



# Impact of Digital on IT Services in Media Sector 2020



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## Abstract

The purpose of this study is to assist organizations in understanding the impact of digital on IT services in the Media sector and in identifying the key digital initiatives being undertaken by organizations in the Media sector.

In particular, the study uses senior executive interviewing to establish:

- Key business priorities and initiatives in the Media sector
- The key IT initiatives planned by organizations in the Media sector over the next 12-months
- The perceived relevance of digital and the key digital initiatives planned within the Media sector, including identification of those application areas where Media organizations plan to undertake initiatives around in-memory computing, IoT, analytics, cognitive/AI, and SaaS
- Anticipated changes in IT spend and changes in sourcing approach in the Media sector.

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# 1

## Introduction

### A. Objectives

The purpose of this study is to assist organizations in understanding the impact of digital on IT services in the Media sector and in identifying the key digital initiatives being undertaken by organizations in the Media sector.

In particular, the study uses senior executive interviewing to establish:

- Key business priorities and initiatives in the Media sector
- The key IT initiatives planned by organizations in the Media sector over the next 12-months
- The perceived relevance of digital and the key digital initiatives planned within the Media sector, including identification of those application areas where Media organizations plan to undertake initiatives around in-memory computing, IoT, analytics, cognitive/AI, and SaaS
- Anticipated changes in IT spend and changes in sourcing approach in the Media sector.

NelsonHall's "Impact of Digital on IT Services in the Media Sector" market assessment report is designed for:

- IT executives in the Media sector looking to understand the priorities of their peers within the sector
- Marketing, sales and business managers developing strategies to target digital IT service opportunities within the Media sector
- Financial analysts specializing in the IT services sector.

### B. Methodology

The approach taken to analyze this market is targeted user research to identify organizations' digital IT services initiatives.

The user research of 60 interviews was carried out by interviewing senior IT executives in the Media sector to ascertain their attitudes towards:

- Key business priorities and initiatives in the Media sector
- The key IT initiatives planned by organizations in the Media sector over the next 12-months
- The perceived relevance of digital and the key digital initiatives planned within the Media sector, including identification of those application areas where Media organizations plan to undertake initiatives around in-memory computing, IoT, analytics, cognitive/AI, and SaaS
- Anticipated changes in IT spend and changes in sourcing approach in the Media sector.



The breakdown of number of senior IT executives interviewed by geography was:

- U.S. (15)
- U.K. (15)
- Continental Europe (15)
- Asia Pacific (15).

## C. Structure of the Report

The report is structured into the following chapters:

Chapter I: Introduction

Chapter II: Executive Summary

Chapter III: Market Forecast, providing a forecast of the global IT services market in the Media sector by region and by service type

Chapter IV: Key Business Priorities & Initiatives

Chapter V: Key IT Initiatives

Chapter VI: Digital Initiatives Planned

Chapter VII: Anticipated Changes in IT Budget.

# 2

## Executive Summary

Media organizations are placing a primary focus on expanding market share through the expanded use of digital. Organizations are looking at leveraging digital to both improve service delivery and expand customer-facing offerings. Two primary business priorities to do this, identified unprompted by media companies were:

- Expanding digital products and improving the quality of content
- Improving digital marketing and advertising capabilities.

Accordingly, media companies are:

- Implementing automation and analytics capabilities to optimize digital marketing
- Expanding the use of RPA and automation in operations
- Migrating a larger proportion of the IT landscape to cloud environments and SaaS-based applications and consolidating legacy applications to reduce operating costs and improve system resiliency.

## 1. Media Companies are Using Digital Initiatives to Improve Marketing and Improve Competitiveness

Media companies primarily view digital as highly relevant to their future strategies, with 76% viewing it as highly relevant, and only 10% viewing it as having low relevance.

The two most commonly prioritized benefit that media companies seek in digital initiatives is reducing operational costs and improving competitiveness which is each highly prioritized by more than 80% of respondents. Given the emergence of new digital competitors in the media sector, companies globally are looking to leverage digital to improve content and marketing.

Exhibit II-1 shows the perceived importance of each of a number of potential benefits of digital to the media sector globally.

*Exhibit II-1*

### Perceived Benefits of Digital: Global

Potential Benefit	Proportion High Importance (%)
Increasing competitiveness	83
Reducing operational costs	81
Improving the customer experience and customer satisfaction	76
Increasing revenues	69
Improved service fulfillment and turnaround times	57
Improved company image	50

The focus on improving marketing and customer service through the adoption of digital is also reflected in the functions most commonly targeted for digital initiatives. Though there are no widely-spread focus areas, media companies are targeting areas that drive growth by attracting new customers and retaining existing customers. Specific areas include marketing and promotional services, customer service, and advertising sales administration.

Exhibit II-2 shows the areas where media companies are focusing their digital initiatives to a high extent.

*Exhibit II-2*

### Digital IT Initiative Intentions by Application: Global

Initiative	Proportion High Extent (%)
Marketing and promotional services	42
Customer service	37
Sourcing & procurement	37
Advertising sales administration	29
Customer acquisition	27
Digital rights management	26
Billing & order management	26
Finance & accounting	22
Fulfillment & distribution management	18
Content creation & management	18

The digital technologies, most commonly being pursued by media companies, are implementing SaaS applications. Implementing SaaS applications is the only digital initiative being pursued by a majority of media companies and reflects the priority being placed on modernizing the application landscape to reduce costs and improve system resiliency.

Looking across digital technology initiatives being pursued, focus areas identified include:

- Productivity: media organizations are looking to leverage new core applications and SaaS-based applications initiatives to implement productivity and desktop applications

- Customer services: media organizations are placing a priority on leveraging digital to improve the customer experience. In particular, customer services and CRM are priorities when implementing new core applications, SaaS-based applications, cognitive/machine learning/deep learning-based technologies, analytics, and in-memory computing
- Marketing: media organizations are prioritizing expanding market share through improved digital marketing campaigns. Organizations are specifically looking to implement SaaS-based applications, cognitive/machine learning/deep learning-based applications, analytics, and in-memory computing to improve marketing
- Warehouse Management: The focus of media organizations that publish physical products are primarily using IoT/sensor-based applications and, to a lesser extent, new core applications and in-memory computing on warehouse management.

Exhibit II-3 shows the extent to which media firms are pursuing each of a number of potential digital initiatives to a high extent.

*Exhibit II-3*

### Planned Initiatives: Global

Initiative	Proportion High Extent (%)
Implementing SaaS-based applications	71
Implementing new core applications	45
Implementing in-memory computing	44
Implementing analytics	39
Implementing IoT/sensor-based applications	36
Implementing cognitive/machine learning/deep learning-based technologies	27
Implementing BlockChain	0

With a significant focus on migrating more applications to the cloud to modernize and improve system resiliency, companies are looking to vendors to support this journey. This results in media companies prioritizing vendors that possess cloud-native development capabilities and are able to bring their own digital application platforms and tools.

Exhibit II-4 shows, the proportion of media firms that place high importance on each of a number of potential characteristics when choosing a supplier to assist in implementing digital IT initiatives:

*Exhibit II-4*

**Importance of Potential Characteristics of Supplier: Global**

Characteristic	Proportion High Importance (%)
Ability to bring own digital application platforms and tools	73
Cloud-native development capability	69
Knowledge of sector-specific application platforms	61
Ability to take a business perspective to application of digital to your business	60
Ability to provide UX consulting & design	58
Knowledge of your industry	50
Use of agile development methodology	48
Ability to provide a roadmap for adoption of digital	42
Ability to undertake digital maturity assessments	34

**2. Media IT Initiatives Focus on Modernization to Improve Efficiency and Implement New Emerging Capabilities**

IT departments within media organizations are reducing costs through the modernization of the IT landscape and greater leveraging of automation. These are particularly focused on migrating to SaaS and modernizing business systems across the enterprise, including supporting sales, finance, and HR.

The focus on modernizing the application landscape is reflected by the IT initiatives being pursued. The IT initiatives most commonly pursued, to a great extent, is digitalizing operations and adoption or increased use of emerging technologies. Each is highly pursued by more than 79% of media companies globally, reflecting the goal of leveraging digital capabilities and new technologies (such as RPA and analytics) to improve operations.

Exhibit II-5 shows the proportions of media organizations pursuing each of a number of potential IT department-centric initiatives to a high extent.

*Exhibit II-5*

### IT Adoption Priorities: Global

Initiative	Proportion High Extent (%)
Digitalizing operations	92
Adoption or increased use of emerging technology	79
Reducing new application time-to-market	60
Automating IT operations	57
Increasing the agility of existing core production applications such as ERP	55
Application modernization & cloud-enabling of existing applications	50
Automating application maintenance & service desk	47
Adoption or increased use of DevOps	15

These provide media firms with opportunities to improve how they operate or run the business (RTB), rather than undergoing fundamental business transformation, changing the business (CTB).

This is a priority as media companies see the proportion of their IT budgets focused on RTB rising modestly between 2020 and 2022. Media companies are looking to use this rising level of budget to modernize the existing landscape to deliver more services faster. Specific initiatives it is looking to undertake to maintain, run, and reduce the cost of existing systems include expanding the use of SaaS, migrating more applications to cloud, and consolidating and rationalizing the IT landscape.

Exhibit II-6 shows the proportion of IT spend planned for change the business initiatives in 2020 and for 2022 globally and by region.

*Exhibit II-6*

### Proportion of IT Spend on Change the Business by Region

Region	Proportion 2020 (%)	Proportion 2022 (%)
<b>Global</b>	<b>36</b>	<b>33</b>
U.K.	38	33
Continental Europe	38	36
U.S.	36	33
Asia Pacific	32	30

As part of this focus on improved service delivery, media company IT organizations are placing a priority on expanding the use of automation. In particular, media IT organizations are targeting automation at user support, freeing up resources to take on other work. The most commonly cited automation targets include user account administration and digital assistants for the IT service desk.

### 3. Spending on Cloud and SaaS Will Show High Growth As Cloud Takes Larger Proportion of Infrastructure

On average, media organizations expect their 2020 IT budgets to decline very modestly, -0.25% on average, with only 20% of companies projecting growth of more than 1%. Relative to revenues, 57% of media companies expect spending to remain flat.

However, media organizations do appear sensitive to changing economic conditions, as 77% forecast the changing economy impacting their IT budgets at least to a minor extent. Research conducted during the COVID-19 pandemic reinforces this, as media companies, on average, project IT spending to drop 12% in the aftermath of the pandemic.

External spend looks to grow much more quickly than overall spend as media companies are projecting external IT spend to grow by 2.3% on average, globally. However, external spending appears to be similarly sensitive to economic conditions, with 78% of media companies projecting economic changes to have at least a minor impact on external spending.

The highest growth in external spend is taking place in migrating applications to the cloud securely, with cloud infrastructure and the adoption of SaaS (as part of third party software) being the fastest-growing service lines followed by managed security service, and consulting. Cloud infrastructure is the only service line to grow faster than 2%.

Exhibit II-7 shows, overall and by service line, the average growth in external IT spend expected in 2020 relative to 2019.

#### *Exhibit II-7*

#### External IT Spend Growth: Media Sector

Service line	Growth
<b>IT overall</b>	<b>2.3</b>
Cloud infrastructure	2.0
Third-party software including Software-as-a-Service (SaaS)	1.8
Managed security services	1.7
Consulting	1.7
End-user workplace services and mobility services	1.4
Application testing & requirements assurance	0.8
Application services	0.6
Systems integration in support of new system development or implementation	0.3

This increasing spend on cloud infrastructure and SaaS-based applications is driving organizations across all regions to project their cloud footprints to represent 7% to 10% more of their overall landscape in 2022 compared to 2020, to reach 42% on average globally. This growth is expected to be partially completed through increasing investment in the public cloud, with public cloud expected to rise in parallel, from 17% of the total landscape to 23% on average globally.

Exhibit II-8 shows overall and by region the proportions of IT infrastructure in cloud environments in 2020 and targeted for 2022.

*Exhibit II-8*

### Proportion of IT Infrastructure in Cloud Environment by Region

Region	Proportion 2020(%)	Proportion 2022 (%)
Global	33	42
U.S.	36	43
U.K.	35	44
Continental Europe	33	43
Asia Pacific	29	38

In line with the objectives of expanding the proportion of cloud, it isn't surprising that increasing the use of SaaS is the most commonly prioritized IT sourcing change for media companies. Key areas of focus for SaaS implementations include productivity and desktop applications, CRM, sales & marketing, and employee self-service.

Exhibits II-9 shows, shows the proportions of organizations in the media sector globally that view each of a number of potential IT sourcing changes as highly important.

*Exhibit II-9*

### Key IT Sourcing Initiatives: Global

Potential Initiative	Proportion High Importance (%)
Increasing its use of SaaS software	58
Consolidating vendors within application development	57
Increasingly using niche specialists in support of implementation of digital initiatives	50
Consolidating vendors within application modernization & maintenance	34
Consolidating vendors in support of server and cloud infrastructure	31
Consolidating vendors in support of digital initiatives	19



# 3

## Market Forecast

Globally, the IT services market in the Media industry is ~\$22.1bn in 2020, and projected to grow to ~\$25.1bn by 2024, representing a growth rate of 3.1% CAAGR. North America is the largest market today, representing ~48% of the total global market. EMEA is the fastest growing region at 3.8%. North America will remain the largest region in 2024, at 48% of the total market.

Exhibit III-1 provides a forecast for the market for IT services in the Media sector by region between 2020 and 2024.

*Exhibit III-1*

### ITO in Media Sector Market Forecast by Geography: 2020-2024

Region	Est. market size 2020 (\$m)	Est. market size 2021 (\$m)	Est. market size 2022 (\$m)	Est. market size 2023 (\$m)	Est. market size 2024 (\$m)	Growth 2019 - 2020	CAAGR 2020 - 2024
Global	22,148.8	23,387.2	23,933.1	24,535.9	25,053.2	-4.4%	3.1%
__North America	10,715.7	11,397.7	11,626.7	11,842.1	11,994.5	-3.9%	2.9%
___US	10,055.5	10,695.8	10,899.2	11,088.6	11,218.7	-3.9%	2.8%
___Canada	660.2	701.9	727.5	753.5	775.9	-4.4%	4.1%
__EMEA	7,036.6	7,435.3	7,680.5	7,931.7	8,158.9	-4.8%	3.8%
___Europe	6,545.8	6,913.3	7,131.2	7,353.3	7,552.6	-4.8%	3.6%
___UK & Ireland	1,740.9	1,825.4	1,891.4	1,961.4	2,029.3	-4.2%	3.9%
____UK	1,590.4	1,658.2	1,710.0	1,764.2	1,815.8	-4.2%	3.4%
____Ireland	150.5	167.2	181.4	197.3	213.5	-4.9%	9.1%
___Continental Europe	4,804.9	5,087.9	5,239.8	5,391.9	5,523.3	-5.0%	3.6%
____Germany	949.1	1,003.3	1,014.2	1,023.5	1,030.7	-7.6%	2.1%
____France	797.2	859.7	884.1	908.1	928.4	-5.6%	3.9%
____Italy	385.7	411.1	412.3	412.7	412.0	-7.7%	1.7%
____RoCE	2,672.8	2,813.8	2,929.3	3,047.6	3,152.3	-3.5%	4.2%
____Switzerland & Austria	271.9	243.9	249.3	254.6	259.1	-4.3%	-1.2%
____Eastern Europe	244.6	257.4	269.2	281.7	293.5	-5.6%	4.7%

___Nordics & Finland	902.7	970.6	1,004.5	1,038.3	1,066.7	-3.1%	4.3%
___Benelux	779.4	833.3	876.5	921.4	961.1	-1.3%	5.4%
___Belgium	265.9	292.3	303.8	315.3	324.6	0.7%	5.1%
___Netherlands	466.7	489.9	517.8	547.2	573.7	-2.2%	5.3%
___Luxembourg	46.8	51.1	54.9	58.9	62.7	-2.8%	7.6%
___Iberia	367.2	392.6	408.7	425.3	440.3	-5.8%	4.6%
___Spain	293.00	312.1	323.7	335.5	346.0	-5.5%	4.3%
___Portugal	74.2	80.5	85.0	89.7	94.3	-6.7%	6.2%
___RoE	107.1	115.9	121.0	126.4	131.7	-8.0%	5.3%
___Greece	56.4	60.4	63.1	66.1	68.9	-9.8%	5.1%
___Other	50.6	55.5	57.9	60.3	62.7	-5.9%	5.5%
Europe							
___Africa & Middle East	490.8	522.0	549.4	578.5	606.3	-4.0%	5.4%
___Africa	261.1	281.8	298.	314.9	330.7	-2.5%	6.1%
___Middle East	229.8	240.1	251.4	263.6	275.6	-5.7%	4.7%
___Asia-Pac	3,619.7	3,751.0	3,857.3	4,019.1	4,174.3	-5.0%	3.6%
___Oceania	761.3	842.4	903.9	971.5	1,036.4	-3.6%	8.0%
___China	370.8	387.9	414.9	452.3	501.0	0.4%	7.8%
___India	384.4	396.1	432.9	504.0	552.7	1.5%	9.5%
___Japan	1,678.2	1,698.6	1,675.1	1,647.6	1,618.5	-8.2%	-0.9%
___Other Asia	425.1	426.0	430.6	443.7	465.7	-4.0%	2.3%
___Central & Latin America	776.8	803.2	768.6	743.0	725.6	-5.5%	-1.7%
___Argentina	105.8	112.5	101.3	92.2	85.4	-3.4%	-5.2%
___Brazil	356.4	365.1	332.4	305.2	283.6	-6.6%	-5.6%
___Mexico	140.5	144.1	150.9	158.0	164.4	-7.4%	4.0%
___Other countries	174.2	181.4	184.1	187.7	192.1	-4.3%	2.5%
Latin Central & Latin America							

Cloud is currently the largest service line within the Media industry, accounting for ~42% of the total IT services market. Cybersecurity is expected to be the fastest growing service line through 2024, growing 13.3% CAAGR.

Growing at 5.8% CAAGR, cloud is expected to remain the largest proportion of the IT services market in 2022, accounting for ~46%.

Exhibit III-2 provides forecasts for the global market for IT services in the Media sector between 2020 and 2024 by service line.

*Exhibit III-2*

**ITO in Media Sector Market Forecast by Service Type:  
2020-2024**

Service Line	Est. market size 2020 (\$m)	Est. market size 2021 (\$m)	Est. market size 2022 (\$m)	Est. market size 2023 (\$m)	Est. market size 2024 (\$m)	Growth 2019 - 2020	CAAGR 2020 - 2024
_IT Services	22,148.8	23,387.2	23,933.1	24,535.9	25,053.2	-4.4%	3.1%
__Infrastructure	11,275.2	12,264.7	12,679.0	13,158.0	13,526.2	5.5%	4.7%
___Cloud	9,181.2	10,225.1	10,686.6	11,165.2	11,510.1	9.1%	5.8%
___Digital Workplace	810.9	850.0	873.0	886.4	898.8	7.0%	2.6%
___Other datacenter services	822.5	660.6	530.6	440.8	357.8	-25.0%	-18.8%
___Cybersecurity	460.5	528.9	588.8	665.6	759.5	10.6%	13.3%
___Application services	6,463.1	6,411.8	6,434.6	6,459.2	6,513.6	-9.3%	0.2%
___Testing	650.7	635.2	631.0	629.8	632.3	-8.7%	-0.7%
___Analytics	1,023.6	1,058.7	1,132.4	1,207.6	1,283.7	-4.3%	5.8%
___Platform services	2,120.1	2,152.5	2,181.7	2,215.5	2,259.8	-9.6%	1.6%
___Custom services	2,668.6	2,565.4	2,489.4	2,406.2	2,337.8	-10.9%	-3.3%
___Consulting	1,511.7	1,710.6	1,779.6	1,843.9	1,908.8	-19.1%	6.0%
___Experience design consulting	272.2	308.0	345.8	381.0	418.9	-3.4%	11.4%
___Other consulting	1,239.5	1,402.6	1,433.8	1,463.0	1,489.8	-21.9%	4.7%
___Hardware maintenance and support	2,898.9	3,000.1	3,039.9	3,074.8	3,104.7	-16.9%	1.7%

Additional breakdowns of these forecasts by geography and service type are available by using the NelsonHall self-service [forecasting tool](#).

# 4

## Key Business and IT Issues & Initiatives

### A. Business Issues

Media companies are primarily focused on expanding into new markets and growing revenues. Key business priorities identified, unprompted, by media companies include identifying new markets, products and revenue streams, improving content, and better tailoring advertising.

Media companies are also looking to reduce delivery costs, including through the application of automation in operations and applying digital to customer service.

The following business priorities were identified by the Media sector as the most important over the next 12 months:

#### **Expand Revenues and Market Share (13)**

- Improve market share across all services
- Working to uncover new markets with more growth opportunities
- Growing digital revenues
- Increasing market share
- Developing existing revenue streams
- Identifying new revenue streams
- Developing digital revenues further and looking at new standalone digital services
- Working to grow digital sales capabilities with an improved sales platform
- Working on increasing market share
- Looking at ways to deliver more revenue from our digital media channels
- Improving geographic reach
- Looking to grow market share and increase revenues
- Improve market reach and audience engagement. More digital customization of advertising

#### **Expand and Improve Content (12)**

- Improving the range of content we work with
- Develop more digital-only content to drive digital revenues
- Improving the quality of content and migrating several content types to digital-only formats
- Improve content quality

- Refreshing content more frequently to gain repeat visits to our digital platforms
- Improving the quality of content and developing niche content to attract broader advertising revenues
- Make the content more accurate and protect the value of our data assets with more frequent reviews and quality checks
- Build better content for digital rather than taking traditional media and acing it fit the digital platform.
- Improve content quality
- Improving the quality of content
- Developing better content and licensing business improvements with an advertising revenue share model
- Improving the quality of content

### **Reduce Costs (11)**

- Reducing wasted marketing spend and improving our customer analytics to allow us to target marketing more effectively
- Improving the quality and consistency of internal administration
- Working to reduce administration spending
- Reduce administrative costs
- Reduce the cost of operations
- Reducing operational costs
- Driving down the cost of routine administration with more automation
- Reducing operational costs and controlling the way we operate with third parties to derive more value
- Reducing the cost of administration with more automation in promotions positioning
- Reducing the cost of acquiring new business
- Reducing the cost of administrative services

### **Improve Customer Experience (7)**

- Increasing use of automation in customer services to deliver a better experience and faster response
- Developing better insight into customer activities.
- Improving customer experience and growing revenue
- Develop more depth knowledge of our customers and audiences using analytics and profiling techniques
- Improving targeting capabilities with improved customer analytics
- Building better customer experience - especially via digital channels
- Improving customer experience through digital and on-demand services

### **Expand Advertising and Grow Revenues (6)**

- Improve access to digital advertising revenues.
- Increasing the audience size to deliver better advertising value

- Improving the quality of advertising tracking tools to allow us to increase the value in existing customer base
- Improving the targeting of advertising
- Building better analytics to improve advertising revenues
- Identify new revenue opportunities and improve our ability to customize content and advertising to the individual

#### **Expand Product Offerings (5)**

- Diversifying revenue streams and looking at new product types
- Diversification of products and an increasing number of customers.
- Reduce the time to launch and trial new products/services
- Refine offering to reduce complexity in the business and focus on core strengths.
- Looking at reducing the number of standalone products and moving more to cloud environments

#### **Improve Marketing (3)**

- Increasing circulation and using analytics to refine promotion strategy
- Developing media business with more IP coming up for publishing and production.
- Improving the efficiency of the organization and broadening appeal to wider audiences.

#### **Expand Use of Automation (3)**

- Investing in the automation of customer administration tasks
- Improving the relevance of our asset base of IP with more frequent refreshes in fast-moving subject areas.
- Automation of back-office processes

#### **Improve Use of Data and Analytics (2)**

- Improve real-time access to data and alter pricing structures
- Improving the real-time analytics and delivering better targeted higher value adverts

These business priorities are also reflected in high importance business objectives. In particular, media companies are looking for opportunities to apply digital, in particular, to areas such as marketing, products, and content.

Objectives focused on expanding digital products are the most commonly pursued by media companies. The three most commonly pursued objectives, highly prioritized by more than 90% of media companies, are developing positioning as a digital enterprise, launching new products and services and digitalizing operations.

Exhibit IV-1 compares the extent to which organizations in the media sector globally focused on each of a number of business objectives over the past 24-months and intend to do so over the next 24-months.

*Exhibit IV-1*

### Key Business Objectives: Global

Objective	Last 24 Mos.	Next 24 Mos.	Change
Developing its positioning as a “digital” enterprise	4.5	4.6	0.1
Launching new products & services to generate new revenue streams	4.5	4.5	0.0
Digitalizing its operations	4.3	4.5	0.2
Enhancing its customer experience	4.0	4.0	0.0
Reducing its cost of doing business	3.9	3.9	0.0
Entering new geographic markets	3.7	3.8	0.1
Developing new ways of doing business to compete with new market entrants	3.5	3.7	0.2
Reducing its service turnaround times	3.6	3.7	0.1
Achieving increased levels of straight-through processing	3.2	3.7	0.5
Increasing its average revenues per customer	3.4	3.5	0.1

The operational initiatives prioritized by Media companies vary slightly by region. Key differences include the following:

- Achieving increased levels of straight-through processing has significantly risen in importance relative to the last two years across each of the four regions
- Asia Pacific, European and U.K. media companies are prioritizing reducing service turnaround times to a greater extent than other regions
- Continental European media companies are placing greater priority on several objectives relative to other regions including developing new ways of doing business to compete with new market entrants, achieving increased levels of straight-through processing and increasing average revenues per customer
- U.K. media companies are pursuing entering new geographic markets to a greater extent than other regions
- U.S. media companies are pursuing enhancing customer experience to a greater extent than other regions.

Exhibits IV-2 to 5 compare, by geography, the extent to which organizations in the media sector focused on each of a number of business objectives over the past 24-months and intend to do so over the next 24-months.

*Exhibit IV-2*

**Key Business Objectives: Asia Pacific**

Objective	Last 24 Mos.	Next 24 Mos.	Change
Launching new products & services to generate new revenue streams	4.3	4.5	0.2
Digitalizing its operations	3.8	4.3	0.5
Developing its positioning as a “digital” enterprise	3.7	4.2	0.5
Reducing its service turnaround times	3.8	4.1	0.3
Entering new geographic markets	3.3	3.9	0.6
Reducing its cost of doing business	3.6	3.7	0.1
Enhancing its customer experience	3.7	3.7	0.0
Developing new ways of doing business to compete with new market entrants	3.0	3.5	0.5
Achieving increased levels of straight-through processing	2.9	3.5	0.6
Increasing its average revenues per customer	3.1	3.3	0.2

*Exhibit IV-3*

**Key Business Objectives: Continental Europe**

Objective	Last 24 Mos.	Next 24 Mos.	Change
Launching new products & services to generate new revenue streams	4.5	4.6	0.1
Developing its positioning as a “digital” enterprise	4.7	4.6	(0.1)
Digitalizing its operations	4.6	4.5	(0.1)
Reducing its cost of doing business	4.0	4.1	0.1
Enhancing its customer experience	4.1	4.1	0.0
Developing new ways of doing business to compete with new market entrants	3.9	4.1	0.2
Reducing its service turnaround times	4.2	4.1	(0.1)
Achieving increased levels of straight-through processing	3.4	4.1	0.7
Increasing its average revenues per customer	3.6	3.9	0.3
Entering new geographic markets	3.6	3.7	0.1



*Exhibit IV-4***Key Business Objectives: U.K.**

Objective	Last 24 Mos.	Next 24 Mos.	Change
Developing its positioning as a “digital” enterprise	4.7	4.7	0.0
Launching new products & services to generate new revenue streams	4.5	4.5	0.0
Digitalizing its operations	4.4	4.5	(0.1)
Entering new geographic markets	4.2	4.4	0.2
Reducing its service turnaround times	4.2	4.2	0.0
Reducing its cost of doing business	3.7	3.9	0.2
Achieving increased levels of straight-through processing	3.3	3.8	0.5
Enhancing its customer experience	3.9	3.7	(0.2)
Developing new ways of doing business to compete with new market entrants	3.5	3.4	(0.1)
Increasing its average revenues per customer	3.2	2.9	(0.3)

*Exhibit IV-5***Key Business Objectives: U.S.**

Objective	Last 24 Mos.	Next 24 Mos.	Change
Developing its positioning as a “digital” enterprise	4.8	4.8	0.0
Digitalizing its operations	4.6	4.6	0.0
Launching new products & services to generate new revenue streams	4.4	4.5	0.1
Enhancing its customer experience	4.1	4.4	0.3
Reducing its cost of doing business	4.1	4.1	0.0
Increasing its average revenues per customer	3.7	3.8	0.1
Entering new geographic markets	3.7	3.6	(0.1)
Developing new ways of doing business to compete with new market entrants	3.5	3.6	0.1
Achieving increased levels of straight-through processing	3.3	3.6	0.3
Reducing its service turnaround times	2.3	2.7	0.3

**B. IT Initiatives**

Media companies globally are looking to modernize their IT systems and how they deliver IT services. Highly prioritized IT initiatives cited unprompted by media companies focus on improving system reliability - reducing downtime, improving system quality, and security – and modernizing the application landscape through adopting cloud and retiring legacy applications.

Media companies are also focusing on transforming how they deliver services to the enterprise, including expanding the use of agile, reducing system maintenance effort, and expanding analytics capabilities.

The principal IT initiatives to be undertaken in the next 12-months by the Media sector in line with their business priorities were identified to be:

### **Improve System Reliability (12)**

- Improving system reliability
- Making systems more secure and developing penetration testing as a priority
- Building better systems for supporting sales
- Implementing better security applications
- Building better systems
- Improving system quality - especially system availability
- Implementing wider end-user security training
- Controlling system policies more carefully to increase security
- Working to restructure finance systems and processes
- Improving our responsiveness to business needs
- Developing better content management across the organization
- Implementing tighter controls within IT to reduce downtime

### **Transform IT Delivery (12)**

- Growing use of digital means we need a different mix of skills - recruiting and retraining to match demand is a key priority
- Implementing better control of robotics and recruiting more business analysts who are responsible for maintaining robots
- Improving end-user training services to reduce issues
- Increasing resources in digital production
- Reducing our maintenance costs
- Supporting new initiatives better with more project and development teams
- Increasing digital customer experience team size
- Reducing the development time with more application developers
- Recruiting and retraining staff for newer technologies
- Growing internal knowledge of new platforms we are using
- Reducing the number of concurrent projects to reduce complexity in the IT environment
- Improving cross-organization collaboration

### **Expand Use of Automation (12)**

- Improving the use of RPA
- Automating administration
- RPA is the main tool for reducing cost
- Improving our knowledge internally of RPA and robotics

- Implementing automated systems for pricing and market places for advertising
- Getting automation right - a lot of ineffective systems in use that we need to improve
- Operating costs reduced through automation
- Increasing use of RPA in administration
- RPA especially in the customer services interfaces for things like statement generation
- Looking to automate more processes
- Improving administration processes and reducing manual processing errors with RPA
- Looking at ways to automate existing processes to allow us to free up resource for change

#### **Modernize Legacy Environment (11)**

- Improving our use of cloud systems to reduce the spending on maintenance
- Migrating applications to a cloud environment
- Building a better HR system with more integration
- Retiring legacy applications to make way for better digital applications with higher levels of security
- Looking at ways to retire older systems and migrate more to SaaS
- Updating older systems to reduce downtime
- Closing down older services that are high cost to maintain and migrating more to SaaS
- Moving to SaaS and focusing on higher-value in house applications
- Identifying older systems that can be retired in favor of SaaS
- Implementing technology for the optimization of advertising
- Replacing older systems with SaaS where possible

#### **Improve Network Quality (4)**

- Tightening up network management to reduce downtime
- Improving the quality of our network management processes to improve system availability and reduce user complaints
- Improving active bandwidth management systems to reduce our costs and maximize service quality
- Improving the reliability of the network

#### **Expand Use of Digital Customer Service (4)**

- Migrating more customers to digital reporting platform and automating account management
- Developing better customer service channels through digital platforms
- Growing us of digital across the business and resourcing in IT accordingly
- Moving to a digital sales platform

#### **Expand Use of Analytics and Data (4)**

- Getting better at analytics and recruiting more of the right skills.
- Improving the use of analytics platform

- Using real-time analytics in the targeting of advertising
- Improving employee access to analytics

### Expand Use of Agile (3)

- Implementing better quality control in application development and moving to an agile process
- Reducing time to market for new applications with more developers and use of agile methodologies
- Supporting more rapid design iterations with agile process methodology

The expanded use of digital technologies such as RPA and analytics to improve how IT systems operate is almost identified as media companies as the highest priority IT initiatives being pursued. Digitalizing operations is the initiative being pursued to a high extent by 92% of media companies, the highest proportion.

The next most commonly pursued initiative also reflects this focus on new capabilities such as analytics and automation. Adoption or increased use of emerging technologies is being highly pursued by 79% of media companies globally.

Exhibit IV-6 compares the extent to which organizations in the media sector globally prioritized each of a number of potential IT initiatives over the past 24-months and intend to do so over the next 24-months.

#### Exhibit IV-6

### Key IT Initiatives: Global

Initiative	Last 24 Mos.	Next 24 Mos.	Change
Digitalizing operations	4.3	4.5	0.2
Adoption or increased use of emerging technologies	3.9	3.9	0.0
Automating IT operations	3.7	3.7	0.0
Increasing the agility of existing core production applications such as ERP	3.6	3.7	0.1
Reducing new application time-to-market	3.5	3.7	0.2
Automating application maintenance & service desk	3.5	3.6	0.1
Application modernization & cloud-enabling of existing applications	3.7	3.5	(0.2)
Adoption or increased use of DevOps	2.6	2.7	0.1

Regional variances in IT priorities include the following:

- Asia Pacific media companies are pursuing increasing the agility of existing core production applications such as ERP to a greater extent than other regions
- Continental European media companies are prioritizing application modernization and cloud-enabling of existing applications to a greater extent than other regions
- Continental European and U.K. media companies are prioritizing adoption or increased use of emerging technologies to a greater extent than other regions
- U.S. media companies are pursuing automating IT operations to a greater extent than other regions.

Exhibits IV-7 to 10 show, by geography, the extent to which organizations in the media sector prioritized each of a number of potential IT initiatives over the past 24-months and intend to do so over the next 24-months.

*Exhibit IV-7*

### Key IT Initiatives: Asia Pacific

Initiative	Last 24 Mos.	Next 24 Mos.	Change
Increasing the agility of existing core production applications such as ERP	3.9	4.3	0.4
Digitalizing operations	3.8	4.3	0.5
Reducing new application time-to-market	3.5	4.0	0.5
Application modernization & cloud-enabling of existing applications	3.5	3.5	0.0
Automating IT operations	3.4	3.3	(0.1)
Automating application maintenance & service desk	3.3	3.3	0.0
Adoption or increased use of emerging technologies	2.8	3.1	0.3
Adoption or increased use of DevOps	2.7	2.7	0.0

*Exhibit IV-8*

### Key IT Initiatives: Continental Europe

Initiative	Last 24 Mos.	Next 24 Mos.	Change
Digitalizing operations	4.6	4.7	0.1
Adoption or increased use of emerging technologies	4.4	4.2	(0.2)
Application modernization & cloud-enabling of existing applications	3.9	3.8	(0.1)
Automating IT operations	3.7	3.7	0.0
Reducing new application time-to-market	3.4	3.7	0.3
Automating application maintenance & service desk	3.5	3.6	0.1
Increasing the agility of existing core production applications such as ERP	3.4	3.6	0.2
Adoption or increased use of DevOps	2.4	2.4	0.0

*Exhibit IV-9***Key IT Initiatives: U.K.**

Initiative	Last 24 Mos.	Next 24 Mos.	Change
Digitalizing operations	4.4	4.5	0.1
Adoption or increased use of emerging technologies	4.5	4.5	0.0
Automating IT operations	3.7	3.7	0.0
Automating application maintenance & service desk	3.6	3.7	0.1
Increasing the agility of existing core production applications such as ERP	3.6	3.5	(0.1)
Reducing new application time-to-market	3.2	3.5	0.3
Application modernization & cloud-enabling of existing applications	3.5	3.4	0.1
Adoption or increased use of DevOps	2.5	2.6	0.1

*Exhibit IV-10***Key IT Initiatives: U.S.**

Initiative	Last 24 Mos.	Next 24 Mos.	Change
Digitalizing operations	3.6	4.5	0.9
Automating IT operations	3.8	4.1	0.3
Adoption or increased use of emerging technologies	3.8	4.0	0.2
Automating application maintenance & service desk	3.6	3.8	0.2
Reducing new application time-to-market	3.4	3.8	0.4
Increasing the agility of existing core production applications such as ERP	3.4	3.5	0.1
Application modernization & cloud-enabling of existing applications	3.6	3.1	(0.5)
Adoption or increased use of DevOps	2.8	2.7	(0.1)

The focus of media companies on modernizing their IT landscape and improving system resiliency is grounded in the proportion of IT spend targeted at run-the-business initiatives. A majority of company IT budgets are spent on run-the-business initiatives, at 64% globally.

All four regions are spending more than 62% of their IT budgets on run-the-business (RTB) initiatives. The highest proportion spent on RTB is by Asia Pacific companies at 68%, while U.K. and continental European companies spend the lowest proportion at 62%.

Exhibit IV-11 shows overall, and by geography, the breakdown of Media sector IT spend between “run-the-business” and “change-the-business” initiatives.

#### Exhibit IV-11

### IT Spend Breakdown: RTB and CTB

	Run-the-business initiatives	Change-the-business initiatives
<b>Global</b>	<b>64%</b>	<b>36%</b>
Asia Pacific	68%	32%
Continental Europe	62%	38%
U.K.	62%	38%
U.S.	64%	36%

Looking forward to 2022, media companies globally expect to increase the proportion of their budgets used for run the business (RTB) initiatives as the focus on modernizing existing landscapes and improving the efficiency of service delivery is prioritized over expanding investment in new capabilities, by 3% on average globally.

Similar to current spending, Asia Pacific media companies continue to expect to spend a higher proportion on RTB initiatives (70%), while continental European organizations expect to spend the least on average (64%).

Exhibit IV-12 shows the overall, and by geography, the proportions of Media sector IT spend on “run-the-business” and “change-the-business” initiatives expected in 2022.

#### Exhibit IV-12

### IT Spend Breakdown: RTB and CTB - 2022

	Run-the-business initiatives	Change-the-business initiatives
<b>Global</b>	<b>67%</b>	<b>33%</b>
Asia Pacific	70%	30%
Continental Europe	64%	36%
U.K.	67%	33%
U.S.	67%	33%

Aligned with the modernization objectives, the most commonly pursued initiatives to maintain and run the existing landscape are tied to parallel objectives of migrating more applications to the cloud and SaaS and consolidating and rationalizing legacy applications.

The key initiatives in maintaining, running, and reducing the cost of existing systems over the next 12-months by the media sector were identified to be:

- Increase the use of SaaS (47)

- Decommissioning of legacy applications (37)
- Migrating to cloud platforms (25)
- Application consolidation (17)
- Migrating to open source applications (9)
- Retiring legacy IT (7)
- Software license audit/consolidation (6)
- Vendor consolidation (5)
- Server virtualization (5)
- Improving retention of key IT employees (5)
- Increasing use of offshoring (3)
- Renegotiation of vendor contracts (2)
- Consolidation of suppliers (1)
- Improving the quality of business data (1)

The objective of expanding the use of cloud is, in part, explained by media companies having a slightly lower than average proportion of their landscapes in the cloud today. Globally, 33% of media company infrastructure is currently housed in the cloud, below the average of ~35% seen across all sectors. Public cloud adoption also slightly lags global averages at 17%.

There is some level of variance in the adoption of cloud across regions, as the U.S. houses ~36% of their infrastructure in the cloud while Asia Pacific houses only 29%. There is greater alignment in public cloud adoption as all regions house between 15% and 18% of their infrastructure in the cloud.

Exhibit IV-13 shows overall and by geography, the proportions of Media sector IT infrastructure currently residing in a cloud environment and in a public cloud environment.

Exhibit IV-13

### Proportion of IT Infrastructure in Cloud Environment

	Proportion in cloud environment	Proportion in public cloud
<b>Global</b>	<b>33%</b>	<b>17%</b>
Asia Pacific	29%	15%
Continental Europe	33%	18%
U.K.	35%	17%
U.S.	36%	18%

The slower adoption to date is driving media companies to accelerate their cloud adoption going forward. Globally, media companies are looking to expand the proportion of their IT infrastructure housed in the cloud by 9%. A majority of this is targeted to be achieved through the adoption of the public cloud, which is projected to rise 6% as a proportion of total infrastructure as well.

All four regions project cloud to represent between 7 and 10% more of their IT infrastructure. Growth is led by continental Europe, which projects the cloud to rise by 10% as a proportion of its infrastructure. All regions also project the public cloud to represent 5% to 7% more of the landscape in parallel.



Exhibit IV-14 shows overall and by geography, the proportions of media sector IT infrastructure expected to reside in a cloud environment and in a public cloud environment in 2022.

*Exhibit IV-14*

**Proportion of IT Infrastructure in Cloud Environment: 2022**

	The proportion in cloud environment	Proportion in public cloud
<b>Global</b>	<b>42%</b>	<b>23%</b>
Asia Pacific	38%	21%
Continental Europe	43%	25%
U.K.	44%	22%
U.S.	43%	23%

In addition to cloud adoption, media companies are prioritizing automation of IT operations to reduce the overall IT operations workload. The most commonly targeted areas are focused on user administration.

- Automation of user account administration (16)
- RPA for user administration (8)
- New/upgraded network management applications (7)
- IT service desk digital assistants (6)
- RPA for user management (3)
- Robotics in IT service desk (2)

# 5

## Digital Initiatives

Three out of four media companies globally view digital as high or very highly relevant to their future digital strategies, including nearly 40% viewing it as very highly relevant. No companies globally view it as irrelevant, while only 10% view it as low relevance.

All four regions have more than 69% of companies viewing digital as highly relevant. Asia Pacific has the highest proportion, at 80%, while continental Europe has 50% viewing it as very highly relevant.

Exhibit V-1 shows overall and by geography, the perceived relevance of digital as part of the organization’s future IT strategy.

*Exhibit V-1*

### Digital’s Relevance in Future IT Strategy: Media Sector

	Irrelevant	Low relevance	Moderate	High relevance	Very high relevance
<b>Global</b>	<b>0%</b>	<b>10%</b>	<b>15%</b>	<b>37%</b>	<b>39%</b>
Asia Pacific	0%	7%	13%	53%	27%
Continental Europe	0%	6%	17%	28%	50%
U.K.	0%	15%	15%	15%	54%
U.S.	0%	13%	13%	50%	25%

Half of media companies view digital as having the same relevance going forward as it has in the past two years. Nearly all of the remainder view it as having increasing relevance, with only 7% of companies viewing digital as declining in relevance.

A majority of each of the U.K. and the U.S. view digital as having higher relevance than previously, while a majority of the other two regions view it as having similar relevance. The U.K. is the only region with no companies that view it as lower relevance.

Exhibit V-2 shows overall, and by geography, how the perceived relevance of digital as part of the organization's future IT strategy has changed in the last 24 months.

### Exhibit V-2

#### Digital's Relevance in Future IT Strategy: Media Sector

	Higher Relevance	Similar Relevance	Lower Relevance
<b>Global</b>	<b>43%</b>	<b>50%</b>	<b>7%</b>
Asia Pacific	27%	60%	13%
Continental Europe	39%	56%	6%
U.K.	62%	39%	0%
U.S.	50%	44%	6%

Objectives of increasing system resiliency, leveraging digital customer service channels and expanding the use of automation focus on realizing the highest value benefit of digital. Reducing operational costs is the highest importance benefit of digital, high importance to 84% of media companies.

This is closely followed by increasing competitiveness, highly important to 83% of media companies, reflecting the rise of new competition on the need to leverage digital for content and advertising revenues to compete.

Exhibit V-3 compares the perceived importance of each of a number of potential benefits of digital to the media sector globally over the last 24-months and for the next 24-months.

### Exhibit V-3

#### Perceived Benefits of Digital: Global

Potential Benefit	Last 24 Mos.	Next 24 Mos.	Change
Reducing operational costs	3.9	4.2	0.3
Increasing competitiveness	3.9	4.1	0.2
Improving the customer experience and customer satisfaction	3.7	3.9	0.2
Increasing revenues	3.4	3.8	0.4
Improved service fulfillment and turnaround times	3.6	3.7	0.1
Improved company image	2.9	3.5	0.6

Regional differences in the importance that media companies place on digital benefits include the following:

- Improved company image has significantly increased in importance relative to the previous two years for media companies in both continental Europe and the U.S.
- Asia Pacific media companies are placing an increasingly high importance on reducing operational costs relative to both other regions and the previous two years
- U.S. media companies are also placing higher importance on improved company image relative to other regions.

Exhibits V-4 to 7 compare, by geography, the perceived importance of each of a number of potential benefits of digital to the media sector over the last 24-months and for the next 24-months.

*Exhibit V-4*

**Perceived Benefits of Digital: Asia Pacific**

Potential Benefit	Last 24 Mos.	Next 24 Mos.	Change
Reducing operational costs	4.0	4.6	0.6
Increasing competitiveness	3.4	3.9	0.5
Improving the customer experience and customer satisfaction	3.3	3.7	0.4
Increasing revenues	3.1	3.6	0.5
Improved service fulfillment and turnaround times	3.3	3.3	0.0
Improved company image	2.8	3.3	0.3

*Exhibit V-5*

**Perceived Benefits of Digital: Continental Europe**

Potential Benefit	Last 24 Mos.	Next 24 Mos.	Change
Increasing competitiveness	4.3	4.3	0.0
Improving the customer experience and customer satisfaction	3.7	3.9	0.2
Increasing revenues	3.4	3.8	0.4
Improved service fulfillment and turnaround times	3.5	3.7	0.2
Reducing operational costs	3.4	3.6	0.2
Improved company image	2.7	3.4	0.7

*Exhibit V-6*

**Perceived Benefits of Digital: U.K.**

Potential Benefit	Last 24 Mos.	Next 24 Mos.	Change
Reducing operational costs	4.1	4.4	0.3
Increasing competitiveness	4.2	4.3	0.1
Improving the customer experience and customer satisfaction	3.9	4.1	0.2
Increasing revenues	3.8	4.0	0.2
Improved service fulfillment and turnaround times	3.5	3.7	0.2
Improved company image	2.9	3.1	0.2

*Exhibit V-7***Perceived Benefits of Digital: U.S.**

Potential Benefit	Last 24 Mos.	Next 24 Mos.	Change
Reducing operational costs	4.3	4.3	0.0
Improved company image	3.3	4.1	0.8
Improving the customer experience and customer satisfaction	3.8	4.0	0.2
Improved service fulfillment and turnaround times	3.9	3.9	0.0
Increasing competitiveness	3.6	3.9	0.3
Increasing revenues	3.1	3.6	0.5

To realize the reduced operational costs, media companies are looking to expand the use of RPA and automation as well as build a broader set of internal RPA capabilities.

To realize the increasing competitiveness, media companies are primarily focusing on digital initiatives on optimizing digital advertising platforms, driving increased revenues while reducing cost and effort.

The key digital initiatives planned to achieve these benefits over the next 12-months in the media sector were identified to be:

**Expand Use of RPA and Automation (6)**

- Working on using RPA to populate platforms and automate customization of news feeds
- Increasing use of RPA - several different projects where RPA will be in use.
- Driving analytics used with better quality data sources enhanced by employee training or direct entry of data from systems using RPA or IoT sensor networks.
- Mainly a recruitment project to build in house RPA and automation skills so we can manage our program more effectively
- Integration and automation to close gaps in our end to end processing
- Building better RPA

**Optimize Digital Advertising Platforms (5)**

- We have several apps that are subject/content specific in planning. These will be audience engagement apps that will be used to drive new revenue and advertising streams.
- Enhancing our automated advertising purchasing platform
- Working on audience participation and things like live better support from statistics reported in real-time. Some advertising opportunities will be made available live to provide a bidding process for advertising.
- Implementing technology for the optimization of advertising
- Enhancing customer services and advertising buying platform

**Improve Customer Experience (2)**

- Increasing digital customer experience team size
- Improving customer self-service portal with better stock information and lead time information for key accounts.

**Modernize Landscape (2)**



- Migration to SaaS
- Using web-based sales tools to reduce our internal administration

With a significant focus on modernizing the landscape and increasing cloud adoption to reduce operating costs, the most commonly pursued digital technology is implementing SaaS-based applications. These initiatives are being highly pursued by 71% of media companies, the only initiative highly prioritized by a majority of media companies.

The focus on improving overall system resiliency is reflected in the next most commonly pursued initiatives: implementing new core applications and implementing in-memory computing. Each of these is pursued by slightly less than half of media companies and help address the modernization of core business systems.

Exhibit V-8 shows the extent to which organizations in the media sector are planning to undertake each of a number of potential IT development initiatives over the next 12-months globally.

*Exhibit V-8*

**Planned IT Development Initiatives: Global**

Initiative	Extent
Implementing SaaS-based applications	3.9
Implementing analytics	3.4
Implementing new core applications	3.3
Implementing in-memory computing	3.1
Implementing cognitive/machine learning/deep learning-based technologies	3.0
Implementing IoT/sensor-based applications	2.7
Implementing BlockChain	1.1

Regional differences in the digital initiatives being pursued include the following:

- Continental European media companies are pursuing implementing new core applications to a greater extent than other regions
- U.K. media companies are placing greater priority on implementing cognitive/machine learning/deep learning-based technologies
- U.S. media companies are pursuing implementing in-memory computing and implementing IoT/sensor-based applications to a greater extent than other regions.

Exhibits V-9 to 12 show, by geography, the extent to which organizations in the media sector are planning to undertake each of a number of potential IT development initiatives over the next 12-months.

*Exhibit V-9*

### Planned IT Development Initiatives: Asia Pacific

Initiative	Extent
Implementing SaaS-based applications	4.1
Implementing analytics	3.5
Implementing new core applications	2.9
Implementing cognitive/machine learning/deep learning-based technologies	2.9
Implementing IoT/sensor-based applications	2.9
Implementing in-memory computing	2.9
Implementing BlockChain	1.0

*Exhibit V-10*

### Planned IT Development Initiatives: Continental Europe

Initiative	Extent
Implementing new core applications	3.7
Implementing SaaS-based applications	3.7
Implementing analytics	3.4
Implementing cognitive/machine learning/deep learning-based technologies	2.8
Implementing IoT/sensor-based applications	2.8
Implementing in-memory computing	2.8
Implementing BlockChain	1.0

*Exhibit V-11*

### Planned IT Development Initiatives: U.K.

Initiative	Extent
Implementing SaaS-based applications	4.1
Implementing analytics	3.6
Implementing cognitive/machine learning/deep learning-based technologies	3.3
Implementing new core applications	3.2
Implementing in-memory computing	2.7
Implementing IoT/sensor-based applications	2.0
Implementing BlockChain	1.0

## Exhibit V-12

## Planned IT Development Initiatives: U.S.

Initiative	Extent
Implementing SaaS-based applications	3.9
Implementing in-memory computing	3.7
Implementing analytics	3.3
Implementing IoT/sensor-based applications	3.2
Implementing new core applications	3.1
Implementing cognitive/machine learning/deep learning-based technologies	2.9
Implementing BlockChain	1.2

Looking across digital technology initiatives being pursued, focus areas identified, including:

- Productivity: media organizations are looking to leverage new core applications and SaaS-based applications initiatives to implement productivity and desktop applications
- Customer services: media organizations are placing a priority on leveraging digital to improve the customer experience. In particular, customer services and CRM are priorities when implementing new core applications, SaaS-based applications, cognitive/machine learning/deep learning-based technologies, analytics, and in-memory computing
- Marketing: media organizations are prioritizing expanding market share through improved digital marketing campaigns. Organizations are specifically looking to implement SaaS-based applications, cognitive/machine learning/deep learning-based applications, analytics, and in-memory computing to improve marketing
- Warehouse Management: The focus of media organizations that publish physical products are primarily using IoT/sensor-based applications and, to a lesser extent, new core applications and in-memory computing on warehouse management.

Those rating high for implementing new core applications identified the following application areas where their organization would be implementing new core initiatives:

- CRM (10)
- Productivity/desktop applications (10)
- F&A (8)
- HR (5)
- HR - employee self-service (5)
- Procurement self-service (4)
- ERP (3)
- Logistics (3)
- Warehouse management (3)
- Billing (2)
- Contact center (2)
- Payroll (2)



- Procurement (2)
- Account management (1)
- Field force automation (1)
- IT Helpdesk (1)
- Procurement catalog (1)
- Sales & marketing (1)

Those rating high for implementing SaaS-based application identified the following application areas where their organization would be implementing SaaS-based applications initiatives:

- Productivity/desktop applications (25)
- CRM (11)
- Sales & marketing (9)
- Employee self-service (8)
- Billing (6)
- Procurement self-service (5)
- Contact center (5)
- F&A (4)
- Procurement catalog (4)
- Logistics (3)
- Transport management (3)
- Account management (2)
- Field force automation (2)
- HR (2)
- HR - employee self-service (2)
- IT Helpdesk (2)
- Warehouse management (2)

Those rating high for implementing cognitive/machine learning/deep learning application identified the following application areas where their organization would be implementing cognitive/machine learning/deep learning initiatives:

- Contact center (9)
- Customer analytics (5)
- CRM (5)
- Marketing (5)
- Account management (4)

- Credit control (3)
- Digital assistants (2)
- Billing (1)
- IT Helpdesk (1)
- Sales & marketing (1)

Those rating high for implementing IoT/sensor-based computing identified the following application areas where their organization would be implementing IoT/sensor-based computing initiatives:

- Predictive maintenance (8)
- Warehouse management (8)
- Network/equipment monitoring (7)
- Field force automation (6)
- Premises security (4)
- Transport management (4)
- Logistics (3)
- Customer analytics (3)
- Patient monitoring (1)
- Vehicle/driver tracking (1)

Those rating high for implementing analytics identified the following application areas where their organization would be implementing analytics initiatives:

- Marketing analytics (15)
- Customer analytics (5)
- Advertising analytics (1)
- Patient care optimization (1)
- Predictive maintenance (1)
- Transport management (1)

Those rating high for implementing in-memory computing identified the following application areas where their organization would be implementing in-memory computing initiatives:

- Contact center (5)
- Marketing (5)
- CRM (4)
- Manufacturing automation (3)
- Production efficiency analysis (3)

- Credit risk (2)
- Warehouse management (2)
- Advertising analytics (1)
- Logistics (1)
- Premium pricing (1)
- Sales analytics (1)

The focus on growing the business and competing with new market entrants through expanding digital marketing and accelerating customer service through automation is reflected in the business functions being targeted for digital initiatives. While no application area is a high priority for a majority of media companies, the most commonly pursued areas include marketing and promotional services (highly pursued by 42% of media companies) and customer service (37%).

Exhibit V-13 shows the extent to which media organizations globally expect to undertake digital IT Initiatives in each of a number of application areas in 2020 (1=low extent, 5 high extent).

*Exhibit V-13*

### Digital IT Initiative Intentions by Application: Global

Initiative	Extent
Marketing and promotional services	3.1
Customer service	3.0
Advertising sales administration	2.9
Customer acquisition	2.9
Sourcing & procurement	2.8
Digital rights management	2.7
Billing & order management	2.6
Finance & accounting	2.6
Fulfillment & distribution management	2.4
Content creation & management	2.4

Regional differences in focus areas for digital initiative include the following:

- Asia Pacific media companies are pursuing sourcing and procurement initiatives to a greater extent than other regions
- Continental European media companies are pursuing content creation and management to a greater extent than other regions
- U.K. media companies are pursuing advertising sales administration initiatives to a greater extent than other regions.

Exhibits V-14 to 17 show, by geography, the extent to which Media organizations globally expect to undertake digital IT Initiatives in each of a number of application areas in 2020 (1=low extent, 5 high extent).

*Exhibit V-14*

**Digital IT Initiative Intentions by Application: Asia Pacific**

Application	Extent
Sourcing & procurement	3.3
Customer service	3.2
Advertising sales administration	2.9
Customer acquisition	2.9
Billing & order management	2.7
Digital rights management	2.7
Finance & accounting	2.7
Marketing and promotional services	2.5
Content creation & management	2.4
Fulfillment & distribution management	2.2

*Exhibit V-15*

**Digital IT Initiative Intentions by Application: Continental Europe**

Application	Extent
Customer acquisition	3.3
Marketing and promotional services	3.2
Sourcing & procurement	3.1
Advertising sales administration	2.8
Content creation & management	2.7
Digital rights management	2.6
Customer service	2.5
Finance & accounting	2.5
Fulfillment & distribution management	2.4
Billing & order management	2.3

*Exhibit V-16***Digital IT Initiative Intentions by Application: U.K.**

Application	Extent
Advertising sales administration	3.4
Customer service	3.3
Marketing and promotional services	3.1
Customer acquisition	2.8
Finance & accounting	2.7
Digital rights management	2.6
Billing & order management	2.5
Fulfillment & distribution management	2.4
Content creation & management	2.1
Sourcing & procurement	2.1

*Exhibit V-17***Digital IT Initiative Intentions by Application: U.S.**

Application	Extent
Marketing and promotional services	3.5
Customer service	3.3
Digital rights management	2.9
Billing & order management	2.8
Advertising sales administration	2.7
Customer acquisition	2.6
Sourcing & procurement	2.6
Finance & accounting	2.6
Fulfillment & distribution management	2.4
Content creation & management	2.2



Media companies are looking for IT service vendors capable of supporting them in the journey to realize their IT objectives, such as improving system resiliency and modernizing the application landscape. To enable this, media companies are prioritizing vendors that possess cloud-native development capabilities and offer proprietary digital application platforms and tools. These each drive the rationalization of legacy applications and the expanded use of digital technologies in service delivery.

Each of these is highly important to more than 69% of media companies, the two highest importance vendor characteristics. The other vendor characteristics that are highly important to more than 60% of media companies also focus on this theme of identifying opportunities to leverage technology to improve operations: knowledge of sector-specific application platforms and an ability to take a business perspective to apply digital to the business.

Exhibit V-18 shows the importance of potential characteristics to media sector organizations globally when choosing a supplier to assist in implementing digital IT initiatives (1=low extent, 5 high extent).

*Exhibit V-18*

**Importance of Potential Characteristics of Supplier: Global**

Characteristic	Importance
Cloud-native development capability	4.2
Ability to provide UX consulting & design	3.9
Ability to bring own digital application platforms and tools	3.8
Knowledge of your industry	3.7
Knowledge of sector-specific application platforms	3.7
Ability to take a business perspective to application of digital to your business	3.6
Use of agile development methodology	3.5
Ability to undertake digital maturity assessments	3.3
Ability to provide a roadmap for adoption of digital	3.0

Regional differences in the importance of characteristics sought in a vendor include the following:

- Asia Pacific media companies are placing higher importance on a vendor’s use of agile development methodology relative to other regions
- Continental European media companies are placing higher importance on a vendor’s ability to take a business perspective to apply digital to the business
- U.K. media companies are placing higher importance on a vendor’s ability to bring their own digital application platforms and tools relative to other regions.

Exhibits V-19 to 22 show, by geography, the importance of potential characteristics to media sector organizations when choosing a supplier to assist in implementing digital IT initiatives (1=low extent, 5 high extent).

*Exhibit V-19*

**Importance of Potential Characteristics of Supplier: Asia Pacific**

Characteristic	Importance
Use of agile development methodology	4.4
Ability to provide UX consulting & design	3.8
Knowledge of sector-specific application platforms	3.8
Knowledge of your industry	3.6
Ability to take a business perspective to application of digital to your business	3.5
Ability to undertake digital maturity assessments	3.5
Ability to bring own digital application platforms and tools	3.5
Cloud-native development capability	3.5
Ability to provide a roadmap for adoption of digital	3.4

*Exhibit V-20*

**Importance of Potential Characteristics of Supplier: Continental Europe**

Characteristic	Importance
Cloud-native development capability	4.2
Ability to take a business perspective to application of digital to your business	3.9
Ability to bring own digital application platforms and tools	3.9
Ability to provide UX consulting & design	3.8
Knowledge of sector-specific application platforms	3.7
Knowledge of your industry	3.6
Use of agile development methodology	3.4
Ability to undertake digital maturity assessments	3.1
Ability to provide a roadmap for adoption of digital	2.6

*Exhibit V-21***Importance of Potential Characteristics of Supplier: U.K.**

Characteristic	Importance
Cloud-native development capability	4.2
Ability to provide UX consulting & design	4.1
Ability to bring own digital application platforms and tools	4.1
Ability to take a business perspective to application of digital to your business	3.7
Knowledge of your industry	3.6
Knowledge of sector-specific application platforms	3.5
Ability to undertake digital maturity assessments	3.4
Use of agile development methodology	3.4
Ability to provide a roadmap for adoption of digital	2.9

*Exhibit V-22***Importance of Potential Characteristics of Supplier: U.S.**

Characteristic	Importance
Ability to provide UX consulting & design	3.9
Cloud-native development capability	3.9
Knowledge of sector-specific application platforms	3.9
Knowledge of your industry	3.8
Ability to bring own digital application platforms and tools	3.8
Ability to undertake digital maturity assessments	3.4
Use of agile development methodology	3.4
Ability to take a business perspective to application of digital to your business	3.3
Ability to provide a roadmap for adoption of digital	3.2



# 6

## Changes in IT Spend

A significant majority of media companies forecast their 2020 IT budgets to remain the same or fall relative to 2019. With nearly half of all companies projecting budgets to change less than 1%, the average change in budgets globally is a decline of .25%. Only 20% of companies project budgets to rise by more than 1%.

U.S. and U.K. media companies project spending to rise slightly on average, the only regions to do so. Asia Pacific is the only region with any companies project spending to rise more than 5%.

Continental Europe is the only region to project spending to decline on average. It has no companies projecting spending to rise more than 2% while 7% of its companies projecting spending to decline more than 5%, the only companies globally to do so.

As part of subsequent dedicated research on the impact of COVID-19, media companies identified an impact of ~12% on planned IT spend in 2020. This impact is not universal as 56% of media companies project growth in IT digital transformation spending, while 24% project a decline in IT digital transformation spending. This results in a net 4% reduction in spending planned on digital transformation initiatives.

Exhibit VI-1 shows overall and by geography the profile of change in total IT budget expected in 2020.

*Exhibit VI-1*

### Expected Change in IT Budget: 2020

Geography	Average	< -10%	-10% to -5%	-5% to -3%	-2% to -1%	-1% to 1%	1% to 2%	3% to 5%	5% to 10%	>10%
<b>Global</b>	<b>(0.25)</b>	<b>0%</b>	<b>2%</b>	<b>10%</b>	<b>31%</b>	<b>48%</b>	<b>11%</b>	<b>7%</b>	<b>2%</b>	<b>0%</b>
Asia Pacific	0.0	0%	0%	7%	27%	53%	7%	0%	7%	0%
Continental Europe	(1.5)	0%	7%	22%	17%	44%	11%	0%	0%	0%
U.K.	0.3	0%	0%	7%	23%	39%	15%	15%	0%	0%
U.S.	0.5	0%	0%	0%	19%	56%	13%	13%	0%	0%

The analysis of the impact of COVID-19 aligns with media companies’ earlier projections on the sensitivity of IT budgets to changes in economic conditions. Overall, three-quarters of media companies globally expect changes to IT spending as the economy materially changes. This includes 37% of media companies expecting a significant change to IT spend.

The U.S. is the only region with less than 70% of companies projecting an impact on IT spending while all U.K. companies project an impact on their spending.

Exhibit VI-2 shows how much of an impact a material change in economic conditions in the next 24 months would have on companies' IT budgets within the Media sector.

*Exhibit VI-2*

### Impact of Changing Economic Conditions on IT Budget: Media Sector

Geography	Significant Change	Minor Change	No Change
<b>Global</b>	<b>37%</b>	<b>40%</b>	<b>23%</b>
Asia Pacific	27%	47%	27%
Continental Europe	39%	39%	22%
U.K.	46%	54%	0%
U.S.	31%	31%	37%

The majority of media companies project the change in spending to remain in line with the change in revenues. Fifty-seven percent of companies project no change in IT spending relative to revenues, while slightly less than 25% of media companies project each of increasing and decreasing spend relative to revenues.

Continental Europe is the only region with a minority of companies projecting no change relative to revenues. It also has the highest proportion of companies projecting a decrease in IT spend relative to revenues. The U.S. and U.K. each have more than 30% of their companies projecting IT spending to increase relative to revenues.

Exhibit VI-3 shows the profile of shift in IT spend as a proportion of the organization's revenues within the media sector.

*Exhibit VI-3*

### Shifts in IT Spending: Media Sector

Geography	Increase in IT spend	No change	Decrease in IT spend
<b>Global</b>	<b>23%</b>	<b>57%</b>	<b>21%</b>
Asia Pacific	13%	67%	20%
Continental Europe	17%	39%	44%
U.K.	31%	62%	8%
U.S.	31%	63%	6%

Media companies globally project external IT spend to rise significantly more than overall IT spend. Globally, spending on external IT services is projected to rise by 2.3% on average, with nearly 60% of media companies projecting a rise of more than 1%.

Asia Pacific projects the highest growth, at 3.5% on average, and has the highest proportion of companies projecting growth of more than 1%. It is the only region to project average growth of more than 3%.

Continental Europe projects significantly lower growth than the other regions, at 0.9% on average. It is the only region without a majority of companies projecting growth and is also the only region to have any companies project spending to decline more than 5%.

Exhibit VI-4 shows globally and by geography how organizations in the Media sector expect their external spend on 'IT' to change in 2020.

*Exhibit VI-4*

### Growth in External Spend on 'IT'

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>2.3</b>	<b>2%</b>	<b>10%</b>	<b>31%</b>	<b>36%</b>	<b>23%</b>
Asia Pacific	3.5	0%	7%	20%	40%	33%
Continental Europe	0.9	6%	17%	33%	33%	11%
U.K.	2.7	0%	7%	31%	39%	23%
U.S.	2.6	0%	6%	38%	31%	25%

In line with the priority placed on expanding the adoption of cloud, media companies project the highest growth among IT service lines on cloud infrastructure. Spending on the cloud is projected to rise by 2.0% on average, with a majority of companies projecting spending to rise more than 1%.

Continental Europe is the only region to project average growth of less than 2%, while Asia Pacific is the only region with fewer than 50% of its companies projecting growth of more than 1%.

Exhibit VI-5 shows how organizations in the Media sector expect their external spend on 'cloud infrastructure' to change in 2020.

*Exhibit VI-5*

### Growth in External Spend on 'Cloud Infrastructure'

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>2.0</b>	<b>7%</b>	<b>7%</b>	<b>31%</b>	<b>36%</b>	<b>21%</b>
Asia Pacific	2.1	7%	0%	47%	20%	27%
Continental Europe	1.2	11%	6%	28%	44%	11%
U.K.	2.3	8%	8%	15%	46%	23%
U.S.	2.4	0%	13%	31%	31%	25%

Media companies project spending to rise more slowly on end user workplace services and mobility services. Growth is projected at 1.4% on average, while 40% of companies project spending to rise more than 1%.

Continental Europe again projects much slower growth than the other regions. It is the only region to project spending to rise less than 1.5% on average. The U.S. is the only region where half of the companies project spending to rise more than 1%, and no companies project spending to decline more than 5%.

Exhibit VI-6 shows how organizations in the media sector expect their external spend on ‘end-user workplace services and mobility services’ to change in 2020.

*Exhibit VI-6*

**Growth in External Spend on ‘End User Workplace Services and Mobility Services’**

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>1.4</b>	<b>7%</b>	<b>13%</b>	<b>40%</b>	<b>17%</b>	<b>23%</b>
Asia Pacific	1.5	7%	13%	40%	13%	27%
Continental Europe	0.5	11%	11%	29%	28%	11%
U.K.	1.5	8%	8%	54%	0%	31%
U.S.	2.1	0%	19%	31%	25%	25%

Media companies project slightly faster growth on managed security services at 1.7% on average. Nearly 60% of companies project spending to rise more than 1% while only 10% project spending to decline more than 1%.

All four regions have 50% or more of their companies projecting spending to rise. The U.S. is the only region to have no companies projecting spending to decline more than 1% while nearly 70% of U.S. companies project spending to rise more than 1%.

Exhibit VI-7 shows how organizations in the Media sector expect their external spend on ‘managed security services’ to change in 2020.

*Exhibit VI-7*

**Growth in External Spend on ‘Managed Security Services’**

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>1.7</b>	<b>3%</b>	<b>7%</b>	<b>32%</b>	<b>48%</b>	<b>10%</b>
Asia Pacific	1.9	0%	7%	33%	53%	7%
Continental Europe	0.8	6%	17%	28%	44%	6%
U.K.	1.4	8%	0%	29%	46%	8%
U.S.	2.9	0%	0%	31%	50%	19%

Media companies are projecting slight growth in application services at 0.6% on average. Only 36% of media companies project spending to rise more than 1% while 39% project spending to decline more than 1%.

Asia Pacific and the U.S. are the only two regions to project spending to grow on average. The U.S. is the only region with 50% of companies projecting growth.

A majority of U.K. media companies project spending to decline between 1% and 5% though it is the only region with no companies projecting a decline of more than 5%.

Exhibit VI-8 shows how organizations in the Media sector expect their external spend on ‘application services’ to change in 2020.

*Exhibit VI-8*

### Growth in External Spend on ‘Application Services’

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>0.6</b>	<b>5%</b>	<b>34%</b>	<b>26%</b>	<b>15%</b>	<b>21%</b>
Asia Pacific	1.8	7%	13%	40%	7%	33%
Continental Europe	(0.5)	6%	39%	28%	22%	6%
U.K.	(0.5)	0%	62%	15%	8%	15%
U.S.	1.7	6%	25%	19%	19%	31%

Spending by media companies on application testing and requirements assurance is projected to grow only slightly faster than application services at 0.8% on average.

Three of the four regions project spending to rise more than 1%, while continental Europe projects spending to decline by 0.9% on average. Only 28% of European companies project spending to rise by more than 1%.

Exhibit VI-9 shows how organizations in the Media sector expect their external spend on ‘application testing & requirements assurance’ to change in 2020.

*Exhibit VI-9*

### Change in External Spend on ‘Application Testing & Requirements Assurance’

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>0.8</b>	<b>5%</b>	<b>26%</b>	<b>27%</b>	<b>26%</b>	<b>16%</b>
Asia Pacific	1.9	0%	13%	40%	27%	20%
Continental Europe	(0.9)	11%	29%	22%	22%	6%
U.K.	1.0	8%	15%	31%	31%	15%
U.S.	1.7	0%	31%	19%	25%	25%

With the focus on identifying digital offerings, media companies are projecting significant growth in spending on consulting. A slight majority of companies globally project growth in spending on consulting and average growth of 1.7%.

All four regions project growth of more than 1.4%. The U.K. has the highest proportion of companies projecting growth, while Asia Pacific projects the highest average growth. The U.K. is also the only region to have any companies project spending to decline by more than 5%.

Exhibit VI-10 shows how organizations in the Media sector expect their external spend on ‘consulting’ to change in 2020.

*Exhibit VI-10*

### Growth in External Spend on ‘Consulting’

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>1.7</b>	<b>2%</b>	<b>21%</b>	<b>24%</b>	<b>34%</b>	<b>19%</b>
Asia Pacific	2.1	0%	33%	13%	20%	33%
Continental Europe	1.5	0%	17%	33%	39%	11%
U.K.	2.0	8%	8%	15%	54%	15%
U.S.	1.4	0%	25%	31%	25%	19%

Media companies project the slowest growth among the service lines on systems integration, projecting to grow only 0.3% with fewer than 30% of companies projecting spending to rise more than 1%. The majority of companies globally project spending to change less than 1%.

Continental Europe is the only region to project spending to decline on average as only 11% of European companies project spending to rise more than 1%. Asia Pacific is the only region to project average spending to grow faster than 1% and is the only region with more than 40% of its companies projecting growth.

Exhibit VI-11 shows how organizations in the media sector expect their external spend on ‘systems integration in support of new system development or implementation’ to change in 2020.

*Exhibit VI-11*

### Growth in External Spend on ‘Systems Integration in Support of New System Development or Implementation’

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>0.3</b>	<b>8%</b>	<b>11%</b>	<b>53%</b>	<b>18%</b>	<b>10%</b>
Asia Pacific	1.0	7%	7%	40%	40%	7%
Continental Europe	(0.5)	11%	17%	61%	0%	11%
U.K.	0.5	8%	8%	54%	23%	8%
U.S.	0.5	6%	13%	56%	13%	13%

With the focus on expanding the use of SaaS, media companies project spending on third-party software to rise by 1.8% in 2020. A slight majority of project spending to rise by more than 1%.

All four regions project spending to rise more than 1%, though the U.S. is the only region to project average growth of more than 2%. The U.K. is the only region with fewer than 50% of its companies projecting spending to rise more than 1%. Continental Europe is the only region with companies projecting spending to decline by more than 5%.

Exhibit VI-12 shows how organizations in the Media sector expect their external spend on ‘third party software (including Software-as-a-Service: SaaS)’ to change in 2020.

*Exhibit VI-12*

### Growth in External Spend on ‘Third Party Software’

Geography	Average	<-5%	-5% to -1%	-1% to 1%	1% to 5%	5%<
<b>Global</b>	<b>1.8</b>	<b>2%</b>	<b>13%</b>	<b>34%</b>	<b>36%</b>	<b>16%</b>
Asia Pacific	1.8	0%	13%	33%	40%	13%
Continental Europe	1.3	6%	17%	28%	33%	17%
U.K.	1.3	0%	8%	54%	31%	8%
U.S.	1.6	0%	13%	25%	38%	25%

While external spending is expected to rise much faster than overall IT spending, it appears to be similarly sensitive to material economic changes. Globally, 78% of media companies project spending to be impacted by economic changes, in line with 77% of companies projecting overall IT spending to be impacted by economic changes.

Continental European media companies project external spending to be significantly less sensitive to economic changes relative to its sensitivity to overall IT spend, with only 55% projecting an impact on external spend in comparison to 78% projecting overall IT spending to be impacted.

In contrast, U.S. media companies project external spending to be significantly more sensitive. Eighty-seven percent of U.S. media companies project a change in external IT spend as economic conditions change while 62% project an impact on overall IT spend.

Exhibit VI-13 shows how much of an impact a material change in economic conditions in the next 24 months would have on companies’ external IT spend within the media sector.

*Exhibit VI-13*

### Impact of Changing Economic Conditions on External Spend: Media Sector

Geography	Significant Change	Minor Change	No Change
<b>Global</b>	<b>21%</b>	<b>57%</b>	<b>23%</b>
Asia Pacific	13%	67%	20%
Continental Europe	11%	44%	44%
U.K.	31%	62%	8%
U.S.	31%	56%	13%

As expected, given the priority placed on expanding the use of SaaS software, the most commonly pursued sourcing change among media companies globally is the increasing use of SaaS software. It is highly pursued by 58% of media companies.

Consolidating vendors within application development is the next most commonly pursued sourcing change, highly pursued by 57% of media companies.

Exhibit VI-14 shows the importance to organizations in the media sector globally of each of a number of potential IT sourcing initiatives.

*Exhibit VI-14*

### IT Sourcing Initiatives: Global

Potential Initiative	Importance
Increasing its use of SaaS software	3.6
Consolidating vendors within application development	3.5
Increasingly using niche specialists in support of implementation of digital initiatives	3.3
Consolidating vendors within application modernization & maintenance	3.0
Consolidating vendors in support of server and cloud infrastructure	2.8
Consolidating vendors in support of digital initiatives	2.4

Regional differences in IT sourcing changes include the following:

- Asia Pacific media companies are pursuing consolidating vendors within application modernization and maintenance and consolidating vendors in support of server and cloud infrastructure to a greater extent than other regions
- Continental Europe and U.K. media companies are pursuing increasingly using niche specialists in support of implementing digital initiatives to a greater extent than other regions
- U.S. media companies are prioritizing the increasing use of SaaS software to a greater extent relative to other regions.

Exhibits VI-15 to 18 show, by geography, the importance to organizations in the Media sector globally of each of a number of potential IT sourcing initiatives.

*Exhibit VI-15*

### IT Sourcing Initiatives: Asia Pacific

Potential Initiative	Importance
Consolidating vendors within application development	3.5
Increasing its use of SaaS software	3.5
Consolidating vendors within application modernization & maintenance	3.3
Consolidating vendors in support of server and cloud infrastructure	3.3
Increasingly using niche specialists in support of implementation of digital initiatives	3.2
Consolidating vendors in support of digital initiatives	2.6



Exhibit VI-16**IT Sourcing Initiatives: Continental Europe**

Potential Initiative	Importance
Consolidating vendors within application development	3.5
Increasing its use of SaaS software	3.4
Consolidating vendors within application modernization & maintenance	3.2
Increasingly using niche specialists in support of implementation of digital initiatives	2.9
Consolidating vendors in support of server and cloud infrastructure	2.7
Consolidating vendors in support of digital initiatives	2.5

Exhibit VI-17**IT Sourcing Initiatives: U.K.**

Potential Initiative	Importance
Increasingly using niche specialists in support of implementation of digital initiatives	3.9
Consolidating vendors within application development	3.8
Increasing its use of SaaS software	3.3
Consolidating vendors in support of server and cloud infrastructure	3.0
Consolidating vendors within application modernization & maintenance	2.7
Consolidating vendors in support of digital initiatives	2.1

Exhibit VI-18**IT Sourcing Initiatives: U.S.**

Potential Initiative	Importance
Increasing its use of SaaS software	4.0
Consolidating vendors within application development	3.4
Increasingly using niche specialists in support of implementation of digital initiatives	3.4
Consolidating vendors within application modernization & maintenance	2.9
Consolidating vendors in support of digital initiatives	2.4
Consolidating vendors in support of server and cloud infrastructure	2.4

Those rating high for consolidating vendors in support of digital initiatives identified the following areas of their digital workload where they would consolidate vendors:

- User support/helpdesk (8)
- Application development (5)
- Customer analytics (4)
- Project management (4)

- Customer experience management (2)
- Functional testing (2)
- Mobile development (2)
- User assurance testing (2)
- Platform management (1)
- Piloting (1)
- Testing (1)
- Training (1)

Those rating high for increasingly using niche specialists in support of implementation of digital initiatives, expected to increasingly use niche specialists for:

- Platform management (12)
- Customer analytics (6)
- Functional testing (4)
- User assurance testing (4)
- Mobile development (3)
- Web development (2)
- Application development (1)
- Customer experience management (1)
- Project management (1)

#### Sales Enquiries

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