

Digital Signage ROI Tool Runs All the Numbers

Written by David Haynes
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by Dave Haynes, Editor of **Sixteen:Nine**

The Digital Screenmedia Association (DSA) has released a juiced-up Return On Investment calculator intended to help network operators – particularly retailers – properly, fully plan out a network and keep the wild-assed guessing to a bare minimum.

The DSA did a webinar this morning to see if lowest common denominators like me actually got it. The beta version is a four tab Excel spreadsheet that DSA head David Drain and Reflect President Matt Schmitt (the guy driving the task force development of the tool) stressed is a work in progress. They have put it out to the membership and are looking for people to run the toolset through some real world planning, and feed back what works, what doesn't and add in the "if you just did this" stuff.

Eventually, post feedback and new tweaks, the calculator will be a web-based form.



Like most people who have started networks or helped other companies pull them together, I have my own sets of spreadsheets that factor in various costs and assumptions, and spit out numbers in the results tab. Mine are a hodge-podge that reflect much of what is in this all-in-one tool, and from what I saw, this calc is pretty comprehensive.

Many months in the making, and the work of a task force that included end users, the spreadsheet nicely factors in operating costs, capital costs and the net benefits of sales lift, print cost reductions, ad revenues (if that's in the mix) and so on. I like the little things that make a real difference, like the average margin a retailer may get on sold goods. A lot of calculators I have seen just use gross sales lift percentages, which distorts reality by assuming every extra

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dollar made on left goes to the bottom line.

I also liked that the advertising revenue assumptions bake in the DPAA audience measurement guidelines, CPMs and the usually missed/ignored cost of sales (i.e., commissions).

What comes out is a summary page that looks at the three-year costs and profit (good) versus loss (not so good) projections. The summary also runs the numbers in a variety of different ways, and there is some sort of a macro progress bar thing at the top of the forms that shows the time to break-even based on changing inputs.

As they say, it's not perfect ... but it is pretty good.

Putting on my consultant hat, I don't think this eliminates the need for guidance and experience from people who have actually been there and done that. There's a lot of nuance in business planning that a spreadsheet will never capture. However, for a retailer or start-up network operator, this kind of tool is a critical part of the planning and decision-making process.

Some vendors will wring their hands and worry that a full examination of the ROI will stop networks in their tracks, which will likely happen. But the smart suppliers also understand DOA clients are not clients they really want.

Right now, the spreadsheet is a benefits-of-membership thing, so if you want it, you have to join the DSA, get your tattoo and learn all the secret handshakes.

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