



Journey to a Modern Media Supply Chain

The benefits of an optimized, cloud-based media supply chain,
and what it takes to get there

Contents

- 02 Is the Consumer King Now? →
- 03 How Did We Get Here? →
- 05 Trouble Ahead →
- 06 The Infrastructure Advantage →
- 07 Rethink Your Supply Chain →
- 08 Supply Chain Flexibility Means Business Agility →
- 10 The Road to Transformation →
- 12 SDVI Rally Empowers Business Transformation →
- 13 Rally in Action →
- 14 Why SDVI? →



Is the Consumer King Now?

The media industry is in the midst of a seismic transformation as an explosion of new media platforms and viewing options has given rise to entirely new competitive dynamics. Today's consumers now have more choices than ever before when it comes to consuming content. They're flooded with dozens of delivery platforms, hundreds of content sources, and vast libraries with thousands of titles.

No longer is it enough to have great content; success for media companies requires a consumer experience that makes it easy to find content and consume it on any device. Consumers are increasingly calling the shots, and they are mandating services that are easy to use and make finding desirable content simple. Recent research by PwC confirms that having great content lags behind these other two factors when it comes to what consumers want. [See chart on right.]

What Will it Take to Succeed?

While this industry transformation brings significant opportunity, it also requires business transformation—new systems, new skillsets, and new ways of doing business.

To achieve and maintain a competitive advantage, you must deliver both great content and the consumer experience that your customers want. And these days, your ability to deliver an exceptional customer experience is highly dependent on the agility, efficiency, and intelligence provided by your technical infrastructure. You must be ready to adapt or risk getting left behind.

What factors attract consumers to streaming services?

It's easy to use



I know I'll always be able to find something to watch



The quality of content is top notch



It grants me access to live television



It provides the most relaxing experience



Q. We want to understand why you use [X SERVICE] most frequently. From the list below, please rank the reasons that influence why, from most influential to least influential. For any that don't apply, leave alone. Ranked 1st/2nd/3rd.

Source: PwC Consumer Intelligence Series 2021 video survey.

How Did We Get Here?

Seemingly overnight the media industry changed. Driven by both changes in consumer demand and competitive dynamics, media companies are faced with a transformation affecting the very core of their business.



Expanding Delivery Requirements

For decades, media distribution focused on acquiring and preparing content for traditional television viewing on linear channels. Today, with over-the-top services for mobile devices, tablets, computers, and smart TVs, what used to be one output has now become hundreds of outputs.



Changing Consumer Expectations

Consumers are watching more TV when they want it. They're bingeing seasons and watching more short-form media on mobile devices. They're also developing search fatigue, spending almost as much time searching for content as they are watching it.



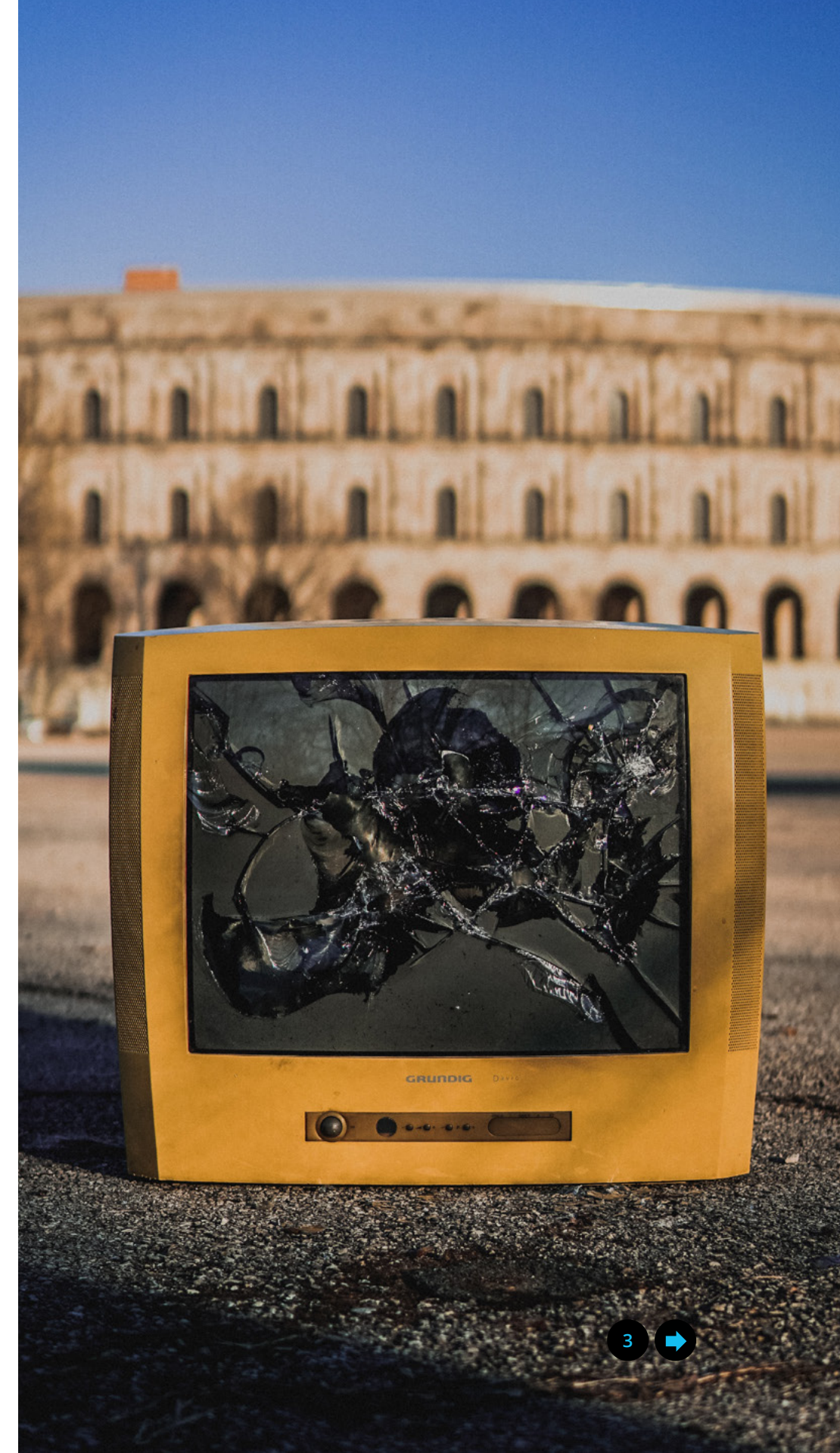
Increasing Demand for Content

Savvy organizations are now setting up new direct-to-consumer (D2C) offerings to own their customer relationships. But keeping viewers' attention requires immense, compelling libraries of content available on demand.



Evolving Business Models

Media organizations are rethinking their business models to better align with these new distribution models and modes of consumption. New bundles and delivery partnerships are helping organizations expand their access to consumers through direct subscription and ad-supported offerings.





“We’ve grown from delivering 1,500 assets a year to our linear playout of [six end points] to now distributing 150,000 packages a year to over 200 end points. This has put a lot of stress on our on-prem facilities that were originally designed for consistently low-volume, high-touch workflows. **We had to change the model.**”

Don Jarvis

Senior Vice President, Global Engineering and Technology



Trouble Ahead

Traditional media infrastructure was built for a simpler world. But media organizations now face nonstop pressure to deliver more content, to more end points, at lower cost, and with fewer resources to get the work done. Rigid, inefficient and uncompetitive—traditional infrastructure wasn't designed to keep up with the changes in the market.

What's at Risk?

Slow to Respond

Legacy systems have limited ability to change their workflows or tools. Physical assets are difficult to move or reassign.



Rigid, fixed infrastructure means that you can't move quickly on new opportunities. It can take months to configure a new service, meaning lost opportunities or leaving the door open to the competition.

Inefficient

Traditional, on-premise infrastructure must be scaled to peak demand, and then doubled or tripled for redundancy.



Overprovisioning resources is expensive. This equates to millions of dollars wasted on underutilized infrastructure that doesn't support your evolving business.

Limited

Traditional systems have fixed capacity for existing workloads, making it hard to add new workloads or experiment with new offerings.



Inelastic infrastructure makes it difficult to experiment. New services cannot be easily spun up or down on a project-by-project basis.

Flying Blind

A lack of visibility into true unit cost makes cost allocation effectively impossible.



Margins are tighter and less forgiving. There's no more operating by intuition alone. Making informed decisions about business strategy and planning requires visibility into unit costs.





The Infrastructure Advantage

Media organizations must balance pursuing the (still significant) revenue from linear television while competing against a host of cloud-first, D2C newcomers. These new entrants have the luxury of focusing their spending on content and creating a compelling customer experience rather than on building and managing infrastructure.

But for many media companies, linear broadcast still is the primary revenue generator, even while OTT D2C offerings are growing. These mixed environments are complex, which puts even more pressure on having an infrastructure that is agile enough to support emerging business models while being efficient enough to maximize profitability from all lines of business.

Monetizing content across all the avenues through which consumers want to consume it is only possible with a responsive infrastructure that optimizes utilization and empowers operators to work more efficiently.

Organizations must now value their technology stack as a key component of their competitive advantage. They need a media supply chain that is:



Agile: responsive to changes in workloads and new opportunities



Efficient: always right-sized for the work at hand



Intelligent: data-driven for better-informed decisions



Rethink Your Supply Chain

A true media supply chain means more than just managing assets and workflows. Enterprise optimization of a media supply chain touches every step from ingest to delivery, bringing together assets, resources, tasks, and processes to provide a holistic view of all time and costs related to supply chain operations.

In this way, modern media supply chain methodology enables organizations to extend beyond managing *assets* to also managing *effort*, providing insights to identify inefficiencies and drive continuous incremental improvement. It's a constant game of iteration and optimization—making many small changes to gain a competitive advantage.

With advances in artificial intelligence (AI) and machine learning (ML) enabling unprecedented autonomy, the media supply chain is rapidly moving toward a world in which content suppliers and distributors can be connected to accelerate the automated movement of content through an extended supply chain.

Media Supply Chain Digital Progression



Descriptive

Real-time observability across every step of the supply chain

- Where are my bottlenecks?
- Where are errors happening?



Predictive

Adoption of big data analytics to model cost and time

- How much will it cost to process a new content library?
- Does this content deal make sense?



Prescriptive

Shift toward supervised learning, real-time feedback

- Route content from XYZ supplier to a specific transcoder to avoid errors
- Use ML to identify scenes that need human review



Self-Learning

Consistent use of ML to drive decision making

- Distributors “pull” content from suppliers rather than having it “pushed” to them
- Content is always received in exactly the format and packaging required

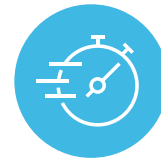
Automation

Value



Supply Chain Flexibility Means Business Agility

A modern, cloud-based media supply chain frees your team to innovate faster, capitalize on new revenue opportunities, and make better decisions.



Get to Market Faster

Cloud-based solutions shorten design and implementation. No procurement, no hardware, and no systems integration enables rapid iteration and deployment.



Focus on Innovation

Platform as a service (PaaS) enables you to shift internal resources, labor, and technical resources to optimizing your supply chains instead of managing infrastructure.



Enable Cost Predictability

Pay per content minute per service for complete cost predictability and accountability.



Scale Up or Down on Demand

Platform services enable dynamic resource provisioning and demand-based scaling to automatically adapt to fluctuating demands.



Use the Right Tool

Improve consistency and minimize human error with automated processing. Cloud-native platforms can help you select and use the right tool for the job every time.



Increase Throughput

Use AI and ML to empower operators to focus only on the exceptions that matter, dramatically increasing output.



“Enabling a cloud-based media supply chain provided the scale, security, quality, reliability, and time to market we needed for a **global business transformation and the launch of HBO Max.**”

Stefan Petrat

Executive Vice President, Media Technology Solutions

WarnerMedia



The Road to Transformation

1 Champion the Cause

Companies that have successfully navigated their own supply chain transformation started with a focus on organizational alignment across every area, from operations to finance, engineering, and IT. They also realized that transformations don't happen without executive leadership.

Most organizations understand the existential threat they face by not modernizing. They know that they need to change, but with change comes uncertainty.

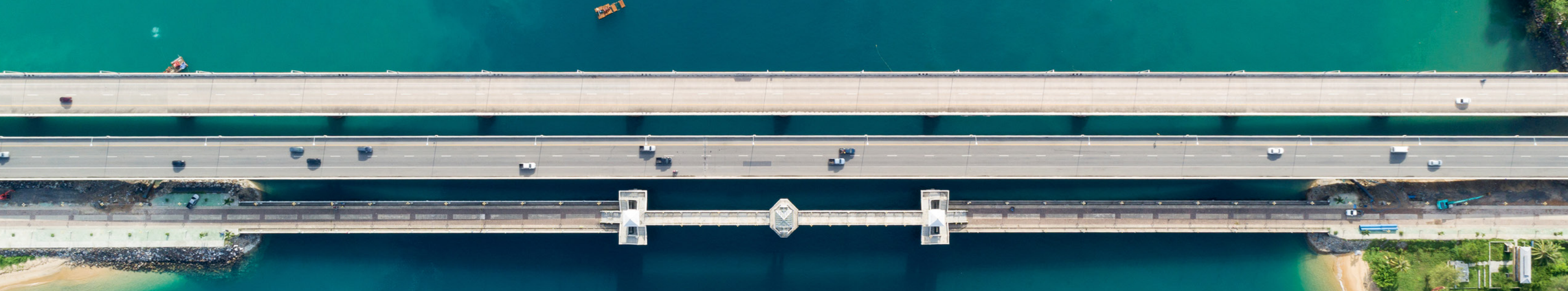
Successful media leaders have championed the vision and helped individuals and departments understand the importance of their role in the new, optimized media supply chain.

2 Make a Plan

Once stakeholders are aligned behind a common vision, it then becomes important to have the right structure, people, skills, and processes in place to enable a successful business transformation.

Those who have been through this transition have embraced a new approach that included:

- **Acquiring new skills.** New business models and delivery mechanisms required new skillsets including dev ops, AI/ML, and consumer experience expertise.
- **Adopting an agile mindset.** Developed a bias for action and were comfortable iterating to drive continuous improvement.
- **Embracing the cloud.** Even if their business wasn't born in the cloud, they transformed it into a cloud-native one to take advantage of consumption-based pricing, cloud-scale infrastructure, and innovative tools, such as AI and ML.
- **Creating a culture of collaboration.** Encouraged collaboration and frequent communication among teams to ensure optimization across the supply chain.



3 Choose the Right Path

Transformation can be daunting, and make no mistake, it is not always easy. But it doesn't have to be done all at once. Media companies who embarked down this path and were successful in their transformation took an incremental approach:

- **Don't try to boil the ocean.** Organizations beginning their modernization journey can fail before they even start by thinking that they need to modernize the entire supply chain at one time.
- **Start small.** A supply chain management solution can integrate with your existing systems, enabling operations to begin improving incrementally. Start small with a single use case, such as ingest. Simply normalizing ingest in the cloud can have massive immediate results and lasting downstream impact.
- **Be comfortable iterating.** A supply chain is not something that you design and run once. Iteration and incremental improvement in one process leads to a better starting point for the next steps in the chain. Each subsequent step benefits from the improvements made before it.



4 Think Modern

Report after report shows that organizations that embrace digital transformation outperform their peers many times over. They see measurable improvements in efficiency, revenue growth, product and service quality, customer satisfaction, and employee engagement, as well as a greater focus on growth and innovation.¹

For media organizations, modernizing the supply chain is foundational to any digital transformation initiative. Key considerations include:

- **Automation:** the ability to deploy AI and ML to enable autonomy means less time spent on repetitive, mundane tasks and more time to spend on developing the consumer experience.
- **Data:** data is essential to training AI and ML algorithms, understanding the true cost of content, and evaluating new business opportunities.
- **Future proofing:** the ability to leverage application services on demand and at any scale enables faster time to revenue and competitive advantage.

Why SDVI?

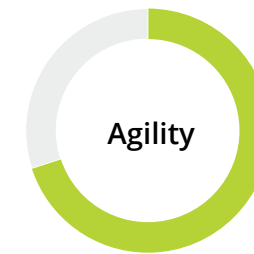
Built for Users

SDVI Rally was built in collaboration with some of the world's largest, most innovative media companies, including Fox, Discovery, and WarnerMedia.

Ready for Your Users

Rally is robust enough for even the most demanding media environments, yet flexible enough for companies of all sizes to unleash agility, improve efficiency, and scale without limit, all while gaining unprecedented intelligence about media.

When you leave behind the inflexible infrastructures of the past and start taking advantage of cloud economics and autonomous supply chain management, the possibilities are endless.



70% FASTER

time to market with
85% cost savings²



83% FASTER

content processing
at less than
10% of the cost³



80% GAIN

in human
productivity for
ingest tasks⁴

For more information, visit www.sdvi.com, or email us at info@sdvi.com.

1 Deloitte Insights, "Uncovering the connection between digital maturity and financial performance," May 25, 2020.
<https://www2.deloitte.com/us/en/insights/topics/digital-transformation/digital-transformation-survey.html>
2,3,4 Based on data from real customer examples.