



Strategic management of media assets for optimizing market communication strategies, obtaining a sustainable competitive advantage and maximizing return on investment: An empirical study

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studied technology at the Tswane University of Technology in Pretoria, South Africa. He specialized later in the field of managing creativity in the applied research environment and also obtained an innovative science award in Germany in 1996. The focal point of his research was in the definition of a proofed methodology in how to manage great novelties from the research environment to the business environment. The research was done at PhD level as well as at post doctoral level. The methodology defined proofed the value adding and importance of managing communication processes effectively, creating interrelationships between the two environments and, most of all, the sustainable competitive advantage technology-driven companies obtain in following a strategic business approach in research activities and in the way they manage their digital assets. Albert obtained a distinguished research award for part of his research work at the 2000 Annual Conference of the Allied Academies (Myrtle Beach). Presently, Albert directed his applied research in the definition of digital asset management business ontology with the objective to develop a practical MAM-communication business model that can be used by technology-driven companies during their MAM strategic planning and implementation processes.

Keywords: *strategic management, value creation, competitive advantage, cost drivers, market communication, digital assets and return on investment*

Abstract As companies continue to streamline and reengineer their business models, the twin environmental forces “technology” and “global markets” enforces faster market communications. Marketing managers are in need of media logistic solutions that contribute directly to efficiency, productivity, competitive advantage, a high ROI and comply with the overall success of the business. In addition, managers must adopt a media asset management (MAM) system as part of their strategy because the management of media assets present some unique challenges and require solutions designed to streamline the management of digital media. MAM service providers, however, lack the objectivity to address this current and emerging need. Many offer services that do not link value activities along the company’s value chain – therefore, the business gains no value from these assets. The purpose of this paper is to introduce empirical results from applied research in the form of models and strategies which will empower users in the efficacious management of media logistics so that the overall financial and strategic objectives of the enterprise will be met. Implementing these models and strategies will reduce the time and cost of media productions, maximize the ROI from media assets, bring new products and services faster to market and streamline compliance.

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INTRODUCTION

The major focal point of any business must be its customers and the overall objective of managers must be to ensure that every transaction is as profitable as possible. In order to achieve this objective, managers must have

insight and clarity into all functional areas of the business in order to improve all activities that affect the profitability of the business’s customer relationships. It may be necessary to identify product manufacturing and distribution costs as a way to engineer the

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optimal pricing structures. Harvard Business Manager (www.harvardbusinessmanager.de)¹ reports that most companies today are making decisions without accurate analysis and meaningful market approaches — let alone the big picture: test, plan, strategy manage. Experts agree that analyzing profitability from all dimensions of the business is vital to making decisions that improve overall profitability.²

Environmental forces are responsible for changes in business structures and require extensive market communication activities which lead to an explosion of the amount of digital assets and extreme costs that arise in the management processes for these assets. A digital asset is any form of content and/or media that has been formatted into a binary source which includes the rights usage. Digital assets are categorized in three major groups which may be defined as textual content, images and multimedia. Images and multimedia are classified as media assets.³

Since digital formats are assets and form an integrated part of the company's profit and loss structure, they are an important part of management's tasks and must be handled in such a way that they create value in the company, reduce costs and ensure a high ROI. In addition, if they create value they are classified as value activities across the company's value chain and indisputably influence the definition of the value chain. To achieve tangible relationships within a company requires separate business units (and/or operational tasks) to share value activities within the same value chain while remaining a separate entity that operates independently in other value activities and at the same time maintains a profit responsibility.^{4,5} This forms a definite part of the company's competitive strategy, and identification of the value activities and definition of the value chain for media logistics is a task for management and not for the IT, graphic and/or marketing department. Implementing an interrelationship structure unavoidably requires exceptional skills as well as costs, no matter how a company is organized. It is, therefore, important to understand the skills needed and the methods employed in order to lower costs of market communications. This requires clarity in the processes involved and identification of the major cost drivers.^{4,5}

Although enterprises are continuously communicating to their target markets, the media logistics within the enterprise are the major costs drivers. The steps in compiling the communication strategy are defined by Machado⁶ as:

- (a) Considering the promotional mix.
- (b) Setting objectives.
- (c) Identifying the target audience.
- (d) Determining the message.
- (e) Drawing up the budget.
- (f) Constructing the promotional mix.
- (g) Implementing strategy and control.

Determining the message is divided into two categories which are as follows:

- (a) Message content (The message content is the basic idea and information that the enterprise wants to communicate to the target audience).
- (b) Message form (The message form is the combination of verbal, visual and audio signals that presents the message to the target audience in a suitable manner).

Development of the message content and form are classified as media assets and the activities involved are the media logistics for the company. Insufficient management of these activities results in extremely high cost drivers.

The major difficulties in media logistics may be defined as:

- (a) Poorly defined workflow objectives and strategies.
- (b) Navigation of directory structures and permissions.
- (c) Communication between teams on a project.
- (d) Lack of back up strategies.
- (e) Old versions of assets.
- (f) Insufficient communication about changes.
- (g) Preliminary versions of assets.
- (h) Inadequate project management.

These problems in electronic media projects become perceptible when production starts.² Managing media assets has become an incontrovertible activity for managers to provide consistency, prevent disaster, shorten processing

time, reduce searching time, enable multiple versions, track versions, control access and enable reuse of assets and all variables related to the company's cost structure. According to Jacobsen *et al.*, the benefits for an enterprise when deploying a media asset management (MAM) system may be defined as higher productivity, organizational scalability, increased reliability, better quality, greater flexibility and a higher ROI. ROI is a widely accepted and a powerful tool to prove the dollar value benefit. According to a calculation model proposed by Jacobson, an enterprise with 30 media assets, 15 employees with an income of \$80.00 per hour saves \$7,800.00 every week by the deployment of an effective MAM system. What also adds to this ROI is the money saved by the reusing of assets. In the above situation, the money saved by recreating one (1) asset per employee (15) per week amounts to \$9,600.00.

DAM requires management know-how, and Van Niekerk⁷ proposed that a viable approach is to outsource the activities to a MAM company. The motivation behind this statement is that in most cases, business units often view each other as rivals, competing for limited resources and for senior management's attention on the basis of performance. Interrelationship barrier indicators are asymmetric benefits and loss of autonomy and control. The major factors why managers avoid interrelationships are the protection of "turf", perceived dilution of buyer relationships, inability to "fire" a sister division, conflicts over priorities in shared activities and unfair blame for poor performances.^{4,5}

This review outlined the issues of nonproject management-related problems in media asset productions and management. The majority of problems are directly related to the lack of a central entity that keeps track of files, coordination of production and enabling all activities to be more transparent and controllable. So any manager who manages a team of more than two people who are working on a project longer than three months needs a MAM system.²

A METHODOLOGICAL APPROACH

Understanding the importance of value creation

Very important to any manager is to create value. The question, however, is: "Can value be

developed?" According to Lindgren *et al.*,⁸ value can be developed if several main features are present. These features are:

- (a) Innovation;
- (b) Quality;
- (c) Strategy;
- (d) Management;
- (e) Organization.

Key to developing value is a strong understanding of the above-mentioned aspects which can be found in all the value activities across the value chain of a company. Managers must be an integrated part of the of the value process — saving the business huge costs and time.

To successfully measure the value of an activity, a model and analysis audit must be developed which incorporates the variables of interest. On the other hand, in order to incorporate variables of interest (value chain), it is important to identify these variables through the implementation of an intensive audit system and then to link these activities in such a way that it represents the value chain of the business. The models and tools used must also serve as a powerful forecasting facilitator that can be used in association with a feasibility audit tool to empower executive management to make "Go/No-go" decisions. These models and tools must be able to function at all levels of operational activities.

Supporting this form of measuring value is also the method of collecting feedback. To collect valid market information, the implementation of marketing audit tools is necessary to obtain the data required. The auditing tools must perform in such a manner that the collective data can be used as descriptive statistics and reliable primary market data.

Communication value is, therefore, much more than advertising. It is in by the execution of activities performed by the enterprise how the public perceives the company's commitment to environmental protection, the way employees are motivated, product advertising, branding and most important, the quality throughout every process and aspect of daily operations.

The financial and strategic objectives

The overall objectives in market communication must be in the effective design of the message content and form, to minimize the cost drivers and to ensure a maximum ROI. In order to attain these objectives, the marketing manager needs to deploy a MAM system. MAM service providers, however, lack the objectivity to empower managers in asset management and focus strategies on saturated market segments, managers have no background of scale technologies and IT managers do not understand the individual needs of creative graphic designers. Therefore, managers are not empowered to reach set objectives and they have no control, flexibility and transparency over their media logistic operations.

MAM activities in the business model

Figure 1 illustrates a typical business model. It can be clearly seen from this illustration that MAM activities play a vital role in all the different activities throughout the business model.

Managers must realize that MAM is their responsibility and not that of the IT-department, graphic designers and/or marketing agencies. In addition, MAM reduces costs tremendously, ensures a high ROI and creates superior

performances that ensure a sustainable competitive advantage. They must be well informed about the competitive advantages they may obtain in the effective management of their media assets.

The value chain and cost drivers

As media assets are defined as assets they form a part of the company's competitive edge and it is necessary to define the activities within the company's value chain and in addition illustrate which of these activities are the major cost drivers. Figure 2 illustrates the value activities in a marketing communication value chain of a technology-driven company. It also illustrates the cost drivers within the value chain that dramatically increase operational costs if not well managed. It can be seen from the illustration that more than three quarters of value activities are extreme cost drivers.

Figure 3 illustrates a summary of the cost drivers within the market communication activities.

MAM-alliance partnerships

Requirement portfolio of a MAM-service provider

MAM team is a managerial task; therefore, managers should be involved in the planning

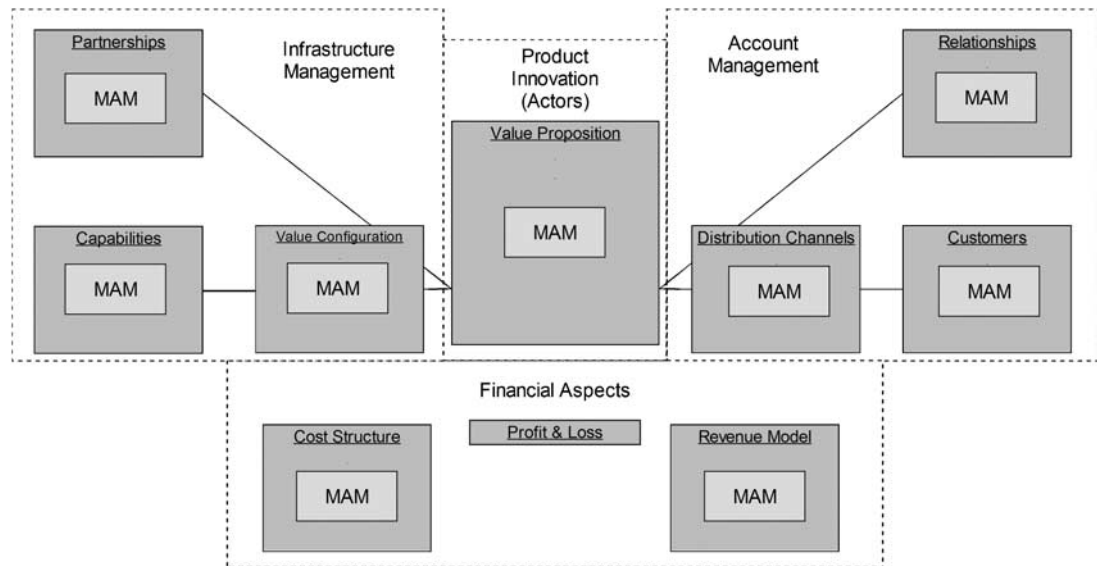


Figure 1: An illustration of MAM activities within a company's business model

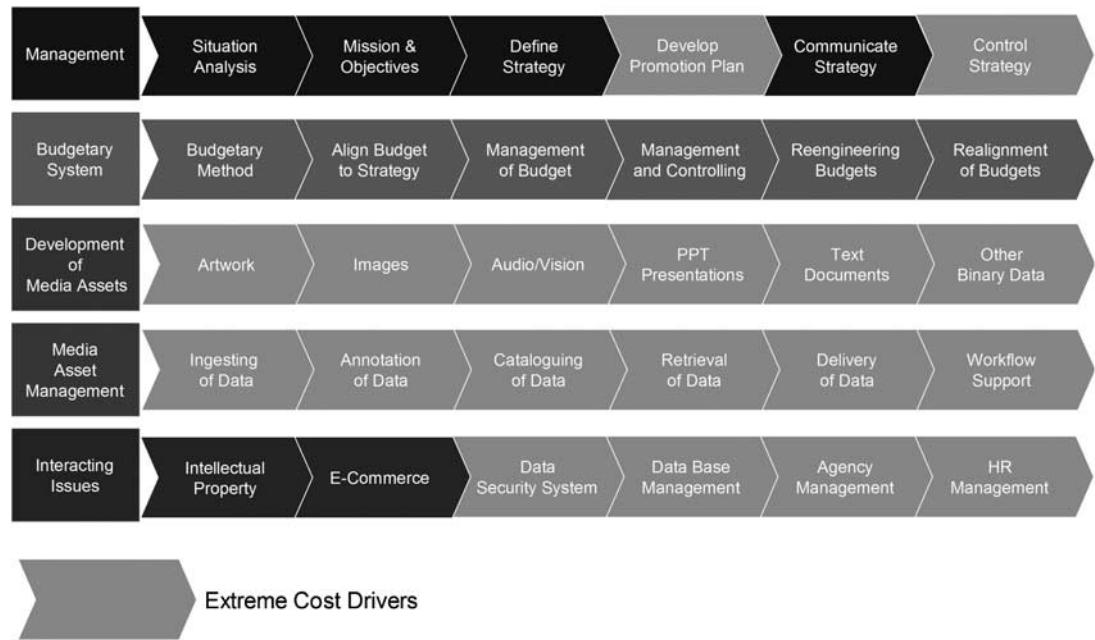


Figure 2: An illustration of the value activities and cost drivers within a market communication value chain

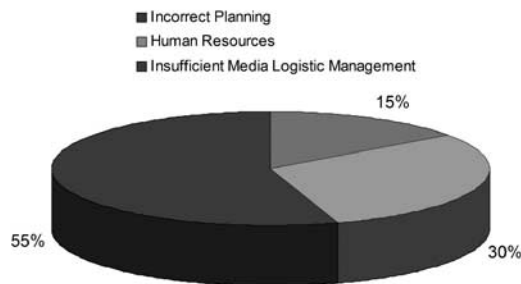


Figure 3: An illustration of a summary of the cost drivers within the market communication activities

of MAM activities. As mentioned, it is recommended that an outside service provider company is chosen as the MAM alliance partner. The following profile criteria are important to identify a suitable MAM partner.

- (a) The MAM partner must be able to do extensive auditing and analyzing of the company's media asset situation. In addition, the audit tools must have the ability to develop in such a way that the results and recommendations of the auditing process will empower managers in the efficacious management of the media assets.

- (b) The MAM partner must be able to identify all value activities needed for defining the value chain for the different products and relate them to the value activities in the value chain of the company.
- (c) The MAM partner must be able to compile a functional promotional plan.
- (d) The MAM partner must be organized in such a way that they can keep all files in methodological order. A manager must always be in the position to know at any time and anywhere the location of the latest version of a media asset.
- (e) The MAM partner must be in the position to prevent disaster. Disaster may come in many forms such as server crashes, etc; therefore, the MAM partner must have a system in place that keeps all versions of all files and provides a robust back up solution.
- (f) The MAM partner must shorten the processing time for all assets. This must be a measurable solution.
- (g) The MAM partner must empower all parties involved with appropriate searching tools to reduce searching time for media assets.
- (h) The MAM partner must empower all parties to track any version at any time and

- to know exactly which files/versions were part of a release that was made.
- (i) The MAM partner must be able to control access. User rights must be controlled in different manners so it fits any processes.
 - (j) The MAM partner must empower all parties involved to easy reuse any file from any project.
 - (k) The MAM partner activities must make a measurable impact on the ROI.

Positioning of the MAM-alliance partner

The positioning of the MAM alliance partner is important to optimize operational issues and to minimize costs. Figure 4 illustrates the effective positioning of the MAM alliance partner.

Through the strategic positioning of the MAM partner, the company obtain a flexibility and control over the outbound logic partners and can exchange any one at any time without the loss of data. It also empowers individual business units to share activities across the functional value chain that will enhance a competitive advantage for the company.

The distribution of data from a centralized point imposes data security and can serve as a measurable controlling point regarding the use of the data. In many cases, statistical software protocols can be obtained at any time.

The value activity responsibility of the MAM partner within a company's value chain

To optimize operations and minimize the cost drivers, the MAM alliance partner must perform important activities within the value chain. Figure 5 illustrates the value activities that need to be performed by the MAM partner. It can be seen from the illustration that the activities with the compiling of a promotional plan. The effectiveness of the promotional plans depends on the definition of the value chain and therefore, it is important for the MAM provider to execute a value activity, competition and promotion audit in order to define a functional operational value chain. After the definition of the value chain, the promotion plan can be drawn up in such a manner that it supports the value activities. This differs

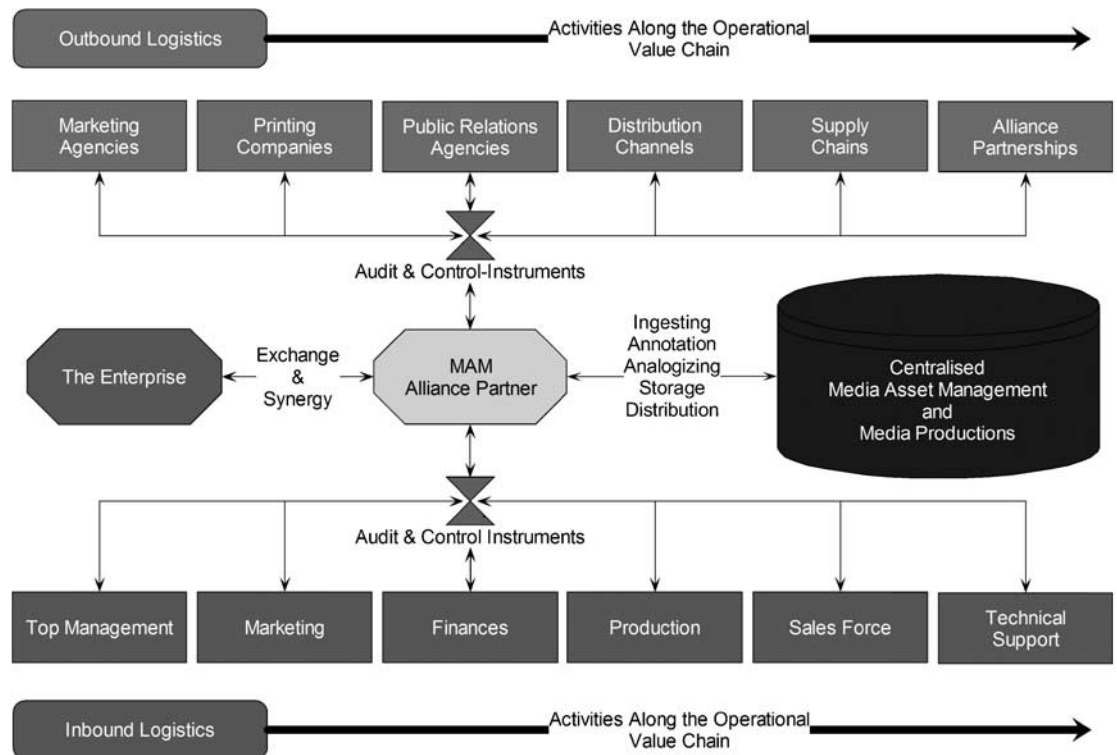


Figure 4: An illustration of the positioning of the one stop MAM-provider

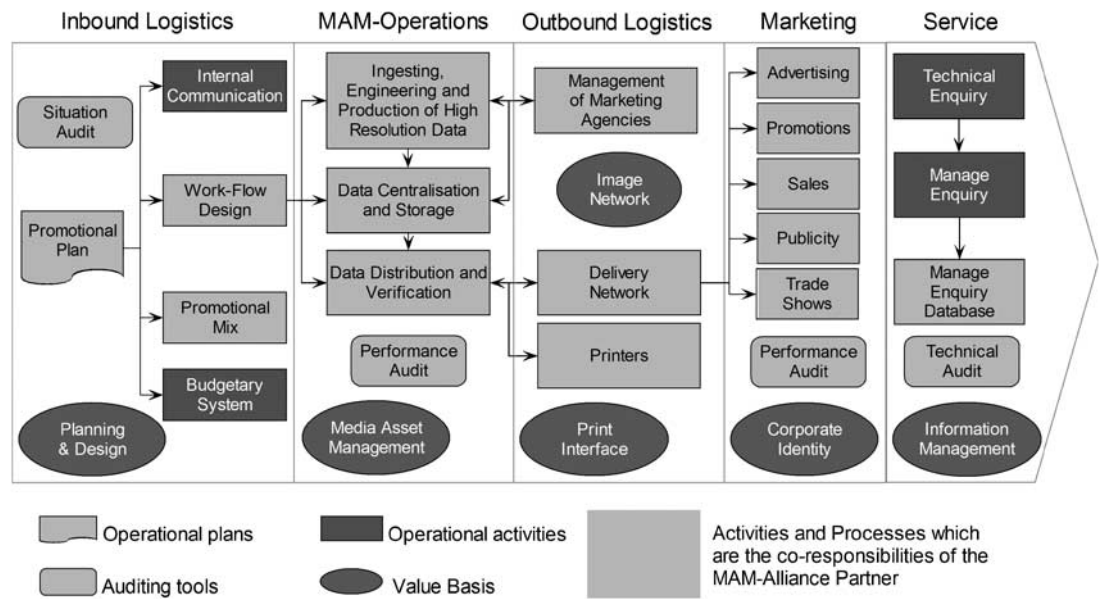


Figure 5: An illustration of the value activities to be performed by the MAM partner

dramatically from the current approach whereby an agency tries to define a work sheet/workflow and lack the importance of the value activities on which a successful project is built.

RESULTS

The value adding

The results of this empirical approach support the statements given by Jacobsen *et al.*² Jacobsen defined these activities as:

- Higher productivity;
- Organizational scalability;
- Increased reliability;
- Increased quality;
- Greater flexibility.

From a strategic point of view, the following tangible value activities may be added:

- Faster reaction time in the market.
- Faster brand awareness and increasing of sales without increased cost factors.
- Synergy in the sharing of different value activities across separate value chains in an enterprise resulting in an overall competitive advantage.
- Maximizing ROI.

- Enhancing the company's intellectual property portfolio.

Obtaining a competitive advantage

Table 1 illustrates the MAM activities and the resulting competitive advantages that may be obtained. The table also summarizes the source of compromise cost if a centralized MAM provider is not employed.

CONCLUSION AND DISCUSSION

Budgetary and ROI considerations

The implantation of a MAM system will not go unnoticed in the budget and reflect well in the company's balance sheet and therefore, budget play an important role in the decision regarding appropriate MAM alliance partnership. Hardware, storage, backup and communications infrastructure and media asset software solutions come in many different forms, from a "per seat" basis for client licenses, to server solutions that allow unlimited access via web browsers. More critical than the price is a projection of cost savings, ROI and growth catalyst. While archiving, many companies have discovered they were archiving duplicate

Table 1: A summary of the competitive advantages that may be obtained through the effective management of media assets (Adapted from Porter^{4,5})

<i>MAM activity</i>	<i>Marketing activity</i>	<i>Competitive advantage</i>	<i>Source of compromise cost</i>
Centralized MAM service provider.	Networking	(a) Lower external service costs. (b) More sophisticated and/or responsive services due to improved technology and due to the server location. (c) Better capacity utilization if demand for service is inversely correlated.	(a) Differences in equipment or know-how necessary. (b) Differences in meeting deadlines.
Centralized media assets	Branding	(a) Lower advertising costs. (b) Reinforcing product image. (c) Diluted reputation if one product is inferior.Reduce problems related to communications.	(a) Product images are inconsistent. (b) Diluted reputation if one product is inferior.
	Advertising	(a) Diluted reputation if one product is inferior.Reduce problems related to communications.Lower advertising costs. (b) Greater leverage in purchasing advertising space. (c) Faster market communications. (d) Improved input quality. (e) Reduce problems related to communications.	(a) Appropriate media or messages are different. (b) Advertising effectiveness reduced by multiple products. Inputs are differently in terms of quality or specifications, leading to higher costs.
	Promotion	(a) Lower promotion costs. (b) Reduce problems related to communications.	(a) Appropriate forms and timing of promotions differ.
Centralized pre-printing, design and manufacturing	Processing of high resolution data	(a) Lower processing costs. (b) Lower cost of employing improved technologies. (c) Better technology improves quality. (d) Better capacity and human resources utilization. (e) One stop service provider. (f) Flexibility in ingesting and format changes. (g) Lower interface design costs.	(a) Differences in the form and composition of media assets. (b) High production costs. (c) Differences in ordering cycles that lead to inconsistency and processing needs. (d) A non-standard interface reduces effectiveness.
Centralized control	Quality and access control	(a) Lower control costs. (b) Ensure reuse of assets. (c) Better technology increases the extensiveness of control and security. (d) Data control and transparency. (e) Prevent disaster	(a) Quality and control standards differ. (b) Insufficient control increases costs. (c) Different data security systems.

image purchased by different divisions of the company, a practice which could be avoided through proper asset management. The time savings is an obvious ROI. In many businesses, especially companies with aggressive market communication activities, unmanaged activities can chase profitability into high gear and be critical to sustaining a competitive advantage. Besides the employees, media assets are one of a company's most valuable assets.

Re-positioning

Being part of the strategic planning group, the positioning of a MAM service provider shifts from the cost structure in an enterprise's business model to an strategic alliance partner who performs very important activities, forming an integrated part of the enterprise's value chain and resulting in the enhancement of a sustainable competitive edge as summarized in Table 1. In addition, the new positioning

strengthens the value proposition of the enterprise and creates stronger customer relationships (Figure 6).

The starting point of effective market communication strategies

Technology and global markets, challenges faster product development and effective market communications. Both of these strategies must be creative, innovative and sustainable. The twin environmental forces change business structures and processes forever. Effective marketing communication strategies require a strategic planning input which starts already in the applied research environment at the beginning of the product strategy. These strategic planning activities include the identification of the value activities of a communication value chain; the definition of the value chain, the definition of the objectives (financial and strategic), the modeling of an innovative communication model, the feasibility and viability of this model and finally the development of the promotional plan. This planning and modeling activity has become such a great problem, and marketing agencies do not address this current and emerging need. The reason may be the lack of know-how and expertise in the field of strategic market planning as well as the required creative skills, which are all indisputable ingredients for innovative and sustainable strategies.

Marketing agencies must take the responsibility, which has been subconsciously delegated to marketing and product managers. These managers cannot deal effectively with communication strategies due to the lack of time, resources (financial and human) as well as other problems associated with the powerful environmental changes.

Figure 7 illustrates the correct starting point of effective market communication strategies.

Discussion

Media management has emerged as a key enterprise application, since media content is directly related to business processes. A good MAM partner enables organizations to effectively manage their media content.

The management of media assets has become a mainstream information technology challenge and managing media assets has become essential for businesses to be active and competitive. In addition, MAM demands outstanding managerial skills and know-how as well as exceptional technology to provide the greatest flexibility in managing these assets.

What is an active enterprise? Companies that leverage collaboration tools, provide information to customers, partners and employees in timely and relevant ways and automate core business processes such as information security,

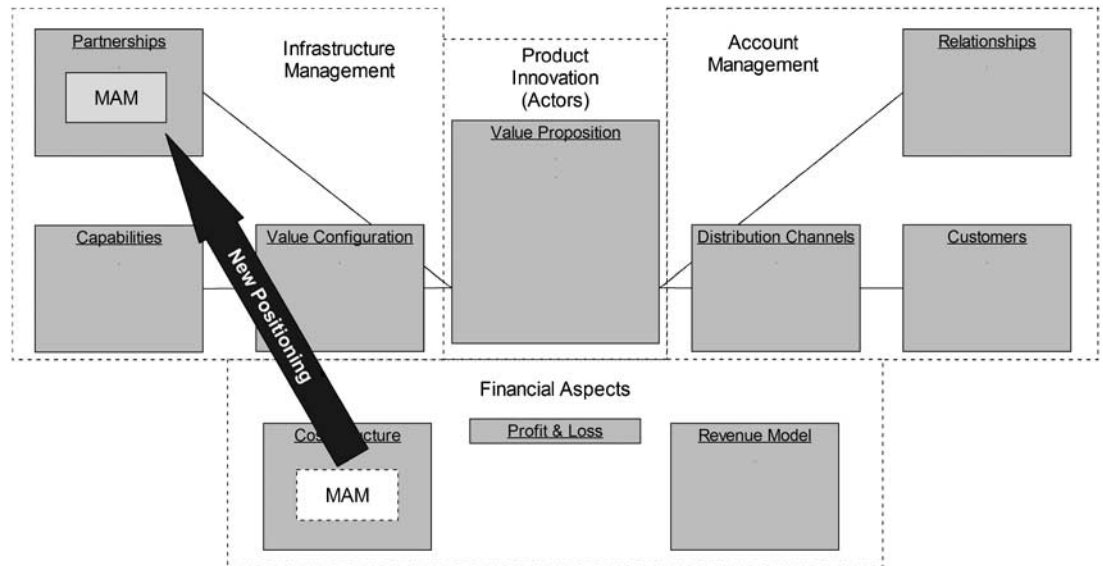


Figure 6: An illustration of the new positioning of the MAM service provider in an enterprise’s business model

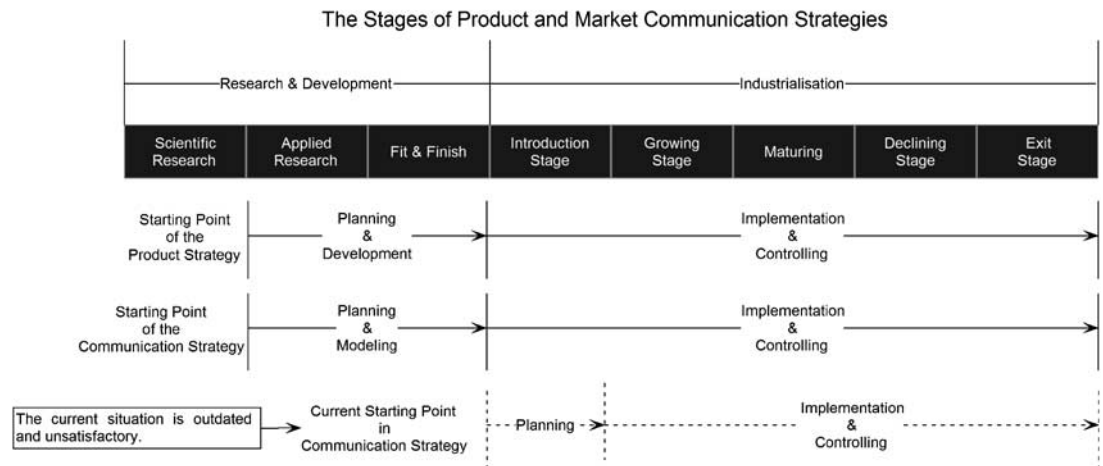


Figure 7: An illustration of the starting points for effective market communications

distribution and localization are stronger than their competitors. Faster time-to-market, lower operational costs, improved employee productivity and quick access to high-quality key content for business planning, production, marketing, and managing are all concrete and interrelated aspects of the agile enterprise. Agile businesses identify key processes, tightly manage execution and invest in continuous collaboration and performance improvements. It is critically important that manager realize that MAM and technology interfaces with both humans and with systems and therefore, must be managed.⁹

The key advantages and benefits for managers who employ a MAM system are summarized in Table 2.

Table 2: A summary of the key advantages and benefits for managers who employ a MAM-system

Advantage	Benefits
(a) Value adding to the company.	(a) Flexibility
(b) Decreasing cost.	(b) Transparency
(c) Obtaining sustainable competitive advantages.	(c) Control
(d) Increasing return on investment.	(d) Security

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