

Digital Disruption & the Digital Media Supply Chain

The Media & Entertainment industry has been in a state of disruption for the past 15 years. Digital technology has wreaked havoc on traditional business models, and in order for today's media organizations to survive, they must adopt a digital media supply chain strategy that provides them with the flexibility and agility required to compete in a Digital-First World.

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Introduction

The Media & Entertainment (M&E) industry has been in a state of disruption for the past 15 years. Digital technology, such as file sharing, social sites, online advertising, and electronic books, have wreaked havoc on traditional business models.

The first segment to feel the sting of technology disruption was the music industry in the early 2000s. The emergence of digital music files or MP3s that could be shared or sold—legally or illegally—blew up the decades-old business model of recording and distributing music. In half a decade, the music industry saw billions of dollars evaporate with devastating results. Forward-thinking segments of M&E saw what happened to music and took preventative action by adopting new information technology and an innovation imperative now drives strategic planning and decisions. Media companies across the board have decided it's safer to ride the technology wave than it is to resist and drown in it.

The Digital Media Supply Chain

The Digital Media Supply Chain is the process used to create, manage, and deliver digital media, from the point of origin (content provider, creator, or content owner) to destination. It's about getting the right content and rich experiences to users on the platforms and devices they choose. In the same way that physical goods go through a supply chain process, digital media must pass through various stages of processing and different workflows to become a product (be it music, images, video, etc.) that a customer can consume. This supply chain gets even more complicated as digital media flows to multiple devices. Digital marketing goes to many channels and must maintain the integrity of the content and message. Just as our media effortlessly transforms from a theatrical blockbuster to an ad for a movie trailer on our mobile phone, businesses are experiencing their own digital transformation.

With all the disruption in the M&E industry, how can traditional organizations survive and evolve? In this whitepaper, we'll look at how digital technology is transforming the supply chain. New technologies are providing core business processes with the flexibility and agility required to compete in a digital-first world.

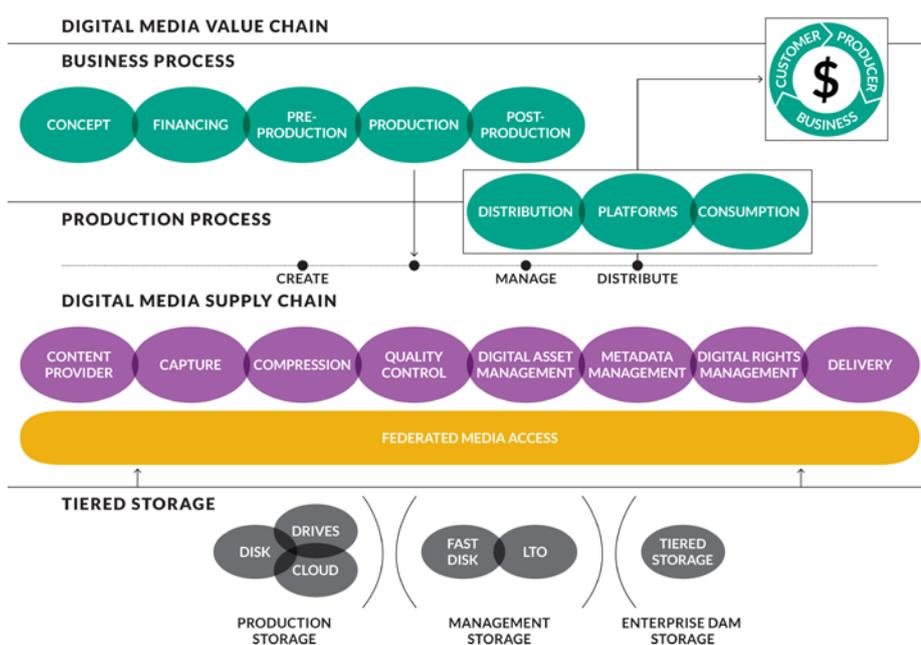


Figure 1: A visual representation of the digital media value chain and digital media supply chain.

Digitization, Consumerization, and Operational Efficiency

Digital disruption affects every part of the M&E industry value chain—from the production and management of media to the way it's protected, distributed, and analyzed. The digital media supply chain has three key pain points:

1. Rapid digitization of the media value chain
2. Consumerization of content creation and distribution
3. Pressure for operational efficiency

1. Rapid Digitization of the Media Supply Chain

To meet the challenges of a digital economy, organizations must digitize their business processes. This goes beyond merely converting paper records to electronic or automating process steps. It requires close examination of key corporate processes, understanding the needs of all stakeholders, determining new outcomes based on these needs, and then working back and leveraging digital technology to fundamentally reinvent processes.

Ideally, organizations should digitize core business processes from one end to the other. When organizations digitize only portions of a process, they may achieve some improved outcomes but fail to produce an overall seamless experience. In addition to taking a big-picture approach, a team of external stakeholders is essential to ensure changes are fully evaluated and cohesive and to redefine operating models, organizational structures, and roles.

In a Digital-First World, each process is critical to empowering the digital enterprise to operate in hyper-drive. Consider the following examples:

- The order-to-cash and request-to-service processes are important for rapid fulfillment of products and services.
- A tightly interconnected supply chain synchronizes trading partners and shortens the procure-to-pay cycle.
- Customer insights and cross-functional collaboration fuel the concept-to-product process for fast turnaround of new products and features.

In the digital enterprise, technology enables each of these processes to operate seamlessly, quickly, and efficiently to meet the heightened expectations of customers and drive competitive advantage.

The benefits of digitizing information-intensive processes are numerous. Costs can be reduced by up to 90 percent and turnaround times vastly improved. Errors can be reduced. New channels and new routes to the customer can be leveraged. Replacing manual paper-based processes with digitized processes and documents allows businesses to collect data to better understand process performance, costs, and risk factors. Real-time reports and dashboards can alert managers to address problems before they become critical. Over and above these benefits, digital technology helps to build more nimble and flexible processes.

2. Consumerization of Content Creation and Distribution

The consumerization of content creation and distribution is a problem that all M&E organizations are facing in our increasingly digital world. The advances in network infrastructure and the explosion of end-user devices have created a real threat for the M&E industry. There are several solutions organizations can explore to manage this issue:

- **Cloud Services** - M&E organizations must consider leveraging cloud services for software and storage and adopting social networking software for building external audiences and internal collaboration.

- **Federated Media** - The most common solution to the problem of multiple repositories containing valuable content is to access federated media. This can be accomplished in two ways: first, by aggregating and storing metadata from different repositories in one master database with links or pointers back to the actual content; second, by having an application that integrates to multiple repositories and gives the user real-time search and access to the content.
- **Omni-channel Distribution** – Omni-channel is the new must-have as media organizations are looking for software platforms that intelligently push the right content in the best format for any device. These solutions need to be rock solid yet flexible and intuitive for the editors producing content and the end user consuming it. They need to be able to deliver highly personalized content over any network.
- **Digital Asset Management** - A robust Digital Asset Management (DAM) system, preferably one that is integrated with tiered storage, is a necessity for media organizations. Using disk storage for these large files is not practical or cost effective, and managing petabytes of video requires the use of object storage or Linear Tape-Open (LTO) tape systems. LTO is used in production, and the DAM system must know where content is located and how long it will take to retrieve it.

In the “Age of the Customer,” focus on the customer is a strategic imperative. As consumers become more connected, they are demanding more from the brands they love. They want access to the information, products, and services they need, when they need them. Location and time are no longer constraints to engage. Communication must be immediate, relevant, and contextual. As the brand experience moves online, it must be personalized, intuitive, always on, seamless, and global. Media organizations that can deliver engaging brand experiences will dominate their markets now and into the future. In the Age of the Customer, only the organizations that embrace digital disruption will succeed.¹

3. Pressure for Operational Efficiency

While logistics is often viewed as a supporting function and a “cost of doing business,” a growing number of organizations appreciate its strategic importance. In order to compete, organizations need to maintain superior levels of process excellence, while rapidly responding to the changing needs of their market. Process changes that take months to implement are no longer acceptable or viable. For the digital enterprise, creating processes that are agile and flexible is a strategic priority. This can be accomplished by using technologies such as Smart Process Applications (SPAs) and Dynamic Case Management (DCM).

Smart Process Applications (SPAs)

Digital enterprises are leveraging technologies like SPAs to quickly create and adapt processes to the changing needs and expectations of their market. SPAs are an evolution of Business Process Management (BPM) software that uses a “process factory” approach for rapidly deploying new and/or updated case management processes. With SPAs, users can assemble pre-built, ready-to-use software components to create and deploy new service processes in as little as 30 days. Existing processes can be modified just as easily.

Self-service capabilities can be integrated into SPAs to meet consumer expectations for 24/7 engagement. Self-service software allows subject-matter experts to automate answers and deliver step-by-step instructions for resolving common customer inquiries. These automated, on-demand decision support systems can engage the customer—anytime, anywhere—and provide instant answers to their questions or inquiries.

¹ David M. Cooperstein, “Competitive strategy In The age Of The Customer”, Forrester Research, October 10, 2013.

Dynamic Case Management (DCM)

DCM is another emerging technology that brings flexibility to the digital supply chain for ad hoc service processes. Traditional BPM solutions automate structured, repeatable processes with minimal human intervention and decision-making, except when special cases arise. In contrast, DCM solutions are designed to manage processes that are unstructured or ad hoc in nature—processes that are not repeatable and often require extensive interaction between human participants to achieve an outcome. These unstructured processes are foundational to the supply chain in service-based and/or knowledge-driven organizations.

DCM solutions enable an expert to access, review, and process information about a case—deciding the best course of action to achieve a desired outcome. They also bring collaboration to the supply chain by enabling multiple people to share and work together on a given output. Cases can be managed using mobile devices, enabling caseworkers to update information while on-site visiting clients.

Now that we have explored the biggest challenges facing traditional M&E organizations, let’s look at how to transform the digital media supply chain and take advantage of disruptive innovation in a digital-first world.

Take Advantage of Digital Disruption

To transform the traditional supply chain of M&E organizations and enable better business outcomes by giving customers rich, personalized, and engaging experiences, you need solutions that are ready for a Digital-First World and can achieve the following:

- Manage petabyte-sized digital libraries that support tiered storage architectures —for production level file access or deep archive
- Achieve federated search and access to heterogeneous content repositories providing a unified view and reuse of existing digital assets
- License valuable intellectual property to hundreds or thousands of customers while managing the rights and usage of the assets
- Integrate production DAM, workflows, and tools with back-office accounting and business rights systems
- Realize a complete digital media supply chain from inception of a project through creation, management, distribution, and transaction
- Move from a multi-channel to an omni-channel distribution model that supports any and all devices in the market while maintaining consistency of message
- Establish a cloud presence that seamlessly integrates with an on-premises infrastructure—driving innovation while reducing costs

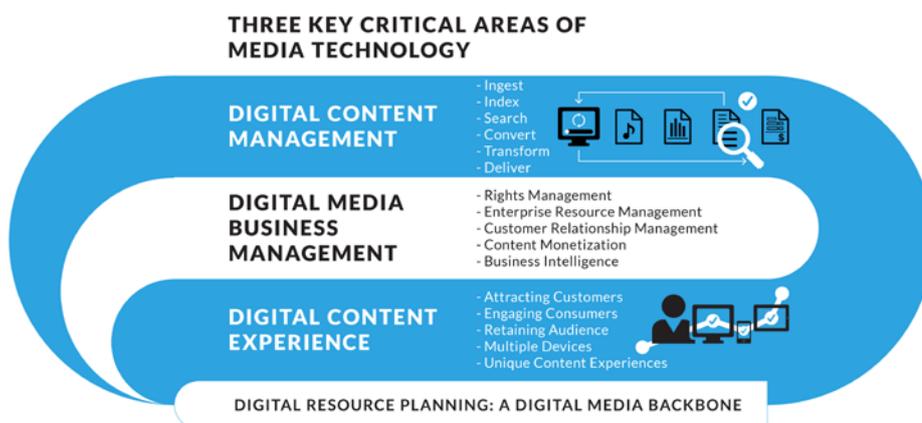


Figure 2: The three key critical areas of media technology that form the backbone of your digital resource planning.

The New Digital Media Supply Chain

The new Digital Media Supply Chain has arrived, and it spans the enterprise and bridges the gap between back office IT and digital production environments. The benefits include the ability to manage projects from inception through content creation, management, transaction, and distribution; integrate digital production systems with back-office accounting and business systems; and leverage a hybrid cloud environment with on-premises production infrastructure.

The traditional business model of the M&E industry has faced many challenges since the beginning of the millennium. Everything from the consumerization of content creation and distribution, rapid digitization of the media supply chain, and pressure for operational efficiency have proven to be very serious issues that M&E organizations need to address in order to survive and thrive.

Forrester Research states, "Digital businesses understand that if they are to win in the age of the customer, customer experience is their only differentiator."² In a Digital-First World, the M&E industry will depend on supply chain operations to deliver a superior customer experience. Supply chain excellence is strategic to the success of the digital business, including the evolving M&E environment.

The competitive advantage of M&E organizations lies in the ability to adapt to disruptive online and mobile game changers. And to excel in our rapidly changing digital environment, M&E organizations must utilize solutions that will enable them to completely automate their creation-to-consumption workflow while still delivering rich, highly personalized and engaging experiences to their consumers.

About OpenText

OpenText is the leader in Enterprise Information Management, helping customers to create a Digital-First World by simplifying, transforming, and accelerating their information needs. Over 100,000 customers already use OpenText solutions, either on premises or in our cloud. For more information about OpenText, please visit: www.opentext.com.

² Nigel Fenwick and Martin Gill, "The Future of Business Is Digital", Forrester Research, March 10, 2014.

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