

Responding to Change

The communications, media, and entertainment industry and the cloud.

Cloud survey report:
Industry experts explore the current and planned cloud adoption strategies of senior IT professionals.

Researched by
 **Longitude** | THOUGHT LEADERSHIP SPECIALISTS



Introduction.

As part of a sector in flux, communications, media, and entertainment (CME) companies are looking to reinvent themselves to meet changing consumer expectations, but also to address new market dynamics and competition, and cut costs. Cloud offers CME businesses a way to increase customer retention by shaping offerings around users' unique preferences.

Organizations across the sector are taking a proactive stance toward cloud computing, with a significant majority of companies either having a cloud strategy that's largely or fully in place, or one that's already underway (39% and 41% respectively).

Cloud experience shows signs of divergence across the sector. As early adopters, media and entertainment firms have a longer history of cloud use, and are adopting cloud services at speed. Open cloud architecture makes it easy for them to deploy media applications and connect them with other business applications.

Telecom has moved toward cloud more recently, and its usage is now picking up pace as providers look for a reliable source of scalable IT services.

This report is based on the responses of 80 senior IT leaders occupying a range of roles within the CME sector. The research was conducted in late summer 2017 as part of a larger survey of 730 senior IT decision-makers in 13 countries and across nine sectors.



The need for speed.

While there are different approaches toward cloud within the CME sector, there are some common drivers behind the growing levels of adoption. Against a backdrop of massive disruption and decreased margins, companies are developing programs of digital transformation to help them respond. At the same time, there is more pressure than ever to deliver innovations that inspire customers across channels.

As a consequence, the motivation for moving to the cloud is both pragmatic and forward-looking. The key drivers for cloud migration cited are cost (43% of CMEs list it as a motivating factor, compared to 33% of all businesses), and a desire to improve IT resource management (36%).

What were/are the key motivators behind your organization's move to the cloud?

Update our IT infrastructure

26%

Improve IT resource management

36%

Improve customer/client interaction

27%

Save on IT costs

43%

Improve speed of innovation

25%

For Deutsche Telekom, IT usage is the key consideration: "Volume of usage is very different over the year, over the seasons, and also on a daily, monthly, and weekly pattern," says **Michael Schlitt, vice president Test and Solution Delivery, Deutsche Telekom IT.** "We're asking how we can use the elasticity of cloud infrastructure to make sure that, at any given point in time, we only use and pay for the infrastructure capacity that we really need."

The industry is looking for a response to the squeeze on profit margins and a need to find economies to finance investment in network and other infrastructure. However, a significant proportion also recognize that cloud will help improve customer interaction, helping to underpin recent transitions in approaches to customer experience and support.

Agility, too, is a factor in cloud adoption. One quarter of businesses say that improving the speed of innovation is a motivation behind their migration—increasingly necessary to allow them to respond faster and more directly to changes in consumer tastes or market dynamics.

*Respondents could choose up to three choices from 12 options.

The need for greater agility has been emphasized by the rise of start-ups and companies from outside the sector that are eroding traditional revenue streams, and offering services that were once the preserve of telcos and media companies. At the same time, technology giants such as Amazon and Google have reset expectations within the industry, driving companies to react faster to changing market dynamics.

Organizations are looking at cloud through a prism of responsiveness: “The cloud provides greater scalability and agility to change according to business needs” and “Moving to the cloud will allow us to better meet our customers’ and clients’ needs” were the statements that drew the most agreement from CME businesses, reflecting the experience of 70% and 65% of organizations respectively.

The applications that organizations are prioritizing for moving to the cloud include customer-facing mobile applications, customer-facing websites, and big data.

Databases are the most common workload to be earmarked for migration (51%), followed by big data and advanced analytics (48%), and data warehouses (41%).

The industry also puts a far greater emphasis on reducing time to market for new applications and services than any other (34% of CME businesses said it was an IT priority, compared to a cross-industry average of 23%).

The importance of uptime also affects the approach to cloud. The time taken to migrate in-house data to the cloud was the most commonly cited challenge to cloud-based data management, aside from data security concerns.

AT&T Adopts Oracle Cloud at Customer for Critical Workloads

By moving Oracle Database workloads to Oracle Cloud at Customer, AT&T gains all the benefits of the cloud behind its firewall, fully managed by Oracle. “This means we can run all our mission-critical, very large database workloads on the Oracle Cloud and Oracle will be providing the infrastructure support to run that cloud, which frees up our resources to be able to focus on technology, media, and telecommunications,” says AT&T’s lead principal architect, Claude Garalde.

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Merging public cloud and in-house IT.

The CME sector has an above-average proportion of businesses that view integration as an IT priority. 57% of businesses say they are already integrating cloud and in-house systems, and a further 31% say they will be undertaking such integration work in the next one to three years.

Given the value placed on integration, it's no surprise that the sector has the highest percentage of companies that rate a choice of deployment models as a key requirement for any cloud migration. One in four view it as a key prerequisite of any move, which is above the cross-industry average.

CME companies are one of the most enthusiastic users of public cloud across sectors: 33.9% of their cloud applications are hosted in this way. Similarly, adoption of private cloud is above average, with only the automotive and energy/utilities sectors showing greater use of cloud. Hybrid cloud, meanwhile, accounts for 23.9% of cloud apps.

IDEA Cellular, the third largest telecommunications service provider in India, is using Oracle PaaS to help prevent outages and increase the performance and efficiency of its mission-critical applications. "IDEA Cellular has more than 175 million wireless subscribers and our mission-critical systems cannot afford downtime." says Prakash Paranjape, CIO at IDEA Cellular.

Find out more >



Development.

The reason for lower hybrid cloud usage may be down to the investment that companies have made in customizing software to better fit their businesses. 35% of businesses said a fear of losing precloud customizations was a challenge when considering whether to migrate workloads or applications to private or hybrid cloud. This figure is the highest among any industry surveyed.

Top three challenges regarding migration to the cloud:



Customizing software to fit business needs is important across the sector. In SaaS deployments, 32% of companies say they are using a mix of custom code and on-premises software to extend apps, while a further 37% are using off-the-shelf platforms that have been adapted to meet their specific requirements.

When it comes to cloud-based development, the industry has one of the highest percentages of companies already developing and testing their apps in the cloud, at 56%. A further 42% say they plan to start doing so in the next one to three years.

CME organizations tend to be more efficient than those in other sectors in their development of midsize web apps: spending 6.9 weeks, on average, compared with 7.7 weeks across all other sectors. Their release cycle is also faster, taking an average of only 9.7 days to release code, compared with a cross-industry average of 14.1 days.

There is, however, increased flexibility in the way companies operate their development teams: they are much less likely than those in other sectors to operate a centralized team structure.

Deriving value from data.

Improving business intelligence, analysis, and data visualization is a priority for CME organizations. By extracting greater value from existing data, businesses can better understand the needs and wants of their users, and respond accordingly—allowing them to customize offers and content appropriately, and deliver frictionless customer service.

Businesses also know that cloud can help make sense of customer, partner, network, and other data. Those who are using cloud analytics say they're doing so because of a need for better integration of data and for enabling more sophisticated data analysis.

For those that are already conducting data management, the most common reason is to improve data-analytics capabilities, alongside boosting data accessibility and enhancing data-management features.

Concerns about time are holding companies back from greater use of cloud data management. More than a third say the time taken to migrate in-house data to the cloud (35%) and time taken to complete (34%) are challenges. Perceptions of compromised data security are seen as the biggest difficulty when moving to cloud-based data management, at 39%.

Companies that are managing data in the cloud are reporting a number of benefits, including better data storage, integration, and access.

More than two-thirds (67%) of businesses that are managing data in the cloud say it has given them better storage capabilities, improving their ability to scale data storage up and down. This figure is one of the highest of any sector, and five percentage points above the cross-industry average.

Companies using data management are also excelling in their ability to access information. 57% say it allows them to retrieve data quickly and seamlessly—again, one of the highest among all industries.

Using the cloud for data management is likely to become more important in the coming years, due to consumers' increasing demand for digital-first and cohesive omnichannel experiences. With more advanced data-manipulation capabilities, companies will be better placed to query their treasure troves of information, using data to offer deeply relevant, real-time, and personalized products, as well as provide customers a greater degree of control over their service use.



Security as a priority.

While cybersecurity commonly tops the IT agenda for companies, whatever industry they're in, it's on the minds of CME companies more than most. Nearly half say improving cybersecurity is an IT priority (48% versus 42% across all industries). Holistic security is also the key requirement for those who have moved, or are planning to move, to the cloud.

While the industry has a lower-than-average percentage of businesses currently managing IT security in the cloud, it's a situation that is unlikely to persist in the long term, as 45% plan to make the move over the next one to three years.

Many organizations, however, are conscious that the security landscape is becoming more complex. 52% say the frequency and impact of cyberattacks is increasing, while 44% say the same of app and infrastructure outages.

While organizations across the sector tend to experience a similar level of outages as other industries, they tend to fix them more quickly. Given the hyper-connected nature of their customers and partners, and the increasing demands on modern networks, it's perhaps no surprise that they're quicker to fix downtime than peers in other sectors.



Conclusion: A laser like focus on customer needs.

Security, extracting value from data, and agility are key components of the IT strategy of CME companies, as they seek to better understand and respond to their customers.

An awareness of rising customer expectations and encroaching competition is leading companies across the sector to use cloud services to help build a laserlike focus on meeting customers' needs and preferences more exactly.

Facing perhaps one of the more challenging and rapidly changing environments, companies are using cloud services and strategies as a matter of course to provide IT environments that are more robust, and able to adapt to shifting demands on both micro and macro levels.



Making it happen.

To migrate effectively to the cloud, CMEs need a strategy that incorporates multiple elements, from the underlying platform and applications to integration capability. Above all, they need flexibility—to be able to develop a custom migration plan that works for them.

For further information, view this short [video](#), or visit: oracle.com/cloud/platform

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