Interviews

The future of the digital supply chain — Interview with Skiff Wager of SEW Consulting

Skiff Wager
has over 30 years experience in the Print and Publishing, Music, and Broadcast and Cable markets for corporations like Xerox, MCA Records, Universal and Scripps Networks. Skiff has been a pioneer in setting the practice standards for global DAM initiatives for many years. He guides both technology and investment companies as an industry expert and has guided the launch of over a dozen digital initiatives. His Practice Group provides support for strategic business planning, investments and resource management for both corporate business units and start-up operations.

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Abstract Michael Moon interviews Skiff Wager of SEW Consulting on topics around the future of the digital supply chain: the importance of involving business owners first and technology enablers second, as well as the importance of a modular, flexible approach to process management in case business and environmental activities change.
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MM: We're here with Skiff Wager of SEW Consulting — a master class practitioner and one of the co-creators of the discipline that we now call digital asset management (DAM).

Skiff, would you give us a little background in terms of your professional career, highlighting all the various threads that go into your current practice?

SW: Sure. Thank you for having me.

As you said, I'm current president and CEO of SEW Consulting Group. It's a boutique DAM-focused consulting firm that's been in place for about five years.

Prior to starting that career, I spent a number of years at Xerox Corporation in their print and publishing area. Back in the early 1980s, we were focused on converging and converting hot lead print presses into digital devices that Xerox was just beginning to produce — both black-and-white and full color. Specifically, how do you actually convert these existing 20 year + old print shops into a digital world and platforms. That was interesting both from a technology standpoint, but also a cultural standpoint.

I spent about 11 years at Xerox doing that. Eventually I ended up running their global outsourcing practice — what they call "Business Services for Xerox." That was an early entrée into what we call now DAM for print.

At that time it was load-balancing print-on-demand effort, utilizing existing Xerox printing and publishing equipment, taking print content from very large customers in the oil and financial businesses, such as Enron and Exxon Corporations, and actually offloading those assets into nationally distributed architectures. And then printing and packaging that content and distributing it back out.

We could call it a success or we could call it a failure. I'm not sure which it was. This was a very technology-driven set of solutions. But after getting that print and publishing background under my belt, I was fortunate enough to move into the music business with MCA Records in Nashville, TN. Not being much of a country fan, I learned to like country music.

It was interesting to see that Music Corporation of America (MCA) was in the forefront of having a vision to manage their artists' assets — from short music videos, to the audio tracks themselves. This included anything that actually would go into a CD/DVD jewel case. The graphics, the logos and text — things

Skiff Wager
SEW Consulting Group,
9107 Steinbeck Lane,
Knoxville, TN 37922, USA
Tel: +865 560 9329
E-mail: skiff.wager@sewconsulting.net

like that. Back in those days, there was no real DAM software or MAM/MOM software as we think of them today. We actually just kind of hand-rolled it into SQL databases back then.

It was successful enough that we were noticed by the corporate office and began a cross-funded developmental set of activities. At that time, it was Music Corporation of America and I was asked to come out to Los Angeles to run a global initiative for the Universal (Universal Music Group), who had acquired the corporation and began looking at this as the early days of audio distribution.

The studios back in those days said, "You know, we're going to be the master house underneath that's going to feed these download systems — whatever they may be. We need to prepare for it."

It was nice to see that they had some type of vision. The company at that time was Universal. Universal acquired PolyGram and Seagram's eventually bought them. But the reason that there was an acquisition of PolyGram at one point was there were distribution problems in the international communities. The international community could select content and license it for use, but was not required to use all of the US-licensed content. So the asset-management initiative by Seagram's/Universal was to solve this problem of getting things into electronic format and being able to unbundle those assets, and allow the individual houses — whether they were distribution or creative houses to actually then utilize those assets, and then distribute those assets into the distribution mechanisms that you see today, globally. Of course, the original was Napster. Now there's a plethora of others.

That's what Universal was thinking of in those days. Unfortunately, I was not offered a position to head over to Europe when Vivendi acquired Universal. But it was a great experience in a global initiative for DAM. And they were at the forefront of this.

We were utilizing the database companies such as — remember the old days of Informix, Michael? Also Oracle and IBM because they hadn't really matured applications on top of those databases we were actually building directly onto the database itself. That was a little hard to handle and much tougher to manage.

But I think the learning there was that there was executive buy-in. We had to prove the reason for the funding and the ROI. Then we had to technically solve the problem.

From there, I was very fortunate to become the CIO at Scripps Network. That's the 120-something year-old E.W. Scripps Cable Divisions. As their CIO, I was brought in to actually launch a seven-year DAM initiative. This was probably wider than most initiatives that we see today. It could be troublesome, but actually it had great vision. My vision was to tie all related systems together so that an executive could see at any moment the "state" of an "event." There was a tie-in to systems for financials. There was to be a tie-in to HR to understand the contracts about the creative producers that were creating content for HGTV and the Food Network and others. As well as storing and managing these assets for themselves.

We had a big distribution problem. The key was we wanted to link with new delivery vehicles for VOD in the cable industry as well as the heavy-heavy push for broadband. How do you handle distributing lots of little teeny pieces of content, packaged in such a way that these receivers could absorb them and get them out on their VOD and broadband sites?

It was a Hecuba problem but it was nice to play with. Because there were companies that were starting out there that were looking to do just that — to solve these problems of multi-tier distribution. And we were at the forefront of being able to support that.

I was asked to be on the Cable Labs committee, to set the metadata standards for the cable industry for VOD. We were the first company on the committee that was not a movie studio, which is what the metadata specs in the early days were for. This was a cable network with episodes and series, with different advertising needs, and that was a type of thing that HGTV and the Food Network wanted on VOD.

So there was a great knowledge gain on what it really takes to move all these pieces, and then what the long-term vision is for back-end asset management strategies. So I got well entrenched in that.

That drove me into doing what I'm doing today, which is running my own practice. We've got a great team of individuals who help solve some of the problems. Our clients are Fortune 100 companies, and also some of the very small start-up companies.

What's neat about it is that one of the focuses we had initially was, "Let's work with the VC firms. Let's work with the investment houses to start guiding them and developing the products that are filling the gaps around what some of the bigger companies are already providing solutions for. Like EMC, Artesia and Interwoven." Where are the gaps in the technologies that will make this a good business story overall?

MM: Skiff, a conversation that we've had on and off for several years now centers around DAM as a business strategy, as opposed to a technology strategy. And then, DAM as a capability within a larger digital supply chain framework.

Could you spend a few moments unpacking the idea of DAM as a business strategy, as opposed to technology? And talking about your take on digital supply chains?

SW: Sure. In fact, I mentioned early on that at Xerox, we were looking at solving some print-on-demand and distribution needs. Was it a success or a failure? I classify it as a failure — even though the company made probably a billion dollars over a few years. That's not small change for a company.

But it was a very technology-focused initiative. It was all about the Xerox technology that was coming out of PARC and how we'd use that technology to satisfy some business outsourcing needs. Even though — again — the company made some money on it, I think they could've done a lot better.

I think that what I've discovered and what many others are discovering is that this is not a technology problem. Technology is only the enabler. You don't go by DAM. You actually don't go by MOM. You don't go by MAM or MRM or any of the others. It is a digital business strategy, really to reduce cycle times and increase revenue.

MM: Yes.

SW: The approach that we like to help our client with is, "Yes. We understand there's technology there. A lot of times, the IT departments are trying to take the lead in these areas when in fact you're setting yourself up for failure." We've got to focus on what the business requirement is. Why is the company going to spend X dollars? To do what?

MM: When you did your case study on the Scripps Network, you had a really elegant model. I think you call it an ingest-manage-distribute model. In that, you highlighted a number of content endpoints or distribution endpoints. Then, you highlighted one of those and back-solved or worked backward from that into what set of technical resources or capabilities that Scripps would have to build or provision in order to make or to light up or to operationalize that particular revenue channel. Could you take us through that way of thinking? (Figure 1).

SW: Sure.

There are some of what I'll call high-level processes and workflows that actually start with Create, and then ingest-manage-distribute. Then, at some point, you have to measure how well you did.

If you're focusing on asset management and some of the core pieces there, you're ingesting content. There are quality control and metadata standards. You're then going to manage that content. Whether it's from a business side, which may be contractual documents — it could be sales and marketing type information. It could be just any diversion and those kinds of things. Then you get to the distribute model. There are tools associated with each one of those areas. There are ingesting tools, management tools and distribution tools provided by the industry that can solve these core issues. These are broken down in the model as clean touch points to work with the various suppliers. Many of them will say they do them all, but be careful.

But back to your original point. Is it a technology or a business problem? The business problem says, "What am I trying to solve?" If you think that way, the distribution point — if you're a content creator or provider, it's to get the right content out to the right audience at a very specific time. As we find now, it's getting very fragmented — to be very niche driven.

In Scripps' particular case, we looked at what those receivers were. One was the Time-Warners and the Comcasts of the world for VOD. One was the Googles and the Amazons and the Microsofts — to get content out to those guys. And then there were many others.

In the distribution column or portion of the model, we laid out what our distribution

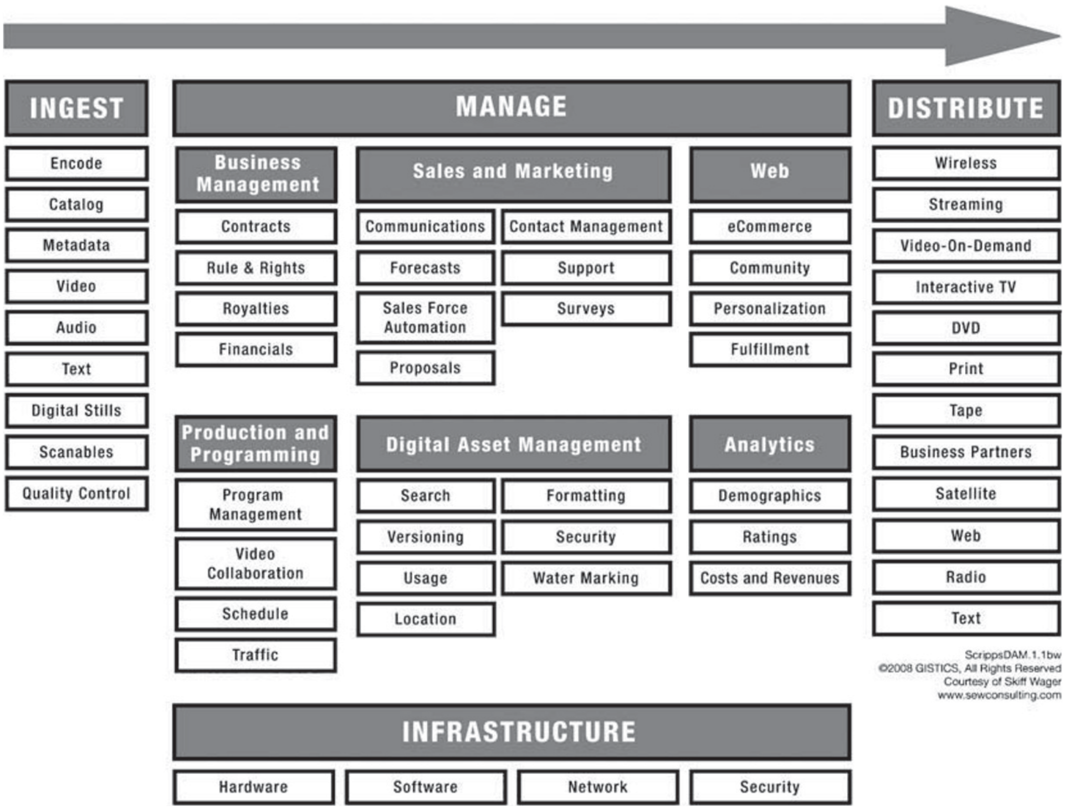

Figure 1: Ingest, manage, distribute

points were. There were some that were unknown, such as mobile. That's the great thing about having a flexible model — the ability to move nimbly as the environment changes.

We had a vision that said, "Yes. At some point you ought to be able to get a recipe off the Food Network to your phone on the way home, or at the grocery store." We weren't ready to get there, but we knew that that was going to be a distribution point.

To your comment, we started there and worked backwards. We said, "If we need to satisfy VOD, what do we need in here? What information do we need to manage? Where does that information come from? And how do I get it into a management tool?"

Then we walked through all the distribution points and went backwards into the model.

MM: As I understand it, Skiff, the last couple of years you've worked pretty extensively with what I'll call global brand marketing organizations, as they start to develop a marketing supply chain strategy with DAM as the core piece of infrastructure, or the building block for effectively speeding time-to-market and reducing costs and improving quality and so on.

Could you take us through the strategic distinctions or principles of a marketing supply chain, with an emphasis on DAM and related systems?

SW: I think you need to keep your eyes wide open. Companies tend to lean one way or the other in utilizing creative resources, whether those creative resources may be in-house or external. Maybe they're external agencies or a combination of the two.

When you have that kind of focus, it'll drive some of the business decisions on what that supply chain should look like.

MM: Before we launch into that topic, I just wanted to drill down a little bit to the ideation and creation part of this whole marketing supply chain.

As it relates to a digital supply chain in that ideation and creative process, what are some of the organizational and/or technical issues that you typically address as we start to think about automating a marketing supply chain?

SW: Sure. It'll be a little bit based upon if it's US-centric, regionalized or truly global. I think what we're finding is that the brand for companies like an Apple or a Bose Corporation or a Nintendo or whatever some of these really big brands like Coca-Cola is. There's more brand awareness. They're really seeing more of the value in the brand. And brand consistency becomes a driver in some of these strategies.

We have — and I know you as a firm at GISTICS has really done research into how we define brand consistency. There is no static formula. But we do have to know that if you don't focus on brand consistency, you're in a world of hurt down the road.

We get into the creative processes and some of the organizational and structural problems, and then the digital tools to accomplish that. We have to think if we're trying to look for global brand consistency or if we're focused with autonomy in some specific regions, with the US being one.

There's a real cultural change in a creative team sharing work-in-progress assets versus a final-type asset. Creative people are creative people. They're very proud of their work. They want to make sure that they're spot-on and clean, to drive home a particular message.

To say that we want to share those assets in the ideation phase — maybe even from a drawing in a conceptual sketch — to want to share that possibly with our global partners or our regional partners to get their input, so there's some brand consistency down the road. That's a real cultural change that has nothing to do with technology. It has to do with, "Is this a business strategy that we're focusing on a from 'C' level," senior executive level that says, "We will act as a company like this, and we will act as a global creative group." That's a cultural change. I think that takes longer than technical implementations.

There are plenty of tools out there to help these teams do that. But what's the approach ensuring success in that area of the business? I think there's a good trend toward community modeling. Whether it's an internal or combination of agencies supporting our community, what does that Marcom community look like? And how should that community act?

MM: That really gets into another conversation we've had, about the notion of planting the seeds to cultivate a community of practice or a community of best practice for an entire marketing community.

For example, the notion that marketers — as adults — learn best not as a function of reading something in a book, or looking at somebody's website, or seeing some linear piece of media, be it a video or film. Marketers learn best as a function of communicating, interacting and collaborating with other peers in some sort of problem-solving or shared activity.

The challenge then becomes in creating peer learning communities.

Could you say more about specifically how one sets out to build these communities of practice?

SW: Yes. I certainly can, Mike. There are some research and planning methodologies that have matured over time. We've created one out of SEW Consulting that we've thrown a lot of mud at, and it seems to hold. It begins to have you open up that dialogue, even to talk about it. That's organizational reviews and part of that research and planning methodology.

It's interesting. You really have three components to this puzzle. One part is the marketing teams themselves. One is the creative teams supporting the marketing campaigns through a creative brief. Then there's good old IT. Good old IT needs to be a part of this.

IT people tend to not worry so much about being creative. They're very analytic. They're project oriented. They're very linear. There doesn't seem to be some of this "turf battle" as much.

We know that IT groups can have turf battles but not in the same sense of, "I like my graphic and I'm a genius when it comes to creative." You know what? They can do things I certainly can't do. So I have to give them respect.

If you look at IT as very linear and overly analytical sometimes — it is to a good point. If you look at the marketing teams, they're a little bit of both of that. Marketing is creative on its own. It's trying to be very open in delivering its message — yet to sometimes subliminally deliver the message. But they want the marketing analytics. They actually want to know how it performed. Sometimes they'll overanalyze it.

Then you get the creative people who are just creative people. How do you get all three of these to play in the sandbox?

I think you need to follow some good best practices from individuals who have done this before and have planning methodologies. This is how we begin to open up a dialogue between the creatives and the marketing teams to say, "Why shouldn't we share? What's the barrier here? What are you so caught up on that you don't want to share your information and really almost exploit it?"

That's part of the business planning. What are the stumbling blocks possibly in your company that may hinder you from being open and sharing? How do you begin to cultivate that community in terms of wide open discussion? Even if you think you have the answers at the end of whatever that period of research is, you won't really have the answer.

A community is like the old communes that come together with open minds, and they begin to formulate and grow some crops and create some things. Things change, and they morph and mature over time. That's actually what you want to see — with some good guidance.

MM: We were talking about the role of the creative. We've got in-house creatives in some cases, and in some cases external creatives, and occasionally a hybrid of both. It seems to me that there are real issues in how you bring automation and services to support that group becoming more effective.

It seems to me that the process that really defines the work of ideation and creation is that of holding really open-ended conversations, with the goal of ending up with a strategy and a marketing position and a value proposition and so on. But these conversations tend to be very circular — and depend on the idea of an ongoing discovery of the big "a-ha," that brings together many elements of market requirements, customer requirements, brand voice, value propositions and technical capabilities.

As a process consultant, could you speak to how you address the technical requirements and business requirements of supporting that ideation process?

SW: Sure.

We talked about brand consistency. That seems to be buzzing around all over now. You can't pick up a trade rag without seeing it. The other is collaboration.

Recently I was asked by a company that said, "Could you explain collaboration to us?" I'm thinking, "Okay. You're the senior executive. Why can't you tell me?"

But the question was a good one. I think there are a couple of levels of collaboration and then how you get that to happen. One is — like you just mentioned a second ago — communication.

Does that mean "digital" communication? I can send e-mails all day long. But you know what? There is no attitude and no warmth that goes out with that e-mail. Collaboration consists of a lot of verbal communication. Then it's collaboration among their creative teams at a desktop level, whether you're producing video, audio, or packaging graphics or doing a photo shoot.

How do we actually solve the need of what the marketing campaign was focusing upon? We don't randomly create assets just for the fun of it. There's a marketing campaign that's been well thought through by the marketing departments that may have a theme. It certainly has some directives on what type of creative outputs should occur.

Then, how do we look at tools to support? Now we've talked about it, how do we actually pass data? How do we actually look at work in progress?

Adobe has a great set of tools. There's a tool that's been out for a year with them called the InDesign Server. It takes some of the CS3 Suite — the Creative Suite — off the desktop, and applies it to a server. That allows for open sharing and collaboration.

As an example, we may want to collaborate not only within the internal creative team, but also with business partners. Such as our dealers or wholesalers or subsidiaries who actually may want to collaborate with us as well.

Something like an InDesign tool exposes — as an example — a set of layouts. A dealer may want to drop their logo, or has the ability to drop a single graphic, but it can affect the layout. So you can protect that layout, security- and frame-wise, to allow some interaction even with external partners. That even could be an agency, if a dealer is one of your distribution points. It allows you to do that.

There are some good digital collaboration tools right there.

MM: Great.

In terms of addressing various types of collaboration, you've addressed one, which is really the fit-and-finish of creative concepts, oftentimes with external stakeholders. Did you want to address any of the other aspects of collaboration?

SW: I've found that there are different touch points in collaboration. One could even be legal. Do I need to have legal understanding of the messages that we're trying to deliver here, and get annotations and information and feedback on that? That's collaboration. Then I can drive that information back into the creative teams, to make the appropriate changes.

I think — again — it's a community build. Do I have a single creative team that just focuses on, "Okay You, Ms. Smith, need to create this package and graphic," and she operates in a silo? The answer is usually no.

So how do we collaborate with all the touch points in a company? Again, they might be your relationships manager who's working with the marketing department. It could be the actual creative individual who's working on the desktop tools. It could be the external touch points that we talked about. Working with your regional or global partners early in the ideation creation phase can sometimes make an individual creator feel they are losing some of their uniqueness when in fact they are collaborating with other creative folks who also have great ideas, but harmony must be reached to support the corporate needs.

So you need to understand in your planning and research where these touch points are both in and out — in order to begin to select the right tools. But we never select the tools until we've solidified the business strategy.

MM: Right. We solidify the business strategy through doing user interviews and other sorts of research — of trying to understand in an explicit if not visual manner the steps, activities and tasks associated with getting an important piece of work done?

SW: Yes. I think there's certainly what I'll call "current state assessments." There are three real pieces in that current state. One is the organizational environment. How are we structured now? Are we even really structured as a company to work in a digital-collaborative fashion? Internally and/or externally?

There's the current state of workflows and processes. How do I do it today? What am I doing?

Then there are also the externals. Am I using any services to help support these processes? I think that those you look at in your current state assessment.

Then you move into a future-state assessment. That is, "If I had a clean whiteboard, what should it look like?" This is a struggle a lot of times for a company. They'll instantly turn to, "Oh, I know this great piece of technology." Then they start to formulate the work processes around software that's already been generated, or services that are offered via an ASP. This is a very bad way to start.

We want to look, in that future state, "Do I have performance requirements?" If it takes me two days to send a file somewhere, why don't I just send it overnight? Why do I need to have this big digital platform?

What are some of my current applications that may have future releases? That may be fine. But I don't want to get up on into the technology.

It's a set of questions that are sometimes hard to ask. You have to have some experience with successes and failures in asking the questions, so you don't spend a lot of time asking questions that you don't need answers to.

MM: Right.

SW: So the future state there moves us into this open whiteboard that says, "In Nirvana, taking the organization out, taking the people out… Your friends out here — and who I interact with…" To say, "What really should be the most efficient manner by which to do this?" Then start to whiteboard out those thoughts.

Then we can marry those into business strategy discussions.

MM: That really calls attention to separating out operational goals. That's how we spend fewer hours pulling all-nighters. Generally, in the marketing community, I think it would be fair to say that there are three or four large, overarching, strategic objectives that might frame and give a business rationale for developing a marketing supply chain with a very strong DAM-enabled process.

First, I think, is probably a global product launch — with the idea that if we can launch a product concurrently across the globe, that means that we can start depending on media synergies — because more and more of the media is global. And the idea is that we can maximize the return on our marketing investments because we're not having dark zones that we have to then market to from scratch.

Another aspect of an overarching goal is to harmonize or to integrate the online with the offline. Traditionally, the online component has been in its own world. In some cases, run by a bunch of mavericks and cowboys. They've created a whole brand voice and engagement theater that oftentimes is at odds or is disharmonious with what goes on in the actual retail storefront or in the physical market.

Any other kind of large — almost transformational — goal or strategy that really would frame and start to make the case for these kinds of investments?

SW: I think there is. In fact, the word "Investment" instantly tells me, "ROI." Some companies will say, "This is an infrastructure play. We have to do this no matter what. I'm not so worried about the ROI." Xerox, as an example, said, "We must have a 14 per cent ROI, no matter what we do." I'm going to tell you — you will not be able to, in your investment analysis in a true asset-management ROI — be able to, from Day 1, tell you exactly what that return is going to be. I almost will always say you're not going to equal 14 per cent. It may be 150 per cent down the road once you realize everything and can calculate it, because you're able to measure it. But you won't up front.

Here is the question. If one of your goals is concurrent product launches, who stated that? Was that a senior executive? Do we get buy-in to say, "That's one of our business strategies? How are you going to meet that marketing and strategic play for the corporation?"

You're right, Michael, in saying that the online groups have gotten a little rogue. You may be losing brand consistency. So is brand consistency a strategic business driver for you? If it is and your online group has gotten a little rogue, then the strategic directions we need to harness and bring back in — not only for reasons of brand consistency… But there's good talent, there. How do we bring those back together?

If we look before the dot-com burst, we saw large-scale companies replicating not only their creative staffs, but also their administration and distribution and analyst staffs, to just manage the online group. That had the nirvana of creating zillions of dollars in advertising.

In the first few years, they wondered if they were even getting a return. If the return was good, they may have been getting 1 per cent or 0.5. If they were outstanding, it was 2 per cent of revenue. That's nothing when you're replicating all of this stuff.

So you start to harness and say, "Maybe we are overbuilding a separate online group, when it's really just part of a marketing strategy."

If you look at a marketing strategy you'll say, "Okay. We've decided for this particular product launch or promotional launch, that these are the areas of creative types we want. We want video advertising, radio spots, point of displays in stores, point of presence here. Here are the graphics for these kinds of things." Those are going to be the outputs we want from our marketing campaign.

The online group really is just a distribution for marketing information. You can add e-commerce to it, but in our thought process those are separate. So the online group should not be operating as a profit-and-loss center unless that's your only business — online sales.

If we're looking at concurrent product launches, how do we actually launch a product in multi-language across the globe concurrently? That really puts a heavy burden on the creative groups — whether they're internal, external or — like you said — a hybrid.

There's a big push on, "How am I going to be more efficient? How am I going to get the brand consistency theme across multiple languages and multiple cultures? And how do I do that more effectively and efficiently and validate it?"

One of the key pieces is that we need a good, global, creative brief that comes from the marketing brief. That will now tell me, when I go to create packaging art, that I need to consider my European partner. Or if I'm in China, maybe I can't show a sweater that has exposed shoulders.

So what do I do? I create a graphic that has one with the shoulder exposed and one not. Then I can put this into a repository that the online group can feed from, and other regions can start to feed from.

MM: Skiff, aren't you really talking about the transformation of a creative brief or a marketing brief into basically a launch platform?

SW: Yes. Or we could call it, "Campaign in a box." Yes. That is correct. There is a set idea of these being the baseline asset types that we'd like to create. Not necessarily from a centralized environment, but from a base-lining environment. We can then offer that to the community.

Some companies are very centralized. They say, "This is what this looks like, and you use it." You don't have any autonomy.

I think in most creative worlds there is some autonomy region-by-region, and certainly across the globe. There is some autonomy to amplify those assets — and certainly the copy is going to get translated.

MM: The reason I emphasize the notion of a launch platform or a marketing platform is that it's first of all structural. And it also has the underlying design of building things on top of it or on the side of it.

As we go into a localization process, the launch or marketing platform also sets up policies and guidelines, if not explicit publishing standards for what the localized thing should look like.

SW: Correct. That's a good question. There are three answers to that.

We talked about in the early current state assessment, "What does your organization look like?" Then we've also talked about the ingest-manage-distribute model. If you look at really strong engineering companies and if you look at companies like Boeing or others, they actually do modeling before they even start anything.

The great thing about the IMD model is that it is a model. It's a modular model. That allows for tools and services to be lit up. You have an implementation and think this is the right priority to launch these services into a digital platform over time. [It means deploying] some business priorities that you know today.

That may change. Economic reasons, organizational reasons, who knows? That model also gives you the flexibility to light up a service and set priorities, over time.

One thing you really hit on is the policies and guidelines. That comes back to the organizational environment.

If we know that this is our strategic business direction — concurrent product launches or brand consistency or more effective, nimble manners to meet an emerging market — like getting content on a mobile phone. We have to have a digital platform that is flexible as well.

The build-out of these platforms doesn't happen in six months. It's a business strategy that needs time to bake. It takes a while to launch it. You want to be careful in doing it. User acceptance is 100 per cent important.

Along with that, there's our organizational structure correct for a digital platform environment? Are we even nimble enough a company? And if we are, what are our new policies and guidelines that won't hamper us as a Marcom community, but will allow us to have some guidance to actually get some things done in the right direction?

MM: Right.

SW: Those policies and guidelines need to be thought through well. You can hinder a company by overstating policy.

Guidelines are one thing. Right? They're a little softer. But policies and guidelines are part of the business strategy that's going to state, in a digital supply chain, that if a link in the supply chain decides not to play in the sandbox along with everybody else, your supply chain has been broken.

So the policy may be that, "You will use this digital asset platform, and not do everything and hoard your assets on your desktop." Good general policy.

MM: That also would suggest that, as we have supply relationships with creative partners, production houses and post-production houses, that we actually have language in the contracts with the suppliers that specify what constitutes an asset fully tagged, profiled and uploaded to the appropriate receiver.

SW: You're taking it down the road a bit. That's a good thing, Michael. You do need to have policies and guidelines internally. There will be policies and guidelines that you need your external suppliers to live up to.

It's not that you're necessarily going to go cancel their contract and make them rewrite it today. You need to be thinking out, "Okay. A year from now, this photographer's contract expires. When we renew that contract, I need them to live on a new set of guidelines. We want you to open up the extranet portal and load all the photographs in for us."

By the way — there are these ten metadata fields that you have to include with it. Also when we go to do quality control on those assets from your photo shoot and you haven't met those controls, we're going to push it back to you until you finish it. Then we accept it and then we'll continue to process your invoices.

You could be that strict. Actually, that's not that strict. It's just good, efficient business practices with policies for your external suppliers.

MM: Skiff, we had run across this a number of times — especially working with global, Fortune 100 types of brands. We'd make the case that having reusable Marcom assets is good. It saves money. It speeds time-to-market. But when it came down to the fine point of their primary agency or their agency contracts, the agency said, "That's all fine and good, but we're going to charge you extra for that."

So ultimately it really came down to one of the hindering factors to your point. The weakest link in the supply chain oftentimes is the language of the contract with your supplier base.

SW: So you've got to think if there's also good market demand. Do they want your business, or are they such a good agency or supplier that you can't go anywhere else?

MM: I'm not making the case that the client doesn't have any leverage. But it's that someone has to actually look at the contracts of their various suppliers. To accommodate the new requirements of digital assets in a marketing supply chain — with specific respect to the metadata and/or the project data that goes along with profiling an asset and its current state of ownership, clearances and so on.

SW: Yes. You're absolutely right.

When I talked about IT being a partner in this Marcom community, well, IT has some good roles to play — not only in the research and planning but also in technical implementation once the tools have been selected. And then supporting you with those tool bases, in that digital platform, long term.

The other body that needs to be engaged is legal. It is what it is. You've now engaged the creative and marketing teams, the IT team and the legal team, and the financial team. We may even get to the HR team here shortly. Or even a business-change management team.

But when you set policies and guidelines, there needs to be some input from the legal team. They are going to do just what you said. They may need to be aware of, "This is the digital services. This is our long-term vision of business strategy. How do I protect the brand and the company and make us more efficient in our legal contracts, as well as the costing of those contracts?"

That's very important.

Policies and guidelines are always a sticky issue. You have to kind of soft-pedal it quietly along through the whole set of strategy design, to say, "Yes. There are some things that we'd like to see in our contracts." By the way — give them some input. "This is how we work with our external suppliers, now."

That could be a printing company. It could be an agency. It could be a graphic design house that's not an agency. There are all kinds of external environments and suppliers out there.

When we look at digital supply chains, everybody needs to be moving in concert.

MM: When I conducted some research of enterprise resource planning and physical and material supply chains, what were some of the best practices for propagating a new way of working as a function of the process re-engineering of the change management process?

One of the things that I saw in terms of the organizational change was the development of what I call or what I hear referred to now as "position" contracts. Position contracts are basically formal agreements written by and between a manager and a staff person.

It explicitly details the technical work that that person will conduct, and then the policies and criteria for measuring the quality of that technical work. Each piece of technical work comes down to a documented action plan. In the Six-Sigma black belt land they would call that a "work initiative." A work initiative is essentially an action plan that's part of a larger standard operating procedure.

I know that sounds like a lot of overhead but in essence wouldn't you agree that these large-scale deployments really are — first and foremost — organizational transformation? It's about taking implicit, informal ways of working and beginning to systematize, if not orchestrate, those ways of working in terms of a larger supply chain.

SW: We see contracts today between departments that are service-level agreements for quality. I think it originally started in IT of, "Here's my customer support desk. How am I doing?" But when we get into the Marcoms, those were early days. That was a long time ago.

I think you hit on three pieces. Yes. It's organizational change. That is much more difficult than the technology. And I can't say enough that most of the clients we've talked to over the last number of years have gone in and bought DAM or bought MRM. They didn't quite get it right. Maybe they even tried a second time. They finally said, "You know, I need to go to that Henry Stewart Conference just to figure out what's really going on. Because I've stumbled a little bit, and I'm not achieving the results." Organizational is even bigger than that.

But how important is this business strategy to the company? So the importance factor is there. Is it an exclamation point or is it just an underlying?

So we look at the importance factor. If that's high, then there are some possible HR performance appraisal position contracts between management and employee or team that says, "You're based upon your performance. You get your bonuses based upon performance. You get your raises based upon performance." And by the way, this digital business strategy is so important to us that we're going to make sure the organization is moving in lockstep with this.

We have been in both environments. People in their positions always want to continue to grow. Most individuals do, I believe. This is a growth opportunity to take on different or extended responsibilities than we currently do. Some people just don't want to do that, and they may not meet their performance appraisal.

Your position contract is interesting, and it's based upon what I see as, "How important is the digital strategy to the company?"

If you take organizational structure — yes — as a high point of focus. You talk about the importance of this to the organization — that should drive the business strategy. Do we now align our employees via their own performance appraisals or position contracts to start thinking and moving that way? That's an incentive to go that way.

Then, the key thing is that we don't have any weak links in the supply chain. I was with a company not too long ago that had launched some new software. It was a project management type of software. Some people liked to put in the data and some people didn't. When they went to see the status of where we were and all of these moving creative types and the certain of these creative types, some were laggards. That kind of broke the supply chain or that portion of the supply chain. So, yes — those three factors, I think, run in concert.

MM: There was something really brilliant in a couple of these position contracts that I had the opportunity to see. Not only did they have the job description, but also they actually had a summarization of the strategic objectives — the strategic plan — of the organization — including the change-management plan.

And when it came down to it, a particular employee had to read, understand, and initial and sign off on the strategic plan, the organizational change-management plan, my role in that newly-organized operation, the specifics of my technical work, the criteria by which I now agree to be measured in the performance of that technical work, and the tools that I need to be fluent in or competent in the use of to perform that technical work — and then finally, a career-development plan in terms of new skills that I agree — in advance — I will invest myself in acquiring.

So, built right into the position contract is an almost holistic representation of the organization, but at an individual level.

SW: These conversations involving environmental organizational changes are very, very touchy with most corporations. In fact, they don't even see that when we begin talking about a strategy. You certainly can't have those discussions in open rooms full of people. They're very quiet and focused. I see that as the opportunity.

This is where we need to show how we communicate and how we road-show the opportunity of a digital platform. There are new opportunities for employees.

If an employee says, "Gosh You're putting all these critiques on me that I've got to do this and I need to perform at this level. I need to use these tools. I need to be able to speak better so I can run these sessions." You take that as an opportunity and say to the individual that's driving this toward you, "You know I need some additional training here in order to meet that goal. In fact, that's one of the directions I want to head, personally, as an employee in this company."

I'd spin it to, "Great. Let's assist in retraining in order for these individuals to be effective in this new digital supply chain."

MM: In fact, I've seen organizations that put together a performance-based or skills-based compensation program.

Then you're talking about really making a game worth playing. Really coaching the employee that really, "You're a business of one." As a business of one, you have an inventory of 210 or so days that you sell at a current market rate called "your salary."

This inventory, however, depreciates over time. The value of those days depreciates over time as others in a competitive market continue to upscale. So in order to maximize the value of this inventory of 200 or so days, you must be part of an ongoing lifelong learning program that's really about building a skills inventory. Almost as a mutual funds manager builds a portfolio of stocks, and hedges that portfolio in the case there's a sudden uptick of downdraft in a market.

SW: Right.

So you're talking about different levels within the employee hierarchy. Down to the individual worker, up to maybe a senior executive who's managing hundreds if not thousands of individuals. But again, I think that you can look across any industry — across any maturity level. So when you come out of college, you're at X. When you've been in the business, you're at X. Either you've become successful by continuing to add skills to your own portfolio, or here's an opportunity to continue doing that part of a business strategy.

What's also neat, Michael, is — we haven't really talked about, "Do we use these technologies in-house? Do we use application service providers? Do we use companies that provide Software as a Service (SaaS) and even new ones that are offering Process as a Service (PaaS)?"

Now what you can see and be able to measure is, "Here's my new supply chain. I'm utilizing SaaS." I can now, in those individual processes and in those individual software pieces, see the ups and downs of performance. Those are then possibly tied to employees or groups of employees.

We haven't talked about this, but what do those services look like, and what is the value of those services, to help us measure what we're doing — not only from an employee performance standpoint, but also how well was our content used? Was it reused 100 times? That's a pretty good graphic. And how do I measure that?

How do I move along the supply chain to continue to be more efficient and to measure ourselves?

MM: Right.

Now you're really talking about a layer of services that we could characterize as business process. And then metrics — benchmarks and scorecards for the data that that business process management generates. And then ultimately we're talking about business intelligence.

SW: Right. Actually, you talked about two things, and I'm going to add a third.

Historically, we have done score-carding during an RFP or request for information process. We look at the suppliers and generate the RFP questionnaires. We get that information back and scorecard it across X-number of levels — whether it's price, partnership, alignment to the technical business requirements or whatever that may be. Now that we've talked about score-carding the performance of a team or an individual or how this is working — this particular piece of the supply chain now.

And then the end-state. That's when content's been distributed and products maybe even sold. But how did that perform, and what's the score-carding against that?

There are some great tools and templates that can be provided by consulting firms that have done this over time, that have gone down this road a number of times and are able to templatize this to a point.

I will say that anybody who says, "Follow this playbook and don't stray or you'll be unsuccessful" is leading you down a bad path.

Yes, you need a playbook, but you have to have some flexibility in it.

We certainly, in a good strong planning methodology, start with current state assessments so that we can put baselines to scorecard against. The future state will tell us where we need to head — of what we believe, today. Then, assembling the strategic business requirements, an implementation plan based upon what we think today, and a funding plan should be the end-state of your Phase 1.

MM: Skiff, could we have one last summarizing coda here?

SW: Sure.

I think we've talked about — at a high level — some pieces of the digital supply chain. We've talked about some good methodologies that take you through a structured process to find out where you need to go. I think we've emphasized that this is a business strategy. It is foremost a business strategy. Therefore, you have to have the business owners involved.

The technology enablers are secondary. You don't know what technology you will need until you've got it finally figured out what that strategy is. You have to have a modular, flexible approach in case business and environmental activities change.

MM: One last thing. Many of the mid- to large-size deployments of DAM or MOM essentially constitute organizational transformation. That means that they're going to change how they do their day-to-day stuff.

As a function of that, most organizations don't have effective practice systematized ways of facilitating fairly significant change in their organizations. Largely because they don't do it all that often.

So as a function of needing to succeed in an organizational transformation, and also of not really having a methodology to facilitate that, organizational transformation oftentimes requires multiple disciplines working across multiple tracks.

Some at the level of strategy and some at the level of workflow. Some at the level of content creation, some at the level of metadata. Some at the level of governance, legal and clearances.

At the end of the day, we're talking about a fairly interesting, ongoing evolution of how organizations use technology to facilitate strategic changes in their operations.

SW: You're absolutely right.

The resources that you need to execute those parallel activities you don't need in there forever. A lot of times we find that companies try to utilize existing resources to say, "Hey go do that, will you?" There's a reason why some of these resources aren't available in-house. You don't need them forever.

MM: And they don't want to be there forever.

SW: But they're brought in for time periods. They may be brought back in to continue. But as we talked about with the 1960s communes, things need to be open and flexible and change. And individuals will come and go, and they bring a wealth of knowledge along the way.

MM: Yes.

Great place to end. Thank you so much.

SW: It's been my pleasure. Thank you, Michael.