**Disney's Digital Transformation: The Launch and Impact of Disney+**

Comprehensive Change Management and Business Impact Report

May 2025

# 1. Executive Summary

The Walt Disney Company’s shift to direct-to-consumer streaming through Disney+ represents one of the most significant transformations in the media and entertainment industry. Faced with digital disruption and shifting viewer preferences, Disney launched Disney+ to retain control over its content distribution, engage customers directly, and strengthen its technological capabilities. This executive summary highlights how Disney strategically navigated operational, financial, and technological changes to ensure long-term competitiveness.

# 2. Company Background and Overview

Disney+ is a subscription video-on-demand (SVOD) streaming service operated and owned by Disney Streaming, a subsidiary of The Walt Disney Company. Launched in November 2019, Disney+ emerged as a top streaming service, offering content from Disney, Pixar, Marvel, Star Wars, National Geographic, and Star (in some markets).  
  
The Walt Disney Company, founded in 1923, is a global entertainment conglomerate headquartered in Burbank, California. Its core segments include:  
• Disney Entertainment – includes film and television units and streaming services (Disney+, Hulu, ESPN+)  
• Disney Experiences – includes parks, resorts, cruises, and associated travel  
• ESPN – focused on sports networks and streaming  
  
Disney’s expansion has been marked by strategic acquisitions like Pixar (2006), Marvel (2009), Lucasfilm (2012), and 21st Century Fox (2019), adding to its rich content portfolio.

# 3. Company Status Prior to Change

Before launching Disney+, Disney was a dominant player in traditional media, relying on linear television, theatrical releases, and theme parks for revenue. Key business components included:  
• Cable networks (e.g., ESPN, Disney Channel)  
• Studio entertainment through blockbuster franchises  
• Global theme parks and consumer products  
  
However, the rise of streaming, cord-cutting, and changing media consumption patterns challenged Disney’s legacy model. Revenue from cable and content licensing began to decline, and Disney faced increased competition from Netflix, Amazon, and others.

# 4. Drivers for Change

Major drivers for transformation included:  
• Cord-cutting and subscriber losses from linear TV  
• Consumer preference for on-demand, personalized streaming  
• Technology infrastructure developments (faster internet, mobile devices)  
• Content licensing concerns—losing control over distribution to platforms like Netflix  
• Desire to capitalize on proprietary content assets  
  
These pressures necessitated a pivot to direct-to-consumer models and digital transformation.

# 5. Change Implementation

Disney implemented its DTC strategy through:  
• Acquiring BAMTech to power its streaming backend  
• Creating Disney Streaming Services and appointing Kevin Mayer to lead DTC  
• Internal reorganization to align with digital-first priorities  
• Global rollout of Disney+ starting in the US in Nov 2019, reaching over 130 markets  
  
The company also pulled content from other platforms to bolster Disney+, invested heavily in original series, and utilized cross-platform bundling (e.g., with Hulu and ESPN+).

# 6. Change Impact on Operations, Financials, Org Structure, Customer Impact, Technology Changes, Strategy etc

Operational: Centralized content operations and expanded globally. Streamlined licensing and increased ownership over distribution.  
  
Financial: Disney+ saw rapid growth, becoming profitable by early FY25. Operating losses peaked in 2022 but improved due to scale and bundling strategies. ARPU (average revenue per user) showed regional variations, notably lower in India due to Hotstar pricing.  
  
Organizational: Restructured to create Disney Media & Entertainment Distribution (DMED). DTC became a primary business unit with dedicated leadership and KPIs.  
  
Customer Impact: Over 125 million subscribers by FY24. The platform gained traction through competitive pricing, localization, and exclusive content.  
  
Technology: Significant investment in backend infrastructure, content delivery networks, UI/UX enhancements, and data analytics.  
  
Strategic: Shift from third-party licensing to content ownership. Focused on franchise integration (e.g., Marvel series driving subscriptions) and strategic bundling.

# 7. Evaluation and Lessons Learned

Key lessons include:  
• Early investment in technology is critical for digital transformation  
• Consumer insights and data are crucial for content personalization and retention  
• Strategic bundling and regional pricing enhance global competitiveness  
• Organizational restructuring must align with new business models  
• Flexibility in content release strategies is essential (e.g., theatrical vs streaming)  
  
Disney’s experience emphasizes that legacy businesses must embrace agility and customer-centricity to survive digital disruption.

# 8. Conclusion

Disney’s launch of Disney+ is a hallmark of how legacy companies can reinvent themselves. With thoughtful investment, leadership, and restructuring, Disney adapted to a radically changing media landscape. Its transformation is not only a technological shift but a cultural and strategic evolution that ensures relevance in the digital era.