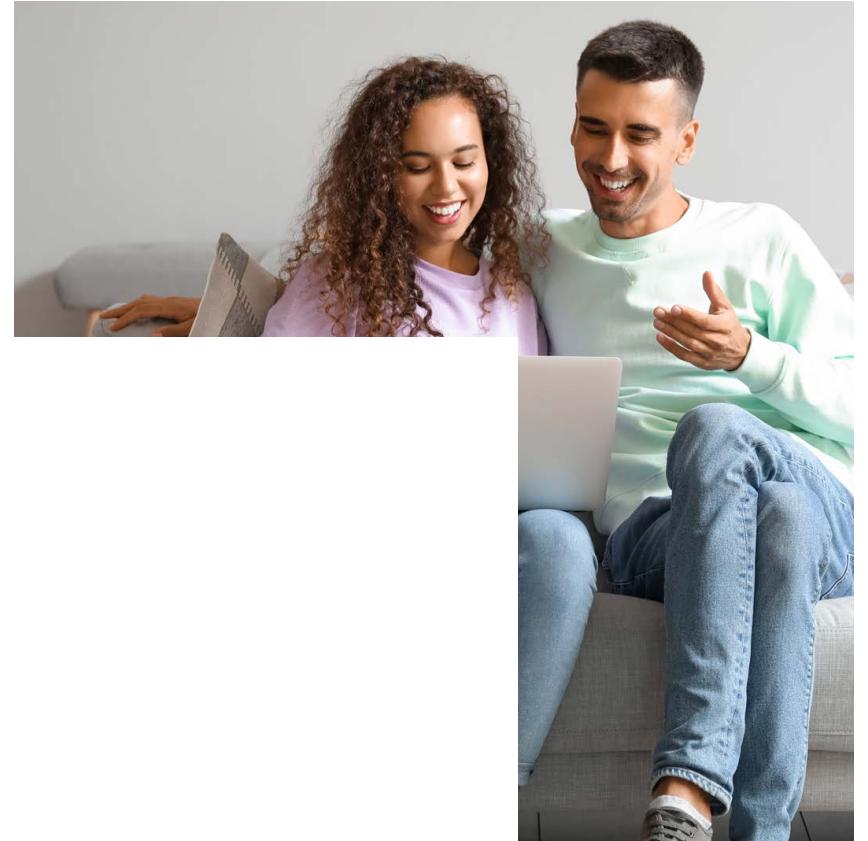


# Top trends to watch in Communications & Media

Read on for CGI client insights  
on how to accelerate your digital journey



2022 CGI VOICE  
OF OUR CLIENTS

CGI

# Race for the customer drives digital transformation

## Impact of macro trends

Communications and media executives are heavily impacted by the macro trends of technology and digital acceleration, and social demographic changes resulting in talent shortages.

In communications, accelerated transformation is driven by cloud, IoT, 5G and edge technologies. Talent challenges include both attrition of legacy system knowledge and a shortage of workers skilled in new technologies.

In media, digital acceleration is the only way forward for content and news creation as well as to stay on top of content monetization given pandemic-driven acceleration and changes in news and media consumption.

## Top of mind for clients

Both sectors are under pressure from new competition, regulatory changes, required technology investments, and eroding traditional bases.

Communications companies are focusing on the digital experience, network evolution and building ecosystems to innovate and transform. Digitization and cloud rise in importance to improve agility and cost management. Clients increasingly use automation to accelerate production and open APIs to improve integration. A doubling of cyber threats is a huge concern.

The communications digital agenda is being addressed through external initiatives driving self-serve capabilities, and internal automation driving order-to-cash straight-through processing.

The media market is diversifying with online offerings, and artificial intelligence (AI) is now accepted for increasing efficiency in tagging and fake news detection, as one example. Heightened by the pandemic, broadcasters introduced communications platforms in a hurry that now need to be aligned with existing systems to help teams collaborate efficiently across multiple channels from remote locations.

## About the insights

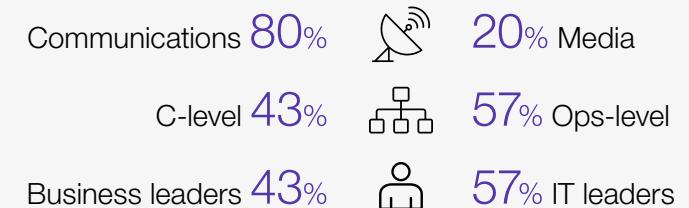


Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders.

In 2022, we met with 1,675 business and IT executives.

**This summary report shares sample insights from 91 communications and media executives.**

## Interview demographics



# Communications

## Top trends and priorities

Digitalization has been the top trend for 4 years. Successes include reducing time-to-market from months to even days, and saving millions in call-center costs through self-serve initiatives.

**Key takeaway**

Cloud emerges as a new trend at 5<sup>th</sup> — a contrast to when cloud providers were deemed competitors.

### Top Trends (by impact)

### Top business priorities

1

Becoming digital organizations to meet customer expectations

Improve the customer experience

2

Increased investment in network

Develop new convergent offerings, product bundles and digital services

3

Protecting through cybersecurity

Optimize today's operations

The industry trends capture key drivers with the greatest impact on the clients' industry. The business priorities represent how clients are addressing the industry trends, and the IT priorities reflect the technology areas of focus to address the trends and achieve the business priorities.

## Media

# Top trends and priorities

Media executives indicate a continued focus on becoming digital and improving the customer experience, taking the digital agenda to the next level.

### Key takeaways

Increased investments in new products and services rises in importance. Use of cloud solutions and AI are significant objectives in current projects.

## Top Trends (by impact)

## Top business priorities

1

Becoming digital organizations to meet customer expectations

Improve the customer experience

2

Increased investment in new products and services to accelerate growth

Develop new convergent offerings, product bundles and digital services

3

Leveraging robotics and AI to reduce costs / enhance the customer experience

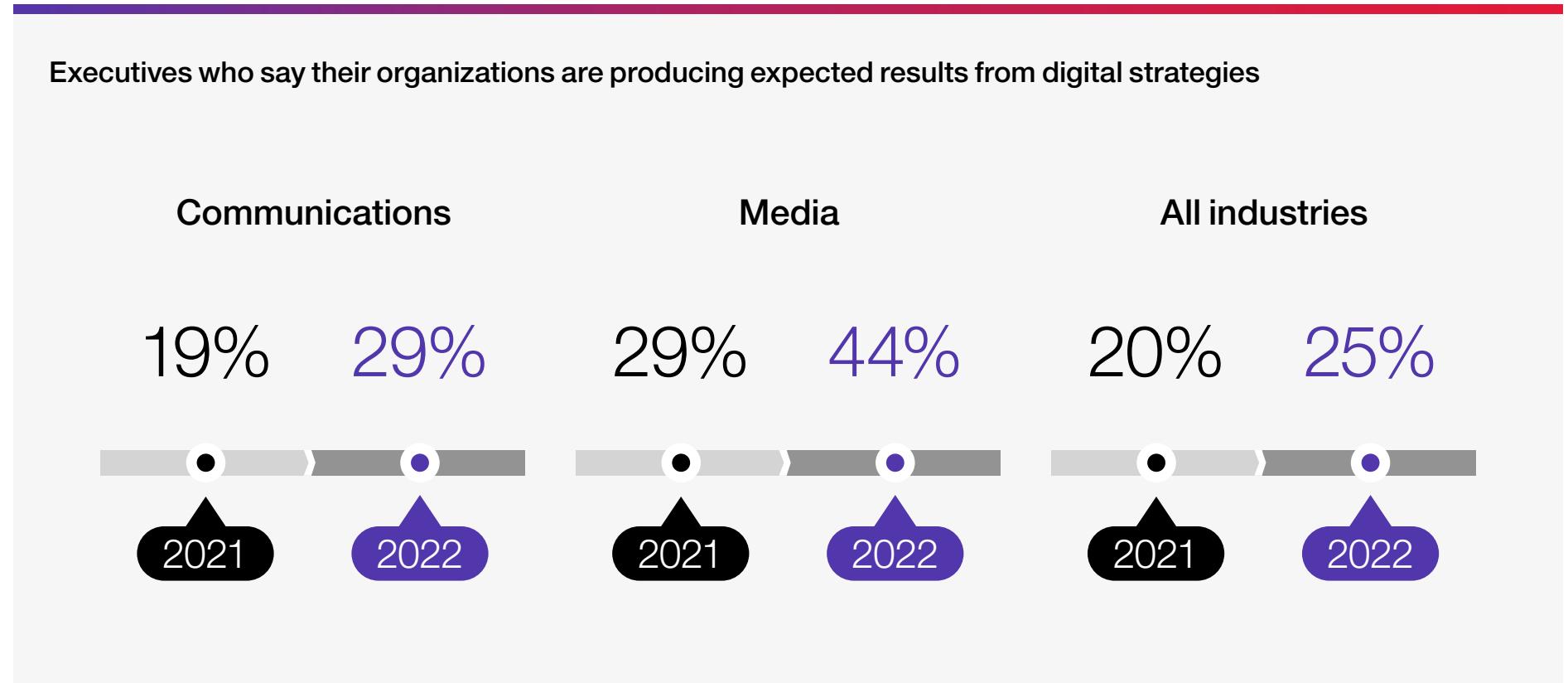
Harness the power of data analytics (get real-time insights)

The industry trends capture key drivers with the greatest impact on the clients' industry. The business priorities represent how clients are addressing the industry trends, and the IT priorities reflect the technology areas of focus to address the trends and achieve the business priorities.

# Digital progress in Communications & Media

In 2022, 29% of communications clients and 44% of media clients we interviewed are producing expected results from their digital strategies, both rising significantly year-over-year, and both ahead of the all-industry average of 25%.

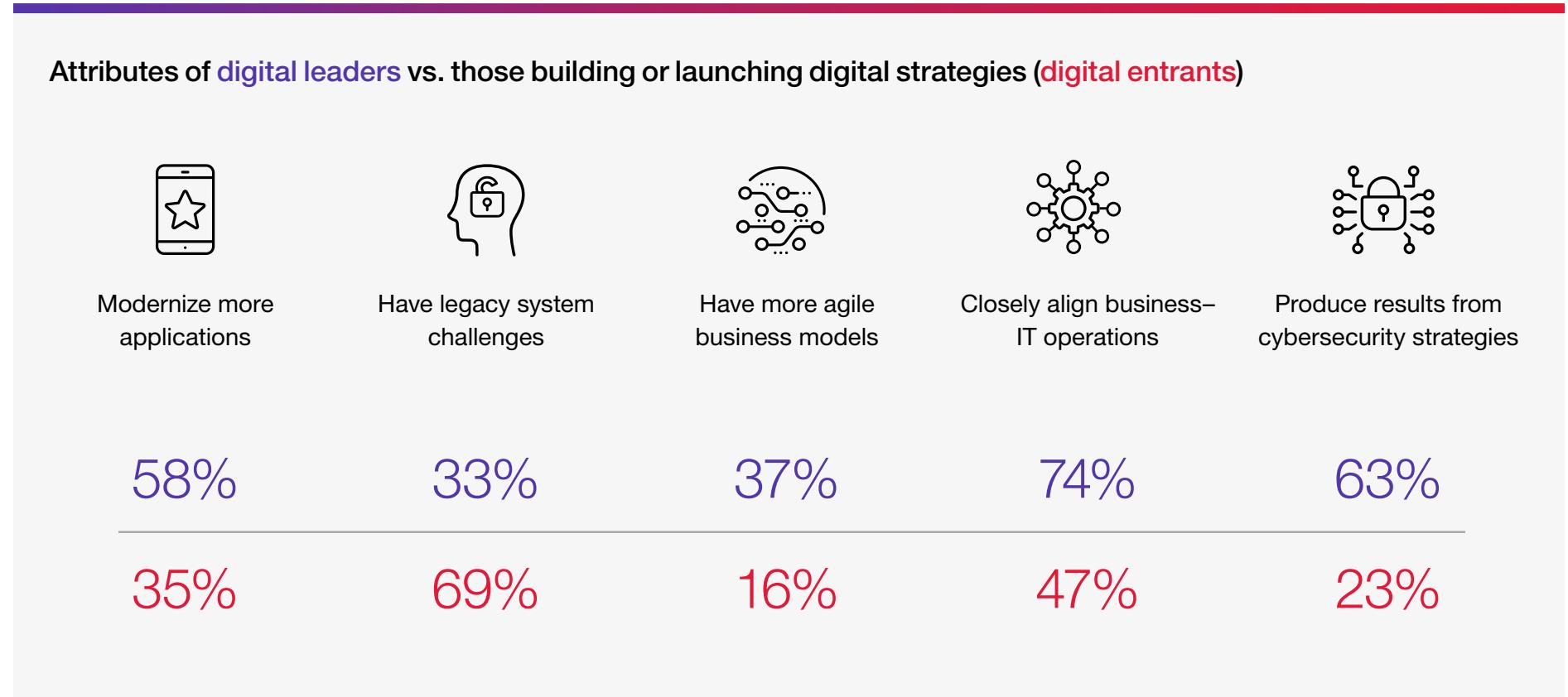
The next evolution in digital strategies involves new digital models, new partner models, and opportunities for industry players to expand their revenue footprint.



# Digital leaders in Communications & Media

In examining responses from executives who are producing expected results from digital strategies (i.e., digital leaders), some common attributes emerge.

The table compares responses from the digital leaders to those from executives whose organizations are still building or launching digital strategies (i.e., digital entrants).



Across all industries, digital leaders also realize higher earnings margins (+4 points), net income (+4 points) and return on equity (+6 points).

# Key findings from our interviews with Communications & Media executives

1.

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## More digital strategies are producing results.

Across communications and media, 92% have a defined digital strategy, but just 33% say their strategy extends to their partner/supplier ecosystem. In communications, 29% are producing expected results from digital strategies, up from 19% in 2021. In media, 44% are producing results, up from 29% last year.

2.

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## Digitization impacts business models.

More than 80% of executives in both sectors say they are evolving their business models as a result of digitization.

3.

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## Legacy systems hinder digital progress.

Nearly 80% of executives in both sectors say legacy systems are somewhat or very challenging to successful implementation of their digital strategy. In communications, digital leaders cite fewer legacy system challenges than do digital entrants.

4.

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## IT talent is scarce.

On average, 94% of communications executives and 82% of media executives cite challenges in hiring IT talent.

5.

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## Communications executives see cybersecurity as a top concern.

90% of communications executives say protecting through cybersecurity is a top IT priority, and 48% say their cyber strategy is producing results. This compares to 62% and 28%, respectively, for media executives.



## 6.

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### **Modernization and cloud plans will rise.**

In the next 2 years, 80% of media executives plan to modernize more than 20% of their applications portfolio and 70% plan to migrate more than 20% of core business applications to the cloud. This compares to 72% and 50%, respectively, for communications executives.

## 7.

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### **Average number of cloud providers is 4 or more.**

On average, communications and media executives partner with 4 or more cloud providers (4.1 and 4.6, respectively). In communications, 23% say they holistically manage multi-cloud solutions to a high degree, compared to 40% for media.

## 8.

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### **Majority use open standards to facilitate compatibility.**

A majority of communications and media executives (68% and 64%, respectively) use open standards to facilitate compatibility across vendors and technologies.

## 9.

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### **Sophisticated automation is becoming more pervasive.**

Communications executives indicate year-over-year growth in implementing all areas of automation, including enhanced process automation and algorithmic automation. Media executives report a notable rise in investigations of AI in automation (at 55%, up from 31% last year).

## 10.

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### **Change management is a top constraint.**

About two-thirds of communications and media executives say culture change and change management are top constraints to achieving business priorities.

# 6 recommendations for accelerating results

## 1. It's all about digital execution.

To replace eroded revenues, meet customer expectations and provide competitive platforms, communications and media companies need to execute on their digital strategies. This requires the right talent and effective change management, which demand new digital mindsets. From a technology perspective, successful transformations in communications combine hyper-automation, open standards and modernization with cloud-native BSS/OSS systems that are data-driven with embedded AI and ML. In media, digital leaders are ahead based on heavy investments in and earlier benefits from IP-based production and cloud technology. In Europe, public cloud installations are still disputed, while U.S. media companies have a clear tendency to accept public cloud, i.e., offerings from the big hyperscalers.

## 2. Look to the cloud as a cost play and agility enabler.

Pure digital players operate more nimbly and cost effectively than traditional providers. Digital leaders recognize that continuous transformation requires a continuous cloud strategy as an agility enabler. Communications and media organizations increasingly look to cloud solutions to support new business models and use cases. In addition to offering cost reduction opportunities, migrating the right applications to the cloud can improve speed to market, reliability, scalability and security. Today's technology environments have more moving parts from more providers than ever. Increasingly, digital leaders partner with strategic suppliers who can co-create, deliver and manage innovative cloud-composed digital business solutions at pace and scale.



### Case in point



#### **Using the cloud to increase speed and scale for a communications service provider**

As part of delivering new digital services, a North American communications service provider asked us to implement their solutions in the cloud. Environments are now available on demand to the development team to greatly speed implementation times, without upfront costs for the infrastructure. The cloud-native solutions are 100% scalable to drive new revenue streams with the required capacity as needed.

### 3. Extend cybersecurity to the ecosystem.

Digital acceleration and growth in remote working have increased the cyber-attack surface. Sourcing cyber talent is increasingly difficult. As the battleground of sophisticated attacks, the communications industry must secure extended ecosystems with network security services, expert integration of third-party solutions for advanced customer identity and access management, user behavior analytics, and solutions for data-at-rest and data-in-motion. In media, the information war has been taken to the next level. With direct attacks happening and more likely than ever, media companies must secure the entire ecosystem to protect their business model. New openness requires a dynamic and innovative approach to guarantee the production process while installing a robust wall against cybercriminals.

### 4. Forge effective partnerships to become digital service providers.

Communications and media companies need partners, suppliers and customers they can work with to build new business models. Most executives recognize the need to evolve their DNA to embrace collaborative excellence and provide new revenues. Opportunities in new growth markets can only be seized by multiple partners working in close cooperation and by implementing partner-friendly platforms. Cost improvements and customer experience projects require cross-functional teams empowered to innovate. In the communications sector, for example, TMForum's "[Open Digital Architecture of the Future](#)" creates IT solutions that are easier and cheaper to deploy, integrate and upgrade to help communications service providers evolve to digital service providers.



#### Case in point

##### Helping the BBC handle its global news output

Now more than ever, with COVID-19 a part of everyday life, people rely on accurate and timely information. As fake news sources become a greater concern, a trusted source of information is essential. CGI's newsroom system, OpenMedia, is the solution used by the BBC to deliver its news output to an ever-changing audience, reaching 468 million news consumers globally each week.

[Read the case study.](#)



## 5. Take a data-driven approach to improve the customer experience.

Winning in the service economy requires a focus on the nuance of human needs, and this focus drives competitive advantage. Communications and media firms must achieve service differentiation with new and relevant services while minimizing churn through effective experiences delivered via self-serve everything. Designing services through joyful journey mapping enables end users to receive the right experience at the right time, increasing wallet share and customer loyalty. This requires sharper knowledge of customer behavior and preferred channels using data analytics, AI and ML. The prerequisite is an effective data strategy that allows continuous acquisition of customer and user insights to enable growth alongside customer needs.

## 6. Reduce technical debt to fund modernization.

Technical debt accounts for 20-40% of technology budgets for new products. As much as 75% of IT budgets are used for maintenance. Yet, meeting customer demand for new services requires modern applications. In fact, 72% of communications executives and 80% of media executives plan to modernize 20%+ of their application portfolio in 2 years. So how can the need to fund modernization be reconciled with heavy technical debt? A clear vision of the application portfolio can identify savings to reallocate to innovative projects. Further cost reduction can be achieved through high levels of automation in the cloud, DevOps and using open APIs to integrate platforms.

### Case in point

#### **Driving efficiency and reliability for a European communications firm**

For a European communications firm, we provide managed IT services as part of a business-wide transformation program to improve the customer experience and operational excellence. Together with the client, we are working to modernize the operation of the IT estate with a cohesive suite of monitoring and automation tools to drive efficiency and reliability, generating a stable platform for future operations. We will manage the consolidation of the estate to deliver a secure, scalable platform for the business.



# Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world. We are insights-driven and outcome-based to help accelerate returns on your IT and business investments. Our insights represent deep knowledge of industry trends and your business and IT priorities.

For the latest [CGI Voice of Our Clients](#) industry insights, and to consult with one of our experts, please [contact us](#).

