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Digitaalisen arvoketjun aktivointi

By Rajiv Sodhi: Many companies in business of digital content like Music, Videos, and Movies are seriously challenged by growth, availability and proliferation of internet, easy access to digital media on computers, hand held mobile phones as well as rampant piracy.

These companies have been selling their products on digital or analogue tapes and lately on CDs, VCDs and DVDs and distributing them through stores and their own outlets. There were many secondary businesses that thrived and used CDs and DVD rentals for example Blockbuster Videos. All these companies were threatened by the growth and proliferation of internet as people would no longer want to buy CDs or DVDs. Also rampant piracy and availability of free downloads made it very difficult for anyone to pay for such digital content.

The challenges faced by businesses are:

1. How movie and music companies generate revenues from newer business models and prevent piracy and free availability of their movies on internet
2. How rental companies generate revenues from newer business models
3. How artists, actors and musicians prevent copyright of their products and what are the newer business models for royalty payments etc.

At the same time there are many opportunities created by the advancements in technologies and communication and proliferation of internet which did not exist before and internet growth and advancements in technologies communication have an overall positive impact on business provided the companies are able to leverage them in the right way.

The newer opportunities created include:

1. Availability of a much wider much wider customer base than before-access to hundreds of millions of consumers on the internet.
2. Much lower cost of access. Where earlier each CD or DVD had to reach an individual home and one had to have a complete storage and distribution network which may no longer be needed.
3. No need for ancillaries like CD players, DVD players, Televisions etc which are now available on any mobile device at no additional cost. So even modest customers can enjoy the services or products.
4. High end consumption of HD quality or 3-D remained intact and did not reduce due to technology advancements.
5. Availability of free and self promotion media like YouTube, Facebook and other social media can create the same media buzz at a much lower cost.
6. Ability to separate the audio from video channels and therefore provide the same content in multiple languages reducing the cost of production and customizing to regional needs.

Companies have adapted to use the above advantages and mould their businesses to survive and prosper in the newer scenarios:

Movies and Music companies:

1. Companies produce products in multiple languages and use computer graphics and animation special effects to lower costs. Animated actors are introduced to reduce the cost of production.
2. Movies released in theaters and then rights sold after a month or so to general public media like Televisions, CDs, DVDs to prevent piracy in the first month.
3. High definition and 3D versions are released for high value consumers.
4. Rights are sold across the globe in regional languages and paid internet websites
5. Budding actors and musicians are encouraged through talent find programs.
6. Encryption is used in CDs , DVDs for anti piracy.
7. Social media is used extensively for promotions as well as Royalty calculations based on fan followings.
8. E-Commerce channels are also tapped for additional revenues

Rentals Business:

1. Digital Rights management is a big issue and one time use CDs and DVDs of high quality content at low prices could be found in store aisles.
2. Subscription models of monthly/ annual packages with unlimited/stated number of viewing rights are available for bundle pricing
3. Rentals have released their real estate (brick and mortar) stores and now

operate more as free or low cost virtual websites/ subscription channels.

4. Memberships have expanded with global reach of internet and costs/ subscriptions per user have come down significantly.

Businesses that have transformed themselves with changing times and availability of newer technologies communication and proliferation of internet are thriving. Others who could not adapt to these changing times have had to shut down.

Blogger Profile: Rajiv Sodhi is Senior Corporate Vice President and Chief Customer officer. He heads global delivery for Consumer, Manufacturing, Healthcare and Public Services. In this role he is responsible for business planning, acquisition, execution and Customer Satisfaction of all engagement in these industry verticals. He also leads the Large Deals organization called Global Strategic Sourcing. He has been with HCL for 14 years and previously held responsibilities such as Global Head of Operations, Global head for Retail and Consumer Service Delivery, Head Advanced Technology Center, Head of Offshore Delivery for HCL James Martin and Company and Head of Sales for offshore projects worldwide.

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Yhteyshenkilöt



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