

Agora charts a new strategy for the changing global media landscape.

Overview

■ Business Challenge

- With competition looming and its online market share slipping, Agora needed to design and implement a focused new strategy for online media to capitalize on its strong local market presence.

■ Solution

- Agora engaged IBM Global Business Services to define a comprehensive new media strategy—built around the needs of discrete user communities—that has positioned the company for future audience and online ad revenue growth.

■ Key Benefits

- 346 percent increase in online advertising revenues
- Number of online readers grew by 45 percent (while market grew by 19 percent), increasing the market reach from 39 percent to 47 percent in two years
- 80 percent reduction in time to market with new services



Based in Warsaw, Agora is one of the leading media companies in Central Europe, with operations that include newspapers, magazines, outdoor, radio and internet activities. Agora's flagship business is "Gazeta Wyborcza," Poland's largest quality daily.

Across much of Eastern and Central Europe, the year 1989 is remembered as a time of tumultuous political and social upheaval. The end results of the "Revolutions of 1989" were dramatic, lasting and far-reaching. No fewer than six Eastern European nations overthrew their communist governments in a matter of months. The Berlin Wall fell. And the stage was set for the fall of the Soviet Union. While most people know these events culminated in the end of the Cold War, they may not remember that it all started in Poland, with the efforts of the Solidarity movement. Poland's political transformation also spawned Gazeta Wyborcza, the country's first independent newspaper in Poland and today its largest quality

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- Maciej Wicha, Director of News & Communities, Agora SA

Adapting online strategy to a rapidly changing global media marketplace

Business Benefits

- 346 percent increase in online advertising revenues
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- 80 percent reduction in time to market with new services
- Ability to leverage local market strength
- Stronger brand

daily newspaper, with nearly 5 million readers and 400,000 copies sold every day. Its parent company, Agora, has likewise emerged as a success story. With operations in newspaper, magazine and book publishing, outdoor advertising, radio broadcasting and Internet publishing, Agora (www.agora.pl) has evolved into one of Eastern and Central Europe's largest diversified media companies.

Like all media companies with newspaper holdings, Agora has experienced a gradual yet steady shift in its readership from traditional, offline newspapers to its online channel, and had addressed this challenge by making incremental adjustments to its strategy. This approach left Agora in a position that had become all too familiar to newspapers—its traditional newspaper operations were at the core, while its online channel was treated as an entirely separate, resource-starved adjunct. Although this strategy worked for a time, it was becoming increasingly apparent that Agora's "partitioned" approach was constraining its ability to keep up with the rapid changes coursing through the media business, such as the growing importance of communities, user-generated content and online advertising. Agora realized that a failure to adapt to these forces put the foundation of its business model at risk.

Preventative measures

Looming competition made prompt action imperative. On the new media front, Agora faced a high likelihood of incursions from global Internet players, which—in the wake of their successful entry into the largest European markets—saw Poland as the next stage of their expansion efforts. Even in its traditional publishing business, Agora was under increasing competitive pressures from foreign publishers trying to offset flat circulation in their home markets by moving into new markets like Poland. While Agora saw its unparalleled local market presence as a significant advantage, it also realized that its long-term success would require it to re-examine all aspects of its business model and realign it to the new demands of the marketplace. To assist in this effort, Agora tapped IBM Global Business Services' Strategy & Change practice, citing the strength of IBM's business strategy and change consulting expertise—both globally and locally—and its proven record of thought leadership in the media industry.

Working closely with Agora, IBM set up an international project team of dedicated strategy, media and technology experts, joining deep local expertise from Poland with global experience of media trends and best practices. IBM's approach was to first establish a comprehensive assessment of Agora's business environment, including both customer usage trends and its competitors' prevailing strategies. With this analysis as a reference point, the engagement team examined Agora's business model with an eye toward identifying strategic elements that needed to be

“We were worried that we were losing the online audience and that we weren't shifting our advertising revenue from off-line to online fast enough. In short, we were afraid we were losing the Internet game.”

– Maciej Wicha

strengthened, adapted or added. IBM conducted the analysis from two perspectives. The first was to look outward, with Agora's existing strategies and practices benchmarked against those of its current and future competitors, including those whose "disruptive" business models posed a potentially strong threat.

The second looked inside Agora to identify gaps between the company's existing skills, capabilities and organizational structures and those it would need to support a more successful business model in the future. While business strategy was the prime focus of the engagement, Agora and IBM realized that an effective and accurate gap analysis also needed to reflect the state of Agora's IT capabilities and—more importantly—which capabilities need to be added or strengthened to support business-level change. During its selection process, Agora viewed this ability to provide a technology context to business strategy as a key difference between IBM and the other major business strategy consulting firms it evaluated.

At the conclusion of its analysis, the IBM team developed a series of future strategic scenarios, upon which a series of market opportunities were identified. The subsequent strategy recommendations were then detailed with an initiative plan and roadmap for their implementation. Among the most pressing strategic questions addressed by the recommendations was how Agora could best leverage its most unique and defensible competitive advantage—its local market strength, both in terms of its brand and its community connections. The main thrust of IBM's recommendation was the need for Agora to act decisively and swiftly in approaching the different communities it could serve online and actively engaging them in a dialogue to understand and cater to their unique needs. To do this, it was necessary to develop both a shared vision and a new strategy and organizational setup to accelerate new product and service development for different topical communities based on the same platforms and processes.

Better alignment

To this end, Agora conducted a detailed market segmentation study that identified the range of discrete communities it served with its online publication, as defined by topics of interest. Agora put this knowledge to work by closely aligning its strategies with these community segments. The idea was that by developing and targeting a series of lifestyle vertical portal (a.k.a., vortal) offerings at each defined community, Agora would be able to satisfy—and eventually attract—a larger audience than the monolithic, single-brand approach it had long followed. Moving to a multi-brand strategy built around user communities provided not only a new way for Agora to view its marketplace, but also a coherent, customer-centric process

Solution Components

Services

- IBM Global Business Services, Strategy & Change

Transformation at a glance

To capitalize on its local market strength, Polish media giant Agora realigned its entire online media strategy and supporting processes around the distinct needs of end-user communities. By looking at market segmentation from a community perspective to identify and then serve the needs of individual market segments, Agora is delivering more compelling content, increasing its audience share and strengthening its brand.



framework. This is seen most importantly in the reorganization of its service development processes around its community model, which has enabled a six-fold decrease in its time to market for new services. Underpinning this success were important organizational and resource alignment changes that were central to IBM's strategic recommendations.

Agora's transformation has had a direct and measurable impact on the success of its online operations. In the wake of the project, its base of online readers grew by 45 percent (compared to a market growth of 19 percent), increasing Agora's market share from 39 percent to 47 percent in two years. At the same time, the move to a more targeted, community-specific approach also led to a more than three-fold increase in Agora's online advertising revenue.

Maciej Wicha, Agora's Director of News & Communities, sees these gains as part of a broader picture of how Agora has revitalized its online operations in proving itself a potent competitor. "We realized that our long-term success required us to align our strategy and resources to meet the challenges of the rapidly evolving global media market," says Wicha. "IBM helped us frame these challenges, identify our strategic options and follow a clear roadmap to success."

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1 New Orchard Rd.
Armonk, NY 10504
U.S.A.

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