



TV Production Company Customizes Accounting System to Streamline Business Operations

Overview

Country or Region: United States

Industry: Media and entertainment—
Broadcasting

Customer Profile

Headquartered in the heart of the Southern California entertainment industry, RDF-USA is the U.S. subsidiary of a global media group that produces programming for TV and cable networks.

Business Situation

RDF-USA needed an accounting system that would enable it to manage its business the way it wanted to. The company was evaluating options when the vendor of its former system unexpectedly went out of business.

Solution

With help from Microsoft® Gold Certified Partner SCS, RDF-USA implemented an accounting and business management solution based on Microsoft Dynamics® NAV and tailored for its specific needs.

Benefits

- More flexible accounting processes
- Better reporting and analysis
- Improved international functionality

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Andy Lennon, CFO, RDF-USA

RDF-USA is a subsidiary of RDF Media, a global TV production company headquartered in London that has produced programming for TV networks in the United States, the United Kingdom, and several other countries. The company used an accounting system that forced it to export financial records into spreadsheets and make manual adjustments every month. To overcome these inefficiencies, RDF-USA engaged SCS, a Microsoft® Gold Certified Partner with expertise in the entertainment industry. RDF-USA chose Microsoft Dynamics® NAV because of the ease with which the company could create business rules to reflect the accounting practices and revenue-recognition policies it wanted. In addition to customized financial functions, RDF-USA expects to save U.S.\$4,000 a month from streamlining its reporting and analysis processes.



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Andy Lennon, CFO, RDF-USA

Situation

RDF-USA is the U.S. subsidiary of RDF Media Group, a global producer of television programming for broadcast and cable networks around the world. Headquartered in Santa Monica, in the center of Southern California’s entertainment industry, RDF-USA produces popular TV shows, such as “Wife Swap,” for ABC-TV.

The company formerly used Telemax, an accounting package developed specifically for the TV industry by Axium International, a software vendor that provided payroll processing for RDF-USA and other entertainment companies. But, the accounting package had several limitations that forced RDF-USA to maintain manual processes for many financial functions. For example, the parent company in the United Kingdom required RDF-USA subsidiaries to recognize revenue over the life of a TV production, but the accounting system would only credit revenue when an invoice was created.

“Our previous CFO came from the construction industry and she recognized the similarities between our industry and construction,” says Andy Lennon, CFO of RDF-USA. “TV shows take six to nine months to create, just like many construction projects. You have to recognize your costs and revenues in a sensible way, and she came up with our policy.”

To capture the view of the company’s finances that RDF-USA wanted, Lennon and his team were required to download the data from the aging accounting system, load it all onto Microsoft® Office Excel® spreadsheets, and make the adjustments needed to reflect their accounting principles. “We used to take a week or

more to prepare our monthly reports to executives in the United Kingdom, and then we’d send the spreadsheets as an attachment to an e-mail message,” says Lennon.

“If an executive had a question or wanted to see the data sliced in a slightly different way, all the subsidiaries had to go back to the accounting system, start the process over, submit the data in a slightly different way, and then consolidate the spreadsheets again. It was horrible.”

In other business areas, the Telemax system also lacked the flexibility to adjust project accounting as a TV production evolved over time.

RDF-USA was already evaluating other accounting and business management systems when Axium International told the company it was going out of business. “The announcement was quite sudden. We were left high and dry,” says Lennon.

Solution

RDF-USA quickly prepared a set of specifications and solicited bids for a new system. For assistance in selecting a solution, the company called on SCS, a Microsoft Gold Certified Partner with a specialized practice in the entertainment industry. With help from SCS, RDF-USA chose Microsoft Dynamics® NAV as its business management solution. “What the company needed was a system of job cost accounting that met the unique needs of entertainment companies,” explains Jay DeFaro, a Senior Project Manager for SCS, who led the RDF-USA implementation.

“Our experience has been so positive that our U.K. team has decided to use Microsoft Dynamics NAV throughout the entire company.”

Andy Lennon, CFO, RDF-USA

Recognizing Revenue Properly

SCS was able to configure and customize Microsoft Dynamics NAV so that RDF-USA could manage its business the way it wants. With this solution, RDF-USA is now able to easily account for its licensing revenue over the life of a TV show.

“Whenever we prepare an invoice, we just debit our accounts receivable and credit a balance sheet code,” explains Lennon.

“Then, every month, we debit that balance sheet code, which drives our revenue recognition into our profit and loss accounts. And, we can have that information broken down project by project.”

Adding Flexibility

With the new solution, RDF-USA can modify project accounting as a TV production evolves, adding revenues and extending deadlines as syndication rights or production-shooting schedules change.

SCS helped RDF-USA implement a very flexible accounting system, with options to adjust production schedules and budgets as changes occur. “TV shows are a bit like construction projects; you always start clean with a schedule and a budget, and it’s only after you built half of it that people start to change their mind,” Lennon says with a chuckle.

However, this could create serious problems for an accounting system. “We needed to capture the initial view of a project and be flexible enough to add revenue lines and extend deadlines as needed,” says Lennon. “We have all that with our implementation of Microsoft Dynamics NAV that SCS modified for us.”

Stronger Reporting

Many of RDF-USA’s customers use a third-party cost-accounting program to track expenses on a particular TV show or Internet project, and RDF-USA needed to use that information in its own system. “Some of these large, ongoing projects are worth millions of dollars and have their own ways of accounting for costs,” says DeFaro.

To give RDF-USA faster, more effective reporting, SCS used configuration elements built into Microsoft Dynamics NAV to develop a system of subbudgeting that would integrate with any chart of accounts that a customer or supplier might use. “We assigned Resource Codes within Microsoft Dynamics NAV, which lets us connect automatically with systems used by customers or other parties in a production.”

Now, employees extract information for many RDF-USA reports from third-party systems automatically, which speeds up the company’s monthly reporting considerably. In preparing the reporting options for RDF-USA, DeFaro and his team worked with a list of spreadsheet reports and adjustments that the company’s employees formerly used to get the results they wanted.

“We called it the ‘kill list,’” says DeFaro. “We just went down that list of workflow items that used to be done offline and, one by one, integrated them into the functionality of Microsoft Dynamics NAV.”

Benefits

RDF-USA now has a business management system that follows the accounting principles that company managers want, eliminates the need for offline adjustments in Office Excel, supports the company’s global business requirements,

and substantially improves the company's reporting and analysis capabilities. "It didn't take very long for SCS to figure out what we needed and how to program it, which was great," says Lennon.

More Flexible Accounting Processes

With Microsoft Dynamics NAV, the RDF-USA finance team recognizes and books revenue in accordance with the accounting principles it wishes to follow. The company can issue invoices for license fees for its TV programs and spread the income over the life of the license, regardless of whenever the invoice is paid. This lets company managers manage profit and loss more accurately over the long term.

The ability to track production forecasts against actual expenses is critical to the success of RDF-USA. With the customized solution, Lennon and his team can deliver those reports quickly and easily, saving the company time and money.

"All the revenue accrual and forecasting is done in Microsoft Dynamics NAV, and Andy and his team are able to spend their time performing higher-level tasks, such as analyzing production budgets and contract requirements and milestones," says DeFaro.

Better Reporting and Analysis

RDF-USA no longer needs to download its accounting data to offline spreadsheets to produce the reports and analysis it needs. Now, the company's monthly reports that used to take a week to prepare with offline manual operations are prepared in the solution in a few hours and employees can answer any requests for additional data or different analysis very quickly.

"I estimate we'll save \$4,000 a month in preparing reports when we've fully

implemented Microsoft Dynamics NAV and taken advantage of all its capabilities," says Lennon.

"It gives everyone a much clearer picture of what's going on and simplifies how we make decisions or answer questions about our productions," he says.

Improved International Functionality

Because the U.S. subsidiary was the first in the company to change its general ledger system in a long time, the parent company asked RDF-USA to evaluate a program that might be functional throughout all RDF Media subsidiaries.

"Our experience has been so positive that our U.K. team has decided to use Microsoft Dynamics NAV throughout the entire company," says Lennon.

"The software was originally created in Europe and it has all the features to handle multiple companies, multiple currencies, and VAT [value-added taxes] already built in," he notes. "That really appealed to us as a group based in different countries."

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For more information about RDF-USA products and services, call (310) 460-4490 or visit the Web site at:

www.rdfusa.com

For more information about SCS products and services, call (800) 655-5284 or visit the Web site at:

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Microsoft Dynamics

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