

How The Weather Channel used data and technology experts to transform its business model

Excerpt based on material that originally appeared in the book *Goliath's Revenge*¹



The Weather Channel (TWC), which was founded in 1982, had changed little by 2012 and was starting to pay the price for this lack of innovation; it was saddled with a declining media business with deep roots in cable television and none online. But it was too late for the company to simply build a mobile weather app, as thousands of those already existed and it would be difficult for the company to differentiate itself.

New CEO David Kenny and CTO Bryson Koehler devised an ambitious three-year, three-phased plan with the express goal of helping people make better weather-related decisions. By integrating its weather data and analytics, focusing on digital customer needs, and using its weather app and application program interface (API) to test new services, all while leaning on motivated technology experts, Kenny and Koehler reinvigorated the company and made its data an indispensable resource for both individuals and industries around the world.

Phase one: Integrating weather data and analytics

TWC started by doubling down on its unique combination of data sets and scientific experts to create the most accurate weather-forecasting engine on the planet. TWC's army of 200 meteorologists classified 108 different weather patterns. To increase its data assets, TWC acquired Weather Underground, which

¹ Todd Hewlin and Scott Snyder, *Goliath's Revenge: How Established Companies Turn the Tables on Digital Disruptors* (Hoboken: Wiley, 2019).

had accumulated a vast pool of crowd-sourced microclimate data. In addition, improving TWC's weather analytics required redesigning its IT infrastructure, consolidating 13 data centers into a single cloud and big-data platform. The effort paid off, reducing the cost of one million API calls from \$70 to just \$1. That lower cost, in turn, allowed TWC to support interactions with tens of thousands of partners.

Phase two: Targeting digital customer needs

Instead of focusing on broad user groups, Kenny and Koehler prioritized vertical industries based on the business risks they faced from inaccurate weather predictions. In aviation, for example, predicting turbulence keeps passengers safe and minimizes airlines' litigation risks. To lead this vertical-focused initiative, TWC brought in creative thinkers. One such thinker was Chris Huff, known for his deep domain knowledge in the retail and consumer packaged goods industries. The team then created a culture of experimentation and innovation through employee-led hackathons and special incentive programs. Through such efforts, TWC extended its weather data and algorithmic advantage into new areas, such as entertainment, fitness, and healthcare.

Phase three: Using the weather app and API to experiment

TWC began experimenting with the highest-potential innovations inside its flagship app and was able to test new concepts quickly with minimal up-front investment. One success of such experimentation was linking the app more tightly with the Apple Watch. This move delivered value to Apple users and provided TWC with a new data asset: access to hundreds of millions of barometric pressure sensors within the Apple devices.

TWC is now one of the largest API platforms in the world, with more than 25,000 partners making 26 billion calls to its APIs each day.

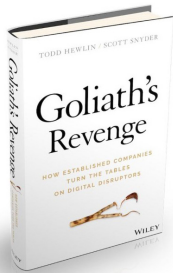
In parallel, TWC opened up the data-rich platform it had created, attracting a broad ecosystem of development partners interested in building weather apps. Unlike in many other industries, getting innovators excited was not difficult. Most people are enthusiastic about something as universal as the weather and are further motivated by the prospect of influencing the lives of billions of people around the globe. As a result, TWC is now one of the largest API platforms in the world, with more than 25,000 partners making 26 billion calls to its APIs each day.



TWC is now a growing and vibrant unit within IBM's Watson division, which has owned it since 2016. It is recognized by many industries as the leading weather-insights company and has one of the top five most-used-daily mobile apps. Furthermore, TWC powers more than 150,000 flights each day, shares energy-demand forecasts with utility providers, delivers rich insights to global insurance companies, and helps billions of people more effectively plan their lives around the weather. And TWC still tests new capabilities within its flagship app to increase user engagement and generate click-throughs for IBM's advertising partners. Although Koehler admits that getting to this point was an intense three-year journey, ultimately TWC showed that using data as currency and prioritizing technology experts can pay off. ■

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To learn more about *Goliath's Revenge*,
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<https://www.heidrick.com/goliathsrevenge>.

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