

A photograph of a man and a woman sitting on a light-colored sofa in a living room. The man is wearing a white long-sleeved shirt and has his arm around the woman's shoulder. The woman is wearing a pink top and is eating a sandwich. There is a coffee table in front of them with a glass of water and another sandwich on a plate. The background shows a window with blinds and some decorative items on a shelf.

Lionsgate: A New Script for Winning with SAP® Software

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Lionsgate

Industry

Media

Products and Services

Film and TV production and distribution

Web Sitewww.lionsgate.com**SAP® Solutions**

SAP® ERP, SAP Business Planning and Consolidation, and SAP Intellectual Property Management applications



With just a fraction of the staff of other Hollywood studios, Lionsgate is a leader in the film and TV industry with a long string of popular, original, and groundbreaking hits. Lionsgate pulls this off with a mixture of **entrepreneurial spirit and smart IT** – and SAP has been there to help out on both counts. “SAP just gets it,” says Theresa Miller, CIO at Lionsgate. “They understand our business inside and out – and they help us lead.”

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Smash hits, smart business

Lionsgate is one of the most successful entertainment companies in the world. With more than US\$2 billion in revenues, the company maintains a diversified presence in motion picture production and distribution, television programming and syndication, home and family entertainment, digital distribution, and new channel platforms.

Lionsgate's feature films have generated more than a billion dollars in domestic box office this year and another billion at the international box office. Lionsgate releases 12 to 15 films each year – many to great critical acclaim and commercial success. The company also has 25 TV shows on 18 different networks. In the last decade alone, films like *Crash*, *Precious*, and *Monsters Ball* and TV shows including *Mad Men*, *Nurse Jackie*, and *Weeds* have garnered 17 Oscars and 19 Emmy awards respectively.

Lionsgate has also earned a reputation as an extremely smart business. Thanks to a series of strategic acquisitions, the company now manages

a library of approximately 15,000 titles – one of the most prestigious in the industry. This has helped the company achieve the industry's highest box office to DVD and video on demand (VOD) conversion rate.

Lionsgate has also invested in the EPICS Movie Network, Fearnnet Horror and Thriller Channel, Celestial Tiger Entertainment platform in Asia, TV Guide Network, as well as investing in Break Media, one of the leading online sites for young men ages 18 to 34. Moves like these have helped drive continuous growth and establish Lionsgate as a unique brand in the global entertainment industry.



15,000

Titles in the
Lionsgate library



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Big production, small cast

In Hollywood, the competition is fierce. To succeed, the company has to do more with less. This is why, with just 500 employees, Lionsgate pursues a more streamlined approach that encourages individual initiative.

“Our culture is very entrepreneurial,” says Anne Parducci, executive VP of marketing. “We pride ourselves on being able to move quickly and react to marketplace needs. I think I spend 95% of my day working and maybe 5% reporting, which is not typical for large companies.”

In the entertainment industry, however, supporting such an entrepreneurial culture takes a creative strategy. “I am constantly astonished at how much the entertainment business changes – how many moving parts there are. It’s incredibly dynamic and complex,” says Miller.

To get a sense of the complexity, look at the opening credits of nearly any film today and you’ll notice a long list of production and development companies. As a

film moves through its lifecycle, all of these entities must be paid according to contractual agreements. It is Lionsgate’s responsibility to track all the financial details, which is no easy task when you manage a library of almost 15,000 titles.

Or look at the different distribution models that Lionsgate must manage. The company releases films to theaters, delivers DVDs to brick-and-mortar retailers, and distributes the same content online. To manage this complexity and support its entrepreneurial culture systematically, Lionsgate has always sought to empower employees with the information they need. This is where SAP has helped.



500

Employees



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A key supporting role for SAP

Lionsgate decided to run its business on SAP® software for a number of reasons. Executives liked the scalability of the software, which grows as Lionsgate grows. They also liked the comprehensive array of offerings to meet the company's needs – from budgeting, planning, and financial management to distribution, marketing, and residual payments.

Integration also played an important role in the decision to choose SAP. With an integrated family of offerings from SAP, Lionsgate can more effectively

collaborate across different lines of business. At the same time, SAP products enjoy wide adoption – not just in the entertainment industry but also across a wide range of other industries.

According to Miller, this makes her job easier. “Standardizing on SAP software really helps us because so many other companies use it as well,” she says. “This makes it easier for us because we can speak the same language.”

“No matter where our business takes us, we’re confident that SAP will help us perform.”

Theresa Miller, CIO and EVP of IT, Lionsgate



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Lights, camera, action – and insight

Lionsgate uses SAP software to gain timely insight and visibility into critical business information and to collaborate across lines of business. It all starts with high-quality data – which enables the company to categorize every release in its library for convenient keyword searching.

This helps with digital marketing. For example, Lionsgate can leverage its data to quickly interface with platforms provided by major retailers, thus driving online sales. The company can also communicate directly with customers via e-mail or social media and drive them to Lionsgateshop.com.

To generate profit and loss projections, the company uses the SAP Business Planning and Consolidation application. First, colleagues collaborate online to analyze and forecast revenue and costs. If a project gets the green light, the company then uses the software to monitor the variance between plan numbers and actual numbers in real time.

For distribution, Lionsgate uses the SAP ERP application. Components for demand planning, materials management, and sales and distribution help manage relationships with a wide range of supply partners. The software also tracks key performance indicators such as on-time delivery to best manage performance and customer satisfaction.

To automate residual payments, Lionsgate stores data for actors, directors, and other project participants in the SAP Intellectual Property Management application. This application then extracts the data and compares it to other financial data, using the SAP NetWeaver® Business Warehouse application. This enables the company to generate timely reports, keep the CEO well informed, and send out payments in an efficient, automated manner.



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Bravura performance

Lionsgate's use of SAP software helps drive the way the company does business. "Our SAP software gives us insight into our data," says Miller. "We know how every film is doing in every theater and retail outlet. We know the expenses at a granular level. And it's all centralized so our people can make the right decisions at the right time."

Employees charged with managing various aspects of the business concur. Take, for example, Geobert Abboud, VP of financial planning and analysis at Lionsgate, who is responsible for the coordination of green-lighting new projects. "The data we deal with is inundating," says Abboud. "I can't imagine tracking it without SAP software."

The software also helps employees operate at peak efficiency and effectiveness. For instance, Akin Ceylan, chief supply chain officer at Lionsgate, uses SAP ERP to manage by exception. "When the software detects something wrong," he says, "we get an alert so that we can act promptly. This helps us stay on track – because at the end of the day, if I'm not shipping product, I'm not generating revenue and not servicing our customers."

This is the sort of efficiency the company requires to win at a game that is traditionally reserved for only the biggest studios.

"The SAP software is very simple to use – intuitive yet extremely powerful."

Geobert Abboud, VP, Financial Planning and Analysis, Lionsgate



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A productive partnership

While efficiency in day-to-day operations is critical for Lionsgate, Miller points to the ongoing relationship with SAP as another factor in the company's hit performance. "What I come back to is the partnership," she says. "By making the right moves as a company, and by generating software that helps us continue growing, SAP has demonstrated again and again that it understands where Lionsgate is heading as a business. It's an invaluable partnership."

Based on a long list of successes thus far, the two companies plan on working together well into the future – anticipating sequels for the Lionsgate-SAP partnership.



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