IBM Global Services

Media and entertainment strategy consulting

Strategy consulting helps companies transform the way they do business. We help our clients achieve competitive advantage through a fusion of business, customer and technology strategies and an explicit linkage of critical issues to actions and results. We bring our clients the resources of IBM Global Services, the largest services company in the world, and the first-hand operational experience the IBM Corporation has gained over the course of its ten-year transformation.

Below is an example of our insights and work in the media and entertainment industry.

CROSS PLATFORM ADVERTISING: THE NEXT REVENUE GROWTH ENGINE FOR MEDIA

The Issue:

Over the last decade, media companies have consolidated still further against a background of fragmenting media consumption and declining ratings for most properties. In the current economic climate, successful integration of acquired businesses or creation of integrated cross-enterprise approaches will be an important driver of value - particularly in advertising, which still accounts for 50% of the revenue streams of major US media concerns. Cross-promotional synergies and some hard-won cross-enterprise ad sales deals represent steps in the right direction. However, we believe that most players are falling short of the full potential value of cross-enterprise advertising approaches by maintaining isolated advertising sales operations complete with divisional sales teams, back office infrastructure, and most importantly, sales intelligence.

Our Perspective:

This approach is costly not only because it prevents economies of scale, but more vitally, it fails to capitalize on the real value of the media conglomerate. The next revenue growth engine will be fueled by the intelligence of consumer behavior across properties, the ability to know an advertiser's contract performance en masse, the use of enterprise-wide inventory to rectify isolated ratings shortfalls, and the advantage of volume-selling to gain market share.

Case in Point:

A major media conglomerate faced declining advertising sales share and maintained entirely separate ad sales processes even between similar divisions. They needed to understand the advertising sales integration opportunities across the enterprise in order to share services and reduce large overhead costs.

A joint IBM-media company team first mapped the current ad sales processes in each division to identify areas of overlap and conflict, and interviewed senior executives and ad sales representatives from each division to understand shared opportunities. The team also interviewed customers to understand their needs regarding integration and catalogued the supporting technologies and business metrics. The outcome was a clear set of priorities in moving selectively towards more integrated approaches at the process and technology level.

The expected result will be a lower-cost enterprise that is capable of rapid, responsive and fully-informed cross-enterprise ad sales and that is equipped to gain market share.

POOR MEDIA RETURNS: NOT JUST THE ECONOMY

The Issue:

Over the last few years the share prices and returns on assets of major media players have performed poorly compared to other sectors. The traditional explanation offered is that the economy hits media companies harder than most. Our research suggests, however, that the media sector's underperformance predates the current economic slowdown and was operative even during the favorable economic conditions of the late '90s. Rather, increasing operational complexity driven by fragmenting markets, struggling ratings of individual properties, and rapid acquisition-driven growth in response have caused the situation media companies now face.

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Our Perspective:

While some small steps towards better operational integration have been taken (mainly in cross-promotion and brand stretching), the highest-cost functions within large media companies - ad sales and content creation - remain heavily siloed between divisions, not integrated and poorly sharing any common resources or technologies. The challenge for media CEOs to return their empires to a positive return trend line is primarily an operational issue. The opportunity exists to create shared or merged processes across the high-cost functions by investing in enabling technologies. Thus, CEOs can enable their fragmented media firms to deliver more value from the whole that is greater than the sum of the parts.

Case in Point:

A major U.S. broadcasting company had combined an array of diverse media properties with few overarching approaches or plans to prioritize investments across the enterprise. The CFO and CIO needed to assess the business requirements, current process/technology state and future market opportunities across the enterprise to identify priority investments and synergies.

A joint IBM-media company team clarified the business imperatives and validated these through external assessments of the firm's markets and competitors. They then diagnosed integration opportunities in current processes and technologies, and created new operating approaches to making integrated and synergistic investment decisions.

As a result, the broadcasting company is now implementing a strategic plan that identifies the most lucrative opportunities for integrated advertising sales, financial information and technology infrastructure.

Additional links

Multiplying business value: The fusion of business and technology

Consultants have long proclaimed the need for strategic alignment between business and IT: Set your business strategy, and then determine how technology can help. Unfortunately, traditional alignment approaches invite risk and leave opportunities untapped. Higher returns can be achieved through a higher degree of strategic alignment -- the fusion of business and IT.

Closing the performance gap: Back to basics for the U.S. banking industry

Banking institutions across America show a striking dichotomy in terms of stock performance. Those that remain at the top of the charts display strategies and attributes that consistently garner shareholder value. A recent study by the IBM Institute for Business Value suggests that while their methods may vary, these leaders share three distinct strategies.

Weathering the economic downturn… while moving ahead

While the economic downturn has hit some sectors and geographies harder than others, almost every business has felt its impact. At the same time, economic uncertainty elicits different reactions from different firms. Some organizations simply tread water, while others move ahead of competitors. As executives rethink their business strategies, they should consider a variety of approaches -- including some that are not immediately obvious given today's uncertain economic climate.