IBM Institute for Business Value

Cloud for media and entertainment

Driving competitive advantage through cloud and data autonomy

Overview

The media and entertainment (M&E) industry is undergoing transformative changes. Connected customers increasingly expect anytime, anywhere entertainment on any device. At the same time, the industry is challenged to develop and deliver engaging content across new platforms. Within this evolving landscape, cloud computing offers a new path for sustainable, efficient, flexible growth. It also helps to accelerate time-to-market and enhancements that differentiate the customer experience. Cloud can drive significant value creation and competitive advantage. So what can M&E companies do to realize these benefits? And how can they select a cloud provider to improve the security and privacy of their data?

Our experience with cloud computing underscores its power to fundamentally shift competitive landscapes by providing a new platform for creating and delivering business value.[1] To take advantage of cloud's potential to transform internal operations, customer relationships and industry value chains, organizations across industries must determine how best to employ cloud-enabled business models to drive sustained competitive advantage.

Dramatic forces are reshaping the M&E industry. New platforms and devices are enabling the connected consumer experience. Rapid adoption of connected devices and the exponential growth in content fuel increasing consumer expectations for anytime, anywhere entertainment on any device. Content distribution is becoming more complex. And consumers' growing demands for individualized content and pricing create uncertainty in the revenue model.

Cloud computing can empower M&E organizations to address these challenges. Organizations can use cloud to help enhance and extend traditional customer experiences, embrace new distribution platforms and create new business models. With cloud, organizations can develop new, cost-effective products, improve content availability, facilitate real-time and predictive analytics, and more. In this data-driven landscape, M&E organizations rely on cloud providers to prevent external access to client data.

Cloud is transforming M&E

For the M&E industry, cloud computing offers the potential to redefine customer relationships, optimize operations, improve governance and transparency, and expand business agility and capability.

IBM **Cloud**

Leading M&E companies leverage cloud for:

- *Operational innovation* – Simpler and faster processes drive internal efficiency; reduced complexity enables better governance and expanded access to more and broader data to manage risk; and IT capacity is better aligned to business volumes.
- *Revenue model innovation* – Customer relationships, data and other assets are monetized more readily; time-to-market is enhanced; and relevant partner services are incorporated more easily.
- *Business model innovation* – Third-party services extend into the M&E ecosystem; open collaboration and sharing are expanded; new types of business can be pursued; and innovation is introduced systematically.
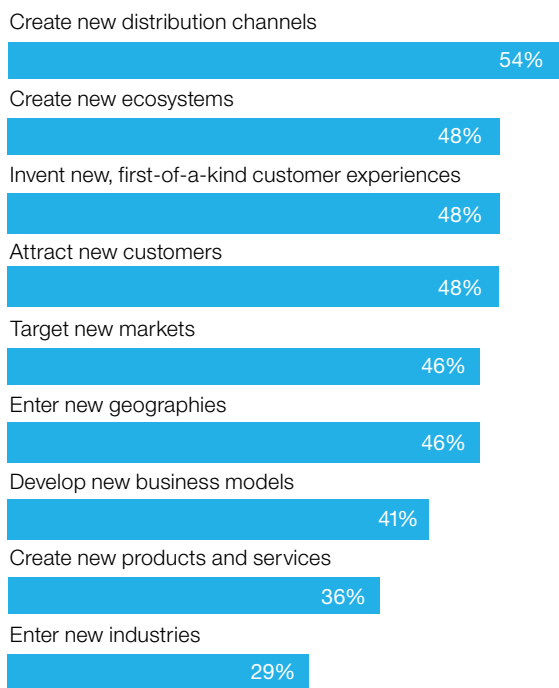
In our 2017 "Winning cloud strategies" survey of 2,000 executives from 19 industries, we identified visionary leaders who are already employing cloud as a platform to create competitive advantage and boost financial success. Cloud outperformers employ cloud more in every business area. For instance, 98 percent of these outperformers report that more than a quarter of their customer service processes are already in the cloud.

Over the next three years, the 106 M&E executives in our survey see cloud computing as having the greatest impact on: creating new distribution channels (54 percent) and ecosystems (48 percent), attracting new customers (48 percent) and inventing new, first-of-a-kind customer experiences (48 percent). In particular they anticipate cloud will help spur innovation within their organizations and throughout their value chains (see Figure 1).

As cloud adoption by M&E companies matures, other benefits will also accrue. Business users will be able to design and prototype applications quickly. Organizations can benefit from new user-driven, mobile and cloud-centric information technology. Cloud is expected to support transformation of enterprise IT functions, roles and responsibilities. And business managers will increasingly use cloud for application development to enhance agility.

Along with benefits for the enterprise, cloud also brings the potential for increased customer benefits. Cloud can facilitate new and expanded channels, as well as improve access to client data, allowing for better tailored products and services. By enabling more integrated, compelling customer experiences, cloud helps strengthen customer loyalty and market advantage for first movers.

Figure 1
M&E executives see cloud computing as having the greatest impact on new distribution channels, ecosystems, customers and first-of-a-kind customer experiences over the next three years

Create new distribution channels
54%

Create new ecosystems
48%

Invent new, first-of-a-kind customer experiences
48%

Attract new customers
48%

Target new markets
46%

Enter new geographies
46%

Develop new business models
41%

Create new products and services
36%

Enter new industries
29%

Source: "Winning cloud strategies: How leading companies score." November 2017. Question: "Thinking about the next three years, what are your predictions for cloud's impact on your organization?"

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Charting the path for cloud adoption

To succeed with cloud, M&E companies have to assess its impact on the operating model and determine what actions are required for more effective cloud adoption.

- *Source and manage partnerships and alliances efficiently.* Automate procurement and sourcing functions. Define service-level agreements to secure data in a shared environment.
- *Proactively redesign business architecture and processes.* Integrate legacy processes into new cloud-enabled, dynamic processes. Establish available and reliable cloud-based platforms.
- *Change organizational design and governance.* Prepare to mitigate data privacy and compliance risks with strong risk management systems.
- *Evaluate existing performance management.* Develop strategy and metrics that address new levels of reporting complexity. Build performance metrics into contracts for cloud-based services.
- *Develop critical new cloud capabilities.* Foster skills in customer and service orientation; virtualization and network technologies; and relationship management. Build deeper analytic and operational capabilities.
- *Increase adoption of emerging technologies.* Update IT strategy to support new business strategy and cloud enablement. Adjust budgets to cover costs of legacy systems and new network bandwidth.
- *Reassess location strategies for optimal cloud adoption and to enhance the customer experience.* Decommission or consolidate technology assets.
- *Promote organizational culture changes.* Educate employees about organizational changes, addressing resistance by IT and other functions.

How can IBM help?

IBM has a unique position in the marketplace with consulting services and enterprise-grade cloud offerings. We are ideally positioned to engage clients in conversations to identify cloud adoption entry points that move beyond cost cutting to transforming business models through cloud capabilities that include:

- Business and technology strategy consulting services that help clients leverage cloud to develop executable strategies and transform their businesses, operations and organizations by delivering business value through technology.
- IBM Cloud is a one-stop cloud computing shop that provides the cloud solutions and cloud tools M&E companies need. Cloud clients can rest assured knowing stringent measures are taken to protect the security and privacy of their data, which is highly important given the competitive landscape.
- Consulting, design, implementation and infrastructure component management services that create an IT environment dynamic enough to effectively support cloud computing deployment.

Reference

1   Berman, Dr. Saul, Lynn Kesterson-Townes, Dr. Rohini Srivathsa and Anthony Marshall. "The power of cloud: Driving business model innovation." IBM Institute for Business Value. January 2013. http://www-935.ibm.com/services/us/gbs/thoughtleadership/ibv-power-of-cloud.html

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