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How Technology advancement influence changes in the Market and how the changes in the Market influence developments in customer services

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Broadcast has evolved dramatically over the past 15 years in technology, workflows, end customer viewing habits, distribution methods as well the cost of producing and distributing good quality content.

Having been involved in other technology industries such as telecommunication and IT before entering broadcast, it has been interesting to witness this particular industry struggle to overcome challenges which have previously been overcome by these similar tech verticals many years before.

Traditionally specialised products which consisted of massively expensive bespoke hardware with some standardised and some non-standardised interface protocols meant that the limited number of manufacturers contained within this niche sector could make significant margins and profits purely on product sales alone.

The added need by manufacturers to charge customers for value added customer services and extended warranties were almost unheard of. In fact the industry was very much focussed on the technology and less so with customer services, with support almost seen as a free service for the life of the product. Equally concept of a 'solution' was viewed purely as the integration of different manufacturers boxes making them work together to create a functional facility.

The idea a solution involved aftersales managed services and support was not considered. Instead manufacturers and system integrators alike viewed these elements as belonging to the customers.

Interestingly the emergence of files based applications, internet distribution and the incorporation of standard products from neighbouring IT and Telecom sectors has changed the entire broadcast environment. Technology advancements are now such that the drive is to make cheaper products in higher volumes to appeal to a wider client base including traditional AV companies. Today traditional broadcast is now losing its position of strength and becoming only one part of a menagerie of media verticals that operate within a cloud of infrastructure. So why are customer services now so important today when previously it had little appeal and was the job of the customer not the supplier to manage?

Let's first look at the customer. Traditional commercial broadcast has benefited from limited competition and limited channels which enabled it to benefit from large advertising revenues. The option for marketing was print, radio or TV, with TV reaching the widest audiences. With the growth in the media market with cable, satellite, on-line and mobile services, the monopolies that once were, have now had to adapt to the changes in media viewing culture and ultimately the effect this has had on advertising revenues. So with less money and more licence regulations governing the reporting of news and current affairs, something has to give.

The competition for advertising and the change in viewing habits has meant a completely different approach to the TV market. With video streaming and social media now taking more and more of the terrestrial TV advertising space traditional TV stations are squeezed to provide higher quality productions at lower prices and reduced operating costs.

This market development and the use of IP and other distribution technologies within the media industry compounded by the traditional approach of the legacy broadcast manufacturers has created white spaces for companies traditionally operating in complimentary industries to find a firm foothold in the sector. This intrusion has created a highly competitive market that has driven

manufacturers to strive to reduce costs, outsource non-core activities and reduce headcount and ultimately prices.

Good news for the customer right? Not necessarily. The developments in infrastructure, distribution and content creation technology has made it more affordable for even more competitors to enter the customers traditional market space and further erodes the ability to pay for products and operational overheads

Because of this this phenomenon, it has further increased the need for quality customer support and technical services to be provided by proficiently skilled and capable organisations. Compounded by the rate in which technology has evolved and the constant requirement to upgrade and update software and IT based infrastructure means media organisations are now looking more towards outsourced or cloud based infrastructure and applications on which to operate their business operation.

Interestingly infrastructure and SAAS solutions previously available for data services and non-core activities are now providing opportunities for organisations to operate core services through their 'cloud' facilities.

But what are the risks? How does an organisation manage a change in the markets if it is restricted by the incumbent cloud provider? How easy is it to move cloud providers if charges increase or the sourcing business suffers a slight downturn, how secure is the content and IPR? How resilient is the service? 99.9999% availability is a nice figure to have in a contract but how much control will your organisation truly have over this?

In moving toward a service based infrastructure and applications environment, costs are definitely reduced in the short term but at the cost of control being lost. It is a decision that should never be taken lightly or on a big bang approach. Indeed if the costs of providing the infrastructure are cheaper by outsourcing to the cloud, it is important to look at the mechanisms of why this is the case.

Shared infrastructure is one reason, shared resources to manage the infrastructure is another, but at what cost to flexibility in advancements, control of capability and security. If you share infrastructure in the cloud with other media companies, they may not be ready to upgrade at the same time as your organisation are. Therefore the provider may not commercially be in a position to upgrade until it is viable for them to do so by others adopting the similar path, meaning you lose your USP.

Cloud based outsourcing sounds great on paper, but when your organisation for business reasons needs to adopt change, how quickly will your provider adopt this and how much will it cost your organisation to migrate and how will this transition affect continuity and resilience?

Factors such as this mean there is still a market for owning and operating infrastructure if your business size and need for flexibility warrants it. However the need to review how your organisation services and maintains the infrastructure is an area where consolidation could be achieved.

Manufacturers in many cases are not best placed to provide system solution services as they are focused within the specific core technology they create and manufacture. Also they are unlikely to have expertise locally to an end customer facility due to the restrictions previously mentioned.

Therefore these organisations would be best placed to provide underpinning product contracts with guaranteed deliverables and inclusive services specific to the products within a solution.

Therefore system integrators would seem to be the sensible choice. They design and build the integrated systems, they organise the project teams and training along with the documentation of the system and workflows. They not only have intimate knowledge of the specific design but also have regular technology reviews with manufacturers to look at advancements in the technology and how this can benefit their customers. They are also best placed to manage the underpinning contracts required by the customers and offered by the manufacturers.

Unfortunately many system integrators lack the foresight of providing structured post acceptance services and are unwilling in many cases to invest in this area or indeed offer it commercially. Potentially this is a reflection on the historical methodology employed within the sector or because they lack the experience of providing longer term services.

There are however several system integrators emerging who recognise that the traditional rack and stack business model is no longer viable and the changes in technology and market requires them to adopt a new approach. By adopting Prince2 & ITIL3.0 best practice methodology, these system integration companies are not only investing in cost effective system design and implementation methods but also support services design and delivery. This translates into truly affordable solutions that compete with the emerging cloud based offerings but with cost models, means there are still choices to be made.

Having worked with and within manufacturers, software vendors and system integrators now for several years, it is clear that the many in the industry are still is uncertain on the value and viability of cloud based versus owned infrastructure services.

Will 2015 be a year cloud infrastructure and will SAAS services take over licenced software, or will we see new practices being adopted associated with owned media infrastructure and outsourced support and maintenance? At CJP we believe that the answer is still unclear and this uncertainty will have some impact on broadcasters purchasing decisions and service strategies moving forward.

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