

## **MARKET OUTLOOK**

The 4<sup>th</sup> Digital Signage Expo held this past May in Chicago was, by all accounts, a huge success. Attendance was up over 60% versus 2006, and 110 companies exhibited, for a 20% increase versus the prior year. Adoption of Digital Communication Networks (“DCN”) is growing both in the U.S. and internationally, and new markets, such as out-of-home, are becoming more active. Another interesting indicator of the overall health and direction of this industry is the amount of capital that is now finding its way into these businesses.

The flow of capital to fund the growth of a young industry is essential. And funding is flowing. On the private capital side, for example, in late 2006 SeeSaw Networks raised \$10 million. Recently, C-nario announced that it secured \$8.5 million in new capital. We are aware of various other firms’ that have recently secured amounts ranging from \$5-\$10 million that will soon be releasing this information publicly. Others are in the process of raising private capital as well.

On the public side of the equation, Wireless Ronin Technologies recently announced a follow-on offering of 4 million shares. There are various other public companies that come to mind in this space. In the U.S., they include Impart Media Group, U.S. listed - China based - Focus Media Holding, Planar Systems, and other lesser known firms including Wagener Corp., PSI Corporation, Humware Media Group, Medical Media Tevelvision, Inc, and Watchit Media. International listed firms include Avanti Screenmedia and ScreenFX in the UK, and the Swish Group in Australia. Of course various larger public firms are investing in the industry including 3M, Cisco Systems, and Thompson. Others, such as Google and Microsoft, are rumored to be looking.

The implication of this is that the flow of capital into the industry is a sign that the capitalists at large are taking notice. This is essential for funding the next stages of growth. And for a young firm seeking outside capital, the time may be ripe.