

Transform your Participations and Residuals business processes

BPO as
an accelerator
to transform
and automate
business process
efficiency



Capgemini Participations and Residuals solution manages the entire cycle of processing Participations and Residuals for the Media & Entertainment sector

As change accelerates in the Media and Entertainment (M&E) sector, rapid evolution is required to capitalize on revenue-generating opportunities while controlling quality and cost. Until now, the Participations and Residuals process has remained in the background while companies focus on content, mastering new channels and shifting consumer demand. But now, as disruption rules and markets change, the focus needs to shift. Here's why:

- **Outdated Reporting and Controls:** Stronger reporting and analytics are needed to highlight potential problem areas before they impact talent, increase liabilities, and constrain working capital. Controls focused on greater accuracy, coupled with improved reporting to proactively identify issues, will improve talent relations and reduce errors. This also means improved reliability of financial statements, especially in relation to reserves for audit exposure.
- **Accelerating Complexity and Cost:** More channels, more feeds, and more deals done with co-financing partners. These all require improvements in processes and controls to improve accuracy, both in payments to talent and in the company's financial reporting. Unanswered, these dynamics will stress existing processes and result in incorrect payments to talent and financial and legal exposure from audit findings.
- **Margin Compression:** The rapidly shifting market is driving down incremental revenue in certain markets while many costs remain constant or trend up. This will result in reduced profit and lower liquidity.

People matter, results count.

- **Talent Mobility:** Participations payments should be prompt and reliable. The perception that payments fall short in either category can impact the ability to sign the next deal. In today's competitive market, don't let poor execution in core processes drive your talent to competitors.
- **Poor Workflow Management:** Many M&E companies have not embraced automation in the Participations and Residuals space. As volume grows, automation is required for timely and accurate completion of participant statements and audits. Efficient use of human capital and automated approval routing are all necessary to effectively digest the shift to the digital market. Upstream errors in by-title accounting must also be squeezed out of the process to ensure correct payments to talent and partners.
- **Lack of Scalability and Flexibility:** The dynamic digital market requires improved scalability with the flexibility to efficiently ramp up and ramp down in new markets, acquire new catalogs and adapt to changing market conditions.
- **Spreadsheet Fatigue:** Business Affairs and leadership should have access to the complete details of any participant and payout on all related titles to ensure competitive negotiation takes place with the participant's representatives. Today this is slow and cumbersome, and largely based on multiple iterations of Excel spreadsheets. Executives need quick and ready access to the terms of each deal to best know how to position a contract with talent.
- **Audit Backlogs:** Waiting several years for a completed audit can sour relations with talent and add complexity to the subsequent negotiations. This can also add to working capital uncertainty and increased costs. Participants will expect "tolling" rights, which can lead to longer audits and can increase the chance of claims.
- **Perceived Errors in Payments:** Errors and omissions can impact the ability of studios to capture top talent for the right production. Some studios face a backlog of claims stemming from inaccuracies and omissions, which can result in expensive negotiations and increased arbitration and litigation costs.
- **What-if Capability:** Currently limited to spreadsheets and often manual research on similar deals. Deal makers need ready access to what-if modeling tools connected to their core data for Participations. Without this, modeling for new opportunities is slow and requires manual effort and customized reports to frame a potential contract with talent.
- **Increased Needs in Risk Management:** Co-financing partners expect tools and process to mitigate risk. As budgets increase, the existing legacy approach to risk mitigation must be upgraded. Studios need to identify risks before they become reality and develop a mitigation strategy based on superior information.

How does Capgemini help you?

Capgemini believes that improving Participations and Residuals accounting with BPO solutions will lead to increased accuracy, fewer audits, improved working capital, fewer claims, enhanced scalability using our Global Enterprise Model (GEM), and an heightened talent experience. In turn, this can reduce audit reserves on the balance sheet and free-up working capital. Capgemini's solution for the Participations and Residuals processing market includes:

- The Capgemini Global Center of Excellence in Auditing
- The market-leading platform for processing Participations and Residuals, or your client platform, if preferred
- Our BPO as a "Stack" and Global Process Model® (GPM®), leveraging all seven levers of the Global Enterprise Model (GEM)

- Superior industry-specific analytics providing strategic support for executives while providing risk mitigation for operations leadership
- Structured workflow management tools that automate the Participations and Residuals process to ensure timely completion, quicker recognition of payout liability, and streamlined approvals based on smart thresholds
- By-title accounting expertise and process improvement with end-to-end expertise linking Accounts Payable (AP), Accounts Receivable (AR), reporting and analytics to Participations and Residuals processing
- Pre-emptive audits aimed at highly sensitive statements governed by the nature of the working relationship with the participant and the relative risk
- A robust and structured governance, risks and controls framework

Capgemini’s Centers of Excellence provide best-practice expertise for Participations and Residuals processing with the following:

- Specialization in Participations and Residuals
- Global auditing team
- By-title accounting expertise
- AR, AP and general accounting mastery
- Financial reporting

Don’t wait until your top talent requests an audit; use our pre-audit capability to work proactively to ensure that your by-title reporting is accurate, your revenue feeds are complete, and your cost allocations correct and defensible.

Rapidly integrate the value chain with GEM while reducing operations costs

Studios need a stable and repeatable approach to transform and automate their Participations and Residuals processes. Capgemini’s Global Enterprise Model (GEM) is designed to optimize the total cost of service for the client. It does this by ensuring the right talent and skills are brought together, working from the most efficient global location with best practices and well-documented processes.

Business transformation backed by the power of Capgemini BPO

Capgemini’s transformation capabilities extend beyond business processes to enable competitive growth within the digital landscape. Our consulting organization helps clients define and deliver winning digital strategies through a collaborative, relationship-based approach, while our application services teams provide the necessary infrastructure to enable the transformation. Combined, these capabilities transform businesses to best-practice, leveraging a model of a multi-level knowledge-base and global experience. We are the change agents in the Media and Entertainment industry, enabling new possibilities within your enterprise through transformation and continuous improvement.

	Grade Mix	Location Mix	Competency Model	Global Process Model®	Technology	Pricing	Governance
Key Questions	 Do I have the optimal team structure?	 Do I have the right processes in the right locations?	 Do my people have the appropriate competencies?	 Do I have best-in-class processes?	 Do I have the optimal technology solutions?	 Does my pricing support achieving the business outcomes?	 Does the governance structure ensure proper interaction and decision-making?
Content	Ensures leadership, experience and operational expertise match service requirements for Participations engagements	Our 23 global centers balance cost and quality of service. The ideal mix is based on client guidelines, statutory requirements, and shared service benefit	Capgemini has access to a large pool of resources with the necessary skills to meet demanding requirements	Takes the experience of individuals within the studio and turns their knowledge into best practice, resulting in standardization and cost savings, delivered through a flexible, expandable platform	Multiple collaborations with respected technical partners with focused expertise in Media and Entertainment markets	Creative pricing to achieve results aligned with your strategy including traditional models or outcome-based pricing, depending on client needs	Enabling the right mix of Capgemini resources to work in collaboration with the studios

We have leveraged GEM to optimize delivery efficiency in many leading Media and Entertainment companies and GEM does not require you to make a capital investment. GEM is composed of seven levers that can be applied collectively or individually in an industrialized approach that optimizes the Participations and Residuals process, while allowing enough flexibility to tailor the model to individual needs.

Capgemini is an experienced transformation partner for accelerating business outcomes in the Media and Entertainment space.

We are a leading player in the BPO market for studios and already provide upstream accounting for revenue and cost impacting the Participations and Residuals calculations. Capgemini BPO also provides Finance & Accounting (F&A) services for **4 of the top 5 studios**. Our extensive experience in delivering best practice business process services along with our deep knowledge of the Media & Entertainment industry is a powerful combination.

By leveraging our services, studios can expect world-class outcomes:

- Lower overall total cost of service
- Increased accuracy of Participation statements and payments
- Streamlined and automated workflow and greater ability to handle increased volume and complexity
- Targeted analytics enabling improved decision making
- Reduced number of audits and improved results
- Improved talent satisfaction and retention
- Enhanced scalability and flexibility
- End-to-end process efficiency for the entire F&A operation

Capgemini is a thought leader and provides tailored solutions resolving issues centered around participations:

- Target 99%+ on time statement completion to improve talent experience
- Reduce participation audit liability reserves by 50%
- Reduce operating cost by 30% by leveraging our Global Enterprise Model (GEM)
- Pre-audit controls management will compel workers to provide audit research early, catching errors and reducing liability for unknowns by at least 25%
- Decreased statement cycle time resulting in 25% improvement in department cost
- Eliminate manual processes resulting in reduced departmental costs by 30%

For more details **contact:**

Kent Bracken

Vertical Market Development
kent.j.bracken@capgemini.com



**About
Capgemini**

With more than 130,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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