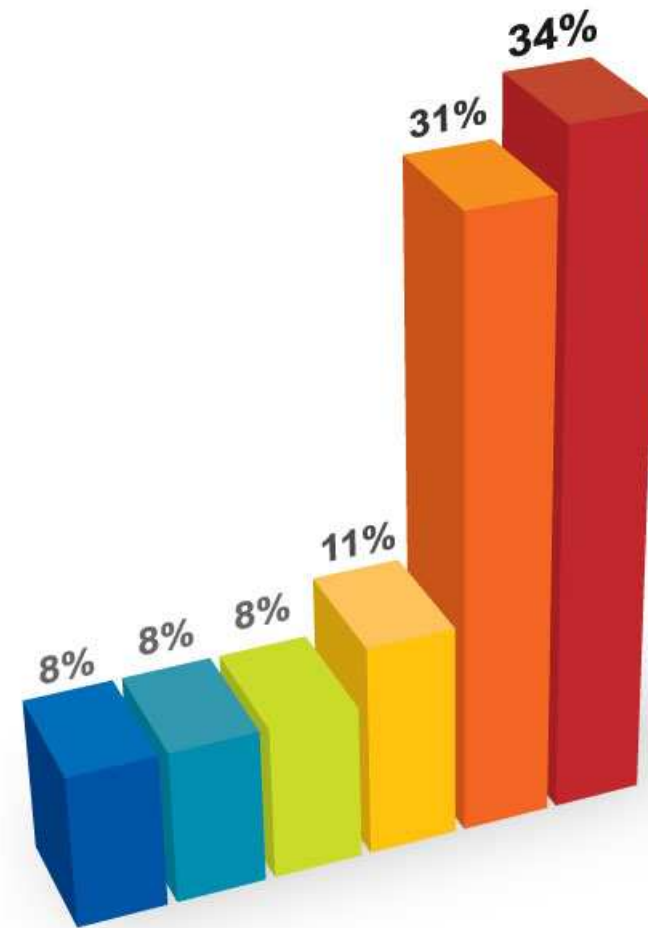


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What do people expect to pay for screen and media player installation?

(Among those with mixed project experience)



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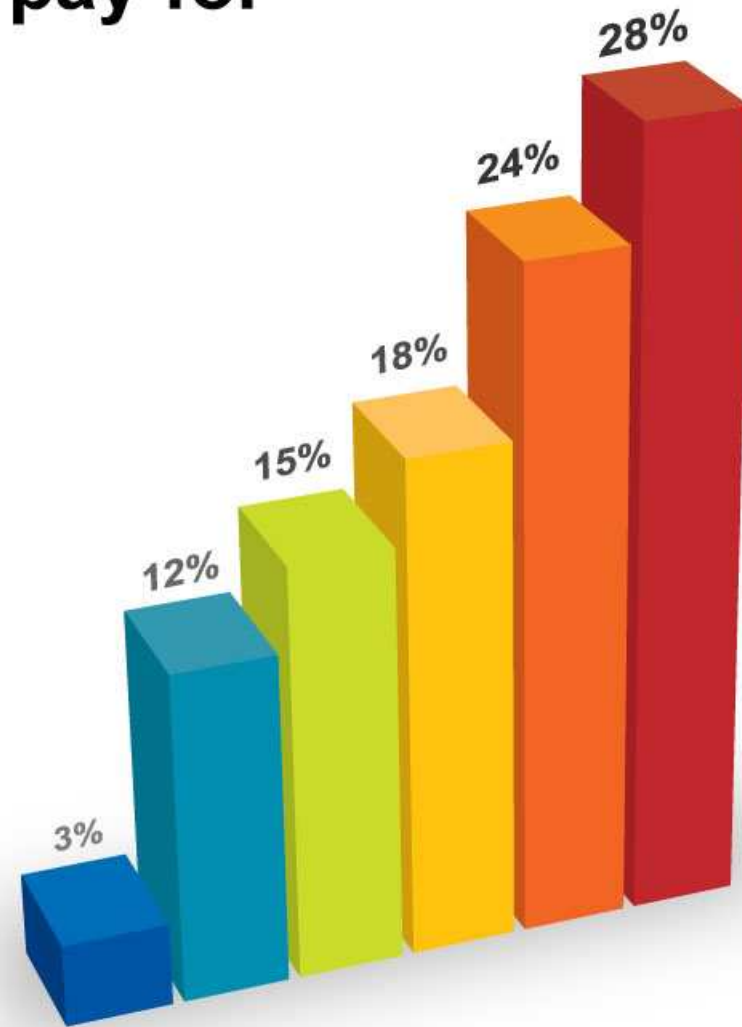
How much should digital signage player software cost?

Highlights:

- Those using free and/or open source software packages make up a small (5-9%) but stable portion of respondents with digital signage experience.
- The average price cited across all experience levels was \$725, nearly 60% above the composite price listed for our 100-node network. The result is probably skewed by respondents entering what they have paid for software in the past, versus what they would pay for it today.
- On average, those deploying larger networks expect to pay approximately 21% less than those deploying small networks.

What do people expect to pay for media player software?

(Among those with no project experience)

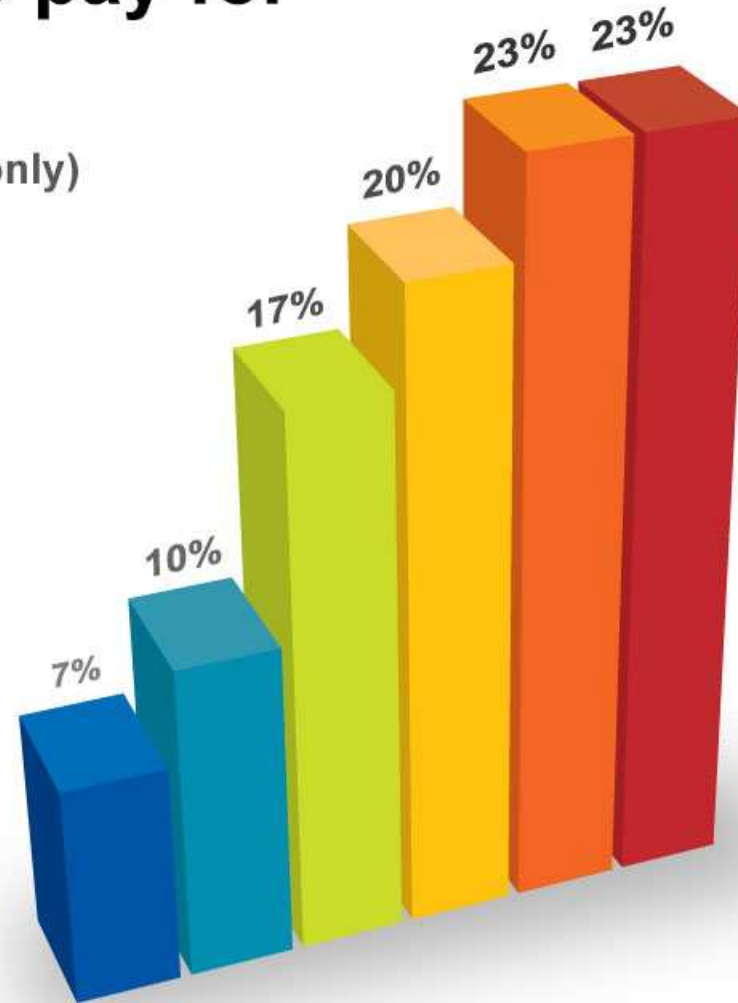


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What do people expect to pay for media player software?

(Among those with small project experience only)



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What do people expect to pay for media player software?

(Among those with large project experience only)



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What do people expect to pay for media player software?

(Among those with mixed project experience)



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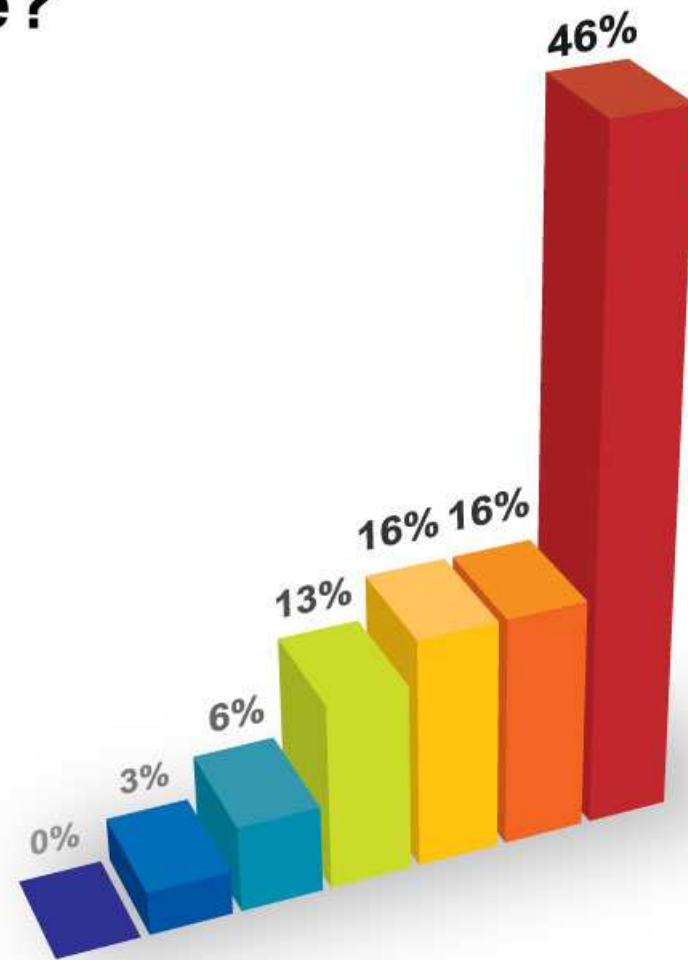
What should self-hosted remote management software cost?

Highlights:

- Those with no digital signage experience overwhelmingly (45%) indicated that management software should cost less than \$5,000.
- Nearly a third of those focused on small digital signage projects (32%) do not use management software.

What do people expect to pay for self-hosted remote management software?

(Among those with no project experience)

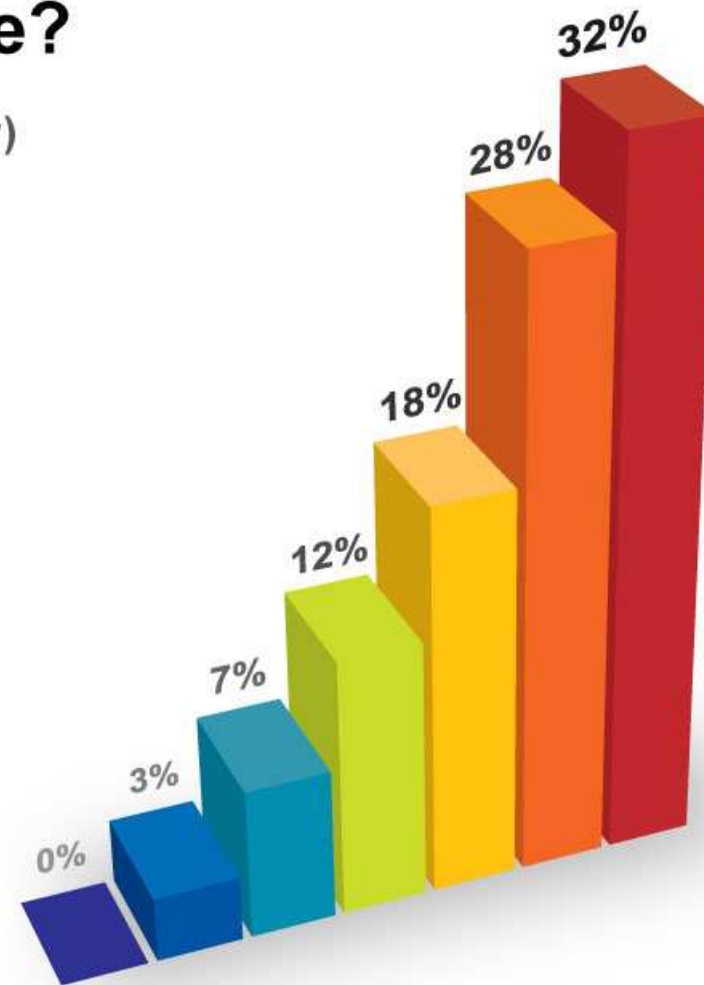


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What do people expect to pay for self-hosted remote management software?

(Among those with small project experience only)

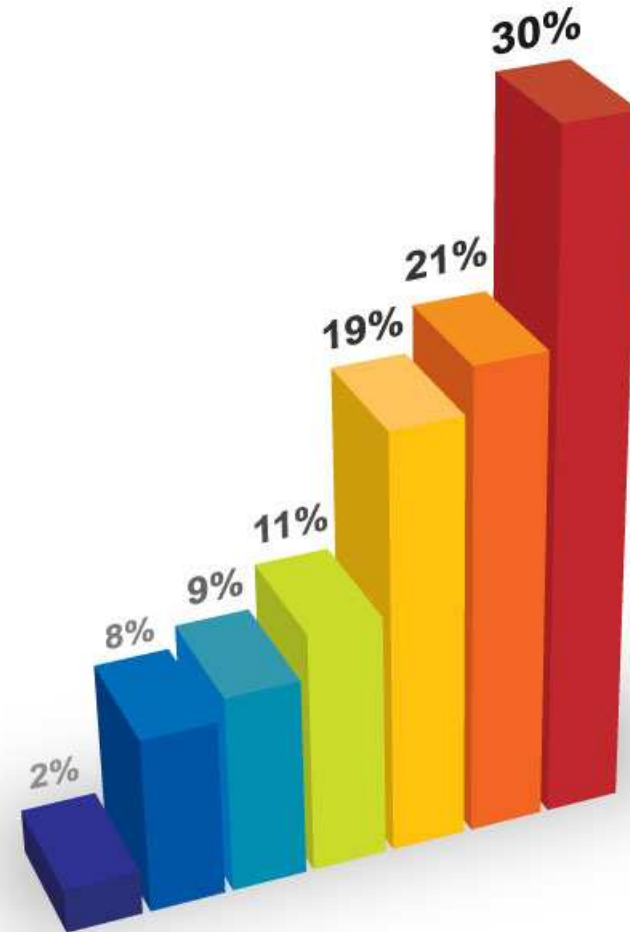


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What do people expect to pay for self-hosted remote management software?

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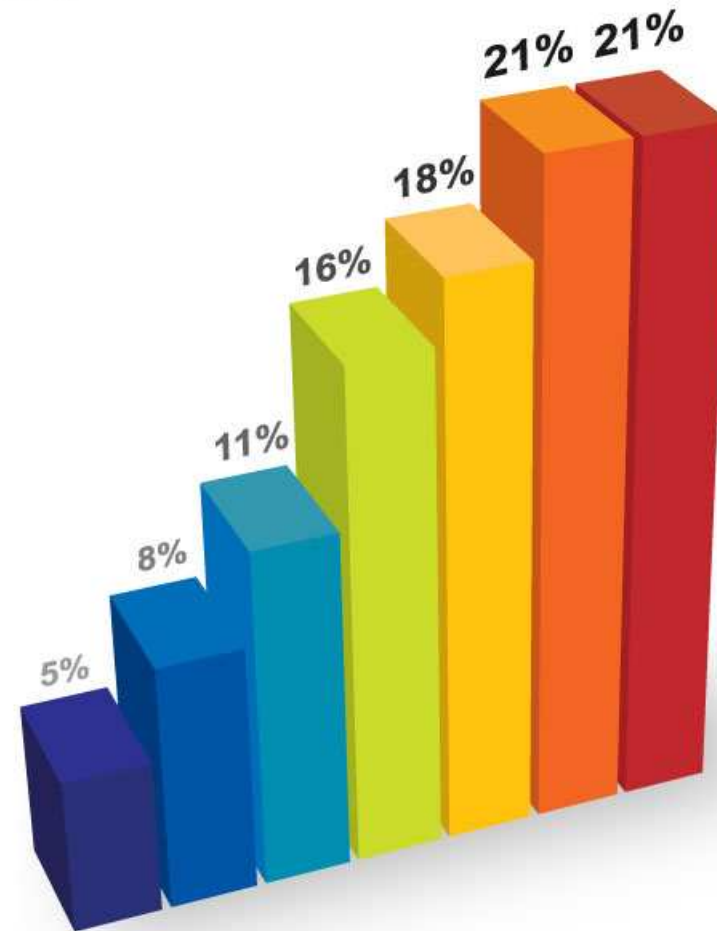


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What do people expect to pay for self-hosted remote management software?

(Among those with mixed project experience)



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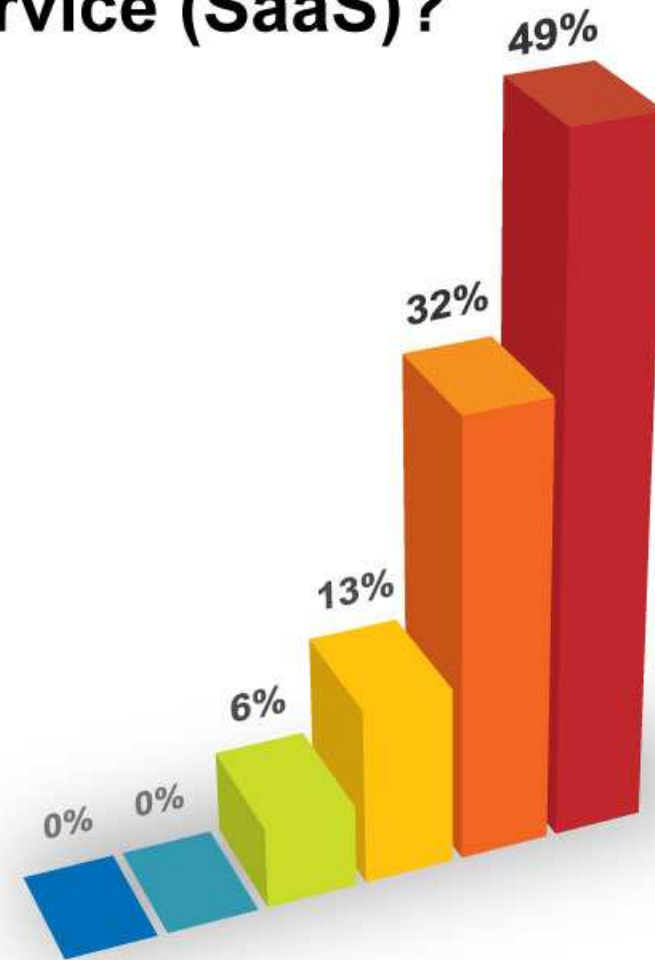
What should remote management software-as-a-service (SaaS) cost?

Highlights:

- Roughly equal numbers of large- and small-project people have never used a SaaS solution, though only 15% of those with mixed experience have never tried SaaS.
- Those running larger networks definitely expect a larger discount from SaaS providers than their small- and mixed-project counterparts. On average, those doing small projects exclusively pay about \$671/node/year (about \$56/node/month), and those exclusively focused on large projects pay about \$470/year (about \$39/month). Those with mixed experience roughly split the difference, indicating they pay about \$598/node/year on average (\$50/node/month).
- Given the very wide range of prices, it is likely that some of these SaaS plans include products and services that are not included with others.

What do people expect to pay for remote management software-as-a-service (SaaS)?

(Among those with no project experience)

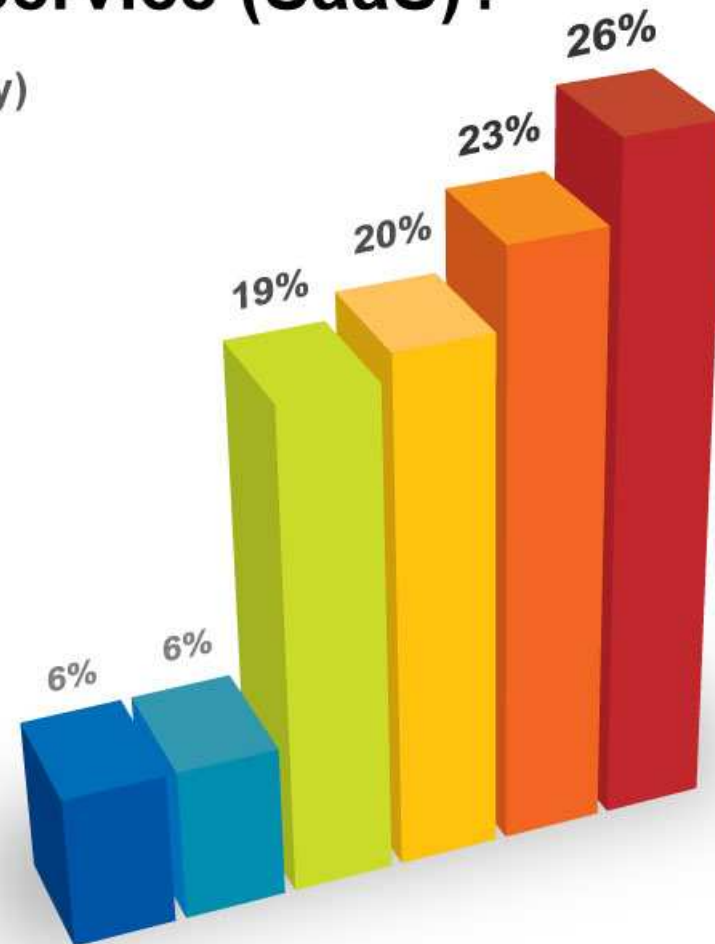


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What do people expect to pay for remote management software-as-a-service (SaaS)?

(Among those with small project experience only)

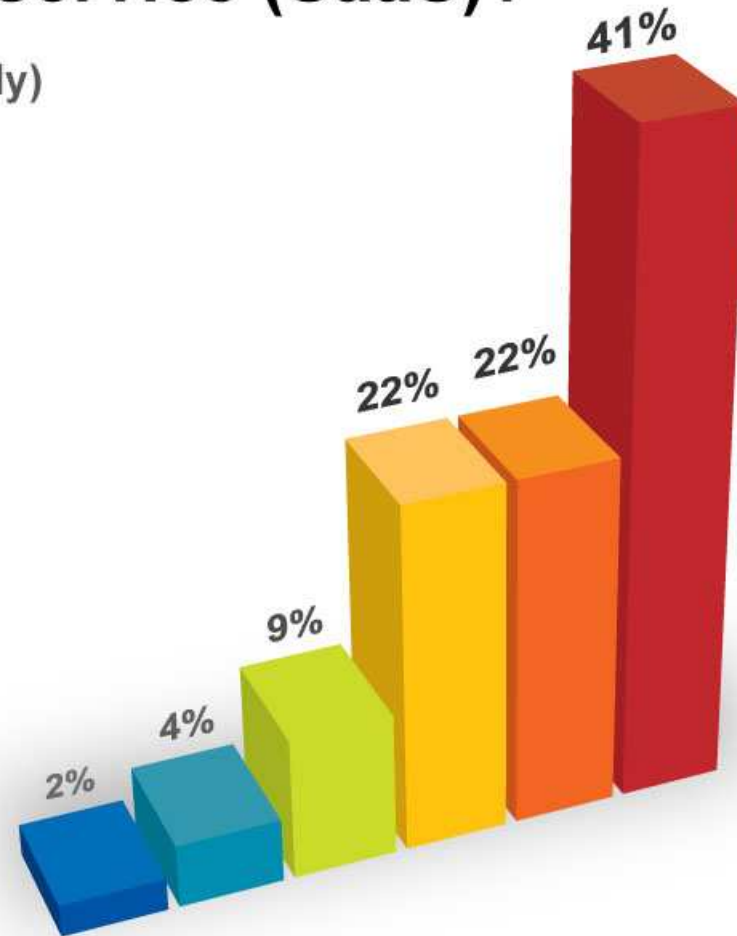


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What do people expect to pay for remote management software-as-a-service (SaaS)?

(Among those with large project experience only)

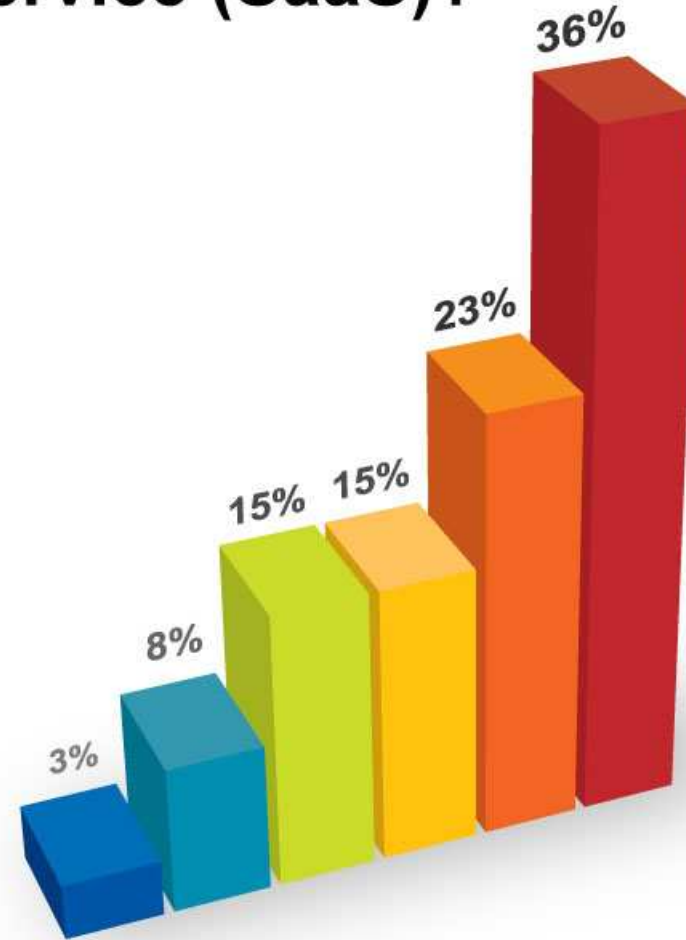


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What do people expect to pay for remote management software-as-a-service (SaaS)?

(Among those with mixed project experience)



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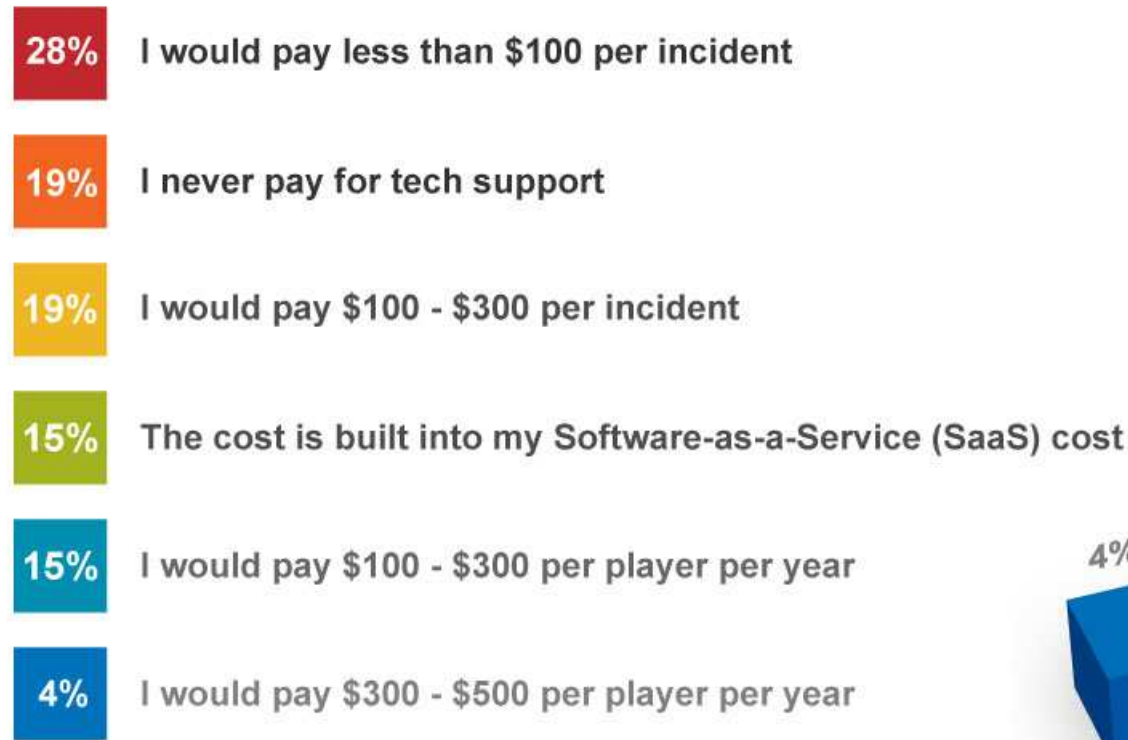
What should technical support cost?

Highlights:

- Excluding those people who get support as part of their SaaS purchase, project managers are nearly as likely to prepay for support annually on a per-node basis as they are to simply pay per-incident, regardless of network size.
- The number of networks who don't buy any support package at all also is steady in the low teens across all experience levels, likely indicating that this portion of projects is handled completely in-house.

What do people expect to pay for technical support?

(Among those with no project experience)

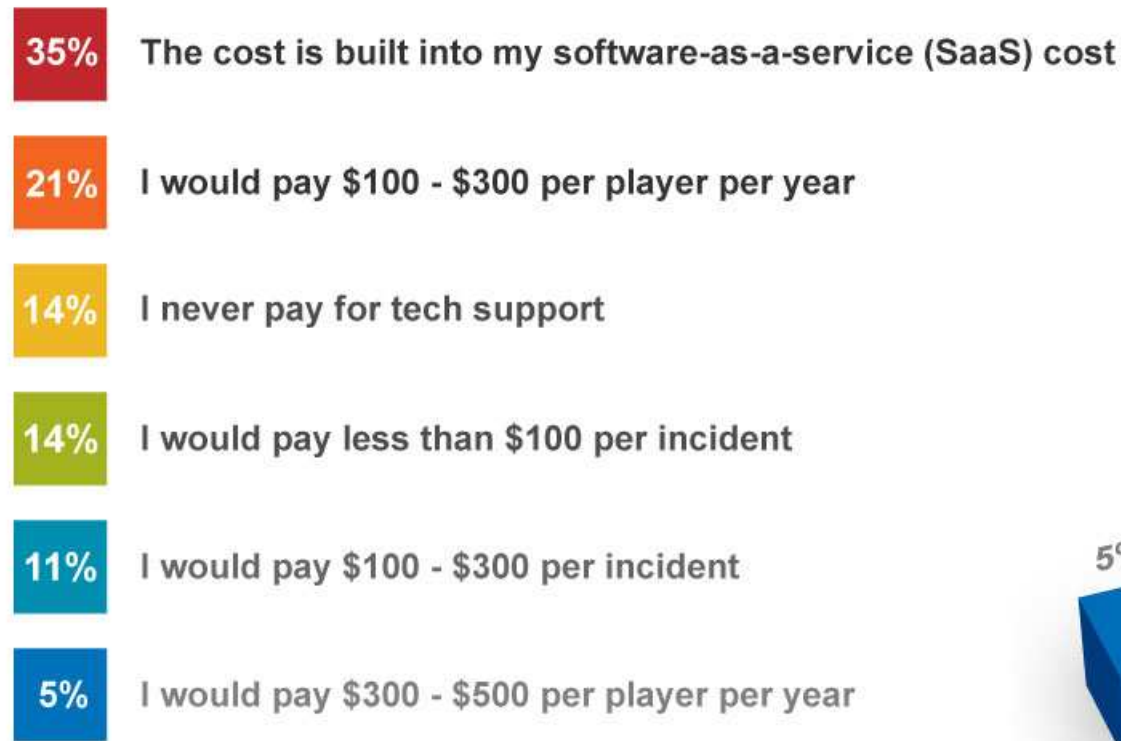


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What do people expect to pay for technical support?

(Among those with small project experience only)

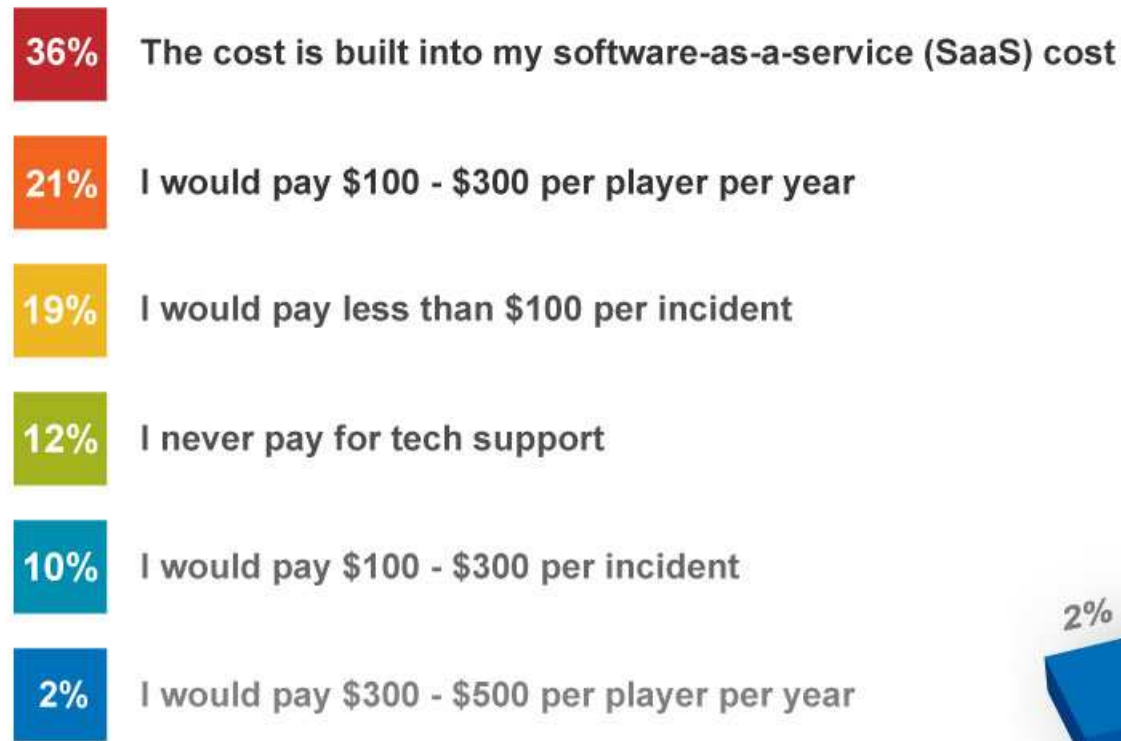


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What do people expect to pay for technical support?

(Among those with large project experience only)

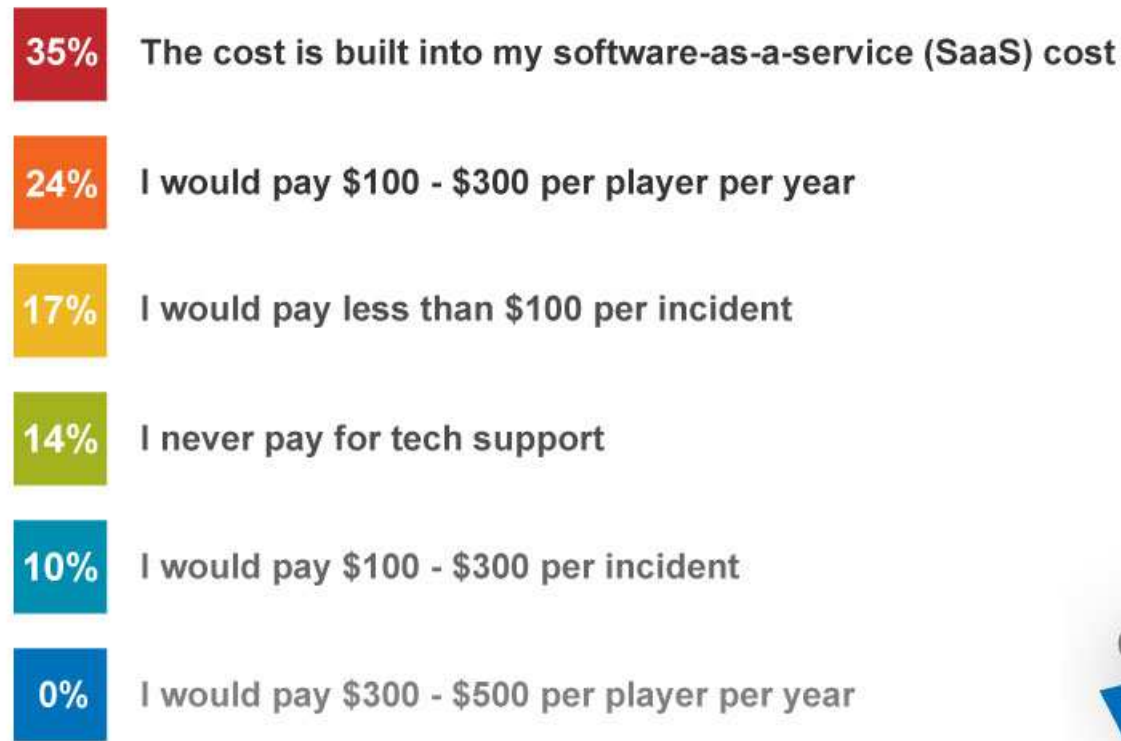


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What do people expect to pay for technical support?

(Among those with mixed project experience)



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Other services used by digital signage networks

In addition to the hardware, software and support components, digital signage networks require a wide array of additional services, from content creation to project management. These include:

- **Logistics Management:** Hardware and software inventory control (possibly but not necessarily including purchasing), shipping and receiving management and RMA/warranty management.
- **Strategy Consulting:** Figuring out what the network is responsible for, setting goals and objectives, establishing measurement criteria for determining whether said goals and objectives have been reached, and possibly translating valid business lingo into management gobbledygook to get the deal sold.
- **Project Planning:** Developing an itemized to-do list of things that must be done before, during and after each screen is installed, parceling these tasks out to the relevant teams/groups, and making sure each team achieves their goals (and dealing with the fallout when they don't).

Other services used by digital signage networks

- **Content Strategy Consulting:** Upon figuring out the strategic purpose of the network, figuring out how to make content that will work towards those ultimate goals. May include aspects of content creation, but is often confined to a strategic and then editorial capacity.
- **Content Production:** Making all the pretty content that fills up the screens, and (frequently) cleaning up the not-so-pretty content that other people give you to put on your screens.
- **Content Management:** Assigning the content to the different screens on the network (and different areas on the screen) as appropriate, and then making sure that the content played correctly, at the right dates and times, and in the proper order and proportion.

Other services used by digital signage networks

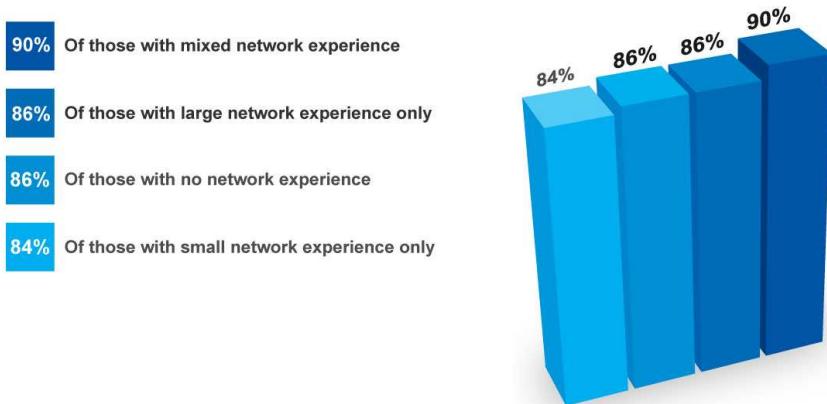
- **Network/Operations Management:** Once the network is up and running, making sure that the screens continue to function properly, watching for systemic errors, and dealing with the random errors and issues that crop up over time.
- **Initial Project Management:** Some people choose to break out their project management into phases, and have a team dedicated only to the deployment phase. These people are responsible for coordinating site surveys, on-site construction (if needed), installation, shipping/receiving of the various parts that must arrive at each site, and generally making sure that each screen gets installed and turned on according to schedule.
- **Ongoing Project Management:** For networks that continue to grow over time, these services are very similar to those listed under "initial project management." For those that tend to deploy all-at-once and then stop, the services might look more like those under "network/operations management."
- **Installation Services:** The art of hanging screens, running power/network cables, drilling, hammering and otherwise making lots of noise all in the name of getting screens installed and lit.

How do companies execute these services?

Companies across all experience levels uniformly handle most of the services surveyed in-house, either for cost management reasons, or because they are deemed critical to the performance of the network and thus too critical to outsource.

Service	We do it in-house	We outsource it	We don't bother with it
Logistics Management	66%	30%	4%
Strategy Consulting	86%	10%	4%
Project Planning	93%	5%	2%
Content Strategy Consulting	74%	23%	3%
Content Production	50%	44%	6%
Content Management	74%	23%	3%
Network/Operations Management	66%	29%	5%
Initial Project Management	89%	9%	2%
Ongoing Project Management	86%	10%	4%
Installation Services	28%	69%	3%

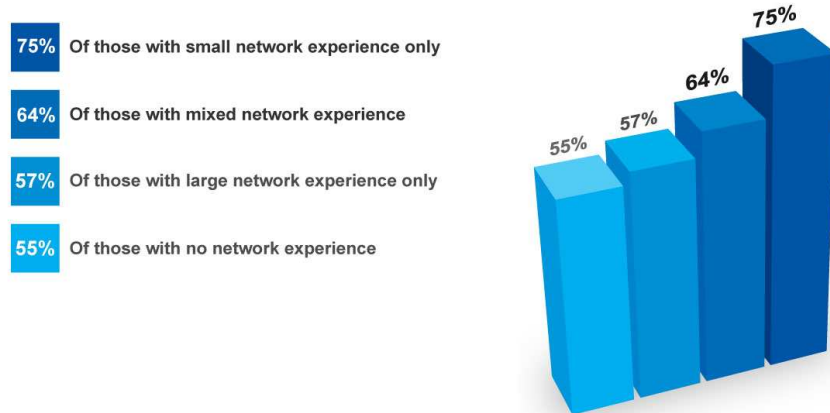
What percentage of people handle strategy consulting in-house?



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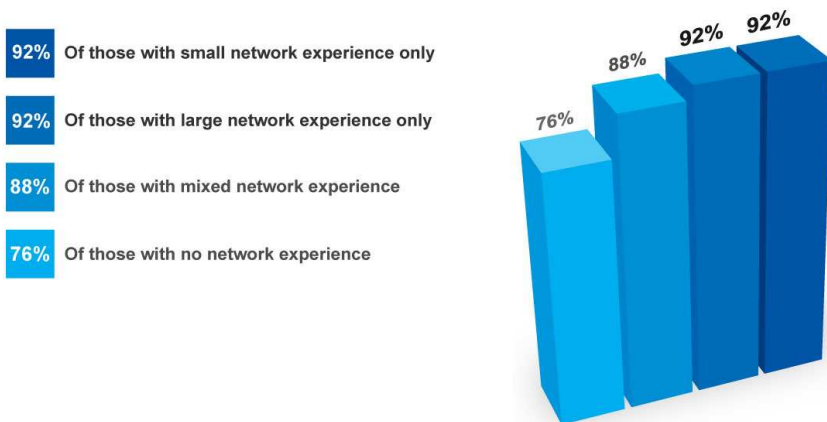
What percentage of people handle logistics management in-house?



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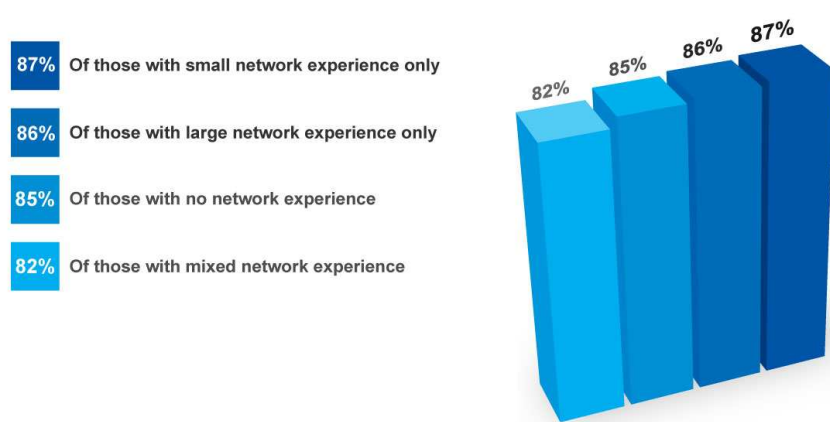
What percentage of people handle initial project management in-house?



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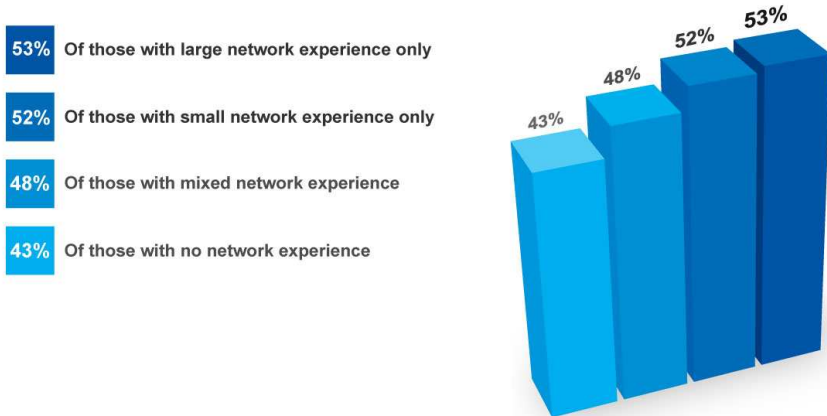
What percentage of people handle ongoing project management in-house?



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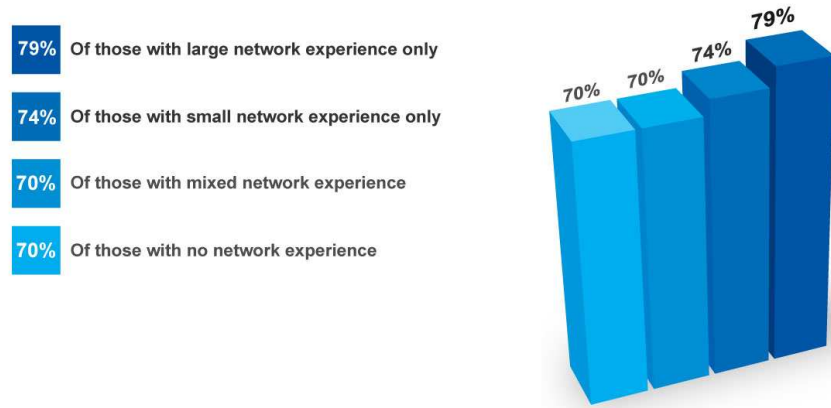
What percentage of people handle content production in-house?



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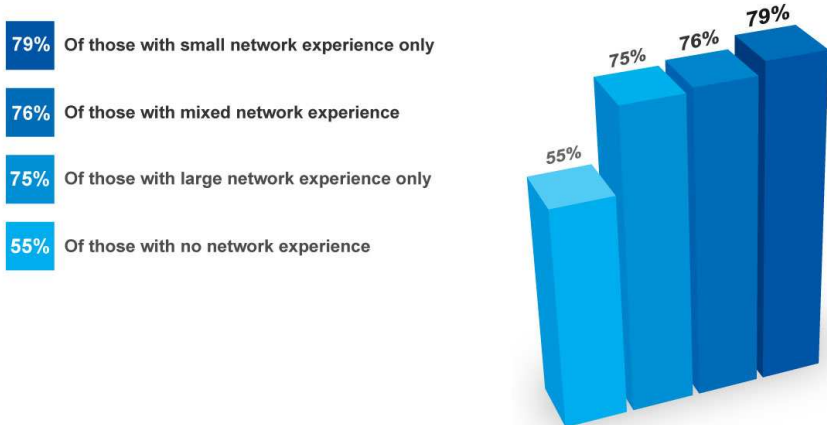
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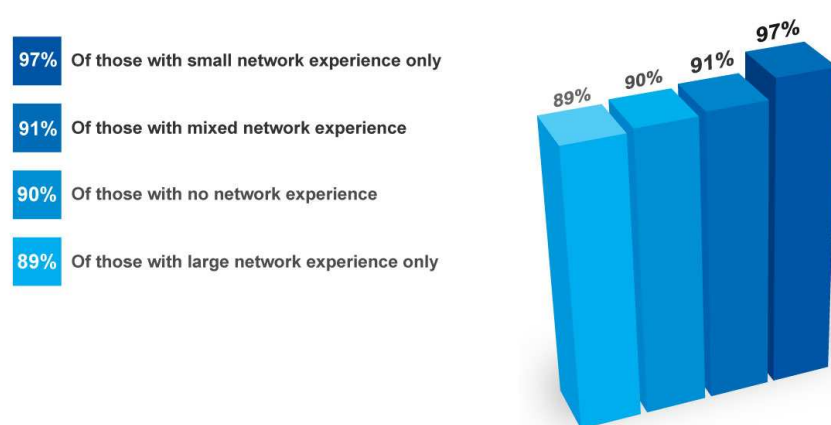
What percentage of people handle content strategy consulting in-house?



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What percentage of people handle project planning in-house?

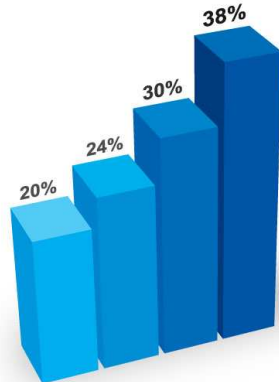


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What percentage of people handle installation services in-house?

- 38% Of those with no network experience
- 30% Of those with small network experience only
- 24% Of those with mixed network experience
- 20% Of those with large network experience only

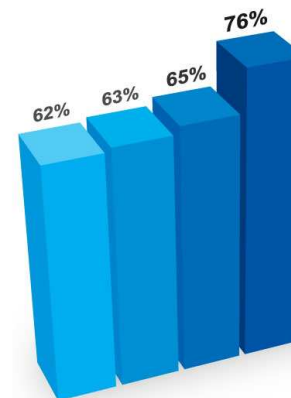


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What percentage of people handle network/operations management in-house?

- 76% Of those with mixed network experience
- 65% Of those with small network experience only
- 63% Of those with large network experience only
- 62% Of those with no network experience



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What about personnel costs?

In addition to hardware, software and basic services, other critical elements such as content creation and personnel costs need to be considered for accurate budgeting purposes. Staffing for a typical 100-node network spanning approximately 100 unique venues requires approximately 7-15 people, including:

- **Executive Management**
- **Venue Liaisons/Sales**
- **Technical Support**
- **Content Creation**
- **Content/Ad Traffic Management**
- **Logistics/Project Management**

Personnel costs (continued)

WireSpring estimates the average personnel costs to manage a 100-node network to be approximately \$450,000 in salaries and associated costs every year, for a total of \$1.35M over the 3-year planning horizon considered in this survey.

This is equivalent to \$37,500/month in expenses, or \$375/screen/month. When added to the \$121/month in capital expenses noted previously, the average screen in a 100-node network costs about \$496/month inclusive of personnel costs. Consequently, a 100-screen network would need to earn slightly less than \$50,000/month to break even.

Note that the personnel cost number does not include insurance, taxes or other benefits typically afforded to staff, which would increase staff-related expenses by 12-25%.

What about content costs?

One significant ongoing cost associated with a digital signage network is content creation. While web-based dynamic feeds and generic content service bureaus have somewhat reduced the need for large amounts of custom-produced content, virtually all networks require some amount of content creation and alteration.

Approximately 11% of the \$450K annual personnel costs outlined above (roughly \$50K/year) are devoted to content creation needs, whether in the form of a salary for an in-house designer, or fees paid to 3rd party consultants.

In conclusion

The cost of implementing a digital signage network of any size has never been lower, with component commoditization and economic conditions driving the cost of every part of the network down significantly from last year.

Additionally, more companies are successfully employing in-house staff to handle most, if not all, of the critical services needed to deploy and maintain a network.

While the cost of components is likely to continue its downward trend into next year, WireSpring expects a larger percentage of companies will begin to test external firms for services like content and strategy consulting, due to an increased need for sophisticated analysis and the creation of new niche firms specifically to handle such tasks.

Methodology

The survey was conducted during July and August 2009 using the PollDaddy online survey tool. 223 total responses were collected. Most respondents were readers of the Digital Signage Insider blog, though some may have received the survey via a friend, colleague or social network notification (e.g. Twitter).

To determine the typical market pricing for each item in the study, WireSpring also conducted more thorough phone and email interviews with approximately 30 network owners and operators, and obtained component pricing from an additional 30-50 vendors.

About WireSpring

Founded in 2000, WireSpring provides digital signage technology that enables companies to streamline their sales process and communicate more effectively with customers and employees. The company's FireCast product line powers digital signage networks, self-service kiosks, and other transactional and informational applications for customers worldwide. For more information, please visit:

<http://www.wirespring.com/>

About the Digital Signage Insider blog

Published regularly since 2004, the Digital Signage Insider blog features tips and analysis from a team of industry experts. With over 300 in-depth articles available online, it represents one of the most comprehensive libraries of free research and tips for digital signage practitioners. For more information, please visit:

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