FROST & SULLIVAN
BEST PRACTICES
AWARDS

FROST & SULLIVAN

2020 BEST PRACTICES AWARD

verizon✓

2020 GLOBAL DIGITAL SIGNAGE
PRODUCT LINE STRATEGY LEADERSHIP AWARD

Contents

Background and Company Performance

Industry Challenges

The significant growth in the digital signage market is driven by the ability to create unique and sophisticated customer experiences and advance shopper engagement by reaching huge audiences through targeted messages. The widespread adoption of video as a tool for communication and collaboration within enterprises further accelerates growth in the market. Besides, the decline in screen prices implies that more screens are available and affordable for more people, supporting the dominance of video communications across a network or campus.

Although the digital signage ecosystem is quite complex and fragmented—including display vendors, software companies, media player manufacturers, advertisement agencies, audio/visual (AV) integrators, and technical support services—the emergence of affordable turnkey bundled solutions and platforms, as well as integrators who take charge of the entire deployment from concept to ongoing maintenance, supports growth across all segments of the market, such as retail, transportation, hospitality, corporate, education, and government. However, privacy concerns (from the use of gaze tracking and long-distance retinal scan), urban visual pollution, and safety hazards billboards has led governments and customer advocacy groups to drive legislation to resolve these issues.

Frost & Sullivan's research reveals four business models, which are typically deployed: the brand-driven model, the client-funded advertising model, the network operator-funded advertising model, and the information/entertainment network model. The total cost of ownership (TCO) for a network, regardless of the business model, is determined by considering the initial purchase costs and all subsequent expenses over the network's lifetime, namely scalability (which reduces costs while expanding the system), energy consumption expenditures over the long term, as well as ongoing maintenance costs and technical support expenses. Hence, the TCO can vary dramatically based on the size of the network and other variables. Notably, in the past few years, retailers have increased their information technology (IT) budgets to improve broadband and internet protocol infrastructures to grow their bottom-lines and leverage cost-efficiency.

Traditionally, enterprises deployed visual communication solutions in silos—failing to consider the benefits of an enterprise-wide, centrally managed solution. As a result, control rooms, conference rooms, and lobby displays are often operated from different systems, thereby increasing technical support costs and creating security issues for IT departments. Concurrently, these solutions, which are all hardware-based, are expensive, unreliable, non-scalable, and inflexible. Also, many AV or video applications require media players or thin clients, cables, extenders, switchers, and other hardware to operate; thus, the systems deployed to facilitate executive data visualization cannot support video used in lobby signage. Consequently, the siloed approach, with its dependence on hardware, severely limits enterprises' opportunity to improve operating efficiency and reduce TCO.

To be successful in large enterprise deployments, market participants need to convince customers of the long-term cost benefits of shifting from expensive hardware in favor of a software-as-a-service-based solution where hardware and software work seamlessly together. Also, vendors must educate customers on the advantages of an enterprise-wide solution—specifically the benefit of being able to scale when and as needed—mitigating the costs of the transition.

Product Line Strength and Customer Impact

Verizon was founded in 2000 by merging Bell Atlantic Corporation and General Telephone and Electronics Corporation—one of the largest mergers in United States business history. Today, this global communications technology company operates America's all-fiber network to deliver innovative and integrated communications and technology that transforms the way people and enterprises interact and transact with each other. Specifically, Verizon's digital signage solutions enable customers in a broad range of industries and settings (i.e., businesses, retail banking, hotels, hospitals, shopping malls, restaurants, college campuses, transit hubs, sports arenas, and concert venues) to connect where Wi-Fi is limited, provide information and wayfinding, create compelling brand experiences, and streamline visual communication.

Digital Signage Made Simple

Verizon's in-depth discussions with the distributor community revealed that potential buyers need help and guidance with digital signage in a fragmented market with a low barrier to entry where hundreds of software providers and a vast hardware offering create too much noise. By embedding a fourth-generation (4G) connection to its Wi-Fi-connected media player, Verizon creates its own hardware, essentially combining a router and a media player. Herewith, the company solves core issues around connectivity. As the marketing team usually deals with the operational side of digital signage, it creates potential risks. Typically, the information technology (IT) department owns the network space. However, the assigned marketing team member is responsible for the installation of the media player. Due to a lack of technical knowledge, this employee may neglect the duty to clear everything through the firewall or test the onsite network to ensure that it can handle the load.

Addressing ill-defined roles and responsibilities in the workplace, Verizon's hardware comes with everything needed to connect directly to an HDMI-compatible display screen, such as:

- LTE Media Player with embedded 4G LTE SIM
- HDMI cable
- USB C power adapter with cable
- Two LTE antennas
- Optional Wi-Fi antenna and micro USB cable

Verizon's Cost-Conscious All-in-one Solution

By combining a 4G LTE media player, campaign management portal, and high-definition (HD) display with a monthly connectivity and software fee included, Verizon simplifies deployment. It also reduces the installation and cabling costs and removes standard data price plans from the package. (A typical digital signage solution consists of a 4G LTE router/Wi-Fi/Ethernet, a media player, a cloud- or server-based control management system, and HD display.) Hence, Verizon creates a complete ecosystem that guarantees 24/7 security of the platform and the transport of data as the company controls everything. This feature creates a competitive advantage for Verizon as it is hugely beneficial for security-sensitive customers, such as financial institutions, in that the digital signage solution does not touch the corporate network. Most importantly, Verizon's 4G LTE network and 24/7 support serve the needs of every customer—operating during peak hours in city environments or retail locations in remote areas.

Furthermore, Verizon activates all-in-one devices before shipping and offers extra tools for the signage administrator. Hence, any customer can go directly to the retail store, load up a campaign, and group the devices to fit a particular need. Verizon ports device IDs automatically into the customer portal, which allows administrators to configure the devices even before shipment. As digital signage is a relatively new segment, Verizon's plug-and-play offering—available through master account agreements—equips customers to purchase and deploy the solution seamlessly without dealing with multiple supplier contracts and complex licensing models that are difficult to manage.

Verizon combines four components into two, delivering superior value to customers. The TCO for five media players on one site location for a 12-month duration varies between price points of $4,650 and $5,500. For other solutions, the customer needs to pay for hardware ($2,000-$7,000), software ($1,750-$3,250) and connectivity ($3,000-$4,560), resulting in a price tag somewhere between $6,750 and $14,810. Verizon's key differentiator is that its offering factors in the connectivity cost into the subscription charge, simplifying the customer experience. As such, Verizon delivers a comprehensive service: The monthly fee includes access to the subscription service, the software license, and all data on the wireless network. Moreover, Verizon takes care of all the software updates, and customers also have access to a mobile application (app) for ease of use. When customers are ready to deploy at scale, Verizon's ecosystem of partners enhances its signage solution with supplementary services such as HD display, installation and setup/deployment, content creation, managed services, and financing.

Customer Feedback Gives Rise to Verizon's Campaign Management Portal

Towards the end of 2017, Verizon launched a slim version of its campaign management portal with basic features—hardware combined with a limited software package. Although Verizon's media player offered only essential tools to upload content, it received excellent traction in the market. As customers provided feedback, Verizon developed the campaign management portal into a full-fledged platform to guide customers through the entire process. Since the release of the new version in September 2018, Verizon has seen a considerable uptake of its digital signage solution.

Currently, the new portal design facilitates improved campaign flow, provides more templates, as well as the capability to connect to Drive and Dropbox—allowing times-of-day scheduling. Dynamic widgets are readily available to enrich the display. Customers can upload content, select templates, create campaigns, assign content to zones, customize widgets, preview layout, and presentations, select displays, schedule content delivery, create sub-accounts/workgroups, do reporting, invite users and assign roles. The following features further enhance the user experience:

Proof of Play Analytics allows sign owners to sell advertising space and provide proof of play to advertisers.

Device Management Alerting and the mobile application (app) provide real-time alerting on device issues, take a screenshot of what's playing on a screen regardless of location, and acts as a companion mobile app for device management.

Workgroups enable customers to create private or shared workgroups or sub-accounts to share content libraries across accounts.

User roles control user access to specific sections on the portal, hide sections of the portal, and permit user access to particular LTE media players/groups to manage content.

Website/URL widget with touch screen enables interactivity (through publishing HTML5 content, such as wait times, price lists, or directory services)

Notably, Verizon's sales team strategically uses demonstrations, setting up the hardware, and logging onto the platform in front of customers to show its easy deployment. Also, sales representatives often discuss and explore other possible use cases with clients—taking on the default role of consultants. This approach has dramatically reduced Verizon's sales cycles and, subsequently, increased its revenue stream.

Conclusion

Potential buyers need guidance in the relatively new but fragmented digital signage market, typified by a low barrier to entry where hundreds of software providers and a vast hardware offering create too much noise. By embedding a fourth-generation (4G) connection to its Wi-Fi-connected media player, Verizon creates its own hardware by combining a router and a media player to solve core issues around connectivity. Verizon's 4G LTE media player can connect to any HDMI-compatible display or sign. Verizon delivers campaigns over its fast and reliable 4G LTE network to ensure that traffic does not run on any corporate network. It also provides storage and a media playback function—a complete one-stop-shop. As a single provider for hardware, software, and connectivity, Verizon guarantees superior security and simplifies the user experience. Furthermore, Verizon includes standard data price plans in its offering. Enhanced tools for the signage administrator include real-time device alerts, remote screenshots, remote reboots, and companion mobile application.

For its cost-conscious and versatile media players, which includes fast and reliable network capacity, security, and storage, Verizon earns Frost & Sullivan's 2020 Global Product Line Strategy Award in the global digital signage market.

Significance of Product Line Strategy

Ultimately, growth in any organization depends on customers purchasing from a company and then making the decision to return time and again. A full, comprehensive product line that addresses numerous customer needs and preferences is, therefore, critical to a company's long-term retention efforts. To achieve the dual goals of customer value and product line strength, an organization must be best in class in 3 key areas: understanding demand, nurturing the brand, and differentiating from the competition.

- Acquire competitors' customers
- Increase renewal rates
- Increase upsell rates
- Build a reputation for value
- Increase market penetration

- Earn customer loyalty
- Foster strong corporate identity
- Improve brand recall
- Inspire customers
- Build a reputation for creativity

DEMAND

BRAND

Product Line Strategy Leadership

COMPETITIVE POSITIONING

- Stake out a unique market position
- Promise superior value to customers
- Implement strategy successfully
- Deliver on the promised value proposition
- Balance price and value

Understanding Product Line Strategy Leadership

Driving demand, strengthening brand, and differentiating from the competition all play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on building a superior and comprehensive product line.

Key Benchmarking Criteria

For the Product Line Strategy Leadership Award, Frost & Sullivan analysts independently evaluated Product Line Strength and Customer Impact according to the criteria identified below.

Product Line Strength

Criterion 1: Breadth
Requirement: Product line addresses the full range of customer needs and applications.

Criterion 2: Scalability
Requirement: Product line offers products at a variety of price points and functionality levels.

Criterion 3: Technology Leverage
Requirement: Demonstrated commitment to incorporating leading-edge technologies into product offerings results in greater product performance and value.

Criterion 4: Features
Requirement: Products offer a comprehensive suite of features to serve customers at multiple levels of functionality, ease of use, and applications.

Criterion 5: Supply Chain Reliability
Requirement: There is sufficient control over the supply chain to ensure availability of products and components.

Customer Impact

Criterion 1: Price/Performance Value
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience
Requirement: Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience
Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity
Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with select best practices criteria. The reputation and integrity of the awards are based on close adherence to this process.

STEP		OBJECTIVE	KEY ACTIVITIES	OUTPUT
1	**Monitor, target, and screen**	Identify award recipient candidates from around the world	• Conduct in-depth industry research • Identify emerging industries • Scan multiple regions	Pipeline of candidates that potentially meet all best practices criteria
2	**Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best practices criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3	**Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best practices criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4	**Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best practices positioning paper
5	**Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized award candidates
6	**Conduct global industry review**	Build consensus on award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible award candidates, representing success stories worldwide
7	**Perform quality check**	Develop official award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8	**Reconnect with panel of industry experts**	Finalize the selection of the best practices award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best practices criteria
9	**Communicate recognition**	Inform award recipient of recognition	• Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of award and plan for how recipient can use the award to enhance the brand
10	**Take strategic action**	Upon licensing, company is able to share award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess award's role in strategic planning	Widespread awareness of recipient's award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of the research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, resulting in errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's growth team with disciplined research and best practices models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit http://www.frost.com.