



Digital transformation in the telecom, media and entertainment industry

Cloud Demystified Podcast

Audio Transcript

HCL

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Ankur Kashyap, HCL: Hello, and welcome to Cloud Demystified brought to you by HCL Google Ecosystem Business Unit, the dedicated business unit of HCL that helps enterprises use Google Cloud to fuel and enable digital transformation for delivering superior customer experiences. In this podcast, industry thought leaders, innovative business leaders and cloud experts share their views and opinions on various topics relevant for today and tomorrow to unlock the benefits of cloud computing.

My name is Ankur Kashyap, and I lead the Alliance and go-to-market function for the Google Ecosystem Business Unit. I will be your host for this podcast. The title for today's podcast is Digital transformation in the telecom, media and entertainment industry. Today I am very excited to host Catherine Abou Abdallah, national partner lead, telecom, media and entertainment at Google Cloud and get her insights on how Google is helping the TME industry. The acronym we use to simplify such a complex and converging industry continues to innovate and create greater value for their customers and shareholders. Welcome, Catherine. Please introduce yourself to our listeners.

Catherine Abou Abdallah, Google Cloud: Thank you, Ankur. It's really great to be here. And I want to start off by thanking HCL for an amazing partnership with Google Cloud. I've had the pleasure of working more closely with the HCL CMT team, specifically since I took this role in January of 2020, and I even met many of you at our sales kickoff in Las Vegas, which seems like ages ago.

In a nutshell, my job involves working with our partner ecosystem, both systems integrators and ISBs to design and deliver a strategy tailored to the needs of our TME clients in the US. The goal is to engage our clients in their transformation journey to the cloud and bring them the best that Google Cloud technology through the voices and experiences of our trusted partners like HCL. Before this role, in my nine years at Google I've managed sales teams for Google Cloud. And before that, I worked in sales for Google Ads in the US, the Middle East and North Africa based out of Dubai. I'm Lebanese Australian, and grew up between both countries, and I currently live with my husband and son in Austin, Texas.

Ankur Kashyap, HCL: Fascinating background, Catherine, look forward to your insights today. As we see ourselves on the brink of the post COVID world, there are some really interesting trends visible in the TME space, like broadband connectivity, that has enabled businesses to grow in spite of the pandemic. We see a surge in direct to consumer services and the growth of video aggregation platforms driven by audience demand for new content. We have also seen a significant shift in customer experience, and I'm sure this evolution is keeping you and Google Cloud very busy given the leadership position Google Cloud enjoys in the data analytics, AI, customer experience, and innovation space.

So, from your vantage point, Catherine, what trends and challenges have you been seeing in the past year, in the TME industry space?

Catherine Abou Abdallah, Google Cloud: What a great question Ankur, you've captured it really well. If we think about all the things you discussed, there is quite a symbiotic relationship between the telecom industry and the media and entertainment industry.

Let's start with telecom, more currently known as communication service providers or telcos. Their importance has never been so profound as the information fabric that is driving all of us forward in this pandemic, with regards to how we work, how we educate, and how we entertain.

So, Google has done quite a bit of work, trying to understand how the last year has disrupted the space. We found that over 90% of customers have actually said that CSPs have stepped up and exceeded the expectations put on them in the last year, which is very difficult for such a traditional industry.

These expectations have translated into increased demand on CSP infrastructure, which has unfortunately not translated into revenue. In fact, global CSP revenue is declining by 0.5% year on year. So, if we're thinking about this increased demand, which is forcing them to reinvest, to modernize this infrastructure, to meet this demand, and then with declining revenues, it is quite a bit of a challenge.

75% of CSPs are expecting their revenues to drop even further in the next 12 to 24 months. When we look at the studies around the investments needed to be made globally to keep up with the demand and keep up with 5G, there's an expectation for \$872 billion that I've seen in some publications globally. Hence, there is quite an imbalance in the status between revenue and investments being made today. When we think about how we can help these clients, we really need to start from that point of view as to how do we help them make this a successful ROI story as well.

So, if we go back to that and the positive experiences reported during the pandemic, we can only think of the pressure customer experience actually puts on a CSP to continue to deliver quality against rapidly rising demand. So, in this world of competition, before it used to be, 'retention is the new acquisition of a customer', but today the 'relationship' has become a lot more intimate.

We were dependent, as I mentioned on the CSPs for work as well as education. The level of dependency and psychological safety of having that service they deliver has been so important in the last year, to the point where, just this surge in expectation, creates further challenges to meet this demand and puts additional pressure to continue to modernize and evolve the infrastructure. Some have described customer experience at a breaking point, or at least from the telco perspective in terms of sustaining a positive customer experience. More so, as we have all seen new ways of working and collaborating are emerging with over 40% of employees expected to permanently shift to a remote working model.

So, what does Google think about this? And as I mentioned, we go back into what we're hearing from our clients today. And I really want to take a double-click into that and segment it further from what we're hearing from different parts of the organization. So if you're talking to business executives, they're thinking about how to grow their top line, be it B2B or B2C and drive revenues.

There is a focus on how to unlock the promise of 5G. And yes, I believe it still is a promise. I don't think anybody has truly realized the destruction that 5G can bring, like the way we experienced 4G and the promise of 5G is really to deliver those new industry applications and products and how to capitalize on Edge and Internet of Things to drive that transformation in the enterprise and transform these enterprises into digital businesses.

When we speak to our network engineering teams, what's top of the mind for them is how to continue to drive significant investments in infrastructure while creating very transformational capital efficiencies and driving significant ROI. And then at the CIO side of the house, CEOs are focused on how to transform the TCO completely, be it network or IT, and how to transform and plan the management of network systems. Those are three very dependent, but also very different challenges. When we distill this all down to what a chief customer officer is looking at, they're also looking throughout all of this destruction and strain to reinvent customer experience. And we'll talk a little bit later about what Google Cloud was really doing to help with these four pillars.

But, I'd like to address the second part of your question Ankur, which is media and entertainment on the flip side of the house. So the question is where is all this demand coming from outside of the things like work and education and really during COVID, we've seen that a lot of that at-home entertainment demand has really, really soared.

Before we dive into that, it's kind of good to pause and realize how vast the M&E industry really is. It's not just one thing. It's an aggregation of different companies and different sub sectors from publishing to music, gaming, social media, TV, film, and in-venue entertainment. In fact, a lot of these organizations have grown

by mergers and acquisitions and have really redefined the meaning of what it is to be a media and entertainment company.

So, the one consumer is consuming these different services. We're even seeing, especially if we look at ourselves and our own user habits, that the boundaries between these sub segments is really blurring, which is putting a lot more strain on the clients, in these industries to redefine what a M&E customer experience is like.

I think Google's sheer capabilities and what we're known for in the market as a leader in ML and AI and data analytics is going to be core, especially around video and innovation and in this space across all those media segments, especially driven by the shift to a direct to consumer paradigm.

This is the fundamental force driving transformation in the industry. And at the heart of it is data. What do we know about our consumers? How do we give them the content they want to consume? How do we really, really drive these efficiencies by investing in the right areas?

Let's just take a little bit of a step back to how things used to be done and how they're being done today. Traditionally, the journey of media content from creator to consumer followed a fairly well-defined and fixed path of distribution with limited flexibility, but with the advent of broadband and high bandwidth wireless connectivity and the proliferation of screens and devices, that conventional distribution path really has been disrupted, allowing for incredible consumer choice and power at the disruption of what we want, what were once fixed channels of distribution and engagement and the rise of new content aggregation, OTT streaming providers.

I like to kind of chuckle and think, you know, when I was on the ad side of the business at Google, mobile phones were just becoming one of these things that defined our daily lives. A lot of people still didn't have mobile phones at the time, and we used to refer to mobile phones as the second screen. It's interesting because today, mobile phones are really the first screen. They're really pushing the limits on how we produce content as well. What content is customized to mobile phones, how that translates to the TV viewing experience, to the cinematic experience and other parts of how we consume media and content. We're even seeing major film studios launching blockbuster movies, interactive streaming premieres in parallel with theatrical releases and even major sports leagues globally investing in developing their own direct to consumer strategy. So, this means that our clients need to think differently about the relationships with the audience.

They need to understand their consumers and forge direct one-on-one connections in order to meet the changing expectations and behaviors of their consumers. As the conventional distribution models get disrupted, media companies and consumers are no longer constrained to prior formats and types of content. As I mentioned earlier, they need to expand the definition of what constitutes their products and their content experiences, and be savvy to new platforms for distribution and new models for consumption.

This also has an impact on the commercial models. They need to increase their flexibility and agility, but also embrace a number of different business models from ad supported to subscription, to transactional and more. Essentially, if we want to distill it down to a buzzword that we've used a lot, but it is really that 'digital transformation journey'.

It's important to understand that this transformation covers both the front office and the back office capabilities, from supply chains to product development, to marketing, support, and service. During COVID we saw the launch of streaming services by major media companies like Disney Plus, Peacock Paramount+, Apple TV+, HBO Max, which is a proof that M&E companies are taking the leap into understanding consumers better and driving more direct to consumer experience.

This has led to more of a fragmentation content creation driving heavily increased investments in original content creations. OTT subscriptions were poised to surpass the number of global TV subscribers for the first time last year. And I think it's just asking us as partners and cloud service providers to think about how

we help clients going through such a rapidly evolving pace of things, to do things they thought they had maybe three to five years to do. How do they do it in one year? How do they do it faster and better to differentiate themselves?

I'm going to pause here because I think I've covered a lot in terms of what's happening in the TME industry today. This is always a very important starting point to view the world from our customer's perspectives to really drive that empathy and that value that we bring in our conversations.

Ankur Kashyap, HCL: What amazing perspective, Catherine, I am absolutely blown away. I think the kind of disruption that is happening in this industry is something that I don't think we have seen ever. This brings me to my next question, I think it's a set of two questions combined into one. One is around the fact that are there specific use cases that you're seeing customers adopting to begin or accelerate their cloud journey, and really leveraging Google Cloud. Also, if there are specific solutions and a point of view on how Google is helping your customers stay ahead of these trends. That will be great, an insight from you will help.

Catherine Abou Abdallah, Google Cloud: Oh, absolutely. And I'm really excited to talk about this because, just to kind of rewind a year ago, TK started investing very heavily in industry solutions teams. A team like mine was created to focus on the top M&E clients in the US and to focus on the partners that cater to these clients in these industries.

We have our Lori Mitchell Keller's organization that focuses on developing global industry solutions and we have a major focus on TME in that team. One of the things that we were very excited to launch and accelerate was that the point of view of 'Accelerate with Google', our annual kickoff, which we did in January.

We've really been excited to share how we're going to do things and how we take this down to the Google product and solution level. But before I dive into that, I want to kind of mull a little bit about the journey of Google and how it's impacted the telecom space today. When we look at CSPs or telcos, Google can really help transform the challenges we spoke about earlier and turn them into opportunities.

Because over the last two decades, Google has built one of the largest privately owned networks to support all of our applications like YouTube, Search, Gmail and others, and that combined, serves billions of monthly active users. So we have that B2B, B2C experience that a lot of these telcos are trying to scale to really grow that consumer base.

As we were talking about earlier, that strain between supply and demand, that high demand, that high customer expectation, how to maintain that experience and to maintain what you need in terms of services and infrastructure to provide that. So, recently we leveraged that footprint when we launched our Edge strategy last year, and this year where we've been collaborated with CSPs to leverage their deep infrastructure with Google's broad infrastructure to drive monetization of the overall infrastructure.

Google Anthos is really changing the game here. In the CSP industry, multi and hybrid cloud deployments are here to stay at least for the next four to five years. It's a single multi-cloud deployment, development, orchestration and management platform for cloud that will help drive a lot of growth that I mentioned earlier. Anthos really help build on the success of Kubernetes, which is one of the things Google is most renowned for in the industry and our contributions to open source. As any Google client, a Google Cloud client or partner may know, we passionately believe in driving open cloud and ecosystem led approaches.

So it's not a surprise that Google Cloud is recognized as a leader in data and analytics, which has huge applications in the CSP industry, such as customer service, contact centers and core networks. Moreover, we have the strengths and experiences of different Alphabet business units and their capabilities to help enrich our offerings, which our clients find extremely valuable.

We keep hearing our clients ask us, “bring me somebody from this Google business unit. I'd love to hear their experience or I'm already working with your Ads team. I'm already working with your Play team. I'm already working with your YouTube team. Can you show me how combined you can transform my business?”

And those are the best discussions because we have those strengths. We have those capabilities. Moreover, we have Googlers who are excellent advisers on these topics, so we can use ourselves also as customer references in terms of the fact for what we have been accomplishing for ourselves. If I were to summarize, I think Google cloud is helping our CSP clients transform in four key areas.

First, as I mentioned, it's monetizing the Edge with our 5G LTE Mex solutions or what you may have heard as GMAC, to unlock new revenue streams, B2B and B2C solutions to allow faster time to market and private network and switching solutions to help extend the Edge.

The second would be building low touch, high value digital experiences, which anchors on customer analytics to create digital first experiences. Many of our clients and partners have heard of our really exciting solutions that we offer as CCAI or Contact Center AI to revolutionized customer care. Last year Verizon went public with us, talking about how this helped positively disrupt their business. So we are really excited to be partnering with them and other telcos more privately to be rolling this out.

Service provider network evolution is my third pillar here, and this is an exciting evolution of our industry story, especially as I was talking about Anthos previously. Now we have solutions to drive network modernization with Anthos and OSS BSS network functions as a service for WRAN and core, which will allow for hybrid cloud management as well as network, AI, and automation, which drives network performance.

And the fourth, before I wrap up the CSP story and how we're helping CSP's in modernizing core systems and workforce.

And as I mentioned earlier, 40% of workforces are expected to permanently be remote. And this would be what we talked about with the telco IT modernization and Anthos data platforms and analytics as well as Google workspace. Did you have any thoughts or questions around that?

Ankur Kashyap, HCL: All I can say is that as somebody who is a Google Cloud practitioner and someone who has been working closely with customers, trying to help them understand the value that Google Cloud brings to the table, I think the depth of solutions like Anthos really helps them accelerate their hybrid cloud journey and then move to data driven insights, which is critical for them to take real time decisions, because there is a lot of investment that is now going into these platforms.

And you brought out the point around ROI earlier. I think they have an absolute committed partner in Google Cloud. And we've seen that time and again, when we have engaged with our customers, so absolutely spot on, Catherine. Before you jump into M&E, if there are any use cases that you would like to talk about, let me know, and I'm in a hundred percent agreement with your perspective.

Catherine Abou Abdallah, Google Cloud: Okay. Oh, perfect. Thank you. And we'll be talking about some customer stories later, but you know, when I pause and I think every time our teams come together, we really spend a lot of time talking about these trends I mentioned earlier because these solutions are really in line with what the customer is experiencing today.

When we think about data analytics and ML, AI, when we think about how we're using them in applications, like CCAI, it's really about how we bring the best of our products and solutions and the best of SIs like HCL that can help us really deliver this accelerated time to market by bringing the power of this workforce that is steeped in these challenges and experiences and has transformed multiple clients over the last few years. So, I find that to be extremely valuable as well.

The headline of this section should have been that Google is so focused on our partner ecosystem, because while we've been thinking about this for years, you guys have been as well too, that you've been spending

so much time with these end clients. So, we only expand and enrich our products and solutions by partnering with HCL, for example, to really drive that message home and be these trusted advisors to our clients at a very turbulent and very challenging time.

Maybe this is my opportunity to say thank you for your partnership as well.

Ankur Kashyap, HCL: Thank you so much, Catherine. And likewise, I think Google Cloud is a very partner friendly company and it makes the working relationship that much more enjoyable for SIs like us. One of the things I wanted to touch base with you on was if there are any use cases that have added a lot of value for your, for your customers. That will be great.

Catherine Abou Abdallah, Google Cloud: Absolutely. Maybe we'll cover, a little bit of the telco ones before I dive into our products and solutions on M&E, because I didn't really get to that. But what we've seen in the last year, you know, as I mentioned, we've had such a great partnership with Verizon. They're adopters of Google Workspace from before COVID several years ago.

We've been working with them on rolling out the contact center AI, and most recently, we published, how we've been working together to leverage big query, to help really drive those insights and analytics that we were talking about being extremely important to the industry of the CSP.

So we're extremely proud of that partnership there. Another partnership we talked about last year and the press was how we've been working with AT&T and Anthos for telecom with our Edge solutions and monetizing the Edge with third party partnerships. So, we're very excited about that as well.

There's a lot of work that's been going on behind the scenes. There has been a lot of work not only in the US but outside the US with partners like Vodafone that use Google Cloud for their data and analytics to drive insights for both of their batch and real-time data.

And this really goes back to how they're enhancing their customer services, network planning, and optimization to provide those personalized offers to customers that we were talking about being extremely essential to really enhance that customer experience. I have a lot of really exciting customer stories around M&E, but before I dive into that, I want to go into what we're doing and what we're bringing to the table with M&E, in terms of a Google Solution and product perspective.

So when it comes to M&E or media and entertainment, our mission is to empower media organizations, to transform audience experiences through innovation and content production and distribution. The industry is facing really strong financial challenges and profitability is in decline across the industry. This is not dissimilar from what we were talking about customer service providers, albeit for different reasons.

And the operating structure of the business means that the transition from conventional distribution to OTT is expensive. So we see all these OTT platforms launching. This is a huge undertaking for these clients, especially in such a turbulent time during the pandemic. Most traditional media companies that are making the transition, have to maintain both the traditional business, even though today it's not been as profitable as it used to be, especially during the pandemic while also investing actively and heavily in developing and growing their digital OTT business.

Ankur Kashyap, HCL: Could not have agreed more!

Catherine Abou Abdallah, Google Cloud: Imagine just being one of these clients and having to balance both of these areas, like you're trying to modernize and grow and meet these user trends, but you also need to maintain this traditional business, which brought you here in which defined this user experience to begin with.

So media CEOs know they need to invest for the future. That's why they're doing it. But media CFOs are challenged by the payback period for generating a positive ROI, especially during COVID, that's been in a crunch, as I mentioned, and they're concerned about the overall risk. While this sounds bleak, the truth is that these challenges are exactly what will drive media companies to lean into cloud-based capabilities, especially those that Google Cloud can provide.

And we'll talk a little bit later about how we've been helping companies like Fox, MLB, and others to really drive this modernization and transformation story.

We've talked a lot about the rise of the OTT streaming, and how that presents a significant opportunity for creating and capturing value. The average consumer in the United States is willing to spend approximately \$39 a month on content. Well, that might not seem like much, and obviously this is different by region, segment, and audience type. Media companies are eager to capture a part of that \$39. Imagine how many media companies we have, how many streaming services we have and how everybody's going after that \$39.

So, media companies really need to deliver the right content at the right time to the right customer to really stand out. And to do that, they need to have the right infrastructure and platform capabilities to deliver best in-class experiences. They also recognize that they need to invest increasingly in new and compelling content and personalizing the content experience while also reducing the cost of delivering that content across a multitude of platforms, devices, and streaming services.

And I think Netflix really disrupted the game and really defined the name of the game here. It's always great to see how the rising tide raises all ships and how that's really transformed this industry, especially with original content and personalized content for global services, and all these services are looking to expand globally.

Not only does it include tailoring them to a US audience, but also tailoring them to the success of their audience all over the globe. Google can help them do all these things that are mentioned and help them solve these challenges. We're focused on helping them deliver key outcomes with cloud based solutions that I'll talk about in a little bit.

So, we really anchor on three things that we think are going to help our media and entertainment companies break the storm and drive value. The first is streamlined content production so that they can make more content more quickly and run more simultaneous content projects. We're also helping them leverage the power of cloud to enable virtual remote production and collaboration, especially during this pandemic. As I mentioned, that remote workforce is really driving how we change, how we do things. So, we're enabling their highly creative workforce to run the content production lifecycle effectively. This is with the help of our virtual production solutions, as well as Google Workspace and others.

This is my second pillar: monetize new distribution channels and drive greater operational efficiency by unlocking their new revenue streams by enabling advertising and subscription supported streaming. With us, clients can operate at a global scale and launch new OTT products easily and reliably reach on-demand audiences. Here's where I really want to underscore the value of Alphabet. Our ads business has had such deep roots with a lot of these M&E clients since their inception, and since the inception of our business. So we not only have the buy side, but the sell side, and a lot of these have a symbiotic relationship with Google because we're helping them amplify their ad-based solutions by integrating Google products outside of the Google Cloud suite, but really into our Google ads, GMP suite as well. So, we're really excited about these conversations that we're having because they come from a place of trust. We've grown up together and we're continuing to grow together in these unprecedented times.

My third pillar is, how we can help clients re-imagine the audience experience with data and analytics, through ML and AI, ultimately enabling them to deliver more personalized media experiences and to drive greater and deeper engagement with our customers. And I'm going to wrap here on this segment because I think it's just really value-based how we discuss these three different areas, and how we really empathize with how our clients would have to accelerate and how they do all of these things while maintaining revenues and ROI. Hence, every conversation we have with our clients needs to start from this premise, on how we can help them.

Ankur Kashyap, HCL: I could not agree more, Catherine. This brings me to my, my last question for you today. There are so many options available to this very complex industry, which is converging. We don't know today whether a telecom provider is going to be a full-blown media company in the next couple of years and vice versa. But the important thing is that all the solutions that Google Cloud has, and you as a

practitioner, what you're seeing in the market, are there best practices that you would recommend to our listeners who are planning their cloud journey, given this complex environment?

Catherine Abou Abdallah, Google Cloud: Absolutely. I think that's a really great question because, our listeners may be diverse. They may be our clients, they may be partners and they may be other Googlers, for example, who have been advising partners and customers on how to go through this. I think this is a philosophy, both Google and HCL share, which is the right length of people, process and strategy and technology.

When I talk about people, what I can speak about from the Google perspective is the right talent. We really invest a lot in hiring the right people, right experiences, and also nurturing an environment where we allow ourselves to challenge each other and create that environment of psychological safety. We were not afraid to challenge each other about how we do things. We're not afraid to challenge the frameworks with which our company has asked us to do things if we can do them better or faster. So, for example, one of these famous stories is that Google always gives its employees 20% of time back to focus on revolutionizing or spending it on projects that you may think, can drive either a passion or a product. And that's how Gmail was born. When we think about the full suite of Google workspace and how it's developed, that's come from us, giving us the time and space for our teams to think and hiring the right talent and really nurturing them. Hence, when I think about all these teams, advising our clients, as well, I want to really advise everybody to listen, listen to the challenges they're facing, everything we described above and how this all ultimately affects our end consumers together.

And the relationship between CSPs and M&E clients rises and falls by the relationships with their customers and audiences. We are seeing this magnitude in an amplified way through the lenses of this pandemic. So, let's not underestimate our ability to listen to our end consumers and to each other. As, mentioned previously, we don't have, we don't feel like we have the time to fail. Our clients are feeling like they're under less pressure to deliver that valuable customer experience.

So from where we stand as partners and cloud platform providers, we need to be the calm in the storm and we need to create a comfortable environment for our clients to feel like they can take the leap that they can transform and not just do things traditionally. So, I asked our clients as well, in this case to be to have an open mindset and to trust us, when we bring these robust processes and strategies, and really rely on our experience on how we've done this for the industry and for ourselves for a long time.

Most importantly, technology. Google cloud really brings that best in class technology to the market. And we've tailored these amazing solutions around telco and media and entertainment industry. We have that DNA for transformation, through a constantly evolving journey with ourselves and our relationship with billions of users every day. So, I think, you know, being willing to test out this technology and take that leap is extremely important.

That's really my three pillars and I urge everybody to listen, to take leaps and also to really experiment with this technology and drive this transformation.

Ankur Kashyap, HCL: Thank you Catherine, for sharing the valuable insights for our listeners. It was a pleasure to have you on the podcast. Thank you to our listeners for tuning in and, watch out for our next episode of Cloud Demystified. Until then, Catherine and I are signing off. Catherine, thank you so much for your time again.

Catherine Abou Abdallah, Google Cloud: Thank you so much, Ankur. It's been such a pleasure and I want to thank you again for your very valuable and amazing partnership throughout the years.

Ankur Kashyap, HCL: And thank you to all of our audiences for tuning in and listening.