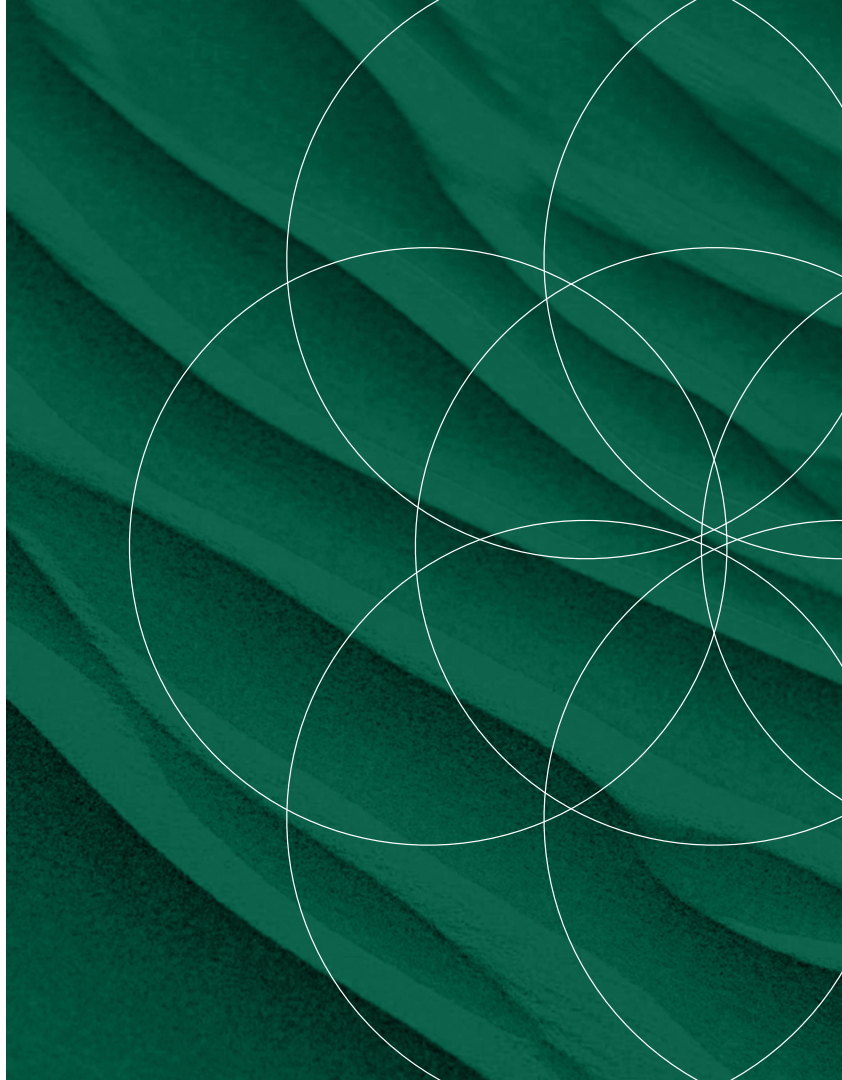


Cloud Adoption Trends According To Media And Entertainment Leaders

Adoption Is Swift But Cost And Data Volumes Challenge
Current Strategies

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Trusted Partners Needed To Overcome Cost, Proximity, And Data Volume Hurdles

Media and entertainment (M&E) companies are rapidly adopting cloud technologies. However, as they scale their cloud and edge adoption to get capabilities closer to end users, they're bogged down by ever-rising data volumes and costs.

Akamai commissioned Forrester Consulting to conduct a study to explore challenges M&E companies face and how they are modernizing their cloud strategies and partnerships to overcome them. We found that as these companies progress faster than expected in their cloud journeys, current strategies are unsustainable due to rising data volume, egress, and other costs. They're reevaluating their cloud-provider relationships and seeking trusted partners who understand — but don't compete with — them, have a lower total cost of ownership, and provide the edge capabilities and geographic presence to get services closer to end users.

Key Findings



M&E companies are progressing faster than expected in their cloud journeys.



Despite this success, increasing costs and data volumes along with inflexible systems (67%) and partners (48%) make current strategies unsustainable.



M&E companies are reevaluating their cloud-provider relationships, seeking trusted partners to overcome top challenges and accelerate content production.

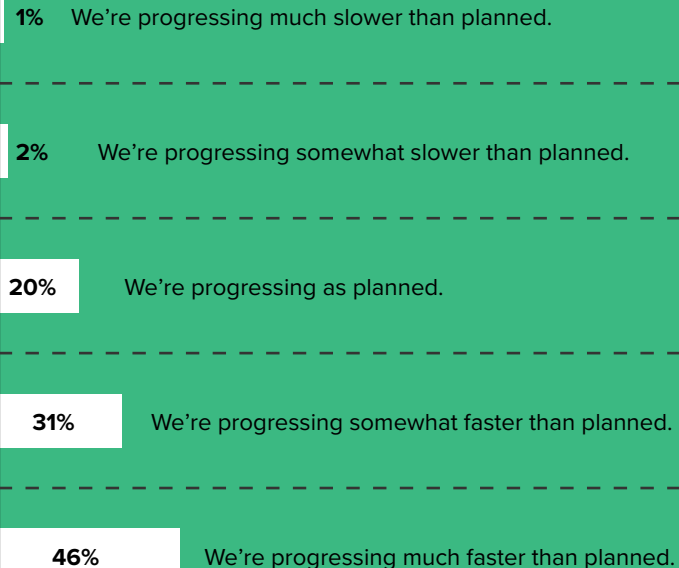
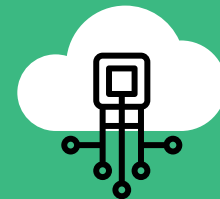
Cloud Journeys Are Rapidly Progressing Across The M&E Industry To Meet Customer Expectations

M&E companies are feeling the pressure for rapid digital reinvention, especially to satisfy direct-to-consumer (D2C) subscription, zero entertainment downtime, and real/near-real-time delivery. Respondents in this study agree, as 76% report their users expect zero downtime, rebuffering, or playback errors. Their cloud journeys are progressing faster than expected (77%) to meet these expectations. Today, 52% of organizations report having more than 60% of workloads on cloud.

76%

agree that their organization's users expect zero downtime, rebuffering, or playback errors.

“Thinking of your organization’s cloud strategy, which of the following best describes its journey to date?”



Demand Is Spiking For Core And Edge Capabilities

M&E customers have an increasingly low tolerance for interruption and increasingly high expectations for more and richer content, pressuring providers to deliver high quality content more quickly to customers around the globe. To get content to customers faster organizations are adopting a hybrid approach - 88% of M&E companies are deploying streaming workloads at the edge closer to the end user (e.g., via edge platforms and/or CDNs), 75% are deploying on a private cloud, and 60% are deploying on public cloud. Adopters leverage cloud for a variety of generic and industry-specific workloads - from fundamentals like storage (57%) to content piracy protection (52%), billing and subscription management (52%), performance analysis (50%), personalization (45%), and more.

“Where does your organization deploy streaming workloads?”

Edge platform/edge private cloud/content delivery network

88%

On-premises/self-hosted/private cloud

75%

Public cloud

60%

“Which of the following streaming use cases does your organization rely on its cloud provider for/leverage cloud infrastructure for?”

Storage

57%

Content piracy protection

52%

Billing/subscription management

52%

Performance analysis

50%

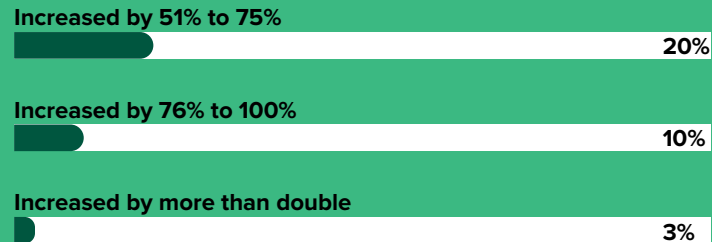
Personalization

45%

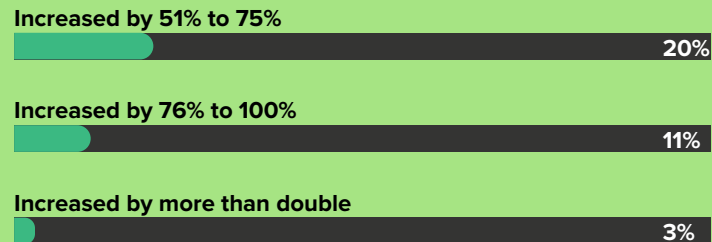
Despite Rapid Success, Continued Data Volume Increases And Cloud Costs Make Current Strategies Unsustainable

With heavy cloud adoption comes volume and cost. A third of respondents have seen a greater than 50% growth in data volume and costs over the past three years, and even more expect data volume and costs to continue to increase moving forward. Where 34% saw greater than 50% growth in costs from 2020-2023, 46% anticipate continued greater than 50% growth in costs over the next three years. While this exponential growth is the reality today, it promises to make current strategies unsustainable.

“How has your organization’s cloud data volume changed over the past three years?”



“How have your organization’s cloud costs changed over the past three years?”



Inflexible Systems And Partners Reduce Organizations' Ability To Take Advantage Of Cloud

In addition to the burden of higher costs, legacy systems and partners aren't made to keep up with the demand. Sixty-seven percent of respondents say the state of their legacy systems is holding them back, while 48% struggle with onsite processing limitations and 48% say current cloud providers lack the geographical presence needed to meet their needs.

“What are your organization's top technical and experience challenges with its current cloud infrastructure?”



67% ■ ■ ■ ■ ■

The state of my organization's legacy systems is holding it back (e.g., it is too complicated to refactor)/it's unable to take advantage



48% ■ ■ ■ ■

Concerns about geographical location of provider cloud (e.g., issues with data sovereignty, localization)



48% ■ ■ ■ ■

Onsite processing needs (e.g., high volume of local data creation) limit flexibility

Costs Are Driving Media And Entertainment Companies To Reevaluate Their Cloud-Provider Relationships

It's getting more expensive to compete in the M&E industry, and 47% of respondents say this is due to the growing costs of working with current cloud providers. As cloud service costs are challenging to manage long term (63%), respondents are reevaluating their relationships with current providers. This includes migrating away from hyperscalers due to cost pressures (73%).

47%

say the growing cost of doing business is a top challenge of working with current cloud providers.

Cost Pressures Impede Cloud-Provider Relationships



My organization is considering migrating away from a hyperscale provider due to cost pressures.

73%



My organization is considering repatriating certain workloads from the cloud due to cost pressures.

68%



My organization's cloud services costs are challenging for it to manage long term.

63%



My organization's cloud service billing is difficult to understand.

60%

Flexible, Scalable, Cost-Friendly Partners Needed To Escape The Cloud Data Gravity Well

The rate of data growth is compounding; 36% of respondents expect more than 50% data growth in the next three years. Cloud-provider partners must evolve to meet M&E customers' data demands. As many consider refactoring their cloud-provider relationships, they seek partners to meet them where they are and help with their cost, data egress, and hosting needs. Their top considerations of cloud providers include total cost of ownership (TCO) (54%), data retention and egress costs (45%), data center/edge proximity (44%), storage costs (42%), and expertise moving streaming workflows to the cloud (39%).

36%

of respondents anticipate more than 50% data growth in the next three years.

“What is most important to your organization when engaging a cloud provider?”

Cost/total cost of ownership (TCO)
(including availability of discounts/
bundled offerings)

54%

Data retention and egress costs

45%

Data center/edge proximity

44%

Storage costs

42%

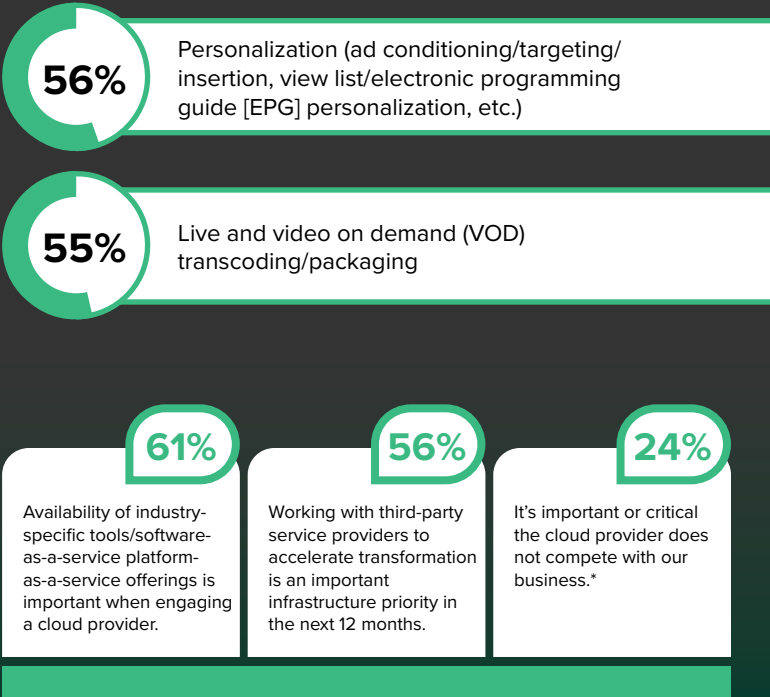
Expertise moving streaming
workflows to the cloud

39%

Trusted Partners Needed To Accelerate Content Production

The M&E industry has unique needs. It is incredibly latency sensitive and competitive. That competitiveness sometimes includes cloud providers. In another Forrester Consulting study commissioned by Akamai titled “The Great Cloud Reset,” we learned that media and gaming industries were the most sensitive to cloud providers not competing with their business.¹ In addition to noncompetition, it’s important to M&E providers that cloud partners have industry-specific tools (61%) and the ability to help accelerate their transformations (56%), including helping them tackle their most challenging use cases: personalization (56%) and live and video on demand transcoding and packaging (55%).

Top Two Most Challenging Workloads



Base: 225 managers, directors, and VPs responsible for streaming architecture and/or cloud workflow implementation
 Note: Showing top 2 ranked
 Source: A commissioned study conducted by Forrester Consulting on behalf of Akamai, June 2023
 *Source: “The Great Cloud Reset,” a commissioned study conducted by Forrester Consulting on behalf of Akamai, June 2023.

The Right Partner Improves Customer Experience, Increases Competitiveness, And Drive Revenue

M&E companies are not only reevaluating cloud-provider relationships to control costs. Engaging the right partner will not only help achieve technical objectives, but topline goals as well, including improving the end-user experience, increasing competitive differentiation, and increasing revenue.

“What benefits has your organization seen or would it expect to see from investing in getting cloud capabilities closer to the end user?”

Improved customer experience (CX)

60%

Increased ability to generate & access realtime insights

59%

Better ability to measure ROI

56%

“How do you expect the benefits you just mentioned to impact your organization’s business?”*

Better/faster ability to innovate

57%

Increased competitive advantage

52%

Greater revenue

51%

Base: 225 managers, directors, and VPs responsible for streaming architecture and/or cloud workflow implementation

*Base: 168 managers, directors, and VPs responsible for streaming architecture and/or cloud workflow implementation who agreed they could confidently answer questions about high-level business implications of their organization’s cloud infrastructure initiatives

Source: A commissioned study conducted by Forrester Consulting on behalf of Akamai, June 2023

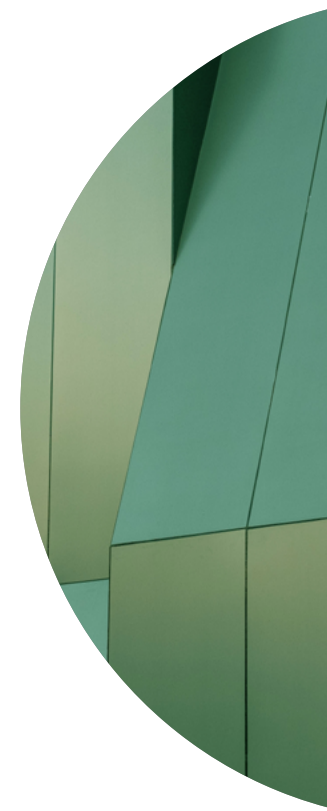
Conclusion

Organizations have seen cloud success and plan to increase investment to improve CX, differentiation, and agility. Unfortunately, the next stage of adoption won't be as straightforward.

- While cloud strategies have exceeded adopter goals, continued success will be tested by data growth, cloud cost of operations, and increasing technical difficulty of workload migration.
- Data growth and cost continue to exponentially accelerate. Cost of movement increases data gravity and, when this conflicts with geographic processing needs, the resulting friction slows adopter success.
- Strategists should preempt this conflict through a formalized hybrid approach to increase flexibility. Additionally, leverage M&E-focused partners both to supplement technical capabilities, and to avoid the impending data trap.

Endnotes

¹ Source: "The Great Cloud Reset," a commissioned study conducted by Forrester Consulting on behalf of Akamai, June 2023.



Resources

Related Forrester Research:

[“The State Of Cloud In Gaming, Media, And Entertainment, 2023,”](#)

Forrester Research, Inc., March 9, 2023.

[“Best Practices For Gaming, Media, And Entertainment In Cloud,”](#)

Forrester Research, Inc., August 18, 2022.

[“The Future Of Cloud,”](#) Forrester Research, Inc., July 17, 2023.

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[Delivery](#) research group

Methodology

This Opportunity Snapshot was commissioned by Akamai. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of global streaming architecture and/or cloud workflow orchestration decision-makers in the media and entertainment industry. The custom survey began and was completed in June 2023. The study was conducted in a double-blind fashion.

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Demographics

REGION	
North America	26%
Europe	26%
Asia-Pacific and Japan	26%
Latin America	24%

STREAMING AVAILABILITY	
In one country	15%
In one region	19%
In a few regions	26%
Globally	40%

100% OF RESPONDENTS WERE STREAMING ARCHITECTURE AND/OR CLOUD WORKFLOW ORCHESTRATION DECISION-MAKERS

Note: Percentages may not total 100 because of rounding.

INDUSTRY	
Telecommunications services	43%
Media and/or leisure	57%

TITLE	
Vice president	20%
Director	32%
Manager	31%
Full-time practitioner	17%

DEPARTMENT	
IT	34%
Operations	27%
Product	20%
Engineering	19%

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