

SAP Customer Success Story

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Leo Collins, Chief Information Officer, Lions Gate Entertainment



AT A GLANCE

Company Name

Lions Gate Entertainment
Santa Monica, Calif. and
Vancouver, British Columbia
www.lgf.com

Industry

Media (entertainment)

Key Challenges

- Integrate varied legacy systems
- Perform complicated accounting and controlling procedures
- Provide integrated financial information for decision making

Implementation Partner

SAP® Consulting

Solutions and Services

- SAP NetWeaver® platform and components: SAP Business Intelligence (SAP BI) and SAP Enterprise Portal (SAP EP)
- SAP Customer Services Network: SAP Consulting and SAP Education
- Industry-specific software for intellectual property management

Existing Environment

Varied legacy systems

Implementation Highlights

- Fast, successful implementations
- SAP Consulting and SAP Education on board for project management and training

Key Benefits

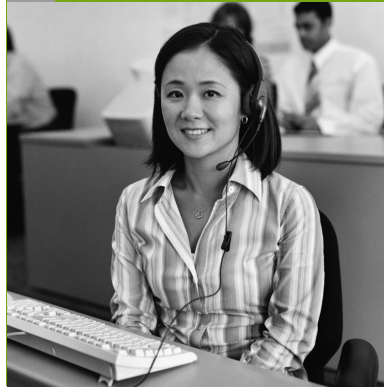
- Provides integrated financial and accounting data
- Enables fast, accurate reporting of expenses
- Helps sharpen competitive edge and reduce costs

Hardware

Hewlett-Packard

Operating System

Microsoft Windows 2000 and 2003 (with SQL server)



LIONS GATE ENTERTAINMENT

ONE OF THE WORLD'S LEADING FILM STUDIOS GIVES RAVE REVIEWS TO SAP NetWeaver®

Lions Gate Entertainment, the successful studio behind hit movies such as *On Golden Pond*, *Terminator 2*, *Basic Instinct*, and thousands of others, acquired Artisan Entertainment in 2003 to become the leading producer and distributor of independent films, with sales of US\$840 million (FY 2005). With the acquisition, Lions Gate needed a financial infrastructure that could help drive success in the fast-paced world of independent entertainment.

“We need to create reports by title for every movie in our library,” explains Leo Collins, chief information officer of Lions Gate, which is based in Santa Monica, Calif. and Vancouver, British Columbia. “This creates very complex cash and accrual calculations that have to happen thousands of times every day. Few financial software systems can perform that task well. As we grew, the strength of our systems became more of an issue. We had a number of systems that had difficulty working together and there were a lot of manual steps involved.” Lions Gate executives knew that when it was time to replace their legacy systems, they needed a comprehensive solution that would serve as a building block for financials and controlling. And that’s when SAP and SAP® software entered the picture.



THE SAP ADVANTAGE

“SAP had an advantage over the competition because it has extensive industry experience with studios that are the size we aspire to become,” says Collins. “SAP has a proven track record, it makes investments in its software for the media and entertainment world, and it has long-term vision and commitment.”

Another SAP advantage: the SAP NetWeaver® platform. Today, Lions Gate’s technology is powered by SAP NetWeaver, the open integration platform that enables change. The platform helps

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companies align IT with their business goals and enables them to obtain more business value from existing IT investments and to deploy a service-oriented architecture.

Lions Gate is currently rolling out two components of SAP NetWeaver to company employees: SAP Business Intelligence (SAP BI) and SAP Enterprise Portal (SAP EP). In the near future, Lions Gate will utilize SAP NetWeaver in its entirety. “We have an SAP environment at Lions Gate,” says Collins, “and SAP NetWeaver is how SAP technology is integrated. We’re in the process of moving more and more of our application development environment into SAP NetWeaver to leverage SAP software to its fullest.”

Lions Gate will rely heavily on SAP BI for identifying, integrating, and analyzing business data from different sources. The component gathers data from Lions Gate’s various software platforms and presents it in one source, which will enable the company to make sound, collaborative decisions.

SAP EP will provide Lions Gate with a complete portal infrastructure containing knowledge management and collaboration capabilities, as well as a single view of the entire enterprise for immediate, secure access to key information and applications.

Lions Gate will use SAP EP as its fundamental delivery tool for information such as budgeting reports for senior management. The company’s managers will access SAP EP to view reports archived in SAP BI. About 100 purchasing and budgeting employees at Lions Gate use SAP technology during the course of their day, and that number is expected to increase to 300 when SAP EP is fully implemented.

SOLUTIONS FOR MEDIA MANAGEMENT

Lions Gate is also implementing software for intellectual property management (IPM) from the SAP for Media set of solutions. The software will play an important role in Lions Gate’s future. It provides dedicated support for intellectual property management and enables the studio to manage its inventory of intellectual properties and to collaborate with business partners such as rights holders, licensors and licensees, authors, and actors.

The IPM software and SAP BI will work together to integrate financial systems and enable the studio to report accurate data about contracts, including accounting and auditing for royalties. The reporting will be done through SAP BI and include data on revenue earned by participants and stakeholders in Lions Gate productions. The software for intellectual property management enables Lions Gate to integrate data regarding the studio’s acquisitions and sales into its IT system. When the studio acquires or produces a movie, the IPM solution provides total visibility of all expenses and revenue throughout the life cycle of the product.

Capabilities for media product management, which are found in the IPM software, enable the company to integrate and manage the many pieces of information that describe and identify a Lions Gate production (for example, ratings, genre, cast, and release date).

TEAMING WITH SAP CUSTOMER SERVICES NETWORK

Because of tight implementation timelines and budgets, Lions Gate teamed with SAP Customer Services Network to achieve quick, successful implementations. Lions Gate purchased Artisan Entertainment in mid-December 2003 and three months later all of Lions Gate's home-entertainment transactions were performed using SAP technology. In the year prior to the acquisition, Artisan Entertainment had transitioned to SAP software with help from SAP Consulting.

Collins recalls the initial experience with SAP Consulting: "We spent an enormous amount of time determining what we wanted. Once we knew that, we quickly got to work with SAP Consulting to implement exactly that vision."

SAP Consulting team members will remain on board for the entire implementation. "They're helping us outline the different phases of the project, establish a timeline and budget, and manage the people involved in the implementation," he says. "The consultants are always there to answer our questions and listen to our concerns. For everything we need, we go directly to SAP Consulting team members, and they help us deliver the project on time and within budget."

Consultants from SAP Education – which, along with SAP Consulting, is a part of SAP Customer Services Network – train Lions Gate employees during implementations through in-house classes and hands-on training. SAP Education uses a phased approach; small groups of employees receive training that corresponds with each phase of the implementation. Typically, it takes only 45 days for the company's core team and end users to be fully trained in using new SAP solutions.

NEW CAPABILITIES

"The SAP technology will give us many benefits," says Collins. "Because we'll be able to track promotions and other budgets in detail, we'll effectively manage every step of the entertainment process much more efficiently. Our processes for tracking down expenditures for royalty payments used to take weeks. Because we'll soon have the information coming from SAP BI, our royalty group will print out its own reports and the process will take only a few hours. The most important thing for us is that the solutions will give us capabilities that we didn't have before."

LOOKING AHEAD

Lions Gate is relying on SAP software to help the company sustain its competitive advantage, manage information effectively, and control costs. The company wants to create a shortened decision cycle and better visibility throughout the organization to determine where the business must improve.

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