

DIGITAL LEADERSHIP

An interview with

Kamal Bherwani

Chief Digital Officer of PRISA Group, CEO of PRISA Digital

*Transforming a media player for
the digital age*



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CEO of PRISA Digital

Impact of Digital:

Capgemini Consulting: How do you think companies are dealing with the impact of digital? Are firms transforming themselves fast enough?

I don't think that we have a benchmark or a reference of a company – at least in the media sector – that successfully transformed itself, because I feel that the process of transformation is not yet complete. There are various media players who have different mixes of digital revenues, but the key question to ask is - are those really profitable?

“In the media industry, digital transformation has not yet come full circle, so we do not have a reference of a company that has successfully transformed yet”

“Companies like media players have to transform at a pace that allows them to survive”

That's the real test. We have some existing businesses that are doing well and are profitable but there are also new businesses that are growing and are on the path of profitability. The truth is that traditional media players have to transform at a rate that allows them to survive. If we shut down all the printing presses and leave everything there for free on the Internet at El Pais (PRISA's general information newspaper), then there is no way we can survive with the existing product. So, digital transformation is not about having digital presence, but to find the right balance between transforming key elements of business to digital and profitability.

Understanding the Digital Consumer:

Capgemini Consulting: What impact has the advent of digital consumption had on your view of the customer?

The biggest revelation to most of us in the media industry was that traditionally we didn't know the end consumers because in the past we never had to. Our customers were advertisers and newsstands. We understood end - consumers by taking a sample of metrics such as average income, average age and interests, and drove advertising based on that average whether it was TV or the press. This defined how we distributed content.

The advent of digital consumption has changed the market dynamics; the industry has moved from a distribution centric world to a consumer centric world, which forces integration of the company. Integration enables more intelligent

selling of products and services that people might be interested in. You need to put your customer in the center, identify how the customer will use your products and services, and how you ensure that your operations are consistent with the customer centric objective.

Capgemini Consulting: How do you go about developing new products for this digital consumer?

While our larger view is that consumer behavior is predictable, we do strongly believe that if you want to implement something you need to experiment. Feedback from customers guides our future plans. For instance, recently we have launched a coupon site that offers great deals on leisure, travel and quality products. The site receives feedback everyday that helps us learn and innovate further. On the other hand, if we had spent one or two years imagining the best coupon site in the world, it wouldn't have worked.

Similarly, we launched an iPad application for El Pais in three months and it was voted one of the top ten in the world. The reason we launched that in three months is because we realized that we will not know the result until we experiment. We have lots of ideas that are innovative that might fail or be a success. I really respect companies that fail well. There is no way other than experimenting to see whether the idea works or not. This shows strategically where the world is going and what capabilities people might value.

“With the advent of digital consumption, the industry has moved from being distribution centric to being customer centric”

Operationalizing Digital:

Capgemini Consulting: What do you think is more important for a company when orchestrating a digital transformation – strategy or quick execution?

Strategy in the digital world is very important because without strategy you are making decisions on a day-to-day basis that are collectively not building towards a single direction. Without a direction there will be random activities that are duplicative and non-integrated. It means the lessons are not learned at every level of the organization and mistakes are repeated. It also means that you don't leverage the integration of the customer experience and the customer insights; so we need a very good strategy but a flexible one over time. Along with strategy it is also important to have a series of measurable quick wins as a build up to a long-haul execution and we ensure that mistakes are not repeated. However, it is important to note that at the end of the day it is not just building the strategy that is difficult but the execution of the strategy as well.

“My approach has always been to cannibalize before someone else does it, it is a matter of timing”

“There is an acute shortage of digital talent globally”

Capgemini Consulting: What do you see as some of the biggest challenges inherent in a digital transformation?

One of the biggest challenges is the cultural transformation of a company like PRISA around thinking in a customer-centric way. Traditional businesses that have been successful have to worry about cultural change and their own employees. For a large company like PRISA, it is also a challenge to identify the right pace of transformation for each of its business areas. The other issue is to align the regulation between different countries around privacy to a common format because we have a global internet with a fragmented regulatory policy.

Capgemini Consulting: In the last 2-3 years have you seen any cannibalization in your existing business as a result of your digital transformation?

In the last couple of years we have indeed cannibalized our business. We launched YOMVI which is the VoD platform that allows you to get Canal+ and other channels and catalogues of movies without having a set up box. We separated the content from the box. It is very much possible that some of the people who are YOMVI subscribers will not use set-top boxes.

My approach has always been to cannibalize before someone else does it. It is a matter of timing i.e. when do you want to cannibalize yourself and how to ensure you do it before any other business.

Capgemini Consulting: At any point during your transformation, did you feel that there was a shortage of digital talent?

There is an acute shortage of digital talent globally. One way of overcoming that is to ensure that the existing scarce talent is well remunerated. However, this also means that you are essentially subsidizing your transformation further. This has an intensive negative cash flow effect. Doing it right requires the ability to identify the right talent and in a quick manner. The competencies required for digital expertise are hard to find, therefore the market for digital talent will remain competitive.

Capgemini Consulting: Given your experience in digital, what would be your guidance for companies starting their digital journey?

It is extremely important for organizations to be close to their customers and understand their needs. Delivering value and personal attention to your customer is essential to gain their confidence and achieve customer satisfaction. Therefore, to keep pace with the digital wave, it is imperative for organizations to drive digital transformation top-down as it provides the right platform to achieve their objectives.

“It is imperative for organizations to drive digital transformation top-down”





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Chief Digital Officer of PRISA Group, CEO of PRISA Digital

Kamal M. Bherwani serves as Chief Digital Officer of PRISA and CEO of PRISA Digital. Mr. Bherwani has over 25 years of technology, strategy and operational experience. Prior to his appointment as PRISA's Chief Digital Officer, Mr. Bherwani was most recently the CIO of Health and Human Services and Executive Director of HHS-Connect for the City of New York, where he implemented several award-winning initiatives that have been globally and nationally recognized. He was previously Chairman and CEO of Relativity Development Corporation and CIO of Bridas Corporation. Mr. Bherwani is an Advisor to the Mayor's Office of the City of New York, on the Board of Advisors of IBM's Tivoli and HP's Print and Image Group, and Stony Brook University's Center of Excellence in Wireless and Information Technology (CEWIT)



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