

Win in the flat world

IT Shared Services for Newspapers

Abstract

Newspapers find themselves under extreme financial pressure. They are evaluating – and implementing - various options to reduce costs while urgently looking for revamped business models for increasing revenues. While the concept discussed here applies to other business operations as well, we will focus on the IT aspects of Shared Services.



Introduction

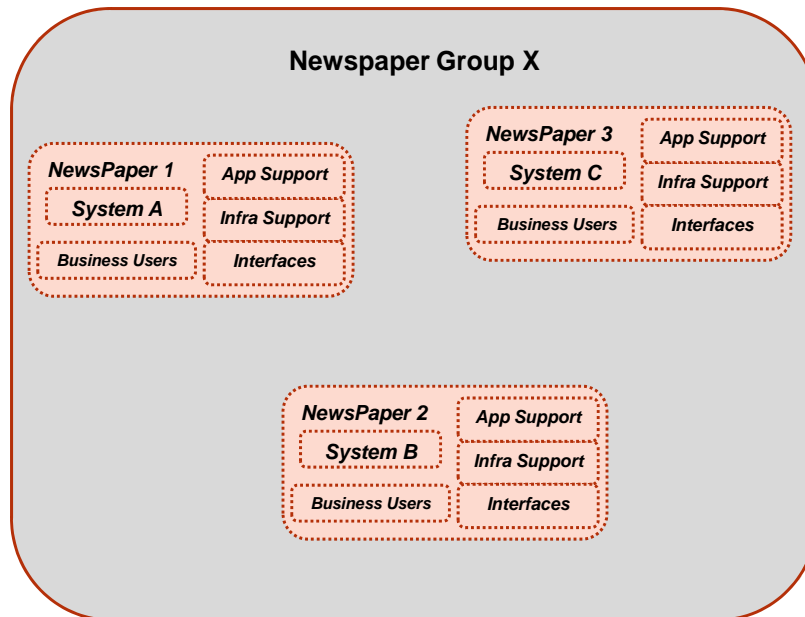
Over the last few decades, newspaper groups have grown by acquiring other newspapers. The autonomous operation of individual newspapers within each newspaper group led to a proliferation of different newspaper IT systems within the group. Consequently the same core processes (such as Advertising, Circulation, and Editorial) ended up being:

- done somewhat differently within each newspaper
- implemented on varied vendor platforms
- implemented on different versions of the same vendor's platform

Individual newspapers each had their own operations for each core process. This, along with the fact that technology – till very recently – only encouraged distributed operations, also led to the need for separate IT staff at each of the newspapers since:

- most systems were designed to be used for a single newspaper
- most of the systems were client-server systems requiring significant network bandwidths

Current Newspaper Industry Landscape



The Shared Services Concept

Irrespective of industry, what typically happens when one company acquires another? Functions that are duplicated across the companies are consolidated to reduce costs. The historical evolution of newspaper groups (and their IT systems) has led to some inefficiencies which need to be viewed in this light.

The basic idea is a simple one.

Get all the newspapers that belong to a group to run on the same vendor platform out of a single location.

Some processes lend themselves to this model better than others.

- Newspaper applications that are primarily database-centric lend themselves to centralization. E.g.:
 - Financial and HR applications
 - Circulation/Subscription management
 - Advertising order entry
- Newspaper applications that are primarily content-centric (specifically non-textual content) still provide some challenges for centralization.
E.g.:
 - Creating display advertising content for print
 - Creating newspaper pages for print

What are the various factors that affect the efficiency of the shared services approach?

Platform Standardization

As alluded to earlier, each newspaper in a group had the autonomy to decide on the platform it wanted to use. This led to a proliferation of systems (platforms) within the group. Even when different newspapers use the same vendor platform, they could well be on different versions of the same platform.

While it is a challenge in today's economic climate, newspapers should consider – and many are – consolidating onto a single vendor platform for a given core process.

Process Standardization

Historically, newspapers have been fiercely demanding of their traditional vendors as far as system functionality was concerned. While this provided benefits at the rise to each new plateau in the evolution of publishing technology, a number of the other “requirements” had very little, if any, business value. They were mostly personal preferences that each newspaper imposed on the vendor. While causing tangential issues such as increased cost, the continuing challenge from that approach is that even if two newspapers are using the same version of the same vendor's platform, the two instances of the system are likely configured differently for the same process.

This is not with reference to core business factors such as rating schemes (which arguably may be different for different markets) but to things like reports and workflow.

This is an area on which the corporate newspaper executives are beginning to focus on, at least to the extent of mandating standardization. Governance of such a mandate could be by, say, a corporate panel that would need to approve variances to the defined standard.

Platform Centralization

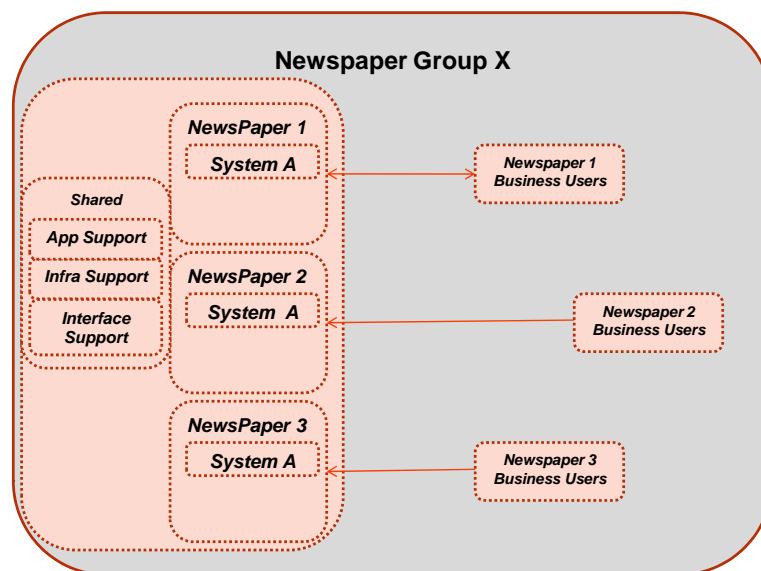
Standardizing the platforms and processes can go a long way in reducing redundancies particularly when topped off by centralizing the platform. While one can argue about the degree to which physically centralizing systems may affect the savings, it is clear that there can be savings from:

- running multiple newspapers of the same hardware (and even better – on the same instance)
- the number of “hands-and-feet” personnel required

Shared Services in Practice

What would the shared service model look like if implemented today? While business users would, of course, continue to be distributed, here is the likely face of the first generation of shared services.

Shared Services – First Generation



There are a number of challenges to be overcome in the traditional system models before newspapers can move on to the next generation of shared services.

- The ability of the systems to be able to scale up to handle an entire group's newspapers in a single database
- The ability to partition the only relevant data by newspaper. Most systems do already have security models that can provide some of this functionality. The issue with a shared system is that some data needs to be portioned, while some need to be shared.
- Utilities to add and subtract a newspaper from the shared system. As newspapers are bought and sold, this becomes a requirement in a shared system.
- Time zone issues need to be addressed as a group could well have newspapers in different time zones

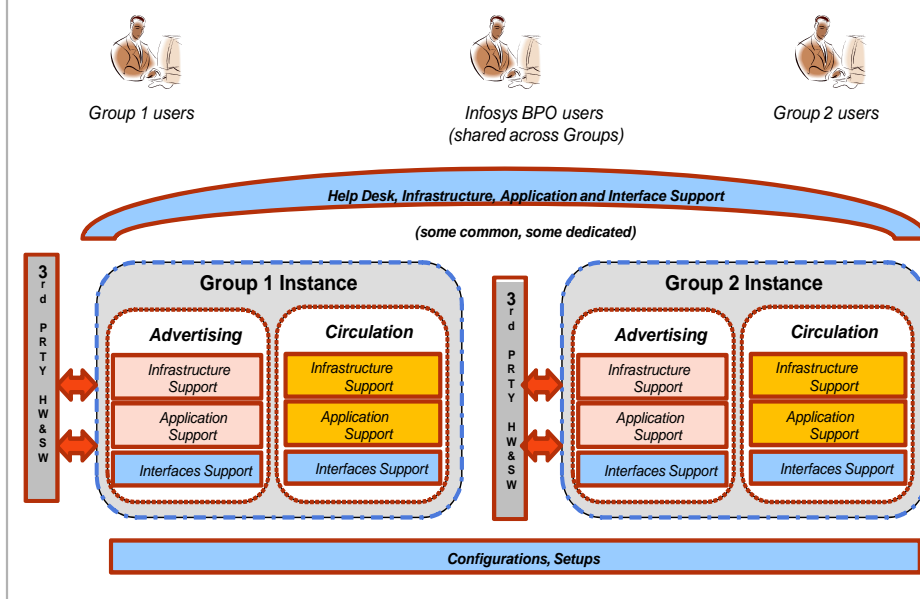
Any estimate on IT personnel savings would be very dependent on the number of papers in the group and how many of the IT staff are shared across various functions. We estimate that a group of 20-40 papers could be managed by a group of about 8-10 people (for a single core process) on the IT front.

Extending Shared Services – The next generation

The focus till this point in the discussion has been on what a newspaper group can do internally. Infosys has been working with newspapers to extend these ideas in a number of areas that we won't go into detail in this paper. While the topic for a separate discussion, briefly, they are:

- Providing a Newspaper Center-of-Excellence for the more popular niche platforms used by newspapers. This means extending the concept **across** multiple newspaper chains and providing the non-"hands-and-feet" functions primarily offshore to further increase the savings that newspapers would see.
- Infosys has been successfully deploying this model from the BPO angle for a while now, applying it to various business functions within newspapers (Finance, Advertising and Circulation operations)
- Infosys's "Newspaper-In-A-Box" (NIAB) platform-based BPO solution is the culmination of all these concepts by providing newspapers with a SaaS-based BPO offering to outsource aspects of both the business and IT functions of these processes. Below is an illustration of what this looks like:

NIAB in a multi-group end state



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