GLOBAL-5 COMMUNICATIONS

511 Revenue Generation
& ITS Asset Management:

global 5 COMMUNICATIONS

Certifications: DBE/8(a)/SDB/WOSB/MBE

Introduction

MATT HAMILL
Executive Vice President and COO

- Co-founder Global-5 Communications
  Strategic Communications, Change Management, Revenue Generation
- Former National Advertising Director for AAA's Car and Travel Magazine—
  5th largest magazine in America serving 6-million members
- Former Senior VP of Advertising Sales for ClubCom
  Delivering sponsored, customized electronic programming to targeted audiences

Global-5 DOT ITS Asset Management and National Award Winning 511 Marketing/Outreach

- Develop State DOT ITS Asset Management Policies and Procedures for Revenue Generation
- Prepare Revenue Projections for Various States
- 2007 ITS America: Best of ITS Award for Marketing & Outreach
  - 511 Partnership marketing and earned media. We do not buy advertising to promote 511
- Four National Telly Awards for Video Production
- Three National PRSA Bronze Anvil Awards for Outreach

What is Revenue Generation?

- Revenue generation for 511 system owners keeps you in control
  - You own the relationship with advertisers/sponsors
  - If you have the authority to receive funds, you generate revenue to pay for your system, enhancements, data, marketing
  - You maintain control of your system
  - You maintain control of your Right of Way
  - Your transparent approach creates public goodwill and maximizes revenue
- Revenue Neutral (zero or low cost) for 511 system owners
  - You grant authority to a 511 system developer to generate revenue

» **Methodology:**
Survey developed and released to 511 Working Group attendees and other 511 managers and consultants

» **Question One:**
Demographics of Respondents

70%

public agency employees

30%

consultants

» **Question Two:**
Are you considering or seeking to learn more about 511 revenue generation?

80%

yes

20%

no

» **Question Three:**
Are you currently generating revenue that supports a 511 system?

99%

no

1%

yes

» **Question Four:**
Please list your most valuable revenue generation assets. Which asset do you believe will generate the most revenue from sponsorships?

- » Not certain
- » 511 website
- » 511 roadside signs
- » 511 phone call
- » 511 personalized services
- » Courtesy Patrol
- » Rest areas
- » "All developed as a package would be best"

511 Sponsorship Projections for Numerous States—Roadside Signs Provide 95% of Revenue—Traffic Count is Established

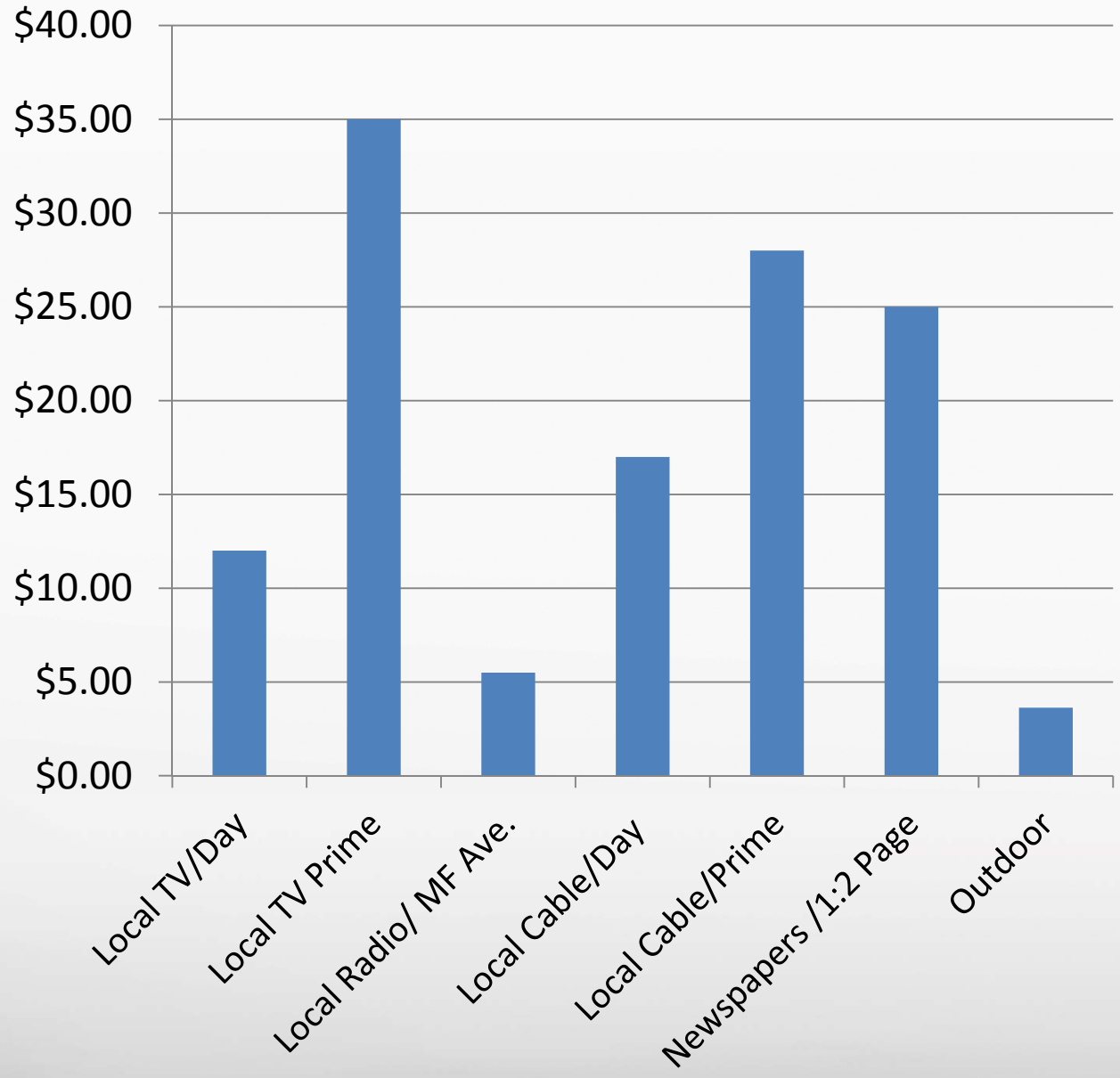
Product	% of Projected Revenue
511 Roadside Signs	95.42
Website	1.54
Opt-in Customized Services	2.01
IVR	1.03

FHWA Says Revenue from Special Signs Must Support the Sponsored Program—Safety Patrols or 511

Maximize Revenue by Establishing Rates Based on DEC—Daily Effective Circulation—the Method Used by the Outdoor Advertising Industry

Based on the annual average daily traffic (AADT) count of a location taking into account the average number of persons 18 and over in each vehicle, the visible traffic flow and the hours of illumination of the display.

Established Advertising Industry Average Rates—Shown in Cost Per Thousand (CPM) Source: Traffic Audit Bureau

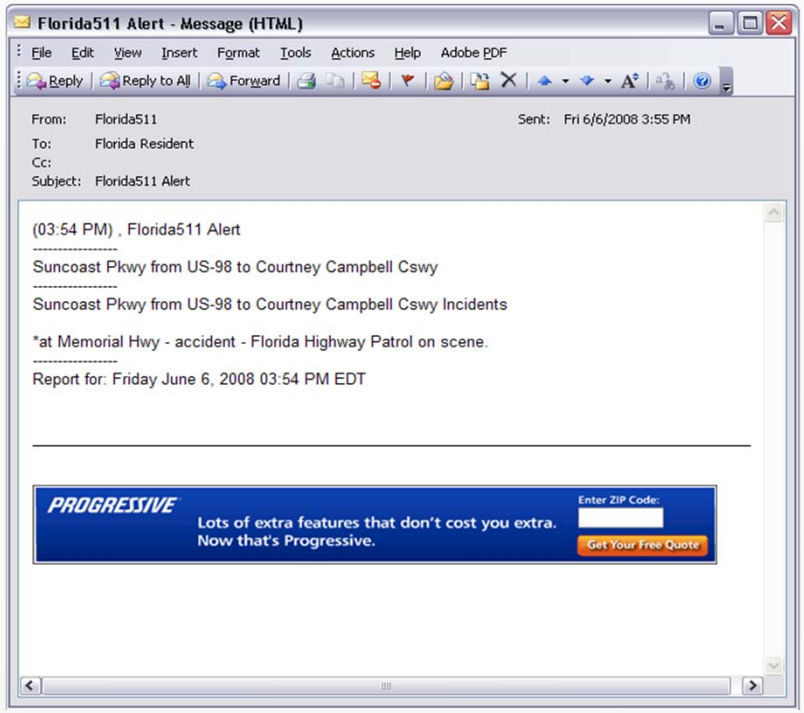


511 Sign Sponsorship Example

- Your state projections—based on traffic counts—may be VERY different!
- $12,000 annual revenue per sign
- 600 signs (it will take time to reach this number)
- Revenue: $7.2 million
- **Costs are substantial**: sign installation, maintenance, sponsorship sales and administration
- By Year Three revenue exceeds costs and revenue generation is typically strong

Georgia and Massachusetts Sponsored 511 Roadside Signs Are Sold Based on Traffic Count

Revenue Projections for Numerous States Show Second Most Valuable 511 Asset is Personalized Services



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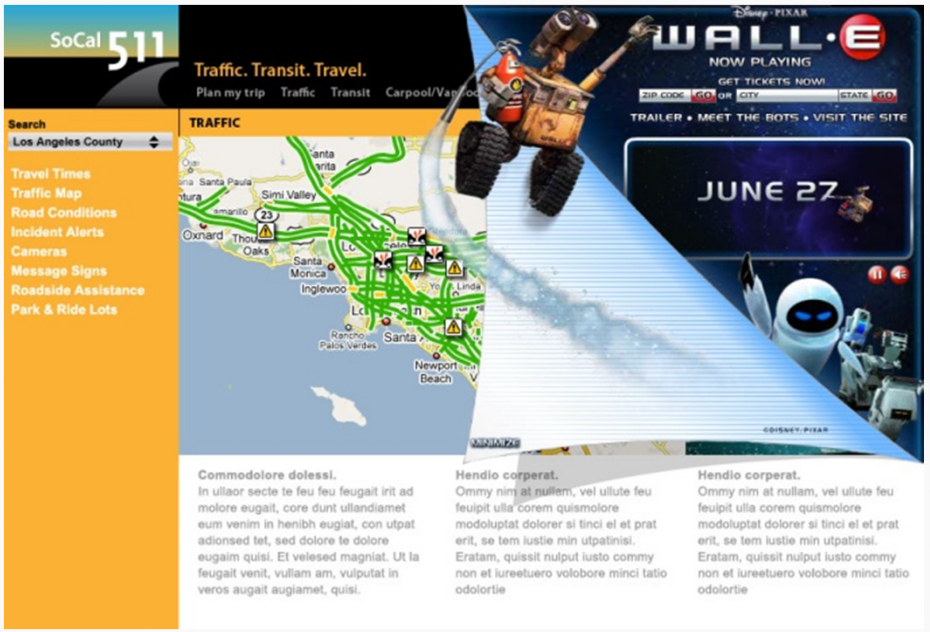
511 Website Revenue Projections



Product	% of Projected Revenue
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511 Phone Call Sponsorship Projections

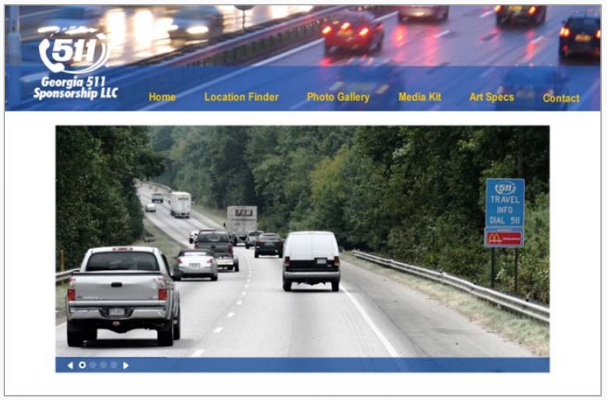
Product	% of Projected Revenue
511 Roadside Signs	95.42
Website	1.54
Opt-in Customized Services	2.01
IVR	1.03

Revenue Generation Trends Nationwide

- 511 revenue neutral or reduced price systems: Georgia, Massachusetts, Los Angeles
- At least 14 other states/agencies are considering 511 revenue generation

Other Revenue Generation Efforts

- Turnpike advertising—multiple states
- California and Pennsylvania asking the FHWA to allow digital advertising on dynamic message signs
  - Published reports: Pennsylvania estimates $150 million annual revenue for each state for construction
  - Safety experts warn of distracted driving
  - If waivers are granted by FHWA, PA state lawmakers would have to approve—PA law bars advertising on traffic signs. The state could begin a pilot program to test the idea.
- California legislators may grant permission to allow advertising on digital license tags—DMV would oversee



Digital ad would display when car is stopped 4 seconds

Similar Demographics: Revenue Generation in DMV Offices Nationwide; Rest Stop Wi-Fi Ads

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» Question Five:

What are your biggest concerns regarding 511 revenue generation?

1. That revenue generated subsidizes the 511 system and does not go to a different source.
2. Losing some credit to the Department to be recognized for the information provided
3. Public perception about advertising on state programs within the right of way.
   Also: State may be seen as favoring specific commercial enterprises over others.
4. Insufficient revenue to cover 511 expenses.
   Also: Inaccurate revenue projections. And: Overly optimistic projections in a down economy.
5. Longevity of revenue generation provider.
   Business models that have failed consistently with 511 revenue generation.
6. The funding source is not stable. Businesses may decide not to advertise through a 511 site.
7. No degradation of service to the users of 511. Also: Cluttering up the user experience with advertising that generates very little revenue
8. The need to invest in marketing program development and administration, including advertising guidelines.
9. Quality assurance. Control over message.
   Also: Inappropriate or irrelevant sponsors whose association with 511 would be negative
10. Potential conflicts with existing sponsorship programs including Interstate Logos sponsorships

Current FHWA Guidelines: Revenue Generated by Roadside Signs Must Support Sponsored Service

Revenue generated through sponsored "special signs" must be used to support the program that is sponsored

ITS Asset Management National Trends: Coordinating Sponsored Sign Rates, Policies, Placement

Many states are:

- Accepting sponsorships for Safety Patrols/Road Rangers
- Considering 511 revenue generation

Coordinating these activities now will:

- Guarantee transparency—generating goodwill with the public and sponsors
- Mitigate conflicts between sponsors and your Department
- Allow you to establish consistent policies and rates based on Average Annual Daily Traffic counts
- Generate maximum revenue for the state/owner

High potential, appropriate categories of 511 and ITS Asset Sponsors

- Auto insurance
- Cellular service providers
- Service stations
- Auto manufacturers and/or dealerships
- Auto parts and care centers
- Food and non- alcoholic beverages
- Retail
- Tourism
- Hospitality
- Financial Products

Suggested 511 Revenue Generation Guidelines—Based on AAA Advertising Policies and Service Patrol Sponsorships

Suggested Prohibited advertising categories:

- Tobacco products
- Alcohol products (beer, wine, liquor)
- Illegal drug use or drug paraphernalia
- Words or images of weapons
- Any images of illegal materials
- Political advertisements
- Religious advertisements
- Advocacy advertisements
- Adult-oriented advertisements
- Advertisements containing words or images that are obscene, vulgar or otherwise inappropriate for viewing by audiences of all ages
- Ads that are offensive, false, misleading, deceptive or otherwise unacceptable
- Ads claiming to repair bad credit or similar programs
- Ads for unregulated gaming
- Advertising that is known or determined to discriminate based on race, color, national origin, religion, age, sex, disability, family status or marital status
- Ads that do not comply with federal, state or local regulations

511 Revenue Generation—Atmosphere

As budget shortfalls continue:

- Important job creation would be evident right along the roadside—as crews work to install sponsored signs
- Public Private Partnerships are advancing
- Innovative financing of many types is being investigated
  - Vehicle Miles Traveled
  - Vehicle Hours Traveled
  - Other options
- Statewide 511 focus group participants indicated they would support the use of advertising to continue receiving free 511 information

Revenue Generation—Advantages and Challenges

- FHWA guidelines stipulate that sponsorship money from 511 roadside signs must support the 511 program
- The most populated cities and regions will generate the most revenue based on traffic counts
- In some regions, roadside sign placement and revenue may have to be coordinated with other government agencies
- Sponsors want to associate with an excellent, intuitive system with reliable data
- Sponsorship is a proven model —Turnpike and Road Ranger sponsorship examples
- 511 roadside signs can generate revenue while raising awareness/marketing 511

» **Last Question:**
If you have 511 in your state, do you feel the public is adequately educated about your 511 system?

99%

no

» Sponsored 511 roadside signs are excellent marketing—but do not convey the benefits of 511, the 511 website and personalized services
» Partnering marketing and earned media coverage generates the best usage, understanding and awareness

Revenue Generation Definitions and Resources

- Federal Highway Administration
  http://www.fhwa.dot.gov/realestate/oacguide.htm

- Outdoor Advertising Association of America
  http://www.oaaa.org/

- National Alliance of Highway Beautification Agencies
  http://www.nahba.org/

- Scenic America
  http://www.scenic.org

Thank You!

Global-5 develops ITS Asset Management Policies and Procedures for Revenue Generation that return greatest value to the owner

2007 ITS America: Best of ITS Award for Marketing & Outreach for 511 Partnership marketing and earned media