

Leveraging Ecosystems Play in Media

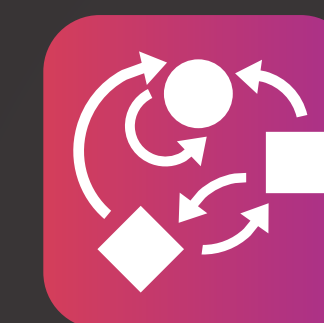
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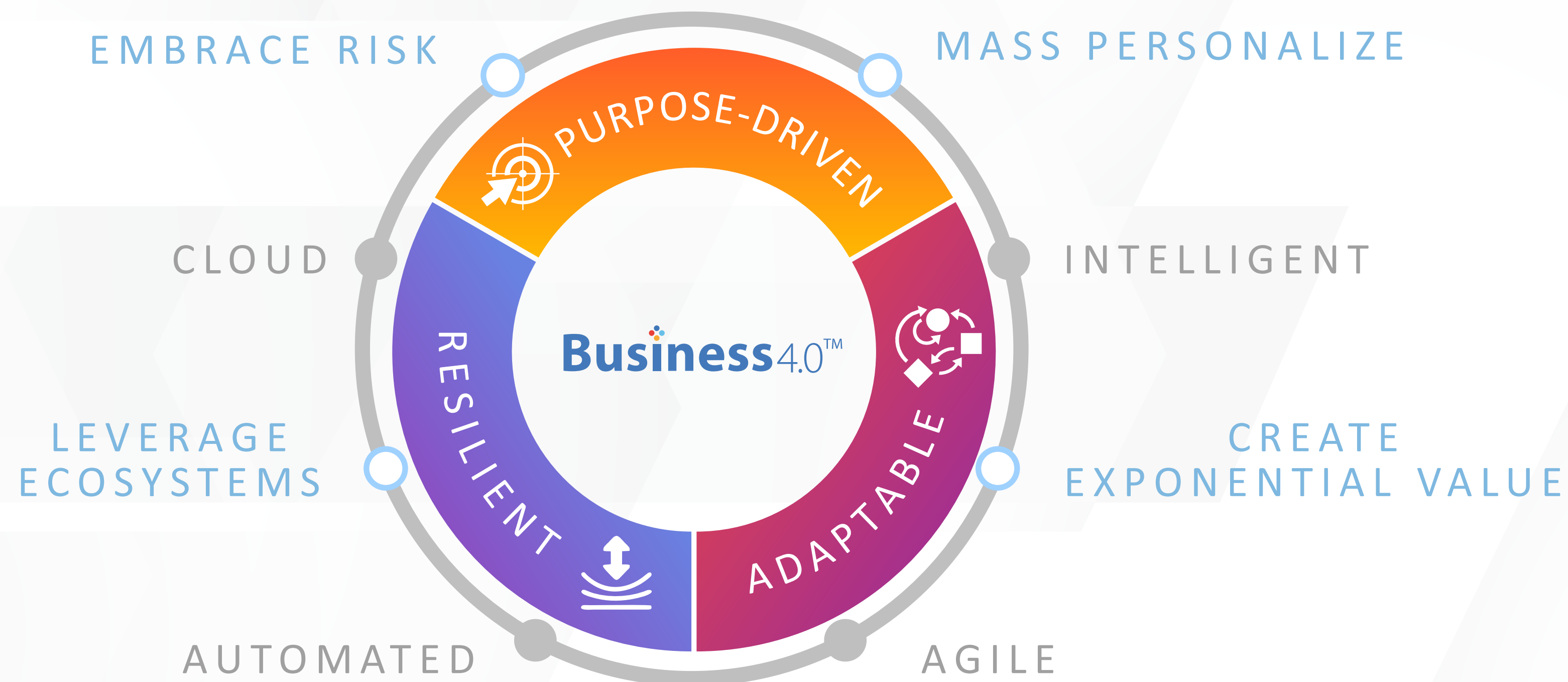
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Executive summary

Industry boundaries are blurring, and platform businesses such as Amazon, Netflix, Google, You Tube, Facebook are eating into the advertising and content revenues of traditional media companies. With consumers moving to Over-the-Top (OTTs) providers and other new disruptors, traditional media such as newspapers, magazines, news websites and television channels are challenged to not only retain their current audiences, but also in attracting millennials to stay afloat and grow.

Traditional media organizations are realizing that in today's business scenario they might not have the full set of

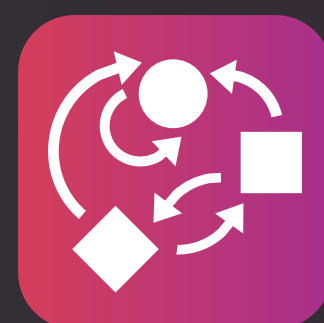
channels, value propositions, and capabilities to scale up and provide a wide range of personalized services to their customers à la Amazon and Google. Hence, it becomes critical to leverage the power of ecosystem play - combining own as well as partner capabilities and channels to deliver a wider and more comprehensive bouquet of services and products to attract and retain current and future customers.



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The big shift

Traditional media companies need to shift from being product centric organizations and distribution networks focused on selling self-owned media products to purpose-centric platforms or ecosystems focused on co-creating value within their ecosystems based on the customer's purpose. We see media companies shift from product to purpose-centric ecosystems, and from providers of content to the orchestrators of customer experience across industries, where the focus will be on building an ecosystem of content, products and services with the customer at the center. The advent of 5G will further blur the boundaries between industries reinforcing the need for purpose-centric ecosystems spanning across multiple industries.

Examples of collaborative ecosystems that have emerged in the last few years include telecom giant AT&T Inc's merger with one of the most coveted entertainment companies Time Warner Inc for leveraging synergies. The key is to build an unrivalled ecosystem of content, partnerships, products, services and loyalty for stickiness that competitors and disruptors cannot replicate easily.

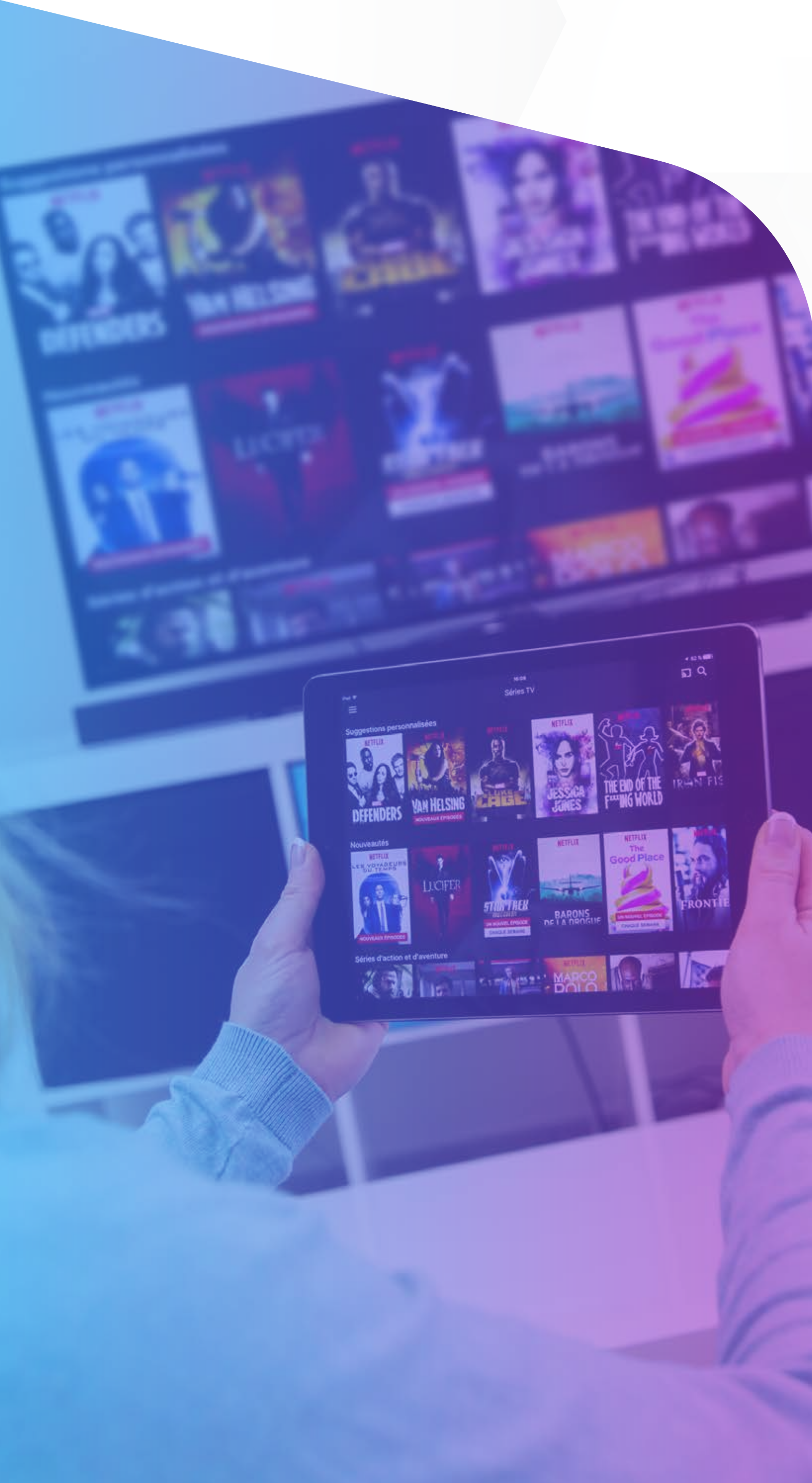


A case in point

In our work with a leading digital and print news media company in the ANZ market which faced declining revenues from advertisements and subscriptions, we observed that the company leveraged an ecosystem-based approach and formed new partnerships and alliances with utilities, energy and telecom businesses to generate revenue by cross-selling alternate-industry products to their core media audience.

The media company's main revenue source was on the decline due to consumer behavior changes, and heavy competition from digital disruptors like Google and Facebook. Faced with key questions that challenged its very core—how to maintain market leadership and maximize revenues, how to grow revenue from content, audience and digital offerings,

who would be its current customers and what would they want - the company went back to the drawing board. One of the critical questions it faced was whether to stay a core media business or explore cross industry revenue streams. Through the ecosystem centric approach, the company has not only charted new waters, but is also exploring new marketplace/platform-based business models to co-create highly personalized products and services based on its deep understanding of the media customer base.



Ecosystem modelling for media companies

One of the first steps of identifying and defining ecosystem based models and monetization models is to model the desired business ecosystem of the organization - covering key ecosystem participants, value propositions and the value exchanges between the ecosystem participants.

A sample representative ecosystem model view we created for a media client is illustrated in Figure 1.

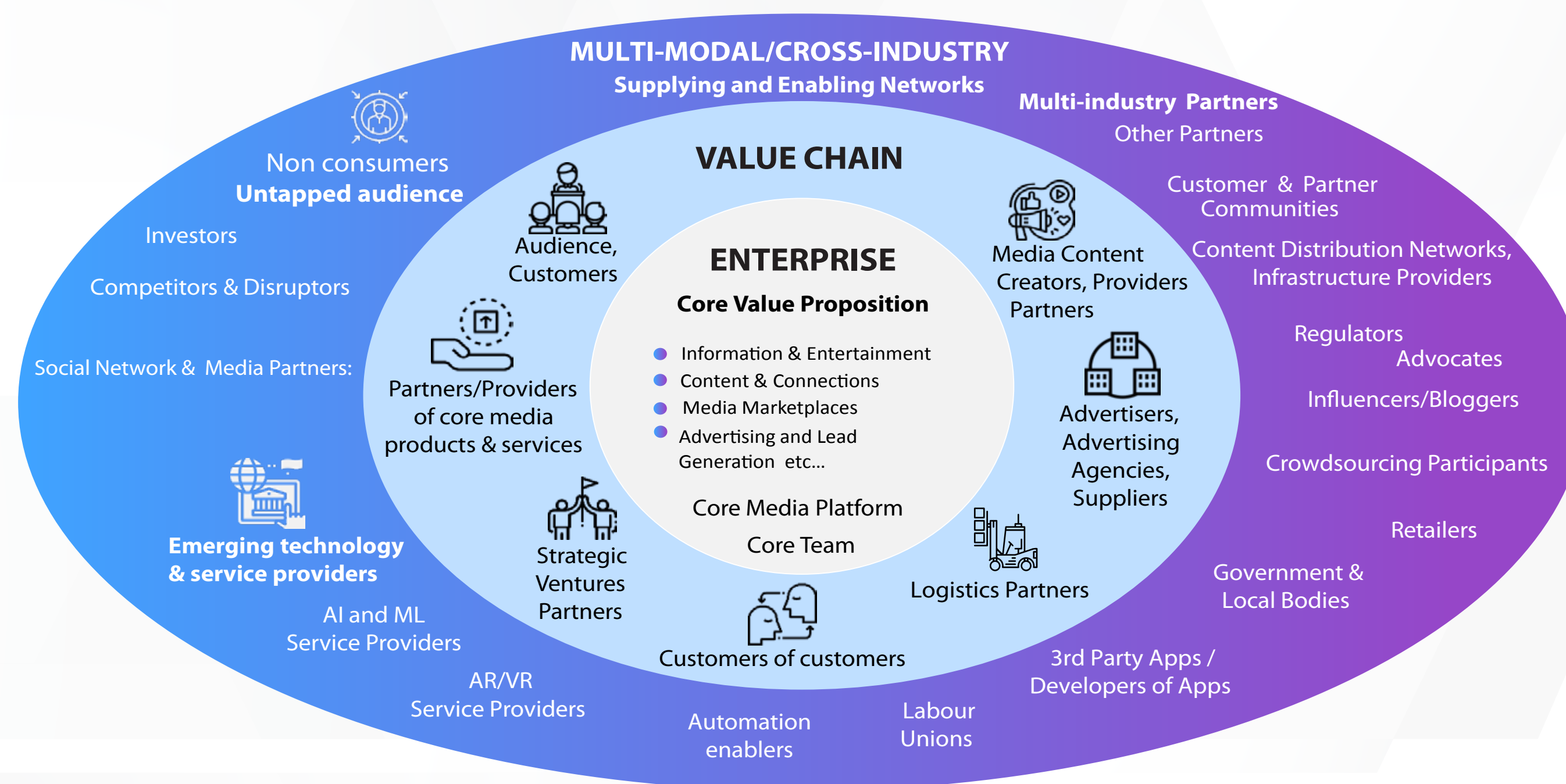


Figure 1: Media Ecosystem Representation

Ecosystem models for companies would vary depending on the business strategy, business model, value propositions, industries and value exchanges involved. The key is to identify the right (intra or cross industry) partners for the business models, and to decide the value exchanges between the ecosystem players to co-create value for the end customers.

Charting a growth plan

It is critical for organizations to have a clear vision of the type of business they want to be while embarking on a transformation journey. And to decide what sort of ecosystem-based business models they need to adapt in order to disrupt and survive successfully.

Media companies can choose from a mix of business models based on their industry context, business strategy, environment and capabilities. Based on the depth and breadth of ecosystem coverage in their business models, we have categorized media companies into smart content and service providers, value aggregators and value creators (more on these is covered in part-2 of this whitepaper series). All these business models have the core objective of providing highly personalized products, services and experiences to meet the lifetime needs of customers. The difference lies in the extent to which they leverage their ecosystem opportunities, channels, capabilities and partnerships to co-create and deliver value.



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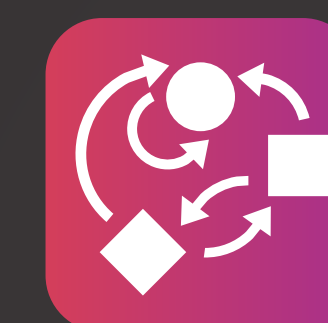
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