Media & Entertainment case study

Hollywood studio cloud migration

Backed by AWS and a customized rules engine, the company's new cloud application makes a smooth transition to managing residuals in the streaming era.

At a glance

Industry
Media & entertainment

Location
North America

Challenge
A media giant sought to migrate its legacy residuals application to a modern AWS-based system flexible enough for the demands of modern content and distribution channels.

Products and services
Residuals Domain Consulting, AWS/Java-Angular based application & API development

Success highlights

- **31 years of data** migrated
- **Hundreds of millions** in residual payments reconciled
- **2,000** calculation combinations and rules implemented
- **16,000 guild contracts** and **115,000 talent obligations** migrated

The challenge

Residuals have always been a complex part of the entertainment business. The payments compensate guild members—writers, actors and directors—for reuse of their work. They're a critical function for studios, which typically process hundreds of thousands of residual checks every year and pay out tens of millions of dollars.

Streaming has upped the ante, making residuals even more complicated. Studios' legacy applications have strained to keep up. The in-house system used by our client, a US media giant, was typical. Built in 1995 with data migrated from a mainframe finance application, the system relied on an outdated non-relational database that struggled under digital-era payment volumes and contracts. Third-party service providers' annual costs were high and rising steadily.

The company sought a cloud-native system to automate residual payments and streamline business processes while allowing it to manage all services in-house.

Our approach

Cognizant proposed a roadmap that included plans for a custom residuals application on AWS. The new application would enable the studio to manage the end-to-end business flow of residuals, with a customized rules engine that makes it easy to scale and accommodate updates like adding new titles and cast members. The roadmap included MVP use cases and a detailed project map based on our team's extensive industry and technical experience.

The project's first step was to design the to-be state based on Cognizant's analysis of the client's ecosystem, its dependent business and system processes, and the impacted stakeholders. Because residuals are lifelong payments, retrofitting revenue and payment history for new data models would have to be exact. Accuracy of payments was a top concern that our team addressed by using multilevel data reconciliation techniques while migrating historical data. To provide granular reports and accurate calculations, the studio needed a more detailed view of residuals than its existing system allowed—its 12 legacy markets would need to expand to 19, and two territory groups to five.

The scope of the project was extensive. Cognizant managed and led the engagement using a global delivery model with experts across consulting, data analytics and migration, Java, UI and QA. Our team implemented 21 integrations and data feeds across the studio's landscape. More than 120,000 combinations of rules were synthesized to implement 2,000 residual obligation calculation combinations and rules. What's more, attrition by key client stakeholders during the design phase required Cognizant to reverse engineer code and data to analyze and redesign current-state business processes.

Business outcomes

The new application packs a host of efficiencies for the studio. It features an intuitive user interface (UI) and a UI-based rules engine that enables the system to scale and add rules with no code changes. New titles and markets can be added quickly, and bulk changes are easy to execute.

In addition, the new application's inception to date (ITD)-based calculation is an important advance, allowing the studio to adjust revenue without dependencies on other applications. The legacy system calculated payments based on monthly and quarterly revenue. Its inability to recalculate payments based on common changes, such as ti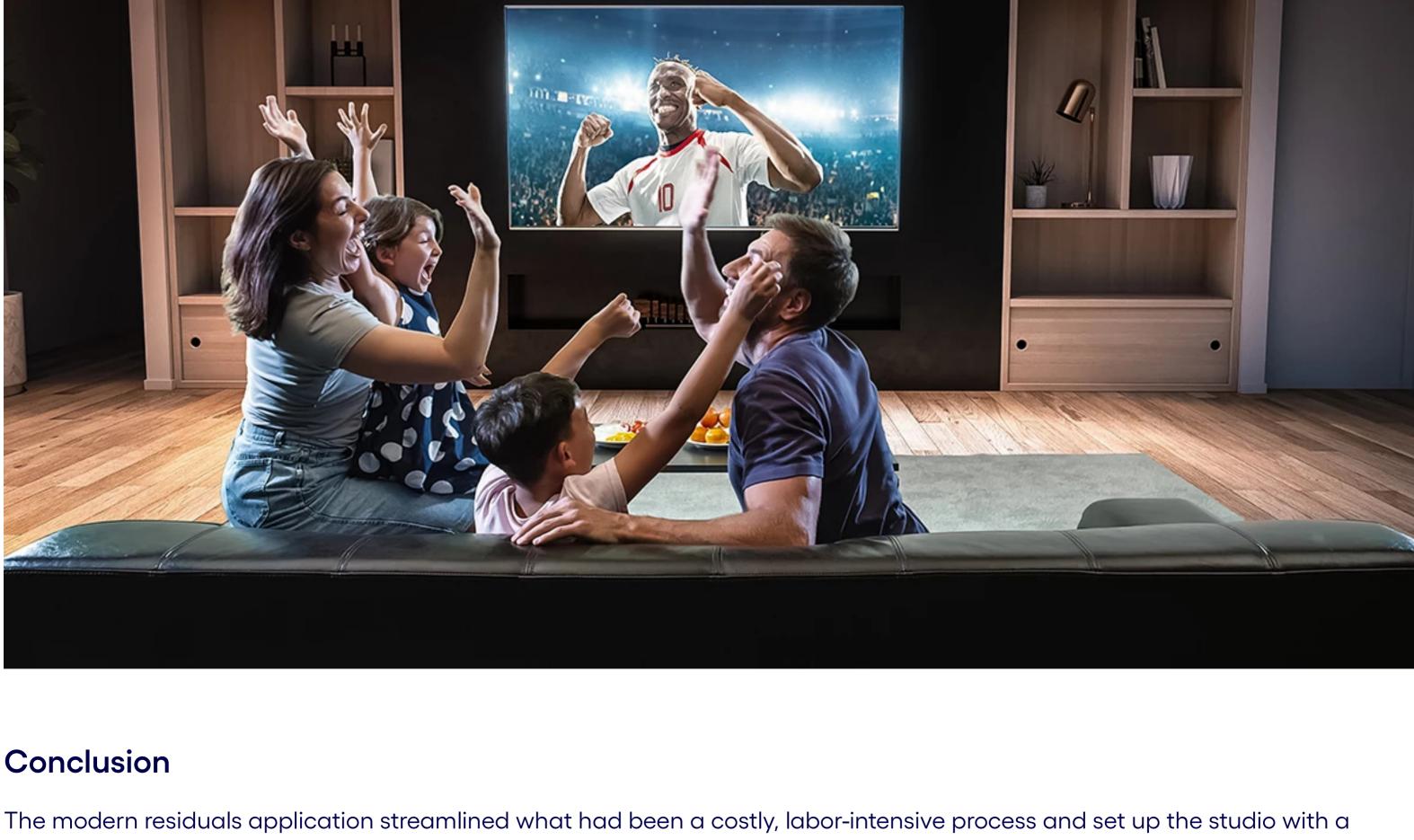tle mapping and obligation setup, regularly led to costly, out-of-system settlements and penalties. With ITD calculations, the business is free to change the obligation setup—title attributes, talent, guilds or prorations—and the application automatically applies the correct rules and recalculates the payments from inception. As a result, payments are timelier and more accurate. New cast members and guilds can be added at any time.

The new application has also helped the studio significantly lower its costs by bringing in house the services it had contracted to third-party residuals systems. For example, the application automates the maintenance of exhibition contracts for pay TV and streaming video-on-demand markets, a service the studio had previously outsourced to an external payment provider.

Other benefits for the studio include:

- Accuracy in over-payments and recoupment calculations
- Ease of integrations and rules maintainability
- Faster lead time to onboard new titles and emerging markets
- Increased business productivity and reduced business processing costs
- Scalable design

Conclusion

The modern residuals application streamlined what had been a costly, labor-intensive process and set up the studio with a system ready for the future of content distribution.