



Daktronics buys Canada's **Adflow Networks** to bring Adflow's digital media platform capabilities to Daktronic's customer segments.

Adflow Networks offers a dynamic platform for digital signage across telecom, retail, banking/financial services, hospitality and others.

[Check out this graphic](#) on "the new adaptive shopper experience" to see the new doors that Daktronics will open for itself with this acquisition...

While Adflow Networks is primarily a software company, like many digital signage software companies it has become a de facto integrator—gaining knowledge on hardware along the way and offering that knowledge to complete solutions.

Financial details of the acquisition were not disclosed. But the deal makes sense for Daktronics, an industry leader in DOOH displays, whose recent fiscal Q3 performance saw a substantial loss. (Q3 is normally their weak quarter but Y-o-Y results showed disappointing results.)

Their usual business is based on awards of large projects and, by their own admission, those large account orders are difficult to predict, may not be repeatable, and are outside their control.

Orders for their fiscal Q3 2016 (the nine months ended January 30) decreased 7.0% as compared to Q3 fiscal 2015. Orders declined in the billboard segment of the Commercial

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Written by Bob Snyder  
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business unit where customers decreased spending during this year primarily due to changes in their capital allocation plans, the economy, and lengthened replacement cycles. The Live Events business unit orders were down, blamed on order timing differences of large projects. Meanwhile High School Park and Recreation orders did increase as Daktronics continues winning a number of sports video projects.

“To meet and exceed customer and market demands for long-term success, we believe solution development investments are critical. Our near-term efforts are focused on ultra-high definition, software integration, control systems, and a new generation of outdoor products,” notes Reece Kurtenbach, Daktronics CEO and chairman of the board.

The value of Adflow Networks to Daktronics is clear: it’s an opportunity to grow a business unit that has constant, regular opportunity, the profit margins of software—as well as a chance to add the platform into their megaprojects. No more sitting around waiting for the Big Guys when you can go out and knee-cap the mid-market.

Daktronics says the Adflow business will operate as a subsidiary of Daktronics, remaining at its Ontario Canada headquarters, with its sales, service and software engineering teams continuing to focus on delivering digital media solutions to new and existing customers.

Kurtenbach acknowledges Adflow brings an impressive list of existing customers and their interior and interactive offerings complement Daktronics’ current commercial business unit for on-premise solutions.

“Over the coming years, we plan to integrate our sales and market channel efforts and extend Adflow’s digital media platform capabilities to all Daktronics customer segments,” Kurtenbach says. “We also look forward to developing and delivering new combined offerings to the market through this partnership.”

The Q3 results suggest that Adflow Networks may be even more important than Daktronics bargained for—and a business unit that jumps ahead of other traditional priorities.

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