

HCL: Transforming Design-to-Fulfillment Media Operations for UBM

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1. Summary

This Business Process case study illustrates a number of key aspects. It shows that:

- An initial “lift-and-shift” can be used to finance process and technology transformation
- Segmentation of processes eliminates the need for having specialist skills and increases the proportion of standard “horizontal” activities; it can have a major impact in improving process scalability and reducing process costs
- A common content workflow for print and digital products can make a major contribution to collaboration and reporting as well as work scheduling
- It is possible to move to a variable-cost per transaction pricing model while simultaneously achieving a significant cost reduction.

2. Background & Business Challenge

UBM is a leading global B2B media company with a strong presence in the fashion, licensing, life sciences and powersports sectors. Like many media companies, UBM was impacted by the economic environment. The company wanted to tap the growing digital market and also reduce its overall media production and conversion costs due to the revenue decline in print advertisements. In order to expand the company’s digital media offerings and increase their presence in web/mobile media, they had had to invest in new technologies. Thus UBM was looking to make major changes in its operating model in order to reduce its operating costs and partner with a company that could help them in adopting new technologies.

In particular, the company’s profits and operational cost base was being adversely impacted by the following factors:

- Lower YOY revenues for print products due to reduction in advertisement spend on print media
- Delay in publishing content to websites due to a traditional content workflow, in which the print content was first approved and then converted to XML at the end of the workflow to publish to websites
- Outdated websites and Web Content Management System affecting timely and efficient content publishing and marketing of online and mobile content; redundancy in editorial content ingestion for print and web channels
- Legacy digital ad serving platform lacking geo-targeted ad serving capabilities; affecting click-throughs and open rates
- Lack of integrated system and database for advertisements, and circulation revenue management systems for magazines, books, digital media products due to legacy systems
- A strong vertical organizational structure, for example, each of the publishing groups and product categories like magazine, directories, websites, had their own dedicated design and production teams and own management overheads

In response, the company was going through a technology transformation, including introducing Alfresco/Drupal-based Web Content Management System, and was looking to move to a variable cost model, dependent on the type of product and volume of business being handled.

HCL was already assisting the company with the implementation of Alfresco/ Drupal-based Web CMS and so HCL was approached to assist in transforming its media operations model.

3. Proposed Solution

The key elements of the business services proposed by HCL were:

- Content management technology: Implementation of a single editorial collaboration and production workflow operating across all publications and integrating with web and print channels eliminating redundancy in editorial content ingestion for each channel
- Revenue and fulfillment management: Implementation of Ad Revenue Management & Circulation Data Management System with tight integration and common database for managing customers across the various product categories including magazines, directories, books, etc.
- Platform-based services: Provision of a Platform-as-a-Service offering, with HCL funding the workflow software provision from the initial “lift and shift”, and pricing the contract purely on the number of transactions e.g. per page, per ad
- Hub-n-spoke delivery model: Onsite-light (spoke) and offshore-heavy (hub) resource deployment replacing much of the high-cost resource with lower-cost resource; process outsourcing evaluation done by functions to create the model
- Websites/ mobile devices: Transition to new Ad Serving Platform from a legacy platform to enable geo-targeted ad serving; implementation of production processes for delivering tablet-based editions for Ipad and mobile devices; redesigning of process

4. Transition

The transition commenced with a complete lift-and-shift of the publisher's onshore media production unit.

At the time of contract commencement, the publisher employed 100+ personnel in its onshore media production unit. All of these personnel were transferred to HCL on day one.

These personnel had originally all been onshore and organized by production stream e.g. magazine production, directory production, web production, etc. Over the next 12-months, HCL created a hub-n-spoke model with primary delivery center (hub) in Chennai, India and a US-based onsite team in Duluth, Minnesota (spoke) with the final delivery structure being:

- Service delivery from the U.S., covering design/ art direction, production management and client services, where local customer communication is important, across multiple production and publishing categories
- Service delivery from India, consisting of 100 FTEs covering page design/ composition, production management, directory production, fulfillment and web operations

The change management of the initial personnel transferred consisted of three phases:

- A first batch of onshore personnel released after 4 months
- A further batch of onshore personnel released after 6-12 months
- Personnel in customer-facing art direction and product management roles, retained for the life of the contract.

The transition to the hosted editorial collaboration and workflow platform took place over 6-9 months, with this implementation and the migration of data from legacy systems to the new system being funded by the transfer of personnel from onshore to India.

The new editorial collaboration and workflow system enables all contributors to the design-to-production process to work using a common communication and information base. The new system also uses "First-XML" approach to remove the need for separate print and online production streams, capturing all design content for parallel production of print and online formats.

5. Governance Model

HCL was awarded a 5-year business services contract.

The basis of pricing for the service is variable according to levels of output, with transactional pricing being implemented on a per page and per ad produced basis.

This transactional pricing includes all charges for the implementation and hosting of the new workflow and collaboration platforms, with this initially financed by the transfer of activities offshore. Accordingly, the service is provided as a Platform-as-a-Service incorporating hosted workflow and collaboration software and multi-shore personnel, and priced per transaction with no initial charges.

6. Results

The principal results of the implementation of this service using a Platform-as-a-Service approach to page production are:

- Improved “speed-to-market” from the previous print-centric model with print and online “pages” being produced from a common production process rather than two entirely separate design and production processes
- A 30% reduction in media production costs
- The introduction of a variable cost base, with the cost of the media production service now dependent on the numbers of pages, e-newsletters, marketing campaigns, ads, etc.
- Cost-efficient collaboration between editors and designers with a common workflow used for design and page production
- Breakdown of design and production processes from highly verticalized processes to more scalable horizontal processes across publication streams
- Hub-n-spoke model enabling onsite-light and offshore-heavy resources; enabling reduced operational costs and better scalability
- Improved work scheduling and management.