

Global music giant implements Pulse BI system to monitor the organization's heartbeat

Global music company EMI Music adapted its business to capitalize on the growth opportunities created by the digital revolution. By turning the traditional sales model upside down, the new era poses a number of challenges to the company. To maintain its leadership position and to be capable of responding quickly to meet consumer and customer demand for new music products and services, EMI identified a series of core projects to help its business model evolve.

One of these projects focused on management information (MI) and the delivery of a new global portal, known internally as Pulse. Pulse is accessed by the company's 6,000-strong user base through EMI Music's corporate intranet. It allows users in all the countries in which EMI Music operates to analyze business and sales data for the purposes of comparing cross-territory performance and benchmarking the company's overall performance to target areas for improvement. EMI Music worked with Hitachi Consulting (formally Information Management Group Ltd) to design and implement Pulse. The new MI solution enjoyed rapid user adoption from the beginning, delivered benefits in terms of user productivity and effective data sharing.

Situation

The music industry has been through a digital revolution. Consumers are more demanding about the types and format of music they want, and expect it to be available at any time through a range of channels. Revenues for recorded music

have declined due to the emergence of and easy access to digital music downloads; billions of tracks are illegally downloaded every single month, posing a threat to the future of the recorded music business. Legitimate digital sales are also growing.

EMI, the world's largest independent music company, is no stranger to these challenges. EMI Music, its recorded music division, operates directly in fifty countries and licenses its music to a further twenty around the world. It owns record labels including Angel, Blue Note, Capitol, EMI, EMI Classics, Mute, Parlophone and Virgin, which represent more than 1,000 artists spanning all musical tastes.

With the changing music environment in mind, EMI has been executing a clear strategy for growth over the last three years, focusing on developing and marketing long-term global superstars, combating increasingly widespread music piracy and capitalizing on the emerging digital market.

One of the key components to this strategy is technology. EMI Music is committed to using technology innovatively to add customer, artist, shareholder and employee value. A review of EMI Music's technology strategy identified a number of core projects that would help it achieve these objectives. To help EMI Music carry out these projects and position its technology infrastructure for the digital age, it has formed a strategic partnership with Microsoft. Andrew Hickey, Chief Technology Officer (CTO), EMI Music,



says: "The Microsoft story is all about business agility in a digital world and lower total cost of ownership, and that's easy for us to embrace."

Management information (MI) is just one of the areas for development that Media Sector EMI Music has identified. EMI Music's legacy MI toolset had served the group well in the past.

However, changing user needs and new market dynamics called for system evolution.

Previously, EMI Music's data warehouse contained only sales data. EMI's objective was to provide core users and management with the flexibility and analytical capabilities their roles demanded. "The changing nature of the product mix in our business means we needed to be capable of performing increasingly sophisticated sales analysis. More and more of our revenues are being driven by digital sales and that in itself means that we have to change our operational behavior on a global scale. We needed a near real-time view of the business and how it's changing," said Hickey.

The rationale behind the Pulse project was to synchronize local, regional, and global decision making. EMI Music consists of a number of music labels and each of these labels has been used to a slightly different way of working. The company wanted to apply global

standards and ensure that it is performing as effectively as possible at every level and location of the business.

Solution

After thoroughly evaluating the market, EMI Music opted to work with Hitachi. Working closely with EMI Music's in-house experts, Hitachi designed and implemented the new Pulse portal.

Users were consulted throughout the design and build process to ensure that any key performance indicators (KPIs) built into the system were relevant. The intuitive nature of Pulse means that minimal training was required. EMI Music created a network of power users to disseminate knowledge quickly and effectively to the rest of the organizational user base. These power users were key in detailing additional user requirements to the development team.

Richard Piercy, Program Director, EMI Music, says: "The MI project is leading edge, so the chemistry and working relationship we had with the partners involved was critically important. We wanted a high degree of customization, so we chose Hitachi because of its knowledge of both our industry and its close relationship with Microsoft.

"We needed to work with an organization that could combine BI expertise, broad technology skills, operations knowledge and a good understanding of business issues. We found all of that in Hitachi."

Garry Miller, Business Development Director, Hitachi, says: "The solution encompasses all areas of BI, such as data warehouse design, ETL, cube design and optimization, performance tuning, and report development – all of which have been designed to deliver maximum performance for the user, in a reliable and secure environment, harnessing the richness of the Microsoft BI Framework."

EMI Music's 6,000 employees worldwide did not have the ability to access unstructured data such as consumer, market, and artist research. Today, employees can obtain structured data and reporting as well as in-depth research on all aspects of the company's business. Using the company's web-based Global Sales System (GSS), employees can access detailed sales data from around the world and run customized reports based on specific needs. For example, employees can compare physical and digital sales performance data broken down by geography, retailer, artist or even by specific release. By giving such a

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granular and near real-time view of this information, the company can make key decisions, such as how much additional products a given retailer needs, or how much additional marketing spend should be directed to a given artist's release with increased confidence.

Benefits

Simplifying global complexity in a secure manner

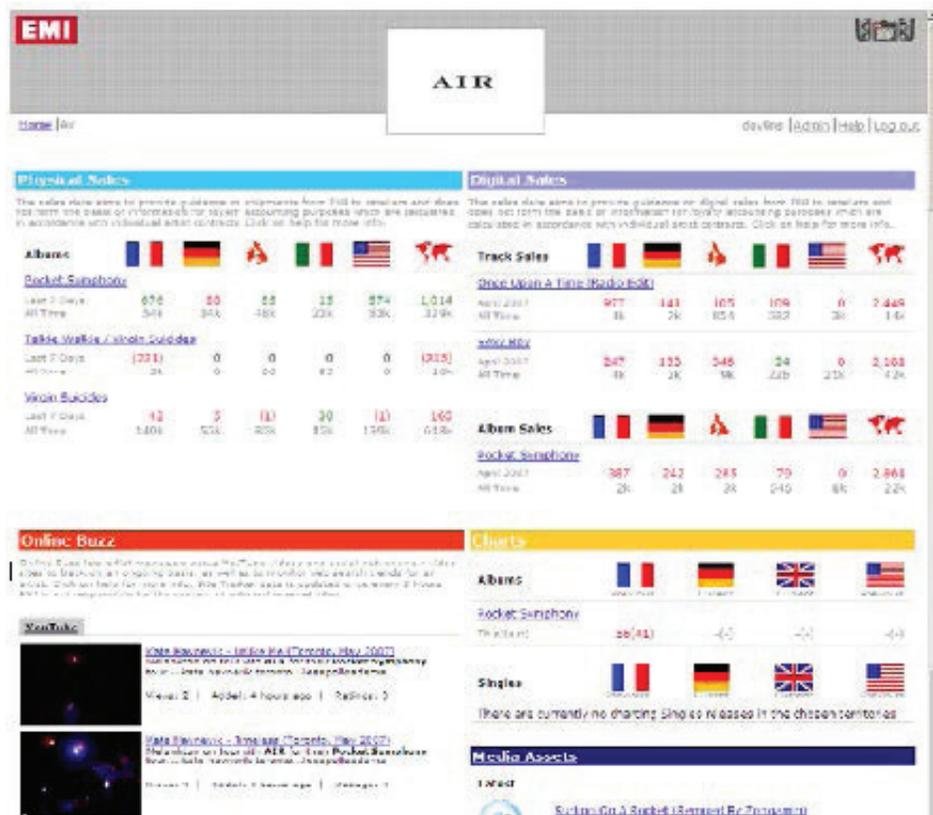
Intuitive navigation has simplified the reporting process, so users no longer have to visit multiple systems and collate information in spreadsheets.

Hickey says: "Users access Pulse through our corporate intranet portal which is powered by SharePoint. Once in the MI section, they see different windows, which drill down into Panorama to create reports on the fly without the need for technology expertise. What we've essentially created is a simple, user-friendly interface that is underpinned by sophisticated database technology."

Greater transparency of business activities and acumen

Pulse further globalizes the company's business processes, giving users the opportunity to obtain a more sophisticated view of MI and to compare their performance against other parts of the business. The information did exist previously, but it was proprietary, local, and less effectively shared.

The previous iteration of the MI section on the intranet wasn't widely used due to its limited capabilities. This often hindered productivity and resulted in potential duplication of effort. For example, a UK user may commission a piece of consumer research, unaware that similar research has already been conducted in





Germany. Today, not only are users aware of all research undertaken, they can also use it for best practice to benchmark their performance and target areas for improvement in the marketing process. As is usually the case with an organization of EMI Music's size, any research conducted is very complex and expensive. By gaining visibility to research already produced or in progress, each territory's research department can dedicate its efforts to more focused research that adds value. Avoiding such repetitions will also deliver savings.

Senior management representatives must have access to accurate and up-to-date management information at any time in order to run their businesses at their full potential. "Pulse provides us with a dynamic and highly-used capability to obtain our daily sales information. Every morning, a record of every single retail sale of our product worldwide comes into the repository. If you go into Pulse you can see exactly how many units any given music release has sold in any part of the world," says Hickey.

Delivering stakeholder value and competitive advantage

EMI Music needs to make the best use of its resources to ensure that it is responsibly meeting the needs of its artists, consumers, customers, shareholders and employees. By eliminating duplication of effort involved in core tasks such as research, EMI Music can deliver true savings that can be reinvested into other areas of the business to drive future success and create business value.

Hickey says: "To maintain our position as a leading global music business we have to maximize the value delivered from the capital investment that shareholders have given us. To do that, and to continue to do justice to our artists and consumers, we need to have a shared, near real-time view of our organization."

Establishing a solid foundation for the future

Hickey says: "Although we have always used this management information, this new system allows us to respond to market demand more quickly and efficiently in order to provide the best possible service to artists, consumers and increasingly sophisticated retailers. We have to be agile enough to compete with the speed of change that the digital revolution has brought with it.

"Some of the music industry has been left behind by 21st century changes to our marketplace, but we're tackling those challenges head on. We're on a long technology journey here, and we need to ensure that, at each step of the way, we're using the right solution."

About Hitachi Consulting

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