

# IT-ization of Broadcasting: The Digital Conundrum

by Alec Pettersen



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**M**edia has seen many technology changes throughout its history, but perhaps none of them compares to the profound impact of the transition to “digital.” Sadly, the full potential of digital hasn’t been exploited, as many media companies maintain the old processes and workflows of yesterday. In an industry under increasing competitive pressure to not only produce and distribute content, the capability of new software systems to enable new workflows, processes, and even new job descriptions are important ingredients to increase operational efficiency and improve the bottom line results.

Like many industries before media, digital processes and practices forced technical specialists out of their creative, engineering, and production departments (E.g., editors, broadcast engineers, and camera-operators, respectively) and into the ever-growing throng of IT-capable media employees (E.g., software administrators and IT-savvy journalists/reporters).

While enterprise infrastructure changed radically, a number of our business practices have not. Thus, a number of specialized vendors, integrating IT solutions for media-specific workflows emerged. Rath-

er than open up new business processes and streamlining operations—afforded by the digital revolution—most media enterprises have replicated the legacy broadcast silos into new digital ones.

Worst yet, while digital transformation could have reduced overall operational costs for media companies, maintaining discreet software systems in each department has actually increased the overall cost and diminished organizational effectiveness. To manage to better profit margins, many executives view the expanded responsibilities managed by IT departments as unnecessary—and cut staff to manage to the bottom line. These cuts, though, dramatically impact business

development and daily operations as silo systems no longer have IT experts maintaining and driving performance for non-IT staff.

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Digital, unfortunately, has created a business conundrum for media enterprises: ***how do I leverage the power of digital without sacrificing margins or competitive advantages?***

Or, put another way, now that media has become a part (albeit a somewhat specialized one) of the larger “IT” industry, are there established best practices and lessons learned that broadcasters should be

looking at to guide this transformation?

### Aligning IT to Your Business

How often do organizations design an operational strategy then acquire the systems to support it? Too often decisions that affect IT implementation and execution are relegated to the business departments that will choose, more often than not, software systems that maintain current inefficient, outdated workflows. By relying on those that actually execute the daily operations to make ‘digital decisions’, business continuance becomes the de-facto IT strategy, instead of creating new processes and then selecting a system that supports a holistic IT strategy.

In addition, media companies have made business decisions to engage in new content models and distribution platforms without considering the impact and possible benefit of integration with legacy or “core” businesses. This, inevitably, creates “silos” of unique systems supporting differing departments. In other words, the online and offline business units use different systems that double the number of business analysts and IT staff to maintain them. Instead of utilizing digital technology to launch new businesses AND reduce overhead — the lack of unified departmental and organizational planning often results in doubling the IT staffing requirements and contributes to priority churn and IT ineffectiveness. Sales and asset management systems, two key areas of digital heavy-lifting systems, are examples of this short-sighted planning. Many media enterprises allow these systems to be built often from scratch—or heavily modified from a

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vendor—and create discreet projects and IT teams supporting them.

It is imperative for media executives to develop a company IT strategy that aligns to the overall business strategy. No longer should IT’s main function be simply a “service organization” within media — supporting everything from outdated software systems to managing digital content distribution to serving as help-desk to business computer users.

An effective and aligned IT strategy will not only drive operational investment decision-making, but also create expectations around operational objectives and expenses in relationship to profit. Every media company should have a clear

philosophy about IT within their organization. With respect to IT spending and investment, does the company see itself as an aggressive or frugal spender? Does

the organization see IT as a true business partner aligned to support not only today’s challenges, but positioned to proliferate the organization in the out years? Only with this understanding are you then able to choose projects in line with your investment level.

In developing an IT business strategy, it is not just the values of the CIO or current departmental responsibilities that should be discussed. Rather, as digital has transformed business opportunities—without the radical shifts in departmental / operational processes—the cultural values and business options create needed context for IT decision-making.

Key questions for the executive team to consider—including the CIO—are:

1. Does the company envision business growth associated with new digital business models and transmedia / cross-platform content development?
2. Does the company prefer consensus-driven or autonomous decision-making?
3. Does the company believe that competitive differentiation is achieved via specialized workflows and unique business offerings?
4. Does the company align more readily to technical experimentation/early adoption or business stability/continuity when making planning investments?
5. Does the company have current operational opportunities / constraints that leverage technology differently? The same?
6. Does the company have a number of legacy software systems acting autonomously?

Empowered IT executives will clearly outline operational possibilities and propose spending that aligns to the business strategy, once this has been articulated. Unfortunately some media companies have implemented sweeping IT programs with the intent of aligning to “best practices” or “cost-saving programs.” But if these are not aligned to the broader business objectives, these IT investments can be a waste of money. No IT investment or program should be initiated without a clear prediction of the ROI and impact to organizational objectives. Does your company have the right metrics defined to measure costs and effectiveness for every project? Does your company have the processes in place to ensure repeatable success?

For example, outsourcing IT-related functions might make sense for a media enterprise that does not feel competitive advantage is achieved through unique offerings. The cost savings will be easy to measure, but is there a clear plan to measure the operational impact of outsourcing on business?

Conversely, if specialized workflows enable a media company to provide content at a desirable price, investment in highly specialized software systems may be considered critical to the business. Is there a plan to measure the ROI on this larger investment?

When it comes to software systems selection there are several paths to follow, depending on the company’s philosophy and investment level.

- **Best-of-Breed (BoB):** Selecting the best software tool for each function requires investment in integration to build and support a complete system. Are you prepared for the extra investment and possible expanded technical staff this approach often requires? Is there a definable ROI from following this approach? What’s the holistic impact to workflow and business processes?

- **Single vendor/All Encompassing Solution providers:** If you go with a single vendor, then you can rely more on the vendor to assist in the management and the necessary integrations in the system. This is, though, still largely at the service of the vendor. The total cost of ownership (TCO) may be lower but you probably will need some operational performance compared to the BoB approach. What are the business limitations and human capital require-

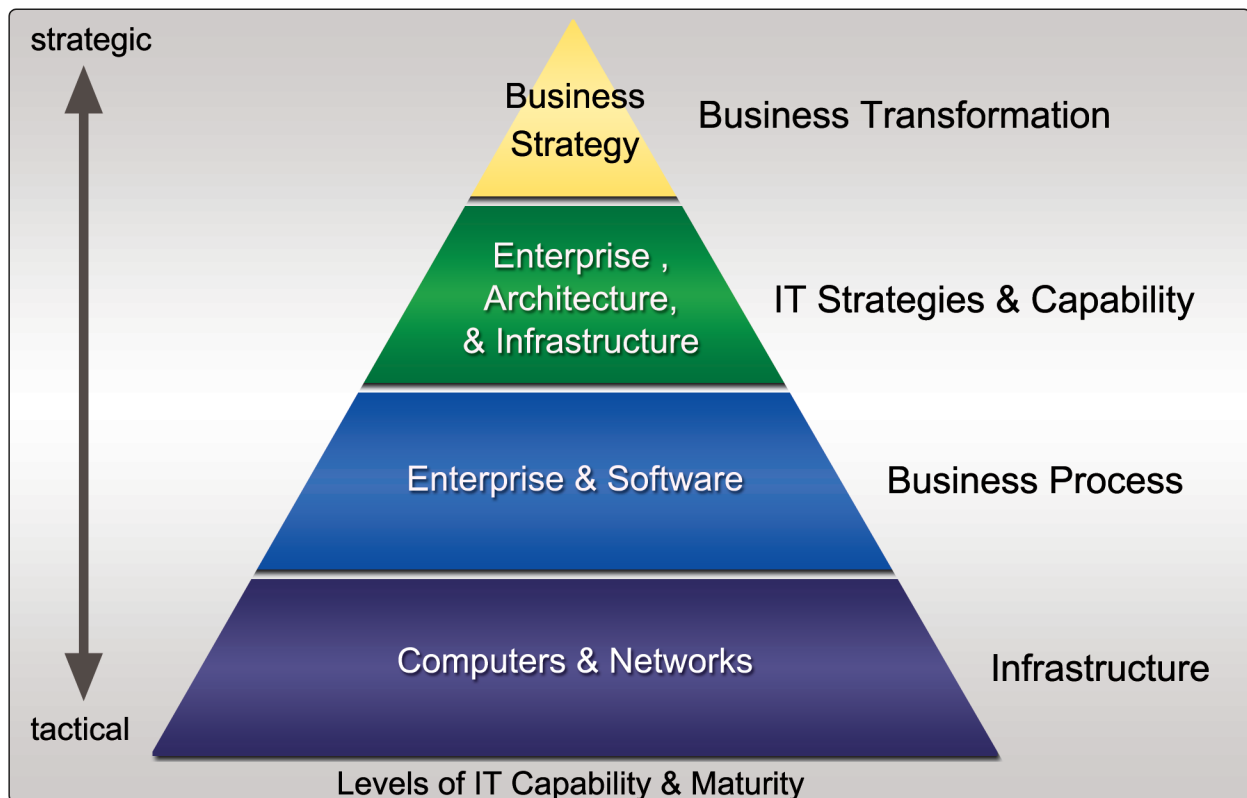
ments to fill the gaps of this approach? You may also lose considerable leverage in any future negotiation(s) on features and price. Does your ROI calculation take all of these factors into account?

• **Integrated / Blended Solutions:**

In this scenario, IT departments may have internalized software development and/or partnered with a handful of key software providers (single vendor solutions for key departments) that have been integrated through custom code projects to build a “Best-of-Breed” solution. Does the delivery and governance around this approach meet organizational timelines, costs and objectives?

• **Outsourcing IT:** If a media company decides to outsource, IT staff are still required to manage specific functions as well as the content that remains in the organization—and the transfer process to outsource partners. Does the turnaround and responsiveness for this approach fulfill near term and long range objectives? Does this approach increase the risk of loss around intellectual property or operational processes?

Given the size of the media enterprise, you may have more than one of the listed approaches. Again, this can be an effective operational plan if it is aligned to the company’s overall business approach and designed IT strategy.



Finally, the development of an IT strategy and organization aligned within the business will create clarity and accountability designed to drive sales, efficiencies, and marketplace leadership. Most forward-thinking media companies know that IT must participate during the strategic and decision-making discussions for new technology. These “round-tables” provide a forum by which all stakeholders can discuss and debate what will or will not work for a department upgrading or replacing digital infrastructure, but how will it impact other departments and the organization. But, in the absence of role clarity, IT execs and staff may end up representing only one view: will the system work? Without a clear plan that includes the top level perspective and an ROI, how will success be measured? If the IT department is subsequently required to make the system work regardless of cost, then any ROI could vanish due to unexpected expense. The CIO, then, has the responsibility of managing to the lowest cost of operations—which would impact options for business leaders before, during, and after the decision-making process.

### **Navigating the Digital Fray**

The key to effective IT management in media enterprises first depends on the organization’s willingness to articulate a clear business growth strategy and to characterize the role that IT plays in this. From this, contentious issues such as resources, “sacred cow” legacy software systems, and IT investment can all be addressed. Until then, IT will end up managing more than a media company’s hardware and software; it will end up managing departmental turf

wars and possibly bad business decisions.

Certain media enterprises have found that a more objective way to manage the development of the IT strategy is hiring a consultant. By doing so, the IT department can participate actively in the discussion—rather than maintaining an objective distance from the digital fray. When creating an effective IT strategy, the IT department should have opinions — and strong ones! Therefore, an expert resource from outside the organization can generally facilitate the discussion and manage personalities, enabling IT to represent expertise as a stakeholder.

In the end, though, the IT department is responsible for navigating the media enterprises’ own digital waters. Consulting partners with domain expertise should

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be considered as essential to building out the operational plan, as then industry best-practices can be adapted and implemented for a specific company. Additionally,

software integration projects for BoB technology solutions can be developed and customized to ensure organizational objectives and ROI are achieved. In essence, consultants can augment the IT department’s current team as the digital house is put in order—then transition a smooth departure to minimize loss of intellectual property. This is not only better for the current IT team managing business continuance, but also for the balance sheet.

Digital has afforded more new business and cost-saving opportunities for media

enterprises than any other industry transition. But, it is only with an effective IT strategy, in complete alignment with the needs of the organization that the digital fray can be addressed and resolved for short- and long-term effectiveness.

Digital shouldn't be a business conundrum. It should be a whole new way of managing a media enterprise for more revenue at a lower price point. The IT-ization of media offers a rainbow of new opportunities and business practices—with a pot of gold at the end of it.

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### About the Author

Alec Pettersen is the senior vice president, of Edge Technology Service's Media Practice. At Edge, he helps media executives develop sustainable IT strategies. As a former CIO, he has not only created digital transformative programs for media enterprises, but also participated—first hand—in the benefits of aligning IT to company business strategy.

### About EDGE Technology Services

EDGE Technology Services is a privately held company whom possesses deep domain expertise and has a credible reputation for securing high-quality industry experts for business, software, and IT projects in an expedient, efficient, and professional manner. They partner with their clients, both nationally and internationally, to provide resources in the form of consulting, project management, or via staff augmentation - temporary or permanent. Given their diverse client base, EDGE's domain expertise serves a wide spectrum of industry groups, including but not limited to media & advertising, insurance, healthcare, pharmaceutical, manufacturing, banking & finance, utilities and telecommunications.



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