

**birla**soft

**State of Media  
Transformation  
ICT Services  
Industry 2022**



# What Is Media Transformation?

The world of TV & video consumption is drastically changing, with D2C (OTT) first becoming the core growth strategy for most media enterprises today. This shift towards the direct consumer model demands a change in business priorities and the plethora of operational, technology, and digital user engagement. Thus transforming the media enterprise is becoming vital for meeting the changing D2C OTT-business requirements and maintaining the legacy activity, i.e., linear TV & video operations. On a broader basis, media transformation is a roadmap and not just about migrating the content supply chain on the cloud or launching newer digital services and so on so forth. We believe that media transformation is an ongoing project or process to achieve the following:

**1 INITIAL PHASE**

- Creating a multi-screen TV & video reach for its both linear and non-linear TV & video asset repository
- Leveraging traditional recommendation engine to enhance digital user experience

**2 MID PHASE**

- Highly interactive and information embedded per engagement touch point personalization
- Building newer monetization and entertainment services avenues to improve incremental ARPU

**3 GROWTH PHASE**

- Real-time multi-faceted data driven engagement lifecycle management
- Location, and device agnostic hyper personalized per user delivery of connected services ecosystem at scale

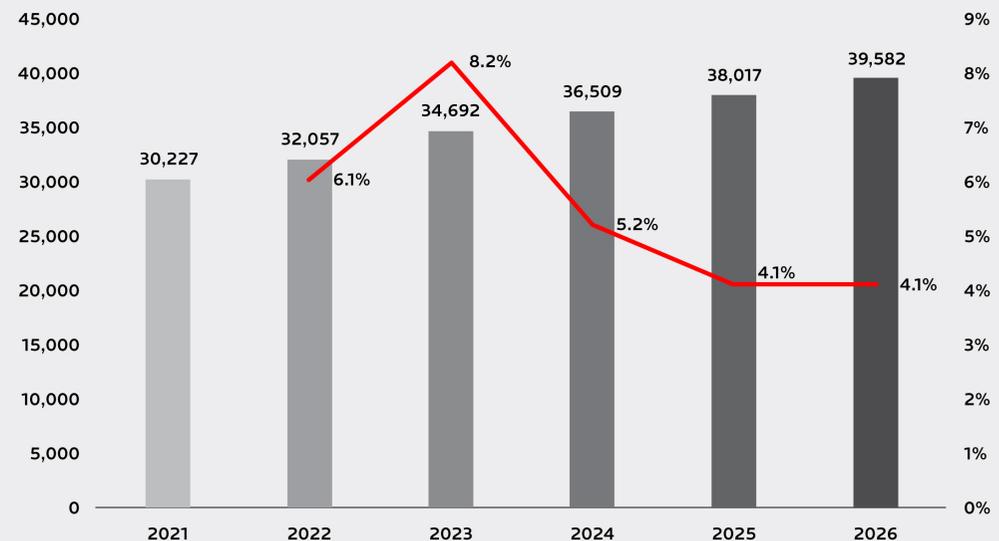
Therefore, the media transformation goal is to create a data-driven enterprise that delivers hyper-personalized and localized digital services to every user anywhere. Furthermore, this study encompasses and highlights the stipulated spend across both horizontal and vertical ICT services centric to this roadmap across seven sub-M&E (media & entertainment) verticals and six geographies globally.

# Media transformation ICT services- A US\$40bn opportunity

Global media transformation ICT services TAM to reach US\$32bn, with year-on-year growth of 6% (2021:7.8%) in 2022. This is stipulated to touch US\$39.5bn, with a CAGR of 5.5% in the next five years (2021-2026). The growth of spending on ICT services enabling media enterprises to embark on the transformation journey will be predominantly driven by business priorities in the next 24-36 months. Those are:

- Unification of legacy and digital media value chain
- Exploiting hybrid D2C monetization avenues (subscription + ad-supported + transaction + eCommerce etc.)
- Remote production and testing ecosystem on IP
- Improving the time to market via unified data lakes and
- End to end protection of premium content assets
- Lower TCO without offsetting premium quality of engagement (QoE)
- Enterprise-wide video workgroup collaboration and communication

**Figure 1: Global media transformation ICT services spend in USD mn (2021-2026)**



Source: Birlasoft estimates (December 2021)

# Broadcasters Largest and Third Fastest-Growing Segment In The Next Five Years

In 2021, broadcasters to be the biggest segment, accounting for 39% of total TAM, stipulated to rise to 40% in the next 4-5 years. Pure-play internet TV streaming platforms such as Netflix, DAZN, Amazon, etc., will be the fastest-growing segment globally, with a CAGR of 10%. As remote hybrid workgroup collaboration and communications become a vital engagement tool across most media enterprises globally, enterprise video will witness a strong spend across the transformation journey to accelerate operational productivity, reduce business discontinuity risks, and strengthen production quality in the long run for both live and VOD assets. As a result, the enterprise video segment is stipulated to contribute almost 6.4% of total TAM by 2026.

Figure 2: Global media transformation ICT services TAM by segments, 2021

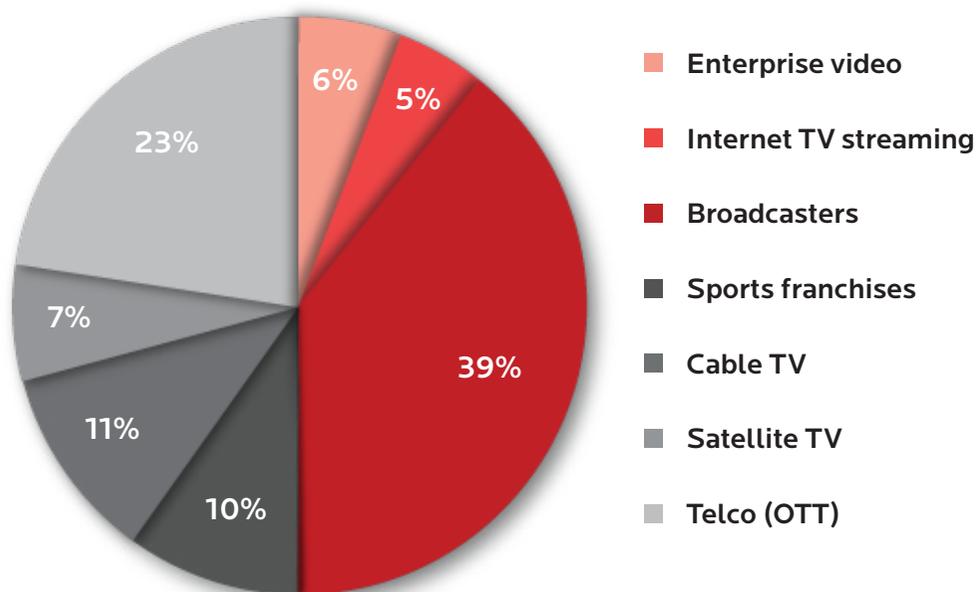
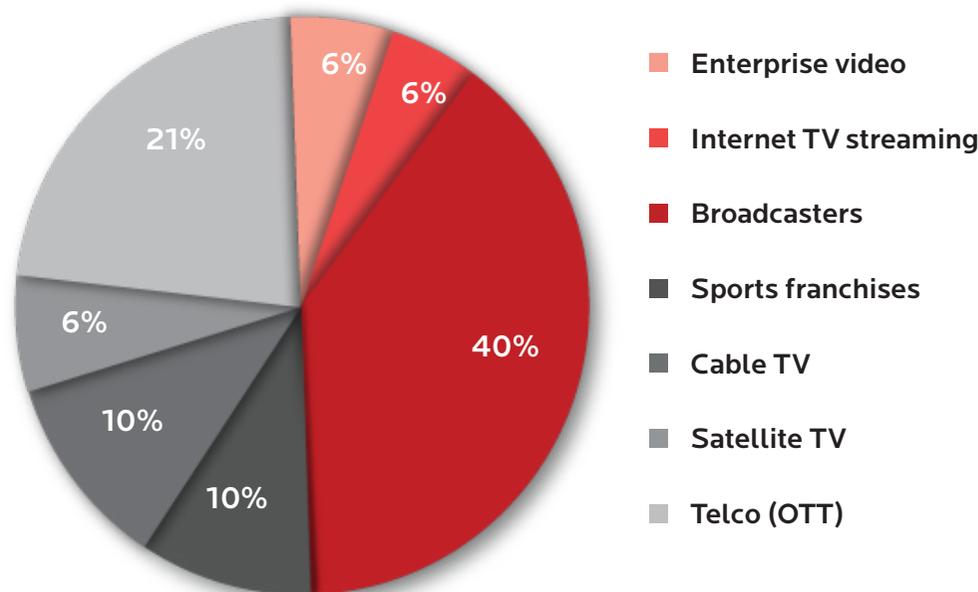


Figure 3: Global media transformation ICT services TAM by segments, 2026



# In-House to Still Dominate But To Witness The Slowest Growth In Next Five Years

Fear of loss of ownership and control is especially driven by tier-I premium content owners who remain the leading driver for the rise in in-house services spend across the media transformation landscape in 2022. In-house services will be the slowest moving service line but will still account for slightly more than two-fifths of the global TAM by 2026. As transformation is a complex and capital-intensive project with a high failure rate, consulting services will witness strong demand in the next few years, contributing roughly one-fifth of TAM by 2026. Finally, as fragmentation of the non-linear TV & video value chain continues to rise, media enterprises, especially tier-II and tier-III, will be pushed towards leveraging robust SLA-backed managed services offering to lower their TCO and improve operational productivity in the long run. This will increase managed services spending by roughly 8% annually in the next 5 years (2021-2026).

Figure 4: Global media transformation ICT services TAM by service line, 2021

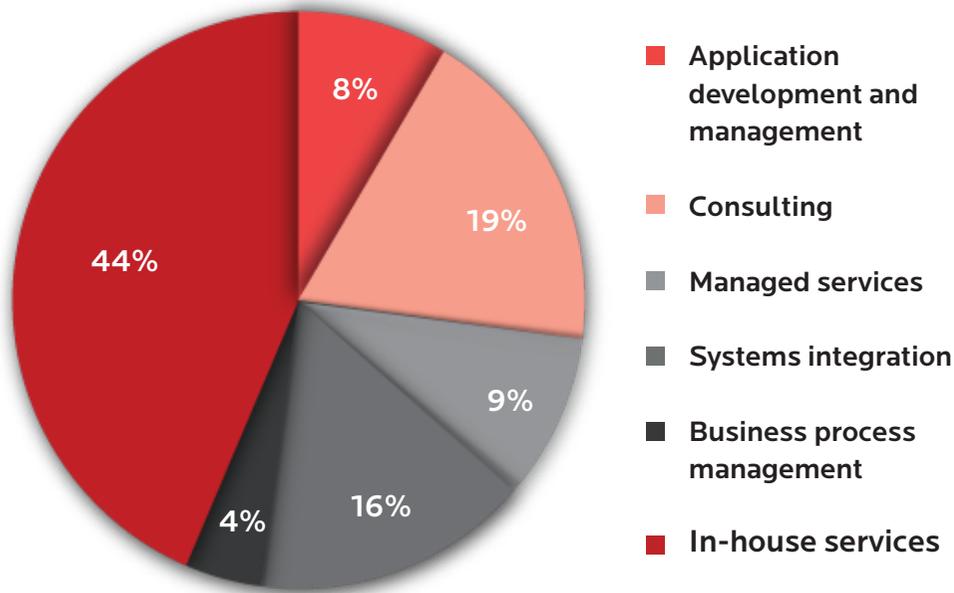
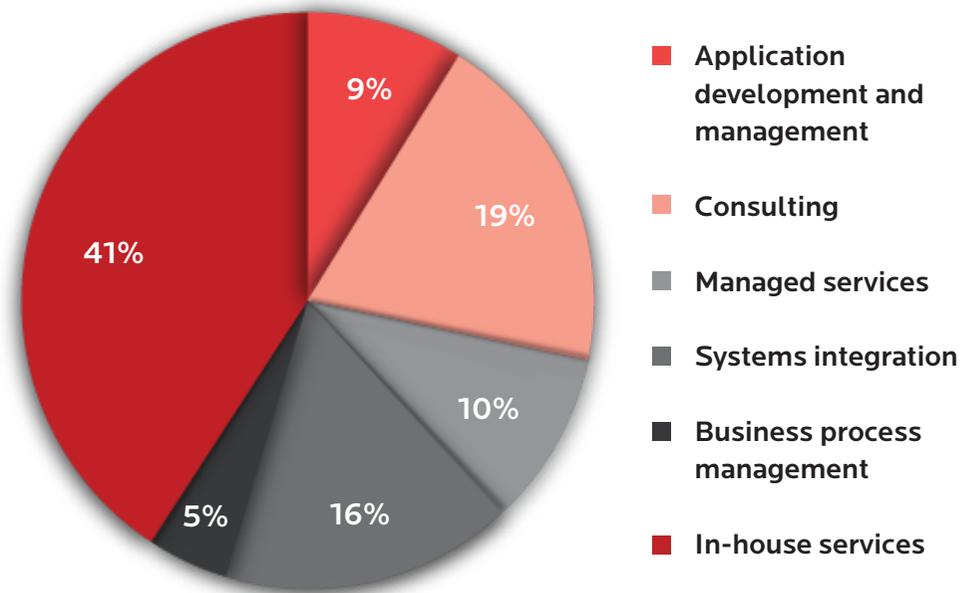


Figure 5: Global media transformation ICT services TAM by service line, 2026



Source: Birlasoft estimates (December 2021)

# North America Largest but APAC Fastest-Growing Market Globally By 2026

North America will remain the largest market in terms of value and volume of media transformation spend and projects respectively in the next five years, constituting 35% (2021: 38%) of total TAM by 2026. Although, APAC will be the fastest-growing market, with a CAGR of 9.7%, mainly due to the rise in exponential demand and move towards D2C OTT first road-map across mainland China, India, ANZ, and Southeast Asian markets. Western Europe to maintain the No 2 position with the acceleration of newer interactive D2C platforms and the steady push of sports franchises to build their offerings to lower third party dependencies on a long-term basis.

Figure 4: Global media transformation ICT services TAM by service line, 2021

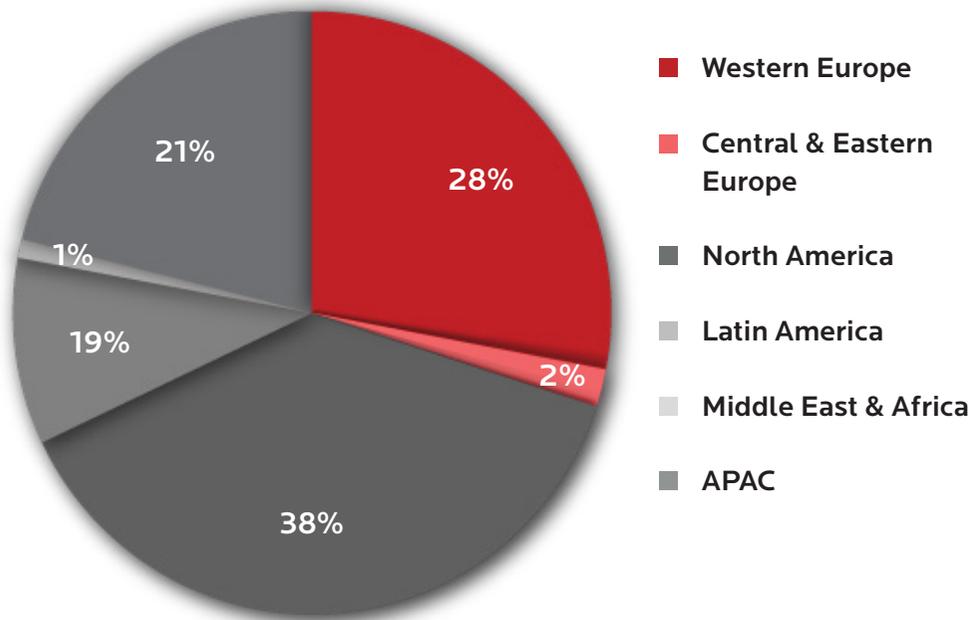
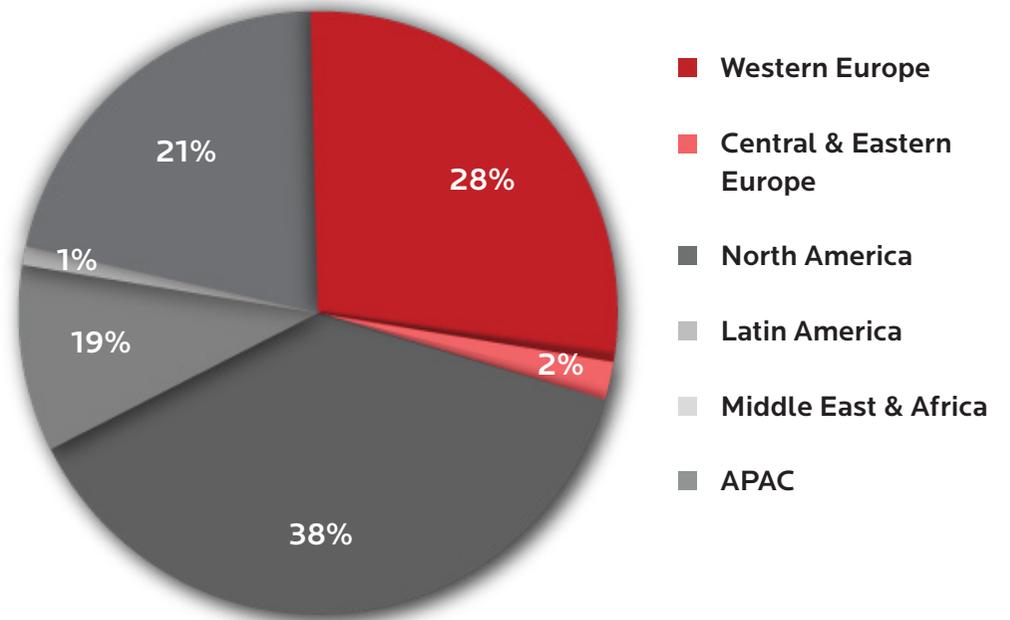


Figure 5: Global media transformation ICT services TAM by service line, 2026



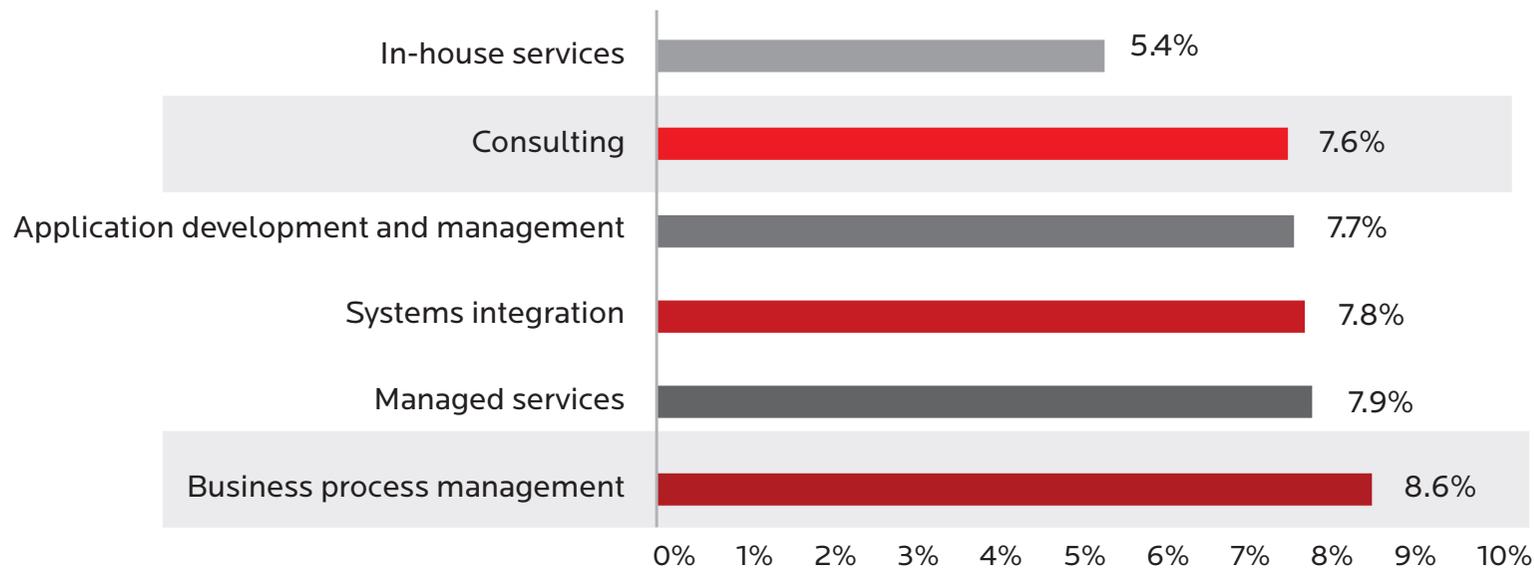
# BPM and Consulting Services are Key Differentiators In This Market

BPM services will be the fastest-growing service line across the media transformation segment in the next five years, with a CAGR of close to 9%. Most media enterprises are operating two heterogeneous loosely coupled media value chains, i.e., linear and non-linear. As customer acquisition costs rise, operational productivity via streamlining and efficient workflows become necessary. Thus, utilization of BPM services to:

- The lower total cost of ownership (TCO)
- Enhance resource utilization rates
- Safeguard profitability margins
- Enrich customer relationship management

Furthermore, media transformation is a continuously evolving journey with migration and mitigation of newer risks across the media value chain and expansion into newer markets and customer segments. This accelerates the need for IT and strategic consulting services resulting in the steady growth of close to 8% annually in the next five years (2021-2026).

**Figure 6: Global media transformation CAGR by ICT services (2021-2026)**

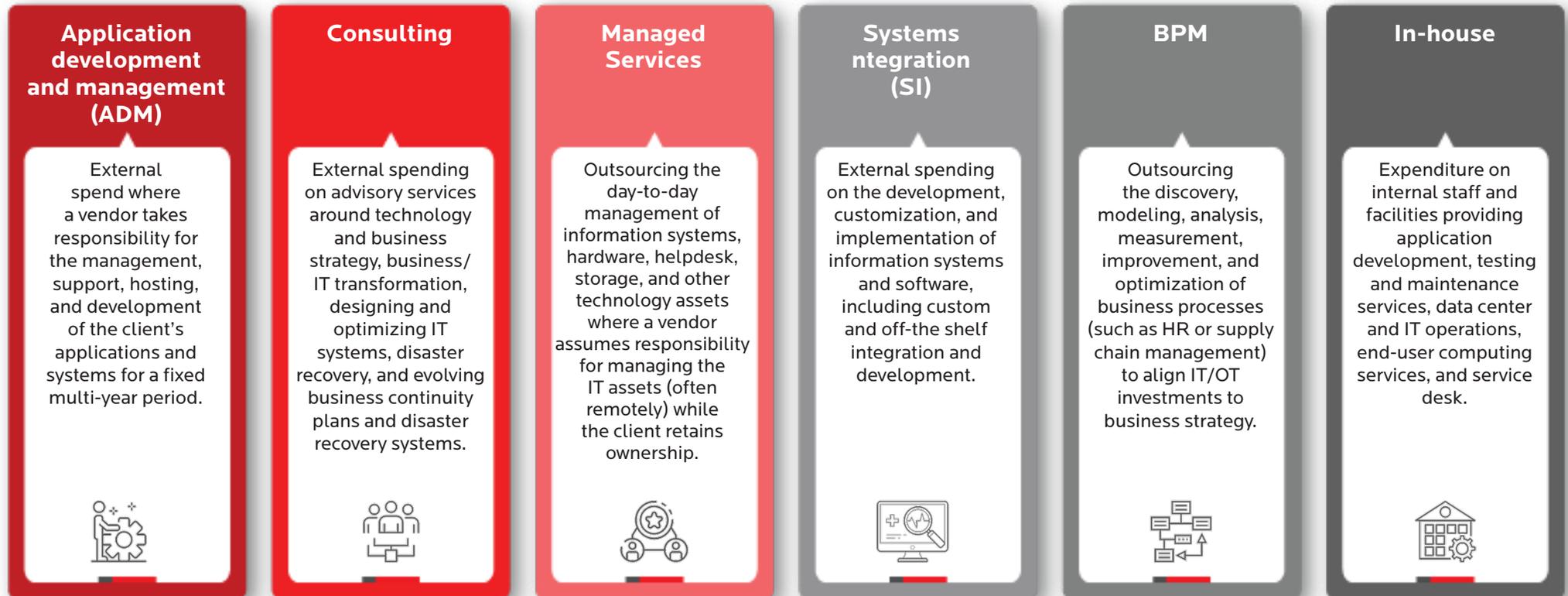


# Definitions and Taxonomy

In this state of media transformation ICT services segment forecast, we have focused on estimating the stipulated total available market (TAM), i.e., total demand or likely spend for ICT services in the media transformation ecosystem, across horizontal and vertical ICT services.

These are as follows:

- Horizontal ICT services include cloud (infrastructure), network, security, and internal & shared systems (back-office)
- Vertical ICT services include spending across the media value chain, i.e., end-to-end workflows from acquisition, storage, rights & royalties, production, personalization & re-creation, distribution, monetization, and engagement



On the segment basis, for this study, we are covering seven core premium content owner segments and their associated ICT services expenditure in the form of segmental TAM in USD mn.

## Those are:

Broadcasters, cable TV, satellite TV, telecommunication operators  
OTT-business activity, enterprise video (only focusing on telecommunication, media and entertainment video used cases woven around live streaming, and VOD such as product launches, town halls, knowledge management, training, marketing & sales, investor relationship management, etc.)

**This year we have excluded the following media & entertainment sub-verticals as film & adult entertainment, music, gambling & lottery, gaming & e-sports, B2B publishing, newspaper, magazine, B2C books, theme parks, and video in the car**



# Methodology

We have leveraged both secondary and primary research methodology to build this state of media transformation ICT services study in 2021. The baseline of this study has been built on Gartner's Enterprise IT Spending for the Communications, Media and Services Markets, Worldwide, 2019-2025, 1Q21 Update (April 2021). Furthermore, we have conducted both buy and sell side trade interviews to support our estimates and the next 5 years projections with both external and internal stakeholders between June to August 2021.



# Author



**KEDAR MOHITE** heads the Media & Entertainment practice at Birlasoft. Kedar's area of focus includes media technology and ICT service developments across broadcasters, digital service providers, sports franchises, OTT, publishing, and enterprise video segments. Kedar is a regular speaker at IBC, NAB, and vendor-sponsored industry conferences, and his work has been cited by the BBC, Wired UK, IBC.org, and Business Wire.

# Further Readings



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