



## Talking Amongst Themselves

The Financial Manager Magazine, March/April 2015, page 20 [viewer.zmags.com/publication/b187b838](http://viewer.zmags.com/publication/b187b838)

*As the number of media opportunities within companies grow, clear communication between the platforms that operate them becomes crucial.*

BY SARAH FOSS

About a month ago, I sat across the table from an executive of a large station group. The discussion was around how his company was going to use software in the ever-changing multiplatform environment.

“You see,” he said, “I now spend more time planning how all of my systems work together than driving efficiencies across my business. I used to think that having such a focus on software within the media group was a good thing. That it would actually *increase* my efficiencies. But now? I’m in a worse pickle than ever!”

“Hmmm,” I thought. “That means he spends even less time managing how more revenue can travel through his systems!” I completely understood his conundrum. He’s not the only one who has discussed that problem with me recently. I have had similar conversations with other executives recently.

As the media ecosystem has become more complex, so have software, IT, operational infrastructures and back-office systems. In fact, software systems have become much more specialized as companies cross-sell inventory streams – which can include linear channels, video on demand (VOD), addressable services, mobile and online.

As the expansion of platforms available to media companies continues, we’re well beyond calling ourselves “multiplatform.” The prevailing term that national and global brands use is “omniplatform.” Although we tie our businesses to singular platforms, consumers don’t. They are finding our content in the four A’s: anywhere, anytime, any format, any device.

Specialized systems are all important as they address unique business and technical needs for selling and managing content/advertising for various platforms. Each platform has evolved as a stand-alone effort, and the software systems have followed suit.

As more revenue opportunities opened up for media companies, so did many new costs related to software systems or manual labor. In essence, the multiplatform environment has not only increased complexity, but has created silos within operational environments.

Long gone are the days where software people pitched a simple message: technology will cure many ailments. Now, software systems are part of the problem.

Between the new revenue opportunities and the radical changes in technology, it's hard to place bets on which systems will go the distance. Some software in media operations have been there for decades (no joke!) while others come and go with a mere blink of an eye. This, of course, makes the purchasing decisions even harder. How does one run simple return-on-investment models on capital expenditures in large enterprise software systems when it's impossible to forecast the traditional three-year payback?

#### AD AGENCY DILEMMA

What may surprise you further is that many of your ad agency clients have even more daunting challenges. Their core systems are even older than yours – and the walls between the silos even larger. What agencies face today is no less than a complete transformation of their systems and environments.

In fact, not too long ago, I presented this scenario at an industry symposium. I clarified that the software systems are so challenging in the advertising space that the *only solution* is to huddle experts from the various silo departments in a conference room to solve the “communication challenges” that their software systems cannot. The CIO of a large digital agency within a global holding company approached me afterwards and asked, “Have you been spying on our company? This is *exactly* what we do today!”

In summary: agencies are between a rock and hard place. (This might make your position seem a wee bit better.)

Take, for instance, programmatic. While there are a number of different buying models associated with programmatic (such as auction, open exchange and negotiated pre-placement), I truly believe that the term has come to mean *automated* for agencies. Fundamentally, they want to automate the buying process and get away from as many e-mails, calls, and faxes – yes, faxes! – as possible. If they could leverage software to handle some of the mundane tasks, then think of how much easier their world would be.

Or not.

Because of the challenges that many agencies face with software systems, they simply cannot leverage programmatic in any form or fashion. Therefore, a number of the large agencies have announced efforts to write their own software programs to tackle programmatic. What does this mean for you? A lot of new, proprietary systems from your clients that require you to automate your own systems for proper communication.

The reality of where we are today in the omniplatform ecosystem is:

- Consumers are seamlessly living in the omniplatform environment and will find what they want, when they want it and at a cost they are willing to pay.
- Agencies have legacy systems that simply cannot compete in the new world order. They are forced to live in spreadsheets.
- Media companies are required to *service them all*.

Your continued success as a media company is no longer simply content or sales relationships. While these are still critical to your brand and market position, your system choices are now the driving enabler for success in the omniplatform ecosystem. Smart decisions about your technology, business/operational systems and solution partners are a competitive differentiator. It's the difference between *surviving* in the omniplatform environment, and *thriving* there.

## MAKING SMART CHOICES

How does one make these mission-critical, revenue-increasing, efficiency-producing system decisions?

It's obvious that technology experts will always be involved with deep technical evaluation. But these specialists have been kept on the sidelines of business and sales strategies for too long. The sooner your technology managers are cross-trained in business, the better. (And, I even recommend vice versa.)

The cross pollination of business and technology functions greatly increases the opportunity to make good systems decisions while reducing risks. Most industries have had technology in a reactive role: what needs fixing or how can I reduce costs? In the omnplatform environment, technology should be proactive. The better question for the technology leaders is: how does technology increase our revenue today, tomorrow and in the distant future?

### DUE DILIGENCE CHECKLIST

As your technology team is evaluating this factor, there are other "due diligence" areas that finance professionals need to investigate, involving revenue, a service-based models, open systems and goal alignment.

**Current and Future Revenue** – Vendors of good systems articulate what their technology can do today, and where they are going in the years to come. In today's unpredictable world, there has to be a good pitch as to how your system is agile. It's not about working the ROI equation, but determining if your business can zig and zag with the market as the omnplatform environment evolves. That's hard stuff – but can be part of the question that you pose to your system partners.

**Service-Based Models** – Gone are the days when system vendors could walk in, sell a product and then walk away. The systems are too complex, and the media ecosystem is changing too much. Yet many media software systems are still sold as CapEx investments or pure monthly license models.

All of your software systems should include service agreements. This will marry your vendor-partner to your business. It's important to have regular, on-site engagement where your systems are being optimized and your staff is exposed to ongoing training, best practices and large industry initiatives. Without this you're losing the opportunity to keep your business on the cutting edge – and yours systems there too.



### Where the Rubber Meets the Road

In discussions with vendors, key questions will reveal whether or not their technology systems are primed to meet your needs today and tomorrow. Among them:

- Is the vendor's system based on new technologies? How new?
- What is the investment that the vendor puts into technology enhancements? How do they plan for changes in technology with their clients?
- How do they consistently monitor the changes in the business environment and the ways that this impacts their systems?



## Clearing Up the Cloud Haze

One approach to the service-based model is to host systems in the cloud. This is not a passing fad. The technology behind hosted cloud environments is robust and well-tested. Giants throughout the tech industry have proven that this is a safe, secure, and future-proof way for businesses to see value from their software systems.

By moving key systems into a hosted, cloud environment, you gain:

- An overall reduction of expenditures (like servers) that are costly to maintain;
- Removal of other critical spends, like replicated disaster recovery for core systems;
- Additional capacity and scalability that is hard to build into a physical environment without substantial cost;
- Simplicity of upgrades and systems enhancements; this will be directly managed by your partner vendor.

But, most importantly, you gain peace of mind. Why? Your partner vendor is managing your systems as a *service*. Your team is no longer on the hook for large infrastructure up-time, power requirements, security, connectivity and system health. That's the vendor's job.

**Open Systems** – By open, I mean easily integrated. It used to be that businesses installed one core system for each functional area. There was a sales/customer relations management (CRM) system, a traffic system, and automation system, a measurement/ratings system and the financial system of record. These had no connection points – except people manually rekeying data from one system to another.

Then, as our software systems became more sophisticated, we started integrating them with unidirectional data ingest. The sales system sent completed orders to the traffic system. The traffic system sent a complete log to the automation system, and so on.

Today's media ecosystem requires bi-directional data exchanges from multiple systems simultaneously. For instance, in the traffic system, information needs to come from sales, a ratings service, a promotions product, the general financial system, any CRM tool, a rights management engine, the digital ad server, a VOD bookings service and information from the corporate entity (if you have one). Then, the traffic system needs to send information back to all of these other systems.

Now, imagine that you are handling automated (programmatic) transactions with a number of your agencies, advertisers, rep firms and direct response agencies. These, most likely, are all proprietary systems – so you now have exponentially added to the number of integrations you will have to manage from your current traffic system.

It's mission-critical that your systems be open with rock-solid APIs. (An API is the application program interface. It's what becomes your language translator from one software system to another.)

The more open your system is, the easier it is to manage integrations and automate data exchange, workflows and business engagements with partners. This is harder than it sounds – for your vendor partners, that is – but makes your life much, much simpler and more profitable.

**Goal Alignment** – This is where digital service providers show that they have skin in your game. In the past, many of them have offered a revenue-share model instead of a monthly license for the use of their systems. The rationale was that as the system helped your business grow – and was used more – that would reflect in the revenue and provide growth for the systems partners as your revenue grew.

In theory, this makes a ton of sense. In practice, it's harder to rationalize. A better approach for core media systems – the ones I'm referencing in this article – is a hybrid approach. Your systems partner should drive your growth,

cost-efficiencies and better performance *with you*. And, just like all good performance management systems for employees, there should be upside tied to goals and objectives. We in the software world über-measure everything. Finding specific goals that we as partners can agree on is better business for us both.

But, it cannot all be upside. All systems partners have ongoing costs that need to be accommodated: the biggest being research and development. Without a steady base of R&D funds, your systems partner will not be able to guarantee innovation, open APIs and good service levels. It costs money to keep a system as future-proof as possible; that is money well spent for your business.

And, that's the overarching requirement for all systems: *is it money well spent?* In today's omniplatform environment, it's harder than ever to determine the answer to this question. Your business leaders and technology experts will have opinions, analyses and strong arguments to create this case. From my vantage point, though, the underlying business case is strengthened by knowing the answers to the above questions.

I think back to my conversations with the media executive and agency CIO and realize that we're in an evolutionary phase for media – and the systems that manage our businesses. There is no silver bullet, no magic wand that will create the perfect systems ecosystem today.

The key for any evolution, though, is to manage to the one constant: *change*. Technology and software systems are part of this change, and one you can manage effectively with the right questions. The answers will let you know how evolutionary – and profitable – your media company is prepared to be.

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