IDC MarketScape

IDC MarketScape: Worldwide Media Consultation, Integration, and Business Operations Cloud Service Providers 2024 Vendor Assessment
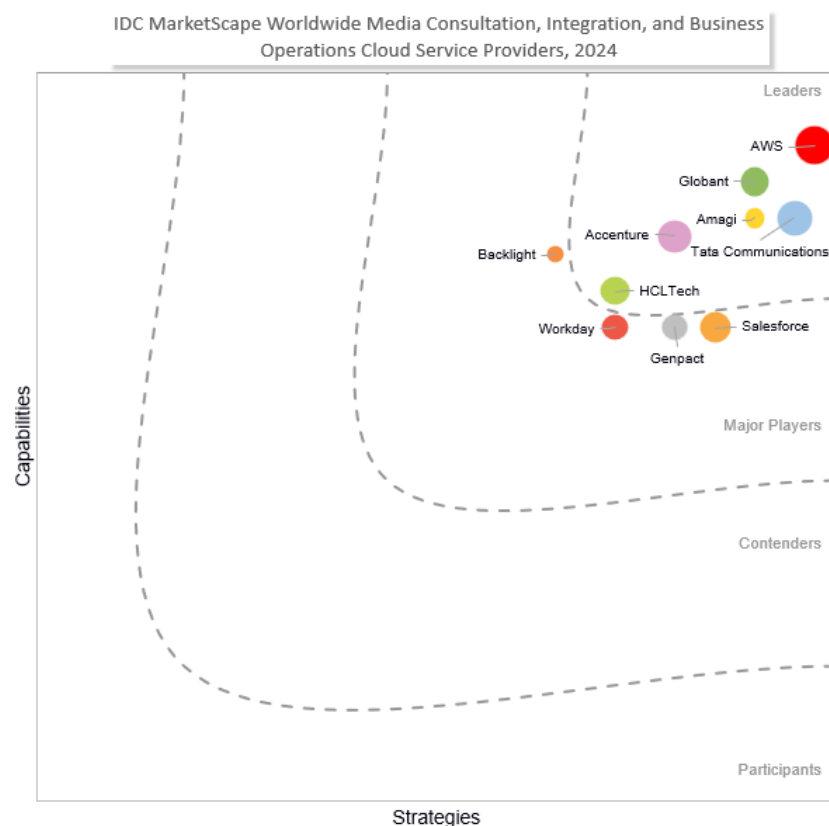
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THIS MARKETSCAPE EXCERPT FEATURES: TATA COMMUNICATIONS

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Media Consultation, Integration, and Business Operations Cloud Service Providers Vendor Assessment

Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Media Consultation, Integration, and Business Operations Cloud Service Providers 2024 Vendor Assessment (Doc #US51752224). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Advice for Technology Buyers, Featured Vendor Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The media and entertainment (M&E) industry is at an inflection point in its transition to cloud services. A poor economy, a lack of return on investment (ROI), and a shortage of skilled labor require companies to adopt new advancements in technology that drive efficiency, productivity innovations, and new operational models to compete effectively. The need to leverage technology for cross-platform and systems data aggregation and analysis has never been more important. This includes, but is not limited to, artificial intelligence (AI), generative AI (GenAI), and machine learning (ML) implementations; workflow efficiencies; improved decisioning; and the achievement of profitability as companies transition to the cloud. Therefore, the move to cloud is no longer just about production, distribution, and monetization but more importantly about modernizing back- and middle-office business services that provide improved visibility into real-time performance metrics compared with a plan to make better, more timely decisions.

It's no longer acceptable, especially for publicly traded companies, to just grow and scale at the expense of "profitability." Shareholders are now demanding more since they now understand that many media companies can no longer rely on traditional distribution channels such as cable and satellite for broadcast and the box office for the motion picture industry to sustain their businesses' financial objectives, especially when they must invest in digital transformation. Let's pick a few highlights about the industry as presented in April at NAB 2024.

As pointed out by the International Association of Broadcast and Media (IABM) at the recent NAB 2024 conference in April, business confidence in the media industry is down from 2023, despite slightly improving macroconditions. Media companies have continued their financial struggle with streaming business models, doubling down on the cost reduction initiatives (including significant staff cuts) they started implementing last year to reduce pressure on margins. From 2023 to 2024, consolidation in the industry has also re-emerged despite difficult economic conditions, including higher interest rates. Media businesses have also doubled down on free advertising streaming television (FAST) and live sports to deliver a hybrid proposition to viewers demanding more live events, lower-cost alternative to subscription-based video-on-demand (SVOD), and traditional cable or satellite linear television.

Financial considerations such as efficiency, ROI, and revenue generation have become more important drivers of technology investment linking together the business cycle with media orchestration and financial, staffing, and procurement services. Media companies are also revisiting their strategy regarding outsourcing. Outsourcing investment at media businesses has grown from 2023 to 2024 to reduce costs and focus on the core as content supply chain investment trends are now primarily concentrated on creation, production, management, and monetization that is consistent with some of the recent rationalization initiatives at media businesses.

Therefore, the common themes for 2024 within the media industry to date are:

- **Profitability.** Media companies are laser focused on improving margins as they continue their struggle with streaming business models. While their traditional linear businesses continue to have healthy or at the very least reasonable margins, it's clear they must continue to invest in a digital future as consumers continue to cut the cord and migrate to over-the-top (OTT) consumption of content. A more streamlined approach focused on lower opex, more productivity, and highly efficient workflows that can quickly identify problems and address them in real time based on intelligent decisioning and/or AI-driven automated approach is paramount to stay on plan to hit profitability objectives. This also addresses staffing issues whereby highly trained digital resources can do more with less.

- **Consolidation.** Consolidation of business activities and technology spending is on the rise as companies navigate through an uncertain environment seeking ways to become more efficient while also reducing costs without sacrificing their competitive position and time to market. There are simply too many technology vendors in a very fragmented market that further confuses media companies. Consolidation of use cases both vertically within one of the key pillars of production, distribution, and monetization or within business services and media orchestration and horizontally across all of them limiting the number of vendors necessary to complete the business cycle is paramount.

- **Efficiency.** As media companies go through their digital transformation process, a key focus is on obtaining more efficent workflow processes leveraging technologies such as AI and automation. As stated previously within "profitability," a more streamlined approach using less resources that are digital ready allows media companies to create more high-quality content cost effectively. A combination of high-quality data, AI, and automation of workflows will help drive healthier digital margins targeting financial and content creation, production, distribution, and monetization performance improvements.

Looking at media technology investment trends from 2020 to 2024, cloud and virtualization continue to lead, but there are some key changes that need to be highlighted. First is that AI/ML and analytics jumped to the number 2 spot from the previous number 7 in 2020 through 2022 average rankings. In addition, there are new entrants within the top 7 for social media and advertising technology.

These three themes drive efficiency, engagement, and monetization, respectively, which aligns with the overall theme of 2024. While there is a slight drop by OTT and streaming, it still ranks as number 4 in importance as both broadcasters and motion picture studios continue to adopt direct-to-consumer (DTC) business models.

This 2024 IDC MarketScape for worldwide media consultation, integration, and business operations cloud service providers focuses on identifying and assessing the key technology vendors that present the most innovative solutions across the ecosystem that address the media business challenges of 2024 either organically or combined with preferred partnerships.

The M&E ecosystem architecture is complex and divided into infrastructure as a service (IaaS), platform as a service (PaaS), SaaS, and managed services use cases across production, distribution, and monetization, with overlays of media orchestration and business services. Media companies as previously discussed are challenged to minimize resources while retraining or replacing them with digital transformation and cloud knowledgeable personnel, invest in modern business services and technologies that allow for enhanced efficiencies and intelligent decisioning, and finally, decide on a strategy whereby changes are made regarding insourcing versus outsourcing. As a result, many media companies seek out multifaceted vendors that offer consultation, design, integration, deployment, training, and monitoring services whether they come with organic offerings and/or through certified and validated partners with an overall focus on total cost of ownership (TCO), risk/reward participation in

deal structure, and a malleable road map that is aligned with the media company. In this spirit, this 2024 IDC MarketScape for worldwide media consultation, integration, and business operations cloud service providers is structured to identify and assess technology vendors that can deliver on this requirement.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

A critical point in this research effort is to meet the following inclusion criteria:

- Any vendor participating in this IDC MarketScape should be able to showcase that the company generates at least $25 million revenue for its M&E consultation, design and integration, project management and deployment, and cloud services practice.
- A vendor should also be able to showcase that at least 10% of its services revenue and 10% of its resources belonging to its M&E cloud practice across each of the three IDC defined macroregions namely the Americas, EMEA, and APAC were achieved in 2023 to demonstrate global scope.
- Finally, the consultative, design, integration, deployment, training, and monitoring of a financially viable solution encompassing the entire business cycle requirements consisting of production, distribution, and monetization, along with a focus on media orchestration and business services, can be provided by one or more technology vendors working together to deliver a financially sound solution with a well-defined TCO and profitability model structured within the requirements and objectives of the media customer.

ADVICE FOR TECHNOLOGY BUYERS

Start with a vision. The media and entertainment industry is at an inflexion point that requires a new way of thinking. Rather than stepping into it with existing tools, processes, and business models, an opportunity exists to create a new vision that includes new tools, workflows, technologies, knowledge base, business models, and cloud-based services. Most importantly, make sure the solution delivers on a TCO model that achieves profitability and financial objectives with clear milestones. Finally, it's important that the solution adopts advanced technologies and automated workflows that allow for the aggregation of performance data to be analyzed against the plan to quickly make real-time adjustments throughout the entire business cycle and content chain to stay on plan.

Focus on the foundational components first for the infrastructure and overall orchestration layer to manage all aspects of the business cycle including production, distribution, and monetization. Make sure you have a strategy that includes the management of the entire ecosystem with both a current and outlook road map three to five years out that addresses all financial business, operational, and consumer expectation quality-of-service (QoS) and quality-of-experience (QoE) metrics.

IDC has an abundance of documents as cited throughout this IDC MarketScape and under the Related Research section. Take the time to download, read, and understand the details of the entire ecosystem as you plan out your road map toward the adoption of cloud services either in a hybrid model or eventual 100% media factory. Seek out vendors that address key industry drivers to improve the adoption and success rate of cloud services. Look for products and services that take advantage of advanced AI/ML and data analytics technologies to improve efficiency and monetization throughout the content chain.

Seek out vendors that adopt standards-based APIs that provide higher levels of interoperability with less risk and easier-to-service solutions. Make sure that vendors place "security" at the top of the list for the design of their products and services. Further:

- **Set a goal for total cost of ownership.** Set a goal for the TCO that works for your business plan now and into the future aligned with your road map.
- **Establish team realignment.** Set a goal of convergence with a unified team focused on new advancements in technology, systems, workflows, and operations in cloud services to move away or defaulting to the traditional approach of the past.
- **Establish a road map with a viable hybrid model or 100% cloud adoption time frame.** Focus on the foundation first for infrastructure and overall orchestration for entire business cycle including production, distribution, and monetization.
- **Set new cloud-based engineering principles.** Make sure that all partners adhere to specified development and deployment engineering principles.
- **Set a new transformation culture and vision.** Hire or retrain staff, establish a new culture with an agile work approach, and set a road map vision.

FEATURED VENDOR PROFILE

This section briefly explains IDC's key observations resulting in Tata Communications' position in the IDC MarketScape. The description here provides a summary of the vendor's strengths and opportunities.

Tata Communications

Tata Communications is positioned in the Leaders category for this 2024 IDC MarketScape for worldwide media consultation, integration, and business operations cloud service providers.

Tata Communications offers an end-to-end managed service for video contribution and distribution that is designed to meet the needs of broadcasters, content owners, and sports rights holders in today's rapidly evolving media landscape. The company has also developed and deployed a dedicated media cloud to run bandwidth and compute-intensive media applications for processing live media content. The cloud sits directly on its video network, facilitating simple and large-scale access to live video content, making this platform ideally suited for transcoding, cloud production, and cloud-playout/master control workflows.

The company's service includes:

- **Global contribution and distribution solutions:** This service is tailored for enterprises to help them reduce capital outlay for technology and grow their global footprint by reaching diverse audiences with high-quality content. It leverages a hybrid model that combines a dedicated media-grade fiber network with cutting-edge compressed video transfer over the internet, supported by traditional satellite distribution where necessary.
- **Superdense network architecture:** Tata Communications' network runs on a global IP-based backbone that covers 99.7% of the global GDP, with over 700,000 km of subsea and terrestrial fiber cable, connecting 350+ media hotspots across six continents.
- **Innovation and upgrades:** The infrastructure is constantly upgraded to support next-gen broadcast technologies, including the world's first live 2K, 4K, 8K, and 360-degree video streams from venues around the world.

- **End-to-end deployment and managed services:** With a professional services team, Tata Communications manages onsite deployment and last-mile facilitation, along with round-the-clock monitoring services to address threats and issues in real time.
- **Core connectivity and security services:** Alongside media services, Tata Communications also offers core connectivity services through leased lines, public internet, and software-defined WAN.

This suite of services is designed to provide scalable, resilient solutions and versatile modes of delivery, ensuring that audiences never compromise on quality content, regardless of platform, device, or geography.

Media and entertainment services include remote production, media cloud infrastructure, global contribution and distribution, and OTT orchestration.

Last year, around this time frame, Tata Communications acquired 100% equity of The Switch. This tandem ushered in a new world of end-to-end video production and transmission of high-quality, high-speed, and more immersive live video experiences for viewers and fans from event venues and racetracks to screens across varied equipment such as television, CTV, desktop, and mobile devices.

Tata Communications then stated that it is gearing up to bring more powerful platforms for sports federations and broadcasters to help them deliver fast-paced, always-on, and interactive entertainment forms for viewers across borders. Tata Communications and The Switch together can now provide services combining live production capabilities and a global edge platform dedicated to the media and entertainment industries along with end-to-end managed services worldwide. As a result of this combination, Tata Communications has made a significant investment in global live production services by recently announcing the opening of a new state-of-the-art facility in Los Angeles, named *The Switch @ Victory.* This facility is designed to support a wide range of live content production needs, from major sports and esports leagues to corporate events.

The facility is equipped with a global low-latency video delivery network and satellite links to deliver raw feeds, audio, and communication to control rooms within the facility. This enables the production of live content anywhere, anytime, with end-to-end media production and connectivity services. The Switch @ Victory is already operational and being piloted by several media companies.

The Switch @ Victory is fully equipped with cutting-edge production equipment and amenities, including:

- Four sound stages with powered lighting grids and green screens
- Large multirow seating production control rooms with best-of-breed switchers and digital audio consoles
- Multiple insert studios for media training, live shots, and satellite media tours
- Dressing rooms and lounges for talent
- Multiple conference rooms
- Video/audio editing stations
- Over 100 workstations
- Private offices, kitchens, and breakrooms
- Auditorium with seating
- Prop and costume storage
- 230 parking spaces that can support a powered "base camp" for production trailers, grip trucks, and other equipment

The facility sits on Tata Communications' global low-latency video delivery network, with added satellite links to deliver raw feeds, audio, and communication to control rooms within the facility.

Strengths

Tata Communications is in a unique position within M&E, owning a super-dense network architecture that runs on a global IP-based backbone that covers 99.7% of the global GDP, with over 700,000 km of subsea and terrestrial fiber cable, connecting 350+ media hotspots across six continents. On top of this, the company offers an end-to-end managed service for video contribution and distribution that is designed to meet the needs of broadcasters, content owners, and sports rights holders; plus, the company has a dedicated media cloud to run bandwidth and compute-intensive media applications for processing live media content. The media cloud sits directly on its video network, facilitating simple and large-scale access to live video content, making this platform ideally suited for transcoding, cloud production, and cloud playout/Master Control workflows all under a single billing cost structure. The company can truly manage a TCO model effectively.

Challenges

Tata Communication's challenge is getting to a TCO model that is affordable to lower-tiered media companies. Can the company truly offer a turnkey, low-cost solution for local broadcasters or country-specific public media companies that are government supported? What about brand recognition? Can the company truly provide services on equal footing with smaller, more agile vendors with known "broadcast" brands and relationships? Hence, sales and marketing are paramount to position itself competitively in all regions, customer tiers, and applications.

Consider Tata Communications When

Consider Tata Communications when seeking a partner that can literally do it all under a TCO model umbrella. While customers may request the company to work with their installed base solutions, Tata Communications can provide all the necessary products and services required to address the broad portfolio of applications offered as SaaS and managed services.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

Note that while the assessment provides differences between capabilities and strategies among the key vendors highlighted within the IDC MarketScape, it's important to understand both strengths and weaknesses and product/service offerings. For example, it may be in the media company's best interest to focus on a vendor that provides a turnkey solution with managed services over a vendor that offers a more applied approach with a palate of services to choose from.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

This IDC MarketScape for media and entertainment will focus on consultation, design and integration, project management and deployment, training, and cloud-based business systems and media orchestration across production, distribution, and monetization. The focus is on "business operations" that use best practices in design, integration, and advanced technologies such as artificial intelligence and data analysis to provide real-time decisioning to drive toward profitability. The coverage will be worldwide and only focuses on major market share technology vendors that offer solutions worldwide. Vertical markets served include broadcast television stations, networks, and media programmers for over-the-top distribution in addition to motion picture studios with direct-to-consumer business models.

LEARN MORE

Related Research

- *IDC Market Glance: Media and Entertainment Cloud Platforms and Services Vendor Ecosystem, 2Q24* (IDC #US52026122, May 2024)
- *IDC's Digital Advertising Market Model Overview, 2024* (IDC #US51980624, April 2024)
- *Free Ad-Supported Streaming Television Update and Impact in 2024* (IDC #US51819124, March 2024)
- *Update on Advertising on Connected Television with Retail Media Networks* (IDC #US51749724, March 2024)
- *IDC PlanScape: Modernizing Cloud Back- and Middle-Office Business Services* (IDC #US51749624, February 2024)
- *IDC Market Glance: Media and Entertainment Cloud Back and Middle Office Ecosystem for Motion Picture Studio Streaming, 4Q23* (IDC #US51374422, December 2023)
- *Cloud Transition Strategy, Business Cycle, and Ecosystem Architecture Use Cases for Studio Versus Broadcast Streaming Services* (IDC #US50631024, December 2023)
- *IDC PlanScape: Digital Advertising as a Managed Service to Improve Return on Investment* (IDC #US50159523, November 2023)
- *IDC FutureScape: Worldwide Media and Entertainment 2024 Predictions* (IDC #US50159423, October 2023)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2023: Media and Entertainment* (IDC #US49082623, September 2023)
- *Transitioning to Cloud Services Use Case – Sky Group Limited* (IDC #US50244823, February 2023)
- IABM State of the Industry, NAB 2024 Report, April 2024

Synopsis

This IDC study provides an assessment of key vendors that have native cloud products and services in the media and entertainment (M&E) industry. Media customers are at an inflexion point driven by key technology and market trends, new cloud-based product and service offerings, and general discussions about the overall health of the M&E industry. The focus of this IDC MarketScape "is on the ability of a technology vendor to deliver on a TCO model that achieves the media company's financial and profitability objectives within a specified time frame. While 2024 confidence levels are lower for the overall industry, there is optimism about new opportunities yet to be developed and/or discovered.

Over-the-top (OTT) distribution, free ad-supported streaming television (FAST) cloud channel playout, and direct-to-consumer (DTC) business models are popular with the adoption of cloud services for M&E. Technology vendors are addressing these challenges with new offerings of native cloud solutions for parts or all the business cycle, including production, distribution, and monetization. Shared risk, strategic partnership, and alignment of both engineering principles and road maps are the keys to success. In 2024, we expect new GenAI initiatives to help drive everything from achieving financial performance objectives to workflow efficiencies and improved monetization of assets. Data from all three business cycle pillars will help drive performance improvements versus plans where integration into business operations will aggregate, analyze, and act on them through automated processes to make course corrections and/or present dashboard metrics for intelligent decisioning.

Alex Holtz, Research Director, Worldwide Media and Entertainment Digital Strategies at IDC, remarked, "It is no longer about should customers adopt cloud services but rather how fast can they deploy solutions to drive more business as competition heats up and consumer adoption of streaming and interactive services continues to grow, placing increased demands on content creation, production, and distribution, all with the metadata necessary for discovery and automated suggestions to facilitate the user experience. FAST-based OTT business models will dominate monetization strategies; live interactive sports programming will accelerate cord-cutting and drive viewership to OTT and technologies including AI/ML, data analytics, and security; and open standards-based APIs will drive industry growth for the foreseeable future. Vendors that account for these trends, address more of the business cycle, and price products and services as SaaS and/or managed services to deliver excellent value and lowered total cost of ownership for the customer will succeed."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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