

## Media & Entertainment

# Driving high performance with managed services for digital content creation and distribution

By Richard Cottrell

Richard Cottrell is the managing director of Accenture Digital Media Services. Prior to joining Accenture in this role he was President and CEO of EMI Music Distribution (USA), where he helped launch early digital initiatives including the first digital downloads and digital asset management system.

richard.cottrell  
@accenture.com

In today's media and entertainment industries, the environment for creating, managing and distributing content is becoming increasingly digital. Indeed, the day is not too far off when content will flow through a fully integrated digital environment—one that is supported by a flexible, automated infrastructure that can enable profitable growth and significantly reduce costs.

It all sounds dramatic and exciting—and it is. However, significant obstacles stand in the way of any media, entertainment or communications company looking to profit at the key value points in the digital supply chain. In the areas of both content creation and distribution, the technologies, suppliers and audiences are fragmented, thus impeding progress toward high performance in the digital age.

At the distribution and consumer parts of the chain, the simple model of content and advertising delivered primarily to radios and televisions has been changed forever. With the advent of broadband video, IPTV, mobile TV and various kinds of digital music devices, the distribution channels and the ability to reach a large audience have become more challenging. Consumers will soon expect entertainment to be delivered seamlessly across their TVs, computers and mobile devices—something more easily said than done from a technical point of view.

For content owners and creators, the process involving asset management, packaging, transaction management, royalties and settlements is exceedingly complex, and requires engaging with many types of players with extremely varied resources, aptitudes and scale. Many content owners are finding that these requirements fall outside of their core focus: creating compelling content.

In response to these market developments, companies in both content creation and distribution have

begun to leverage managed-service models to reduce risk, cut costs and bring services to market more rapidly. Although niche players exist that provide individual capabilities within a broader managed-services approach, companies are now looking at these providers with more scrutiny because the stakes are getting higher. Digital content can now constitute from 15 percent to 20 percent of total revenues. Those kinds of numbers mean that digital content solutions must be more stable and scalable than ever.

Accenture believes that the time is now right for media and communications companies on the path to high performance to seek out larger-scale managed services solutions capable of handling the entire digital value chain from end to end.

## Managed services for digital content creation and distribution

The value proposition for digital media services—a managed-service approach to content management and distribution—is that a media or entertainment company would need to supply basic content only once. Then the provider would manage the rest of the end-to-end process according to a set of business rules proper for the content company. Such a managed-service strategy can lower risk, cut costs and provide a more effective way to distribute content across multiples screens and devices.

Digital media services focus primarily on the manual tasks, automated workflow and application configuration layers within the digital supply chain. Basic services in a managed digital media services environment include:

### Asset management

This service involves preparing content and bringing it into the digital value chain, along with the metadata that enables its proper categorization. Capabilities within this dimension also

include storage and hosting, asset inventory and searching, as well as rights management.

### Packaging

This aspect of a managed-service approach to content management and distribution includes asset and data editing, reformatting and transcoding. It also includes automated workflow tools for the manufacturing process, as well as sophisticated tools to support new product formats, including more varied bundles and innovative mash-ups.

### Distribution

Intellectual property rights management in a digital ecosystem becomes immeasurably more complex—perhaps the key reason why media companies seek out expertise from a managed-service provider. In this phase of work, a provider assists with digital rights management and license management, which supports distribution of content across multiple channels, including mobile, online, cable/IPTV and broadcast. On-demand format transcoding also occurs here, in response to consumers who increasingly want to enjoy digital content on their schedule, not according to any particular channel's schedule.

### Transaction management

The digital ecosystem will require industrial-strength, global, enterprise-class transaction management. Capabilities here include management of basic storefront customer relationship management and billing activities, as well as sales reporting.

### Royalties and settlements

This aspect of a managed service focuses on royalty accounting for individual talent, and helps settle revenue shares between content owners, distributors and others in the value chain.

### Digital advertising

New consumer platforms can provide the capability to track consumer behavior and provide targeted and relevant advertising. One of the distinctive advantages of a managed-service approach to digital media services is the ability to more effectively navigate the complexity of the advertising aspects of the digital distribution chain. A managed-service provider can help a company analyze customer data sources, then segment and process that data, and insert the appropriate ads.

## Benefits of managed digital media services

Managed digital media services can deliver a host of benefits to both content distributors and content owners across the entire digital value chain.

### Content distributors

With managed services, content distributors can increase revenue and improve brand extension opportunities from digital content. Fixed and mobile telecommunications service providers can increase average revenue per user and decrease churn through more efficient management and delivery of content. Broadcasters can extend their brands and their content into the digital space and onto new devices by leveraging digital content supply chain services. Portal providers can more efficiently deliver content from multiple content owners and present this content to consumers via a suite of relevant, innovative and engaging services.

### Content owners

Media and entertainment companies can grow digital revenues faster and more effectively by digitizing and storing all their assets centrally. A managed-service approach enables companies to more efficiently package content in new ways, and then distribute it through hundreds of digital channels. Many of the headaches involving collecting revenues and managing royalties can be handled by the provider instead, supported by more timely and insightful reporting. In general, a managed-service capability helps companies focus their resources on creating new, compelling content, rather than managing the details of the digital value chain.

### Keys to success

Based on our experience of providing managed services for digital content creation and distribution, here are several actions companies should take to drive high performance through digital media creation and distribution:

#### Adopt a holistic enterprise approach:

Digital media networks are only as effective as their integration with the enterprise. Companies must define a strong digital media strategy and then outline its integration into the marketing and operating capabilities of the entire organization. Rather than look only at components of operations or architectures, seek a digital media solution that works for the whole enterprise.

#### Look to improve operations as well as to innovate:

Leverage new digital solutions in the production process. Prepare for the day when all content is created digitally and the entire process is file-based. Tightly integrate this digital production into the digital supply chain to provide visibility and control in release planning and distribution optimization.

**Embrace new types of consumers and the access they provide:** Both content owners and distributors should embrace the

demand for increasingly flexible content consumption models and then leverage the greater access this provides to richer information about customer behaviors and transactions. Consider advanced and innovative solutions covering customer insight and targeting, high-impact content, advanced measurement and experiential devices.

**Remain flexible:** Business models, technologies and consumer behaviors will continue to change, and both content owners and distributors must be flexible enough to change with them. Content owners should focus on compelling content and brands that consumers identify with both quality and specific genres. Distributors should focus on new, compelling consumer experiences as well as integration across platforms and devices. Leverage managed services for supply chain aspects that are not core to the business, but which require continuous capital and human resource investment.

## Achieving high performance in the digital ecosystem

The existing operations of most content creation and distribution companies are ill-equipped to service new channels in an economic or timely manner. To serve new channels profitably, the seismic shift under way in digital media consumption must be mirrored by fundamental changes in the way companies create and deliver content.

By focusing on core competencies in either content creation or distribution—while letting a provider with deep expertise in the relevant technologies worry about the details of the workflow and distribution—companies can achieve high performance in the exciting, and challenging, digital years ahead.

### Outlook Point of View

June 2008, No. 1

Copyright © 2008 Accenture

All rights reserved.

The *Outlook Point of View* series offers insights about leading trends and innovations across all industries.

David Cudaback, Editor-in-Chief  
Craig Mindrum, Managing Editor  
Jacqueline H. Kessler, Senior Editor

For more information on *Point of View* and other *Outlook* publications, please visit our website: <http://www.accenture.com/Outlook>

Accenture, its logo, and High Performance Delivered are trademarks of Accenture.

The views and opinions in this article should not be viewed as professional advice with respect to your business.