



Highlights:

- In an industry that already trades heavily in digital information, data will support the crucial transformation of both the operations and customer value propositions of media companies.
 - Using information and analytics, organizations are reshaping the customer value proposition on multiple levels by enhancing, extending or redefining the customer experience.
 - The operating model must be realigned so that customer preference and requirements inform every activity in the buying and selling value chain, from content creation to promotion, sales, delivery and service.
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Smarter Media and Entertainment

Reshaping the operating model and the customer value proposition in the era of big data

The effects of the media industry's ongoing digital transformation are still being felt in countless ways, both good and bad. Consumers are reading more, listening to more music, going to more live performances and watching more video than ever before.¹ But they also expect to access content wherever they are, whenever they want, and for little or no cost. As a result, waves of new mobile devices, social networking sites and content consumption sites are meeting those expectations and rewriting the rules for content creation and distribution.

These connected and empowered media consumers are sophisticated and media savvy. They want experiences tailored for their devices, relevant to their geographical location, and attuned to their preferences. As they interact and transact, or even passively consume content, both individuals and businesses are generating volumes of new data. And at IBM®, we believe that this data holds the key to the future of media.

In an industry that already trades heavily in digital information, it's not surprising that data will support the crucial transformation of both the operations and customer value propositions of media companies. But these companies will require more than just data. They will also require powerful analytics to extract insight from the growing flood of structured and unstructured data available to them. And they must have the willingness to execute on these insights, and make strategic decisions that will remake the industry on their terms.



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Point of view

Failure to act on this imminent opportunity will have grave consequences, eroding value and forcing media companies to play catch-up to more nimble, better informed and innately analytical competitors. The music industry learned this the hard way, losing more than 35 percent of its value between 2003 and 2012. Fortunately, the data needed to transform the industry, and the tools to take advantage of it, are readily available. The time to act is now.

Digital transformation

Competing in the era of big data requires a focus on the customer, the formation of new organizational capabilities, and a commitment to harnessing the power of business insight and intelligence. It requires enhanced business models and optimized and revitalized core operations that respond to an increasingly complex marketplace. With a dynamic approach focused on streamlined workflows, improved digital supply chains, new business intelligence and open, standards-based platforms, the industry can look forward to capturing the opportunities presented by a rapidly changing market while also delivering cost savings and revenue growth.²

As the digital data growth rate accelerates, the ability to uncover business insight from chaos is becoming a substantial competitive advantage. Media companies can take advantage of existing information, such as customer data and performance metrics, to make fact-based decisions that drive down costs and inform strategy. They can improve production, cross-channel distribution, customer service and business support by capturing, integrating and analyzing data about customer behavior, usage patterns, affiliations and interests.

IBM's work with global media companies has revealed two key elements in a successful media transformation strategy, depicted in the following figure:

- Reshaping the customer value proposition
- Reshaping how the operating model is being produced and delivered³

Elements of digital transformation

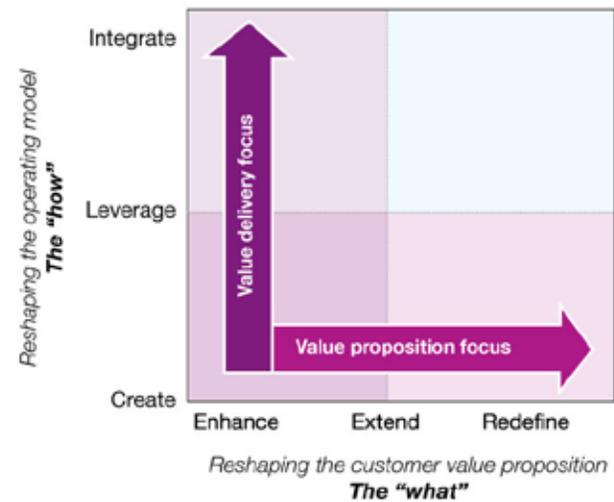


Figure 1: Elements of digital transformation

Source: IBM Institute for Business Value analysis.

Reshaping the customer value proposition

Using information and analytics, organizations are reshaping the customer value proposition on multiple levels by enhancing, extending or redefining the value of the customer experience. The first step is to augment physical products and services with digital content, information, insight and engagement. The customer experience must be enhanced across multiple touch points and integrated across platforms to help increase sales and extend offerings. Finally, customer information, from transactional data to preferences, must be captured and analyzed to enable a radically reshaped value proposition.

For example, the All England Lawn Tennis Club is maintaining Wimbledon's position as the world's premier tennis event by delivering innovative ways of conveying the excitement of the tournament to millions of people around the globe. It starts with the most basic piece of data: the score. From there, additional information, from schedules to player statistics, service speeds and match insights, is captured, analyzed and distributed to media, tennis officials and fans inside and outside the stadium. The state-of-the-art Wimbledon website provides an interactive, media-rich experience that allows fans to listen to live radio, review highlights of the day's play, read blogs, and follow the scores from every court as the action unfolds. And player movement tracking uses sophisticated camera technology and analytics to show, in real time, the direction, speed and distance moved by each player throughout each game and set in some matches.

Redefining the operation model

For today's media company, the operating model must be realigned so that customer preferences and requirements inform every activity in the buying and selling value chain, from content creation to promotion, sales, delivery and service. Doing this requires the integration of business activities across the supply chain and a clear understanding of how data related to those activities is managed, tracked and optimized.

For example, a Japanese television network uses a unique metadata and natural language search tool to enable fine-grained and optimized searching of broadcast industry unique keywords. This enables faster, more precise results and creates more relevant programming. Previously, content search was extremely time-consuming because video materials were created and managed on tape by individual production teams. When materials were needed simultaneously, they had to be physically collected and copied. The new solution allows sharing of content metadata together with the video essence as file-based digital data. Metadata-based search on content attributes such as viewer comments, rating of programs, and viewership delivers new insight into the most popular, relevant and timely programming, helping the network create content that meets the increasing demands of its digitally savvy viewers.

Another example of operational transformation is Reader's Digest, the global publisher that has completely revamped its marketing infrastructure to streamline and automate the creation of more than 600 annual campaigns. The solution supports any new marketing channels and initiatives the company wants to implement. It uses a variety of industry-standard, off-the-shelf database tools and an enterprise marketing management software suite to drive all marketing activities, including telemarketing, direct mail, payment acknowledgments and list rentals. As a result, Reader's Digest achieved its goal of reducing marketing costs by 35 percent, and campaigns can now be designed and executed in days, a 700-percent decrease in cycle time.

Getting started

Every day, media and entertainment organizations are taking steps to increase their efficiency, create new digital experiences and engage their customers with a smarter media experience. Those that don't are likely to be left behind. To find out if your organization is prepared for the data-driven, analytics-powered era, start by asking some critical questions:

- How many of your employees have access to the information they need at the time and place they need it?
- Which of your business processes are able to adapt and respond quickly to changing marketplace demands?
- How much value are you getting out of information stored across your organization?
- How well do you know your customers as individuals?
- Is your company prepared to delight your customers in the era of big data?

IBM collaborates with media and entertainment clients, bringing together business insight, advanced research and powerful technology to help give them a distinct advantage in today's rapidly changing environment.

For more information

To learn more about smarter media and entertainment, please visit: ibm.com/media.



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