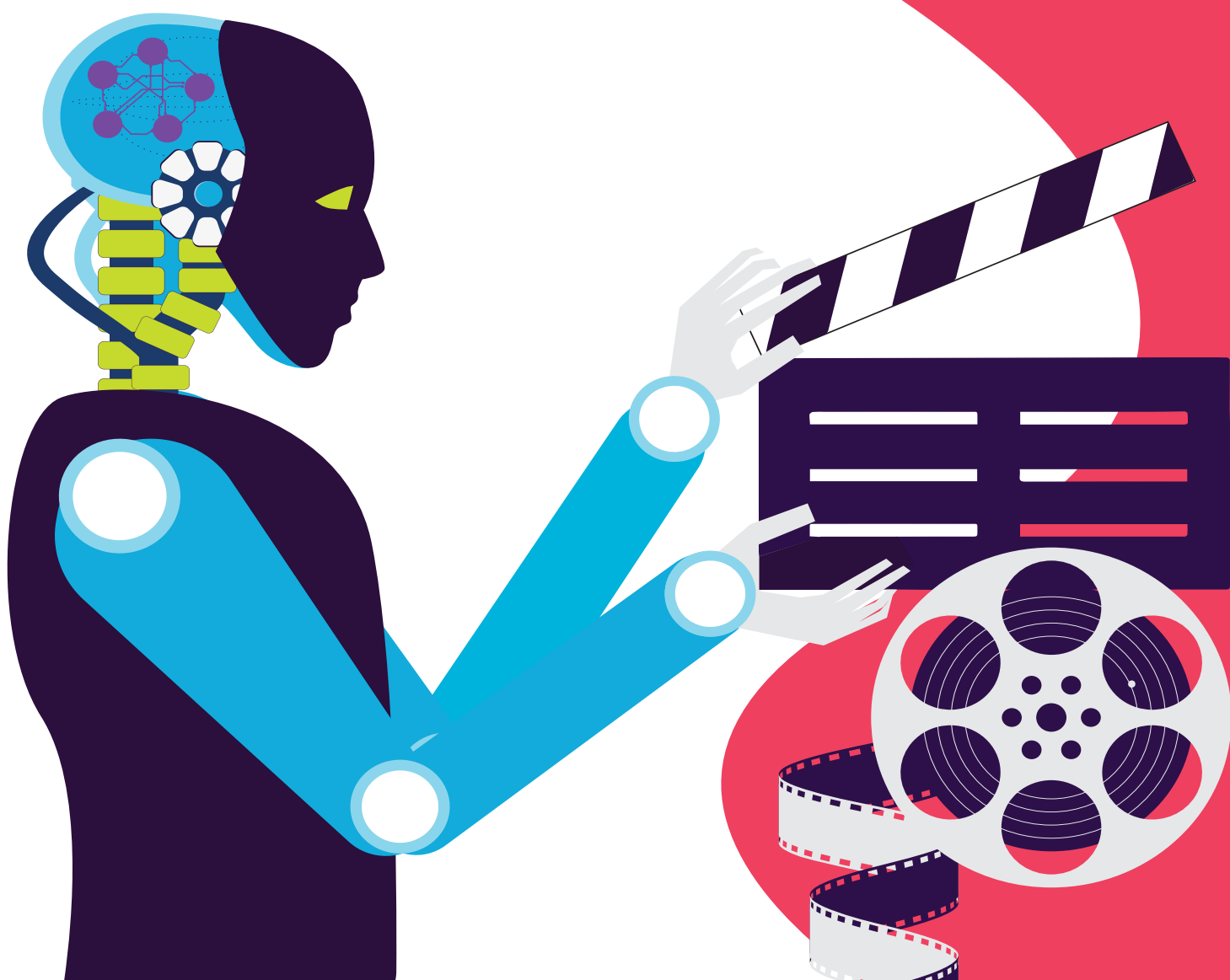


Reimagining finance for the digital age

Media and Entertainment sector



Contents

Introduction—the automation imperative	3
Finance automation maturity	6
Building the business case	7
Driving change through strategic leadership	8
Moving past the barriers	9
Conclusion—moving along the maturity curve	11

Introduction—the automation imperative

Media and entertainment businesses know all about technological disruption: digitalization has already transformed their marketplaces, undermining traditional business models and powering huge new growth opportunities. For the finance functions of these businesses, however, there's a new challenge. How can they embrace emerging technologies that enable the wider enterprise to compete in this new world?

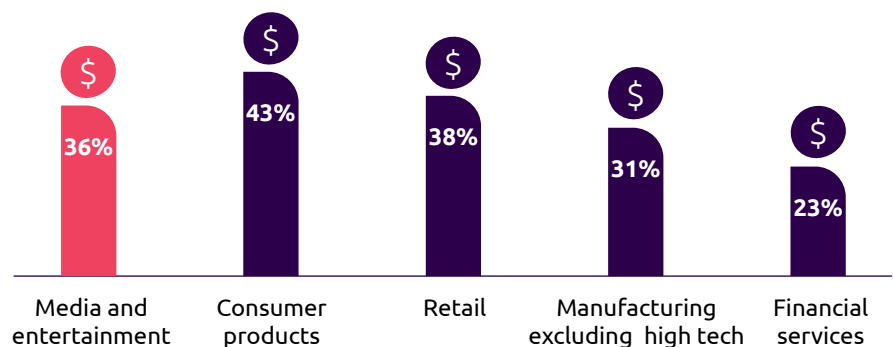
Automation offers exciting opportunities. First, technologies such as robotic process automation (RPA), artificial intelligence (AI), and machine learning can drive efficiency, reduce cost, and improve quality, releasing staff from manual processing tasks to carry out higher-value work. Second, finance can use these tools to provide insights to the rest of the business and position itself at the center of the data-driven organization.

Capgemini's latest research¹ finds that many media and entertainment companies now recognize the potential of finance automation. More than a third of executives in media and entertainment (36%) say their organization has now agreed a transformation strategy for automation in the finance function—ahead of sectors such as manufacturing and financial services, but behind consumer products firms and retailers (see Figure 1).

And media and entertainment businesses are much more likely to be found in our group of automation “Masters”—the small number of finance teams in the overall survey that are outpacing the rest in automating their finance processes. Read our report, [Reimagining finance for the digital age](#), for a detailed discussion of this group. Media and entertainment companies represent 20% of the total sample but account for 22% of Masters—more than any other sector except consumer products (see Figure 2).

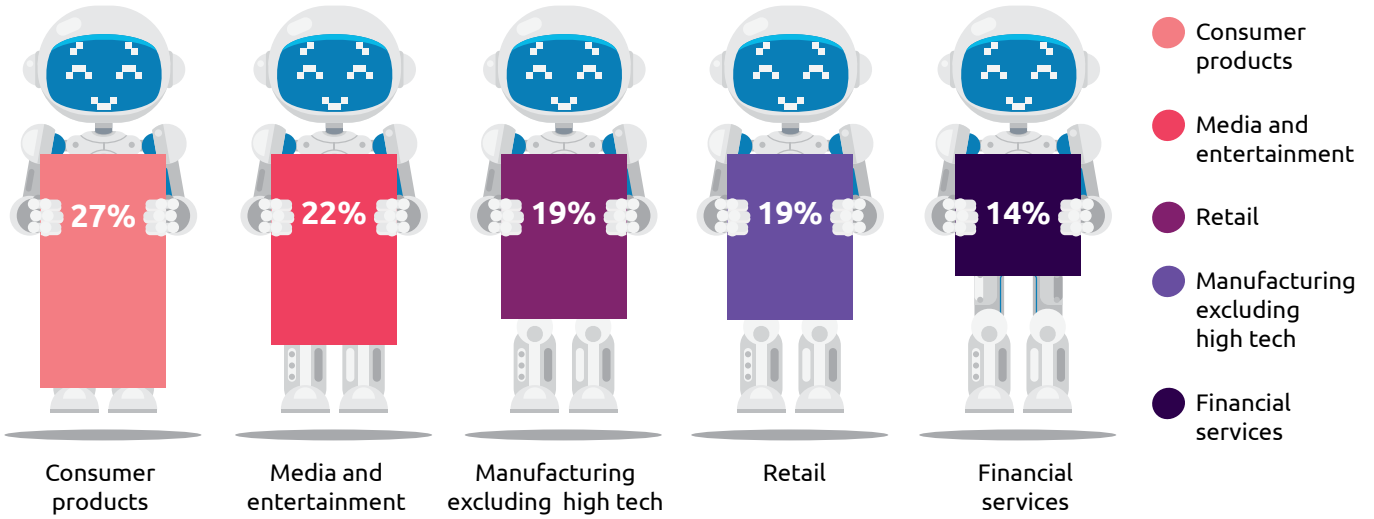
However, the sector has more to do. Although in some technologies, notably AI, many media and entertainment businesses have made exciting progress, many lack a coherent vision for their innovation programs, which they will need to drive transformation through finance automation. Closing the skills gap is also important, and the sector's iterative approach to automation will need to accelerate.

Figure 1: Share of respondents with an agreed automation strategy for the finance function

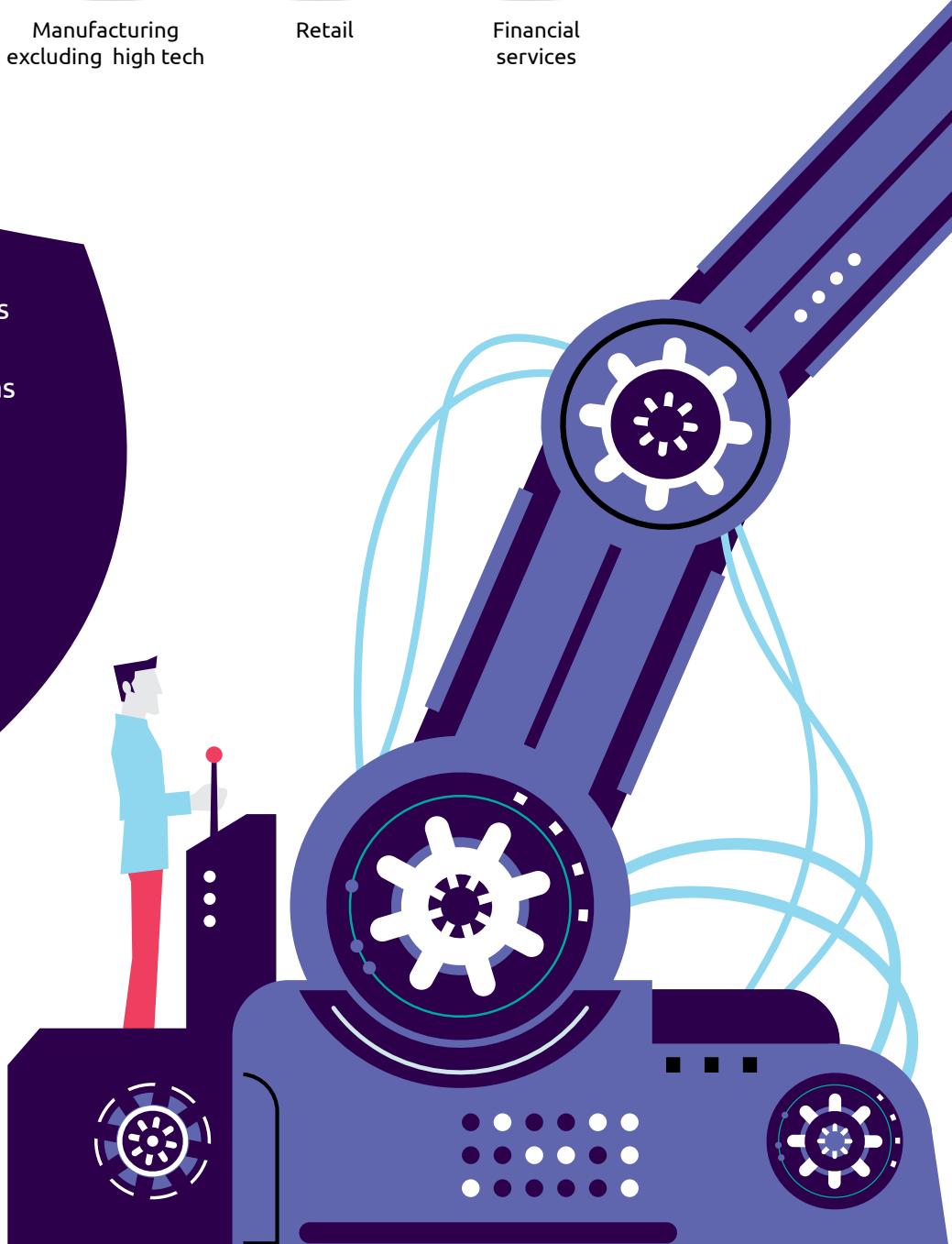


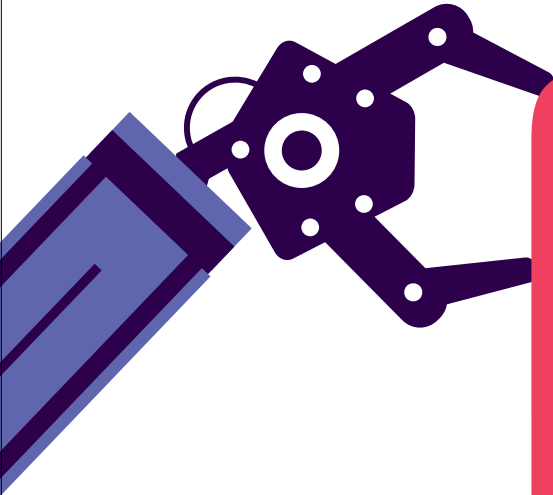
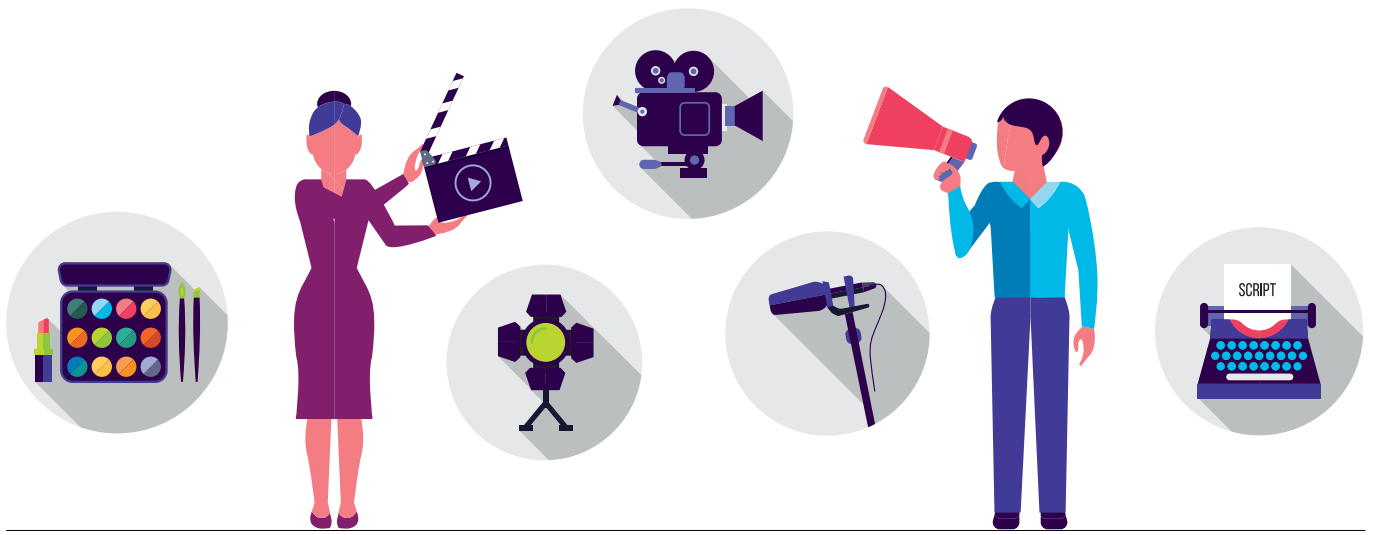
¹ The survey of 500 senior finance executives, conducted in January and February 2018 by Capgemini and Longitude, included 100 executives working in the media and entertainment sector (64 in Europe and 36 in North America). The conclusions from that wider research are presented in [Reimagining finance for the digital age](#).

Figure 2: Breakdown of finance automation Masters by sector



More than a third of executives in media and entertainment (36%) say their organization has now agreed a transformation strategy for automation in the finance function—ahead of sectors such as manufacturing and financial services, but behind consumer products firms and retailers.





Defining automation

For the purposes of this study, automation is defined as the application of technologies such as RPA, AI, ML, and chatbots. Within the finance function, automation lends itself to numerous processes, such as invoicing, order management, payments, journal entry, and many more. In this context, the term “robot” typically denotes a software program that drives the automated execution of a process.

About the research

The analysis in this report draws on [*an online survey of 500 senior finance executives*](#) conducted in January and February 2018 by Capgemini and Longitude.

Seven in 10 survey respondents are finance directors (39%) or finance operations directors (31%), with the balance consisting mainly of finance transformation directors or managers, chief financial officers (CFOs), and controllers. Quotas were set on the sample to deliver an even split between five industries: consumer products, retail, financial services, manufacturing, and media and entertainment.

We also set quotas on geography, with half of the respondents based in North America and the other half in Europe (mainly in the UK, Germany, and France). All work in large organizations that have an annual revenue of €2 billion or more.

We also obtained in-depth insights from interviews conducted with the following individuals:

- Daniel Borges, Senior Vice President, Chief Account Officer, Iron Mountain
- Violet Desilets, Vice President, Financial Services and Systems, Staples
- Katja Hinojosa, Finance Transformation Director, Tetra Pak
- Bob Kurpershoek, Director of Financial Operations, NBCUniversal
- James Merrick-Potter, Head, Robotic Automation Unit, UK Cabinet Office
- Thomas Newman, Director, Solutions Development, General Mills
- Thomas Peyton, Vice President, Service Excellence, Wolters Kluwer
- Nick Prangnell, Global Head, Finance Shared Services, Iron Mountain
- Wayne Walker, Director, Financial Operations, Global Business Services, General Mills
- Brian Warnert, Director of Operations, Global Business Solutions, General Mills

Finance automation maturity

Media and entertainment businesses have made good progress with automation in the finance function, and lead the way in exploiting new technologies and moving processes away from manual interventions. “The timeframe to seeing benefits is quite short,” says Bob Kurpershoek, director of financial operations at global entertainment group NBCUniversal. “For a simple transactional process that is pretty straightforward, you can do that in a month.”

Enterprises in the sector are more likely to have implemented AI technology partially or fully, with 46% of media and entertainment respondents at this stage. The figure for the next best sector in this area, manufacturing, is just 30%. And 53% of media and entertainment businesses have partially or fully implemented analytics and machine learning technologies, which is more than the other sectors. They are also further advanced in their implementation of chatbots than all other sectors other than retail.

Media and entertainment companies are also increasing their automation of finance processes, with good levels of penetration across all 18 of the processes in this research (see Figure 3). In several areas, including

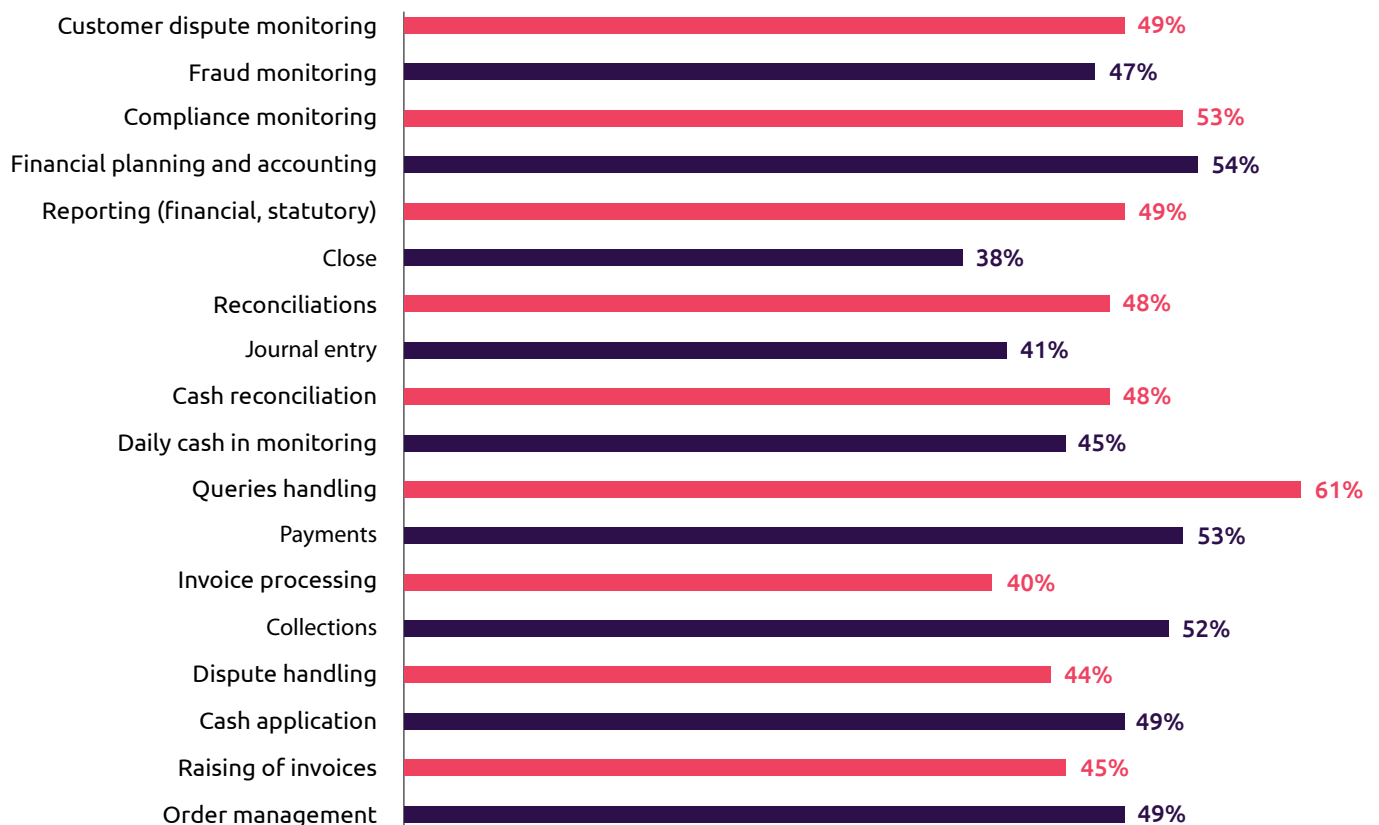
queries handling, payments, and collections, the sector is ahead of all the others in terms of the numbers of enterprises that have fully or nearly fully automated processes. And even in cases where automation is less widespread, such as the close, the sector is well-placed.

Moreover, many businesses that haven’t yet reached this level of automated processing intend to accelerate the pace of change. About half (49%) of media and entertainment companies that have yet to fully or nearly fully automate journal entry expect to do so within three years; 48% say the same of invoice processing.

This relative maturity of finance automation is already feeding into companies’ outlook. For example, 58% of media and entertainment companies expect automation to have a high impact on their finance function’s workloads, with jobs scaled back or replaced as a result.

It’s time for strategic planning to catch up. In addition to the 36% of media and entertainment companies that have a transformation strategy for finance automation in place, a further 41% are developing or testing their strategy.

Figure 3: Share of media and entertainment organizations that have fully or nearly fully automated the following finance processes



Building the business case

Many benefits of finance automation are already being unlocked by media and entertainment companies. More than a third of respondents in the sector (39%) say they have fully realized greater process efficiency, and 33% say they have fully realized customer experience gains.

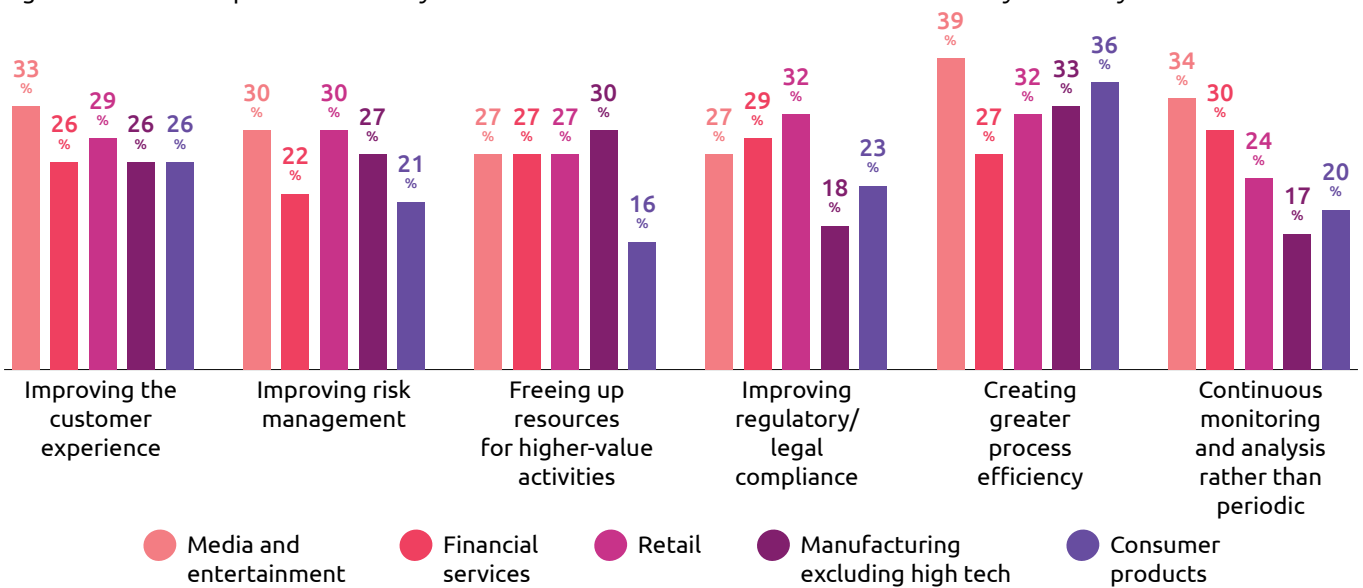
As finance seeks to build consensus for further investment in automation technology, it will need to make its case and base it on an even broader range of benefits—strategic business advances as well as quicker wins. However, only 38% of media and entertainment companies strongly agree that effective use of automation can transform the finance function from scorekeeper to strategic business partner.

That might explain some of the more limited successes of media and entertainment companies so far. Only 17% say

they have been able to fully realize the potential to unlock new business insights through automation, only 23% have maximized the opportunity to make more accurate forecasts, and only 25% have optimized financial planning.

The businesses that do focus on more strategic objectives and continue to advance their finance automation will reap the benefits. Already, 34% of media and entertainment companies have been able to move toward continuous monitoring and analysis (see Figure 4). In three years' time, a further 34% of respondents in the sector expect to be fully realizing the opportunity to unlock new business insights; another 43%, meanwhile, will have maximized their risk management opportunities from automation. The same number expect to fully realize financial planning benefits.

Figure 4: Share of respondents who say that the benefits of finance automation have already been fully realized



“

The timeframe to seeing benefits is quite short. For a simple transactional process that is pretty straightforward, you can do that in a month.”

Bob Kurpershoek

Director of Financial Operations, NBCUniversal

Driving change through strategic leadership

While media and entertainment companies are well advanced in their process automation in the finance function, and are already realizing many benefits, they are less likely than other sectors to have a coherent view of future transformation strategy. Just 27% have in place an overall vision for transformation—fewer than in any other sector.

Some businesses in the sector are compensating for this lack of vision with other types of strategic planning. Media and entertainment companies are more likely to take an iterative approach to transformation strategy: 39% say they have a program of continuous transformation, which is well ahead of other sectors. Implementations are also progressing: 39% have a clear roadmap in place—again, this is well ahead of the other sectors in the research.

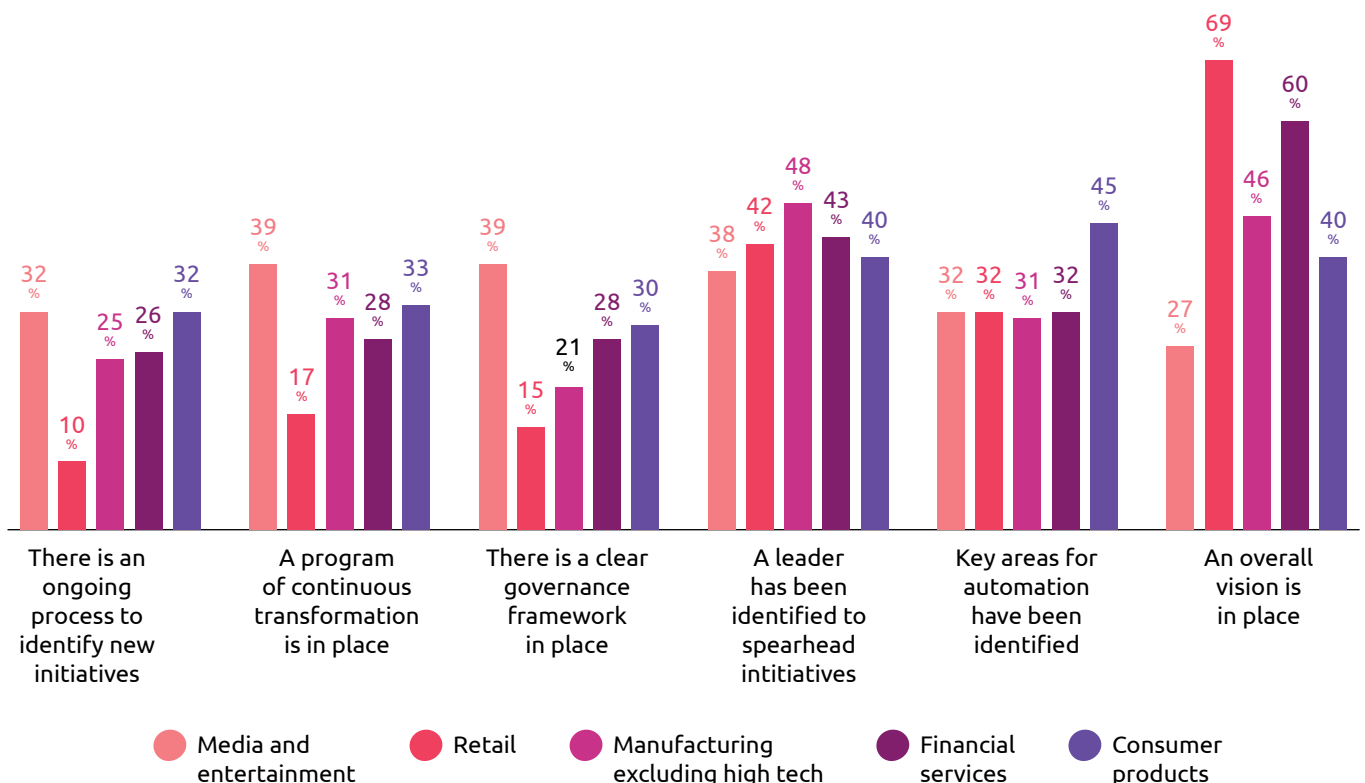
However, the sector does need to build a vision for finance automation if transformation is to reach its full potential. They will need to set out their long-term objectives and measure progress toward those goals.

The vision comes from the top of the organization, and media and entertainment companies start from a relatively strong position: only financial services businesses are more likely to say that their senior management’s awareness of the benefits of automation is fully formed. However, in media and entertainment 69% of companies agree or strongly agree that this awareness needs to be improved (see Figure 5).

There are reasons to be positive that awareness can increase. Some 72% of media and entertainment respondents agree that finance needs to play a leading role in driving automation throughout the business, and 75% think finance is ahead of other functions on this issue. This provides media and entertainment companies with a strong foundation on which to build enterprise leaders’ understanding of finance automation.

That awareness-raising has come from finance itself, says Bob Kurpershoek of NBCUniversal. “Finance has led the way with automation and is on the leading edge,” he says. “IT is consulted, but the finance function is leading the RPA initiative at the moment because it’s a very operational tool.”

Figure 5: Share of those respondents with a clear strategy for finance automation or are developing one, who have the following elements in place



Moving past the barriers

As media and entertainment companies seek to step up their finance automation, they will need to overcome key challenges. The sector’s most commonly cited challenge is concern about cybersecurity and data privacy, and businesses will need to confront the threat of cyber attacks—particularly in the context of new legislation such as the EU’s General Data Protection Regulation (GDPR).

However, there are problems that are preoccupying other sectors that are less worrying for media and entertainment companies. Only 18% worry about a lack of internal skills, which is well below other sectors, while just 23% cite problems with recruiting people with the right skills (see Figure 6). This may reflect the sector’s greater focus on plugging the skills gap: 25% of companies describe talent acquisition and skills as a business-wide strategic priority. This is clearly paying dividends.

As for risk factors, media and entertainment companies are notably less concerned than respondents in other sectors about cybersecurity, fraud, and disruption during the implementation of automation initiatives. They may have already completed work to mitigate these risks, given their relative maturity in introducing automation technologies to the finance function.

Media and entertainment respondents are even managing the potential impact of automation on the workforce, with just 20% citing a culture of fear around job losses as a “significant” risk—well below the other sectors in the research (see Figure 7 for the share of respondents ranking both “some” and “significant” risk). With widespread expectation that automation will lead to fewer jobs in finance in future, this is impressive. Respondents appear to have done well to make the case that these jobs will be of higher value, more fulfilling, and better paid.

Figure 6: Key challenges for the finance function in adopting automation technologies (share of respondents ranking challenge 1, 2, or 3)

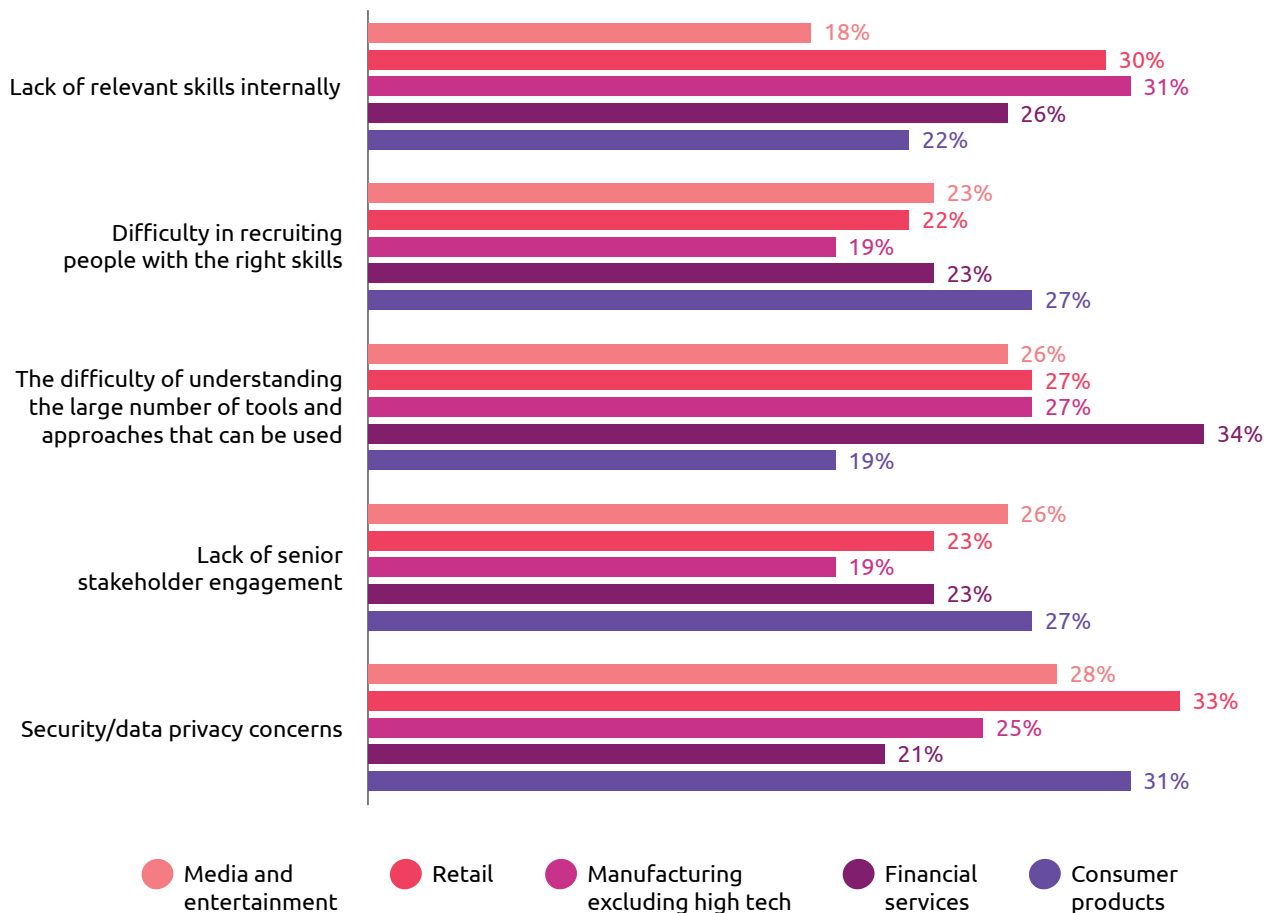
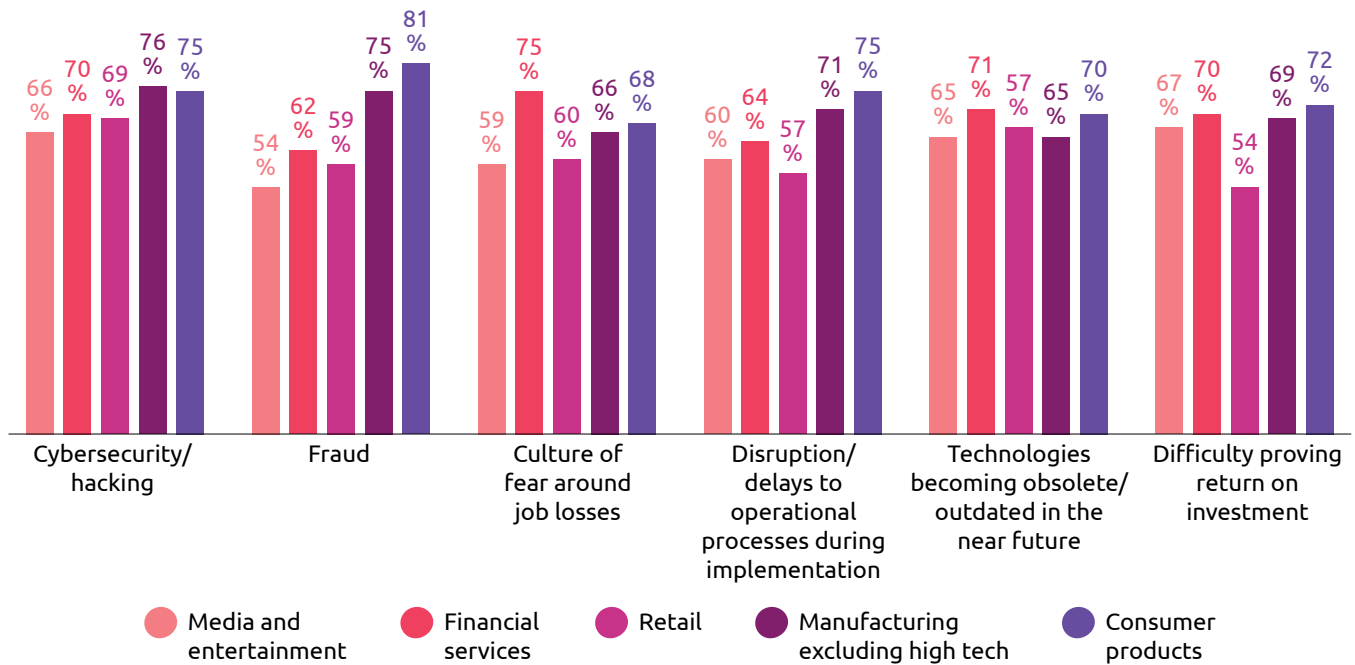


Figure 7: The most pressing risk factors in adopting automation technologies (share of respondents ranking “some” or “significant” risk)



“

Finance has led the way with automation and is on the leading edge. IT is consulted, but the finance function is leading the RPA initiative at the moment because it’s a very operational tool.”

Bob Kurpershoek

Director of Financial Operations, NBCUniversal

Conclusion— moving along the maturity curve

What does the research results tell us about how media and entertainment businesses are handling the shift to finance automation?

- **They need to build a vision for automation transformation strategy—** media and entertainment companies have made good progress in automating many aspects of the finance function, and have clear plans for implementing further innovations. However, they are lagging behind on creating a coherent transformation vision, which will give them a roadmap for future automation.
- **Their focus must turn to strategic goals as well as operational levers—** many media and entertainment companies have already unlocked valuable benefits in areas such as process efficiency, but now they need to be more ambitious. Harnessing automation to gain greater business insight and more real-time monitoring will enable finance to become a strategic partner to the wider enterprise.
- **Security must form a critical component of automation strategy—**like those in other sectors, media and entertainment companies are concerned about the challenges of cybersecurity and data privacy as they shift to automation. Confronting these obstacles will require enterprises to focus their resources carefully.
- **Business leaders must seize the initiative—**senior leaders in the media and entertainment sector have more work to do to engage with the business case for automation. As they seek to implement a coherent vision for the future, now is the time to build their understanding.



About Capgemini

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