

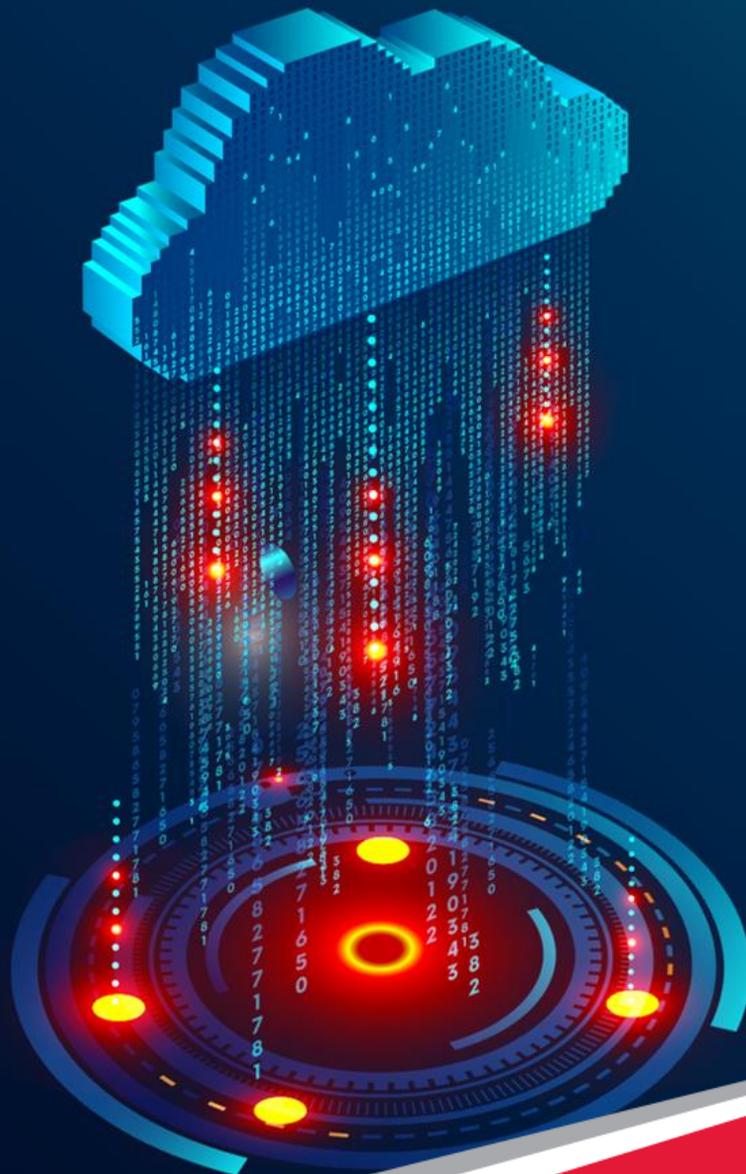
White Paper

ERP CLOUD ADAPTION in MEDIA & ENTERTAINMENT

Business Perspective

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View Point of Media & Entertainment Business:

There is clearly a gap between the way content is produced and distributed and how consumers want to experience and pay for it. Media and entertainment business has to identify new opportunities for increasing revenue while reducing cost. This requires implementing new business processes, building framework / platforms which support the needs in agile way. To expedite this transformation and meet the growing digital demands, M&E IT needs to re-architect the platforms they operate and use data in much more analytical way.

The way Media is consumed has changed dramatically in recent past from traditional channels which existed for decades if not centuries.

As physical boundaries diminish in content consumption, as Communications companies position themselves as “Entertainment” companies as well the underlying fabric of IT systems which supported the entire set of transaction(s) also needs big change.

Traditionally, IT enabled “specific” processes through legacy applications, ERP or home-grown applications built

over number of years. This included predominantly back-office business processes like Account Receivable, Account Payables, Financial Reporting, HR processes etc. While this model enabled Disney and Warner to become a multi-billion dollar companies operating across globe it also created a very messy and complex IT landscape underneath. This happened because there was some inherent gaps in what actually the business needed versus what IT provided as solution to the business needs. Like it happens in other organizations or verticals Business and IT did not “speak” to each other. This led to Business in M&E industry finding their own way to meet their needs which meant creating parallel or small solution factories (“Shadow IT”) which supported their specific needs. Let us delve little more onto understanding this.

M&E business needs are not limited to standard business processes that an enterprise needs to do business, for example, Ordering, Receiving goods, paying suppliers, managing employee etc. The needs are very specific as we are not dealing with a non-living physical entity but a living entity who provides services and needs to be paid according to services rendered.

Let's take some examples:

- **MDM:** Master Data Management is one of the key areas organizations invest to ensure single source of truth and is clearly a big factor that contributes to its profitability. But have you ever wondered what the entities are in the M&E world are? They are not nuts, bolts, paper, equipment, cables and printers, but actors, writers, producers, dubbing artists and more. We keep reading in gossip magazines about Hollywood contracts for actors, have you ever wondered how IT systems work in background to setup Nick Jonas as a Disney artist for 5 seasons? Or how do our most beloved actors behind iconic characters Phoebe, Joey are paid for rerun of Friends? How do they track and calculate the pay-outs? Specialized configurations are required for traditional IT applications to handle these scenarios.
- **Intellectual Property:** As content becomes more and more accessible through various channels, the issue of Intellectual Property Rights is becoming equally important. It is important to have systems which can manage IP or profits can be significantly eroded. Approach to hence deploy traditional IT Applications is bound to create the “Bolt-On” that business will create to over-ride, add or manage these specific business needs.

IT must focus on meeting the needs of the business functions in the organization to achieve their desire outcomes (such as lower TCO, lower support & maintenance etc.). Otherwise the IT department is always viewed as not part of the “core” business or no understanding business needs. We hear this often that CIO has limited influence over the business or that the business function needs to fund an initiative. Ever

wondered why a CIO is not empowered to take decisions regarding his or her business needs? Have you ever wondered why a CIO is not associated with a function domain—i.e., CIO for Automotive or CIO for Retail? A CIO is seen as technical expert and is portable across verticals and industries.

The simple reason is that there always existed a chasm between IT and Business in most organizations, and hence a CIO always focused on the best IT architecture, most scalable option, most cost competitive solution, etc., but seldom seen as understanding what the “real” business needs are and how the IT department can address them so as to make business align to IT more meaningfully.

Things are changing and changing for good. System Integrators (SIs) have a big role to play to bridge the gap. “Value Play” is finding acceptance increasingly in the world which was predominantly a “Cost Play”. With the advent of new edge technologies, it has never been easier for the business and IT to bridge the gap and be relevant to each other. Block chain, IOT, AI, Cloud and host of open source technologies bring flexibility to configure business needs to exactly aligned to the needs, uproot the complex shadow IT, free up resources including hardware, software and manpower for better productive use.

At Tech Mahindra, we have lead large Digital Transformation programs for many customers that replace a decades old legacy applications that are interconnected in such a complex way that an industry within industry has evolved to support and maintain them. At Tech Mahindra, we have established a Development Center focused on the pain points of our customers and created applications that can integrate with these existing systems.

At high level the approach to this digital transformation is:

- Move to cloud as many business processes as possible
- Attempt to reduce the total number of applications
- Focus first on primary Business needs and fit the technology solution after
- Streamline the business by restructuring the Chart of Accounts to match your enterprise structure / operating units to operate more profitability
- Carve out a “Shared Services” model for business processes that are required by multiple functions in the business to avoid duplication of cost
- Reduce Total Cost of Ownership (TCO) for maintaining systems by moving to a cloud-based SaaS technologies and a subscription model



M&E: How the needs are very different

M&E Business processes mapping to ERP cloud is different when compared to other verticals as it deals with functions such as license transfers, Billing based on Airtime, Inventory movement to production sites and reusing, IP / Infringement, Movies and Soap Opera's as finished products, Receiving payments through 3rd party vendors, Contractors etc. This requires the implementation partner to have substantial knowledge in terms of how product behaves, what the gaps in product that need to be addressed in form of PaaS development and 3rd party functionalities.

Salient features of ERP cloud:

Some of the capabilities of ERP cloud that can help customer decide on choosing it as technology platform are:

- Rapid implementation methodology allows customers to deploy configurations and perform transactions much faster, depending on urgency, cost, scope, internal readiness and vendor expertise.
- Concept of centralized procurement brings the consolidations of purchasing process across business units, this saves time and money and leads to better reporting.
- Customer shared service centers provide services to client business units that can be part of other legal entities. In such cases, cross charges and recoveries are in the form of receivables invoices, and not merely allocations within your general ledger, thereby providing internal controls and preventing inappropriate processing.

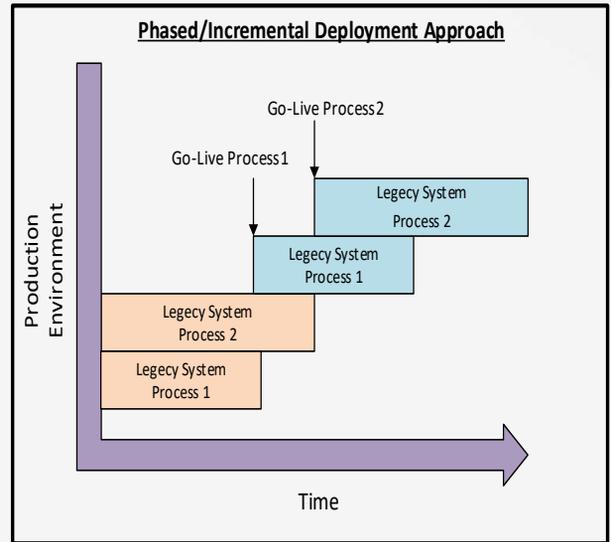
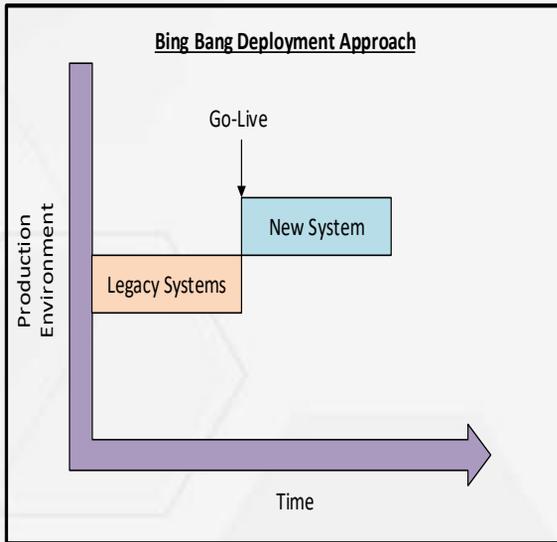
- Enterprise configurator which is file based data import to ERP cloud applications benefits customer for faster completion of configurations and proceed for testing.
- Complete setups can be copied from once instance/environment to other instance/environment (Configuration package)
- As per the business requirement, system will be setup with workflows where approver will be triggered with approval notifications to perform necessary actions and these approvers does not need ERP cloud licenses to perform the actions.
- ERP cloud applications can be operated using mobile/i-pad.



ERP Deployment approach:

Digital transformation is a continuous process and last several years but traditionally companies approach the same either using 'Big-Bang Model' or 'Incremental Model'. They common factor in choosing either of option is to define (quantify) the end objective. Both the approaches have pros and cons.

| Big-Bang Deployment Approach | Phased deployment Approach |
|--|---|
| As the name suggests, opting for a big bang deployment means defining and developing the solution, testing and enabling the new system all at once across the organization. | A phased deployment means defining and developing the solution, testing and enabling the new system incrementally. |
| With this approach, customers can avoid any overlapping of multiple systems, consolidation and reporting is not across legacy and new systems | End users may have to juggle using several systems and their corresponding processes while the new system is phased-in. |
| A mass implementation of this magnitude obviously requires careful much detailed planning with enough contingency built in. Significant investment is required in organizational change management and training to ensure everyone is fully trained before the system goes live. | A phased deployment allows a user to test the new system. This helps users feel more comfortable during the transition and puts less strain on organizational change efforts. |
| Any flaw in deployment, no matter how small, can cause a rough transition and may invite negative responses from users, leading to decreased user performance and overall acceptance of the system. | The segmented implementation approach protects the program's investment and maximizes the chance for long-term success for the organization. A phased deployment is also the more expensive route. |
| The challenge in big bang approach is to finish the cut-over in few days' time as the dynamics of business does not allow systems to be out of service for longer period. | The extended period of deployment requires more time and resources to see the project through to full adoption. This means that you could potentially be seeing a delay in your ROI in the short term, but it will minimize your risk of setbacks and missteps. |



M&E companies or Implementation partners can decide on what business needs most, which option will give the most benefit back to the company with the smallest impact on operations during the transition.

Organization needing more information on Oracle ERP capabilities and Business Transformations may please contact us.

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