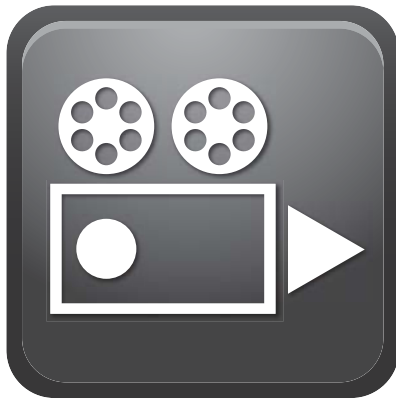


CHAPTER 3 INFORMATION SYSTEMS, ORGANIZATIONS, AND STRATEGY

CASE 1 **NBA: Competing on Global Delivery With Akamai OS Streaming**



SUMMARY The NBA uses Akamai's global streaming video service to reach customers and strategic partners in Asia, Europe, the Middle East, Africa and North America with high quality video streams of NBA rich media content and programs.

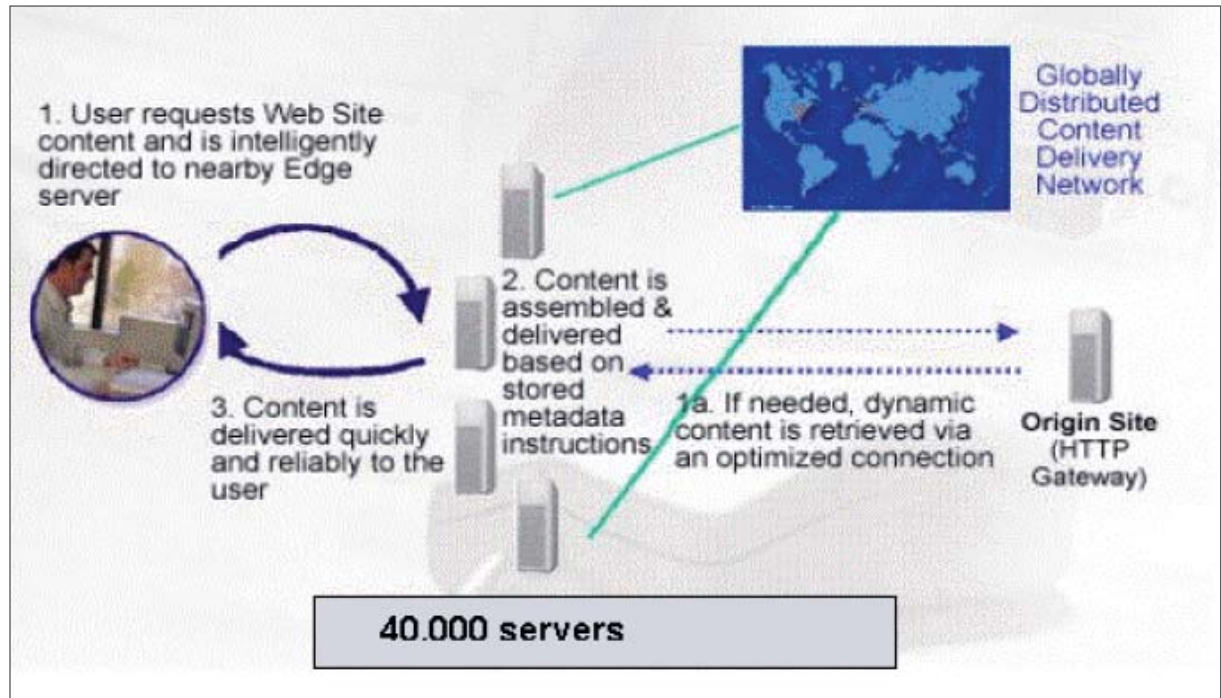
URL <https://www.youtube.com/watch?v=OZkyz-gChnl>.

CASE The National Basketball Association (NBA) is the leading professional basketball league in the United States and Canada with 30 teams. The NBA is one of four North American professional sports leagues. The other leagues are the Major League Baseball, the National Football League, and the National Hockey League. While focused on the North America, the NBA has a large international following and is televised in 212 countries and 42 languages around the world.

Increasingly, fans want and expect high quality game videos, RSS feeds, widgets, and Fantasy leagues. NBA.com has an inventory of over 400,000 digital assets, including 15,000 videos. Last year, there were over 850 unique visits to NBA.com from 20 countries.

Akamai Technologies, Inc. (NASDAQ: AKAM) is a company that provides a distributed computing platform for global Internet content and application delivery. Akamai is headquartered in Cambridge, Massachusetts. The company was founded in 1998 by MIT graduate student Daniel Lewin, along with MIT Applied Mathematics professor Tom Leighton and MIT Sloan School of Management students Jonathan Seelig and Preetish Nijhawan. Leighton

AKAMAI'S GLOBAL CONTENT DISTRIBUTION SYSTEM



still serves as Akamai's Chief Scientist, while Lewin was killed aboard American Airlines flight 11 which was crashed in the September 11 attacks of 2001. Akamai is a Hawaiian word meaning smart or intelligent.

Akamai's primary service is provided by its proprietary EdgeNetwork. Akamai transparently mirrors content—sometimes all content, including HTML and CSS, and sometimes just media objects such as audio, graphics, animation, and video—from customer servers. Large firms deliver their content to over 95,000 Akamai servers in 70 countries. These local Akamai servers cache (store) this content awaiting local demand. Akamai's network is intelligent enough not to distribute content to a local server until and unless there is local demand.

When you click on an online video at NBA.com, the domain name is the same, but the IP address points to an Akamai server rather than the NBA server. The Akamai server is automatically picked depending on the type of content and the user's network location.

Akamai's provides one of the world's largest distributed computing platforms. The benefit is that users can receive content from whichever Akamai server is closest to them or has a good connection, leading to faster download times and less vulnerability to network congestion or outages. The Internet was never designed to handle large volumes of video simultaneously streaming from a single corporate server to all Internet devices. However, this content can be sent to the "edge" of the network where Akamai servers are located, and on a local or regional basis, stream this content on demand from local servers. Akamai's 40,000 distributed servers allow it to monitor global Internet traffic patterns, attacks on the Internet, and latency (delays caused by excessive Internet traffic).

continued

In addition to image caching, Akamai provides services which accelerate dynamic and personalized content and streaming media. Akamai's personalization product is called EdgeScape, a geolocation service. Much Web content delivered by Akamai is personalized to the user's location and Internet service types. This allows Akamai's customers to gain insight into where end users are coming from and what kind of Internet service they are using. Armed with this knowledge they can customize Web content for individual end users through a wide range of criteria, making their site more relevant and compelling to everyone who visits.

For instance, Akamai knows your:

Internet service provider:	Verizon_Trademark_Services_LLC
Country Code:	US
Region Code:	NY
City:	NEWYORK
Area code:	212
Latitude:	40.7128
Longitude:	74.0092
County:	NEWYORK
Time zone:	EST
Network:	verizon
Throughput:	vhigh

Akamai Stream OS is another service that runs on Akamai's EdgePlatform. It enables the NBA to get more from its media by providing a simple, automated solution for managing more than 45,000 media assets, assigning business policies, and publishing content to multiple distribution channels.

- Since implementing Akamai Stream OS, NBA.com's traffic has increased exponentially, with over 35M unique users in 222 countries accessing NBA Web content each month.
- Akamai's suite of products has helped the NBA reach record traffic levels, with over 35M unique global users per month, while effectively maintaining employment and infrastructure costs.
- The reach and stability of Akamai's network have allowed the NBA to grow advertising revenues by 500 percent since 2001.

Resources: NBA.com; Akamai.com.

**VIDEO CASE
QUESTIONS**

1. Using Porter's competitive forces model, analyze the NBA's market situation. How does the use of Akamai help the NBA compete in this market?
2. Using Porter's generic strategies model, what do you think is the NBA's overall strategy or strategies?
3. Why is it important that all fans in the world have the same experience?
4. Why is it important that individual franchise owners can build, manage, and distribute on the NBA platform their own content?
5. The word "partnership" appears several times in the video. Who are the NBA's partners? How does the concept of a strategic ecosystem apply to the NBA's partnership strategies?

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