It’s showtime!

Digital drives the agenda, data delivers the insights

Media & Entertainment
For the first time since the great recession of 2008, media and entertainment (M&E) chief financial officers (CFOs) have shifted their primary focus from cost reduction and operational efficiencies to optimizing the organization for growth. Today’s priority for an overwhelming 74% of CFOs is the evolution of digital – using digital to drive their growth agenda and data to deliver the insights that enable game-changing decision-making.

In our sixth in a series of executive reports, 50 CFOs from leading M&E companies around the world share these and other views on the current and future direction of the industry. The CFOs we interviewed represent M&E companies with combined annual revenues exceeding US$475b globally, spanning eight media and entertainment industry sectors and 10 geographies.

* If more than one division or subsidiary participated, consolidated parent company revenues have been included.

**Figure 1**
Company size – annual revenues (in US$) (numbers of participating companies*)
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**Figure 2**
Headquarters of participating companies

- United States: 52%
- Brazil: 2%
- Japan: 2%
- China: 8%
- Australia: 8%
- France: 4%
- United Kingdom: 6%
- Canada: 8%
- Russia: 2%
- India: 12%

**Figure 3**
Companies by sub-sector

- Publishing and information services: 20%
- Filmed entertainment: 18%
- Broadcast and cable networks: 16%
- Media conglomerates: 14%
- Music/radio: 4%
- Cable/satellite distributors: 8%
- Internet and interactive media: 10%
- Advertising and measurement: 10%

**Over $475 billion of media and entertainment revenue represented by participating companies (approximately)**

8 media and entertainment sectors represented

**Figure 4**
Geographic distribution of revenue of participating companies

- North America: 48.1%
- Europe: 14.9%
- Asia Pacific: 7.2%
- Japan: 9.3%
- Latin America: 3.2%
- Australia/New Zealand: 1.8%
- ROW: 15.5%

To augment our interview findings, we have used proprietary EY analyses and secondary research to provide depth and context.

We promote an environment of openness and candor during the interview process. As such, none of the comments or quotes used in this report is attributed to any participant. We would like to take a moment to thank all participants for their time and the insights they generously provided. Their involvement was instrumental in the creation of this report.
Participating CFOs and executives*

Howard M. Averill  
Executive Vice President and CFO  
Time Warner Inc.

Bernard G. Dvorak  
Executive Vice President and Co-CFO  
Liberty Global, plc

Andrew Hobson  
Senior Executive Vice President and CFO  
Univision Communications Inc.

Jimmy Barge  
CFO  
Lionsgate Entertainment Corp.

James Follo  
CFO  
The New York Times Company

David Housego  
CFO  
Fairfax Media Limited

Manuel Belmar  
CFO  
Globosat Programadora Ltda.

Sambasivan G  
CFO  
Tata Sky Limited

Simon Kelly  
Chief Operating Officer and CFO  
Nine Entertainment Company

Gregoire Castaing  
CFO  
Canal+ Groupe

Ian Griffiths  
CFO  
ITV plc

Steven E. Kober  
Executive Vice President and CFO  
Sony Corporation of America

Nicholas Chong  
CFO  
Autohome Inc.

Joseph Gu  
CFO  
China Media Capital

Mitch Koch  
CFO Interactive Entertainment Business  
Microsoft Corporation

Lewis Coleman  
President and CFO  
Dreamworks Animation SKG, Inc.

Piyush Gupta  
CFO  
HT Media Ltd.

John Lo  
Senior Vice President and CFO  
Tencent Holdings Limited

Laurence Debroux  
Group CFO  
JC Decaux

Andrew Heffernan  
CFO  
Eros International plc

Frank Mergenthaler  
Executive Vice President and CFO  
The Interpublic Group of Companies

Patrick T. Doyle  
Executive Vice President and CFO  
DIRECTV, Inc.

David C. Hendler  
Senior Executive Vice President and CFO  
Sony Pictures Entertainment

Patrick Milano  
Executive Vice President, CFO and Chief Accounting Officer  
McGraw-Hill Education
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* Two CFOs asked to remain anonymous.
The methodology

We met with each of the CFOs who participated in the study, asking them 12 questions focused on the industry as a whole, as well as on specific areas within each CFO’s organization, and asked the CFOs to rank their top three responses in order of importance. We have summarized their responses in this report, highlighting the key themes that emerged from our discussions.

If you would like to see the complete results of the study, please contact your local EY representative.
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Overview

Although cost reduction and business efficiencies have played a role for several years, as growth becomes the priority, CFOs are looking to digital and data analytics to shift them into high gear.

"As M&E companies look to grow, CFOs are focusing on being strategic partners to the business, providing leadership and insight, and helping to ensure the business is moving fast enough to adapt to and innovate in today’s digital world.”

John Nendick
Global Media & Entertainment Leader
EY

After six years of driving cost reductions and business efficiencies to first survive and then thrive amid economic uncertainty and disruptive markets, CFOs are changing gears. In our 2012 CEO report, 62% of CEOs cited economic uncertainty as their top challenge. Of the 50 M&E CFOs we interviewed for our 2014 CFO study, only 26% highlighted economic uncertainty as a concern. This shift away from retract and retrench reflects the sentiment of CFOs across sectors.

Figure 5
Economic uncertainty is no longer the greatest challenge

In 2014 26% of CFOs identified economic uncertainty as a challenge for their organization

In 2012 62% of CEOs identified economic uncertainty as a challenge for their organization

Instead, organizations around the world are turning their attention to growth. M&E CFOs are no exception. And they see digital and data analytics as the means to achieve it.

For organizations seeking to accelerate their growth trajectory, transactions are making a comeback. For companies that are looking to grow through acquisitions, a majority of CFOs say their organizations are focused on expanding the geographic footprint for existing businesses. Nearly half report a willingness to take a risk on new business ventures, such as games, social media and online entertainment.

Although growth is now the number one priority, CFOs are still seeking cost reductions and business efficiencies. And they see integrated tax planning as a ripe opportunity, particularly as organizations expand their geographic footprint into emerging markets.
As CFOs look to the future, they perceive recruiting, developing and retaining the right talent as critical to their organization’s success. Investments in digital talent specifically are high priorities across M&E subsectors.

Digital transformation, data analytics to improve decision-making, transactions to accelerate growth, optimizing tax planning opportunities, and recruiting and retaining the right talent – these are the priorities CFOs identified when we interviewed them, and they are the themes we explore in this report.

**Study highlights**

**Digital isn't the future, it's already here**
Digital is transforming the M&E landscape. M&E companies’ best advantage is to manage from within the digital and technology disruptions that are transforming the market.

**Data analytics deliver insights that improve decision-making**
To effectively align their organization for digital growth, CFOs are placing significant emphasis on data analytics to improve decision-making, systems and processes.

**Transactions focus on what companies already know**
As M&E companies look to grow, CFOs are most focused on deals in core markets and geographies. But new opportunities are a tempting option.

**Better tax planning accelerates performance**
Integrating tax planning that aligns to business and operational strategy is more important than ever for CFOs as tax planning moves into the digital age.

**Capturing today’s talent will fuel tomorrow’s growth**
CFOs recognize the importance of attracting and retaining top talent, and they’re pinning their success, in part, on their ability to do it.
Digital isn’t the future – it’s already here

Digital is transforming the M&E landscape. M&E companies’ best advantage is to manage from within the digital and technology disruptions that are transforming the market.

Study participant says:
“Online and digital distribution is not the future anymore – it’s already happening.”

Digital technology today pervades every aspect of our lives. It’s no wonder then that 74% of M&E CFOs see digital and online distribution as a top priority for their organization. Reading, television, film, games, music – it’s all online, available across multiple platforms and eminently consumable. The difference between today and years past is the intensity and the pace at which the digital landscape is changing. It seems that each day we wake up to a new device, platform or app that will transform how we think, work and live in the world.

“M&E CFOs no longer see digital as a new media play. They see it as an essential and fundamental component of their organization in every dimension.”

Howard Bass
Global Media & Entertainment Advisory Services Leader
EY

Study participants say:
“Without digital, we cannot survive.”
“Media companies are still grappling with getting a digital monetization model in place.”

EY’s digital media platform saturation index suggests a 17% compound annual growth rate (CAGR) between 2010 and 2017. In the same time frame, while worldwide device penetration is growing at 20% annually, data consumption is growing at 25%.

Average broadband penetration speed, which has doubled globally from 1.9 megabits per second (Mbps) to 3.8 Mbps between 2010 and 2013, is one factor. Consumers having more devices and doing more with them is another.
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**Figure 7**
Rise in connected devices is outpaced by higher consumer levels

*EY digital media platform saturation index*

Index is based on the household penetration of fixed and wireless broadband connections and consumer internet-enabled devices. *Index = (broadband penetration + consumer device penetration) / 200%

<table>
<thead>
<tr>
<th>Year</th>
<th>Worldwide</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.29</td>
<td>2.77</td>
</tr>
<tr>
<td>2011</td>
<td>1.61</td>
<td>3.53</td>
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<tr>
<td>2012</td>
<td>1.99</td>
<td>4.22</td>
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<td>2013</td>
<td>2.30</td>
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<td>5.33</td>
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<tr>
<td>2015</td>
<td>3.11</td>
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<td>2016</td>
<td>3.48</td>
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</tr>
<tr>
<td>2017</td>
<td>3.96</td>
<td>6.63</td>
</tr>
</tbody>
</table>

**EY worldwide digital media consumption growth index**

Index is based on the growth rates for consumer internet-enabled devices and consumer internet data traffic.

<table>
<thead>
<tr>
<th>Year</th>
<th>IT traffic (25%)</th>
<th>Devices (20%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2011</td>
<td>127</td>
<td>126</td>
</tr>
<tr>
<td>2012</td>
<td>162</td>
<td>163</td>
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<td>2013</td>
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<td>230</td>
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<tr>
<td>2015</td>
<td>268</td>
<td>268</td>
</tr>
<tr>
<td>2016</td>
<td>304</td>
<td>304</td>
</tr>
<tr>
<td>2017</td>
<td>356</td>
<td>356</td>
</tr>
</tbody>
</table>

Between 2010 and 2014, the average broadband speed globally doubled from 1.9 Mbps to 3.8 Mbps.

In the US, between 2010 and 2013, consumers increased their use of social networking by 37% and online video by 94%. Over the same time period, traditional media continued to decline, with newspapers and magazines down 16% and 11%, respectively.
The speed at which digital technology is evolving, combined with voracious consumer consumption rates, is fundamentally changing the business landscape for M&E companies. The telephone, a ground-breaking communications tool invented amid a wave of innovation during the industrial revolution, took 75 years to connect 50 million people globally. Imagine presenting a business case today that suggested a 75-year time frame for reaching 50 million customers. The business case would never be approved. Four years ago, from the time it was introduced in 2010, it took Apple’s iPad less than two years to reach the same number of customers. Rovio Entertainment’s game Angry Birds reached 50 million customers in about 30 days.

It took about 75 years for the telephone to connect 50 million people. Today, technologies reach that milestone in around a month.
The ability to achieve mass scale in a matter of weeks or months instead of years represents an enormous and enticing opportunity for M&E companies. Yet it also means that a new slew of competitors can be just around the corner. It’s also important to note that mass scale in the short term does not guarantee long-term success. The speed at which a company’s star rises can also be the speed at which it falls. It is for these reasons that 64% of CFOs cite platform and technology disintermediation as their greatest challenge over the next three years.

Figure 9
M&E’s greatest challenges

64% of CFOs cite platform and technology disintermediation as the greatest challenge

58% of CFOs cite the inability to persuade consumers to pay “fair value” for content

Given that M&E organizations are unable to predict the direction or the speed of the next wave of digital innovation, their best advantage is to create flexibility across the organization to adapt and capitalize on the digital and technology disruptions that are transforming the market.

In addition to platform and technology disintermediation, 58% of M&E CFOs cite losing control of the customer relationship and persuading consumers to “pay fair value” for content as another significant challenge. Part of the issue is that fair value is in the eye of beholder. Looking through the lens of the consumer, fair value means something quite different from what content producers or creators see. As celebrities and other consumers continue to produce “free” content, M&E companies are having to prove that their content is worth its price.

“Fair value is tough to address because consumers and content producers have very different perspectives on what ‘fair value’ means.”

Jean-Benoit Berty
UK Technology, Media & Telecommunications Market Leader
EY

Study participant says:
“It’s unknown where technology is going and how disruptive it will be, thus, the need for a flexible business model.”
Data analytics deliver insights that improve decision-making

To effectively align their organization for digital growth, CFOs are placing significant emphasis on data analytics to improve decision-making, systems and processes.

Study participant says:
“We’re confident we can win when we understand and can predict the rules.”

Figure 10
Top priorities for the finance team

60% of CFOs feel it is a top priority to improve their decision analytics capabilities

54% of CFOs feel it is a top priority to improve efficiency of systems and processes
To enrich existing data strategies and drive insights into the business, CFOs are focusing on four components:

- **Simplify rear-view reporting.** Companies are now using modern tools and data analytics techniques to simplify the collection, storing and analysis of data.

- **Develop predictive modeling techniques.** Predictive modeling enables organizations to shift gears on data from collection and reporting to taking a forward-looking view of the issues and challenges that may impact the business in the future.

- **Democratize access to the data.** By leveraging mobile and cloud-based technologies, organizations can provide easy access to the data to stakeholders at the time and place where it is relevant.

- **Consolidate customer, audience and platform data.** Consolidation enables organizations to develop a single view of the customer. It also simplifies data outputs, enabling both standardization of data across the enterprise and customization to better target customers.

Figure 11
CFOs are focusing on four initiatives
A majority of CFOs (59%) believe their organization is doing a good or very good job of using data for responding and upselling to existing customers and identifying trends. Similarly, 52% of CFOs see their organization as doing a good job of using data to determine production rights and content investments as part of the creative process. And yet, only about a third (33%) of CFOs think that their company is doing a good job of using data to effectively generate new leads or find new customers.

In fact, CFOs acknowledge that real-time access to data is their greatest area for improvement. Just over half of the CFOs feel that they have the appropriate tools and processes in place to gather insights and information. Yet they are less confident about managing data in real time and sharing it effectively around the organization. Only 39% believe they can access management information and data in real time when needed. Similarly, only 39% believe their organization is good or very good at sharing data.

Study participants say:

“‘It’s not clear yet which tools to use, what data is valuable and how to use the data. We haven’t yet cracked that code.’”

“For our production and content choices, we use high levels of data plus CEO ‘gut feel.’”
As the global big data market for M&E continues to grow – 41.1% CAGR estimated between 2012 and 2018⁴ – finding meaningful insights among the exabytes of data becomes increasingly difficult. For example, in 2010, approximately 1,100 exabytes of unstructured data were stored in databases. By 2015, we expect that number to rise to nearly 8,000 exabytes, 68% of which consumers will create primarily through social networks.

Study participant says:
“We make this work through brute force. Investment in IT is needed to make it easier to make data- and insights-driven business decisions.”

Figure 14
The exponential rise in data makes it harder to find meaningful insight⁵

To make sense of the data and take full advantage of the insights they gather, and to improve the effectiveness of the organization as a whole, collaboration is key. When asked, 58% of CFOs cited greater collaboration between business units and/or teams as a means of improving their organization's overall effectiveness. Yet, only 30% intended to make it their top priority.
Transactions focus on what companies already know

As M&E companies look to grow, CFOs are most focused on deals in core markets and geographies. But new opportunities are a tempting option.

Study participant says:  
“We want to be in big creative markets.”

As if channeling the twin mantras of “bigger is better” and “if you can’t beat them, buy them,” transactions are making a comeback in M&E. Specifically, organizations are looking to grow in areas that they know. From both geographic and investment perspectives, M&E companies are focusing first on existing markets and businesses. Their second choice for growth is new markets and businesses.

![Figure 15](image)

How CFOs expect their organizations to expand in the market

- **72%** are focused on existing/core markets
- **67%** seek “bolt-on” deals to expand geographically in existing businesses
- **64%** are looking at opportunities in emerging markets
- **50%** are looking to invest in new business

The focus on existing or core markets makes sense given that the US ranks as the most attractive region in EY’s Digital Media Attractiveness Index. It continues to represent both scale and maturity in all areas. China’s scale and growth in a still-emerging market make it attractive, but the regulatory and business environment makes it a less attractive investment for some M&E companies. Similarly, although Brazil, India and Russia offer vast potential, they too struggle with systemic risk and regulatory issues. Finally, even though Japan, the UK, France and Germany are safe core markets with relatively low costs of entry, their relatively modest size makes them less attractive for M&E companies looking to significantly scale their customer base.

Study participants say:  
“70% of our business is from core markets, but the other 30% will be driving our growth.”

“It’s much harder now to differentiate between ‘developed’ and ‘emerging’ markets.”
13

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1. The US continues to be the most attractive market, representing scale and maturity in all areas.
2. China’s scale and growth make it attractive, but the regulatory and business environment remains an issue.
3. Brazil, India and Russia offer vast potential but also struggle with wider risk and regulatory issues.
4. Japan, UK, France and Germany are core markets with relatively low costs of entry.

Figure 16

EY Digital Media Attractiveness Index

The index blends and weights over 20 indicators from media and entertainment to the wider market.

Benefits
- Macroeconomic and socio-demographic: economic growth and technology adoption
- Market value and monetization: e-commerce and online payments

Costs
- Macro ease of doing business and risk factors (e.g., political and regulatory risk and piracy)
- Media and entertainment environment: foreign ownership, licensing and censorship

Size of bubble represents the total weighted score of benefits and costs and is an indicator of earnings potential.
For many M&E organizations, the preferred approach to acquisition is to have a majority ownership so that they can control their own destiny. They want to control their brand and the content or intellectual property. At the same time, they understand the value of local knowledge and local customer insights, making local partnerships and alliances their second most preferred choice for acquisitions and their primary rationale for any transaction. Yet for many CFOs there is an indication that their organization is willing to go it alone.

**Figure 17**
CFOs prefer deals that give them more local knowledge and enable them to better control content, brand and destiny

**Preferred approach**

<table>
<thead>
<tr>
<th>Approach</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisitions/majority ownership</td>
<td>61%</td>
</tr>
<tr>
<td>Local partnerships/alliances</td>
<td>55%</td>
</tr>
<tr>
<td>Go it alone/greenfield</td>
<td>48%</td>
</tr>
<tr>
<td>Investments/minority ownership</td>
<td>34%</td>
</tr>
<tr>
<td>Content sales/licensing/franchising</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Rationale**

<table>
<thead>
<tr>
<th>Rationale</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local market knowledge/customer insight</td>
<td>56%</td>
</tr>
<tr>
<td>Content/IP ownership</td>
<td>44%</td>
</tr>
<tr>
<td>Brand control</td>
<td>34%</td>
</tr>
<tr>
<td>Achieve competitive advantage</td>
<td>29%</td>
</tr>
<tr>
<td>Access to talent</td>
<td>26%</td>
</tr>
</tbody>
</table>
Although the big deals seem to be occurring among cable operators, CFOs continue to believe, as CEOs did two years ago, that the big winners three years from now will be interactive media companies.

Study participant says:
"We’re looking for young businesses ... it’s all about their potential for growth."

**Figure 18**
Global media and entertainment M&A deals by sub-sector
Number of announced deals with disclosed transaction values*

<table>
<thead>
<tr>
<th>Year</th>
<th>Publishing and information services</th>
<th>Broadcasting and cable</th>
<th>Film and entertainment</th>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$61</td>
<td>$194</td>
<td>$189</td>
<td>$61</td>
</tr>
<tr>
<td>2009</td>
<td>$397</td>
<td>$425</td>
<td>$206</td>
<td>$94</td>
</tr>
<tr>
<td>2010</td>
<td>$425</td>
<td>$574</td>
<td>$410</td>
<td>$176</td>
</tr>
<tr>
<td>2011</td>
<td>$546</td>
<td>$493</td>
<td>$433</td>
<td>$157</td>
</tr>
<tr>
<td>2012</td>
<td>$567</td>
<td>$220</td>
<td>$567</td>
<td>$939</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1H ’14*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Deals announced through 19 May 2014

“Given increases in their market value, some M&E companies are able to access capital markets and use their stock as currency to more aggressively pursue acquisitions in the future – which they need to do as both an offensive and defensive strategy. Companies need to expand to grow. If they don’t, they could become targets.”

Farokh Balsara
India Media & Entertainment Sector Leader
EY
Better tax planning accelerates performance

Integrating tax planning that aligns to business and operational strategy is more important than ever for CFOs as tax planning moves into the digital age.

Study participant says:
“Tax has a key role to play in creating value for shareholders.”

As M&E businesses seek to grow across geographies and evolve to address disruptive markets and technology, a more closely integrated tax planning strategy that aligns to the organization’s digital strategy becomes more important than ever.

Figure 19
In what ways could your organization enhance its current tax strategy to take it to the next level?

For 40% of CFOs, integrating tax planning within the business and operations was their number one priority. They see it as a strategic opportunity to drive growth through increased operational efficiencies and improved processes. They also see it as a means of managing the risks of an increasingly cross-jurisdictional tax landscape. Integrating tax planning into the business enables M&E companies to gain a better understanding of where key management, supply chains and intellectual property are located internationally. This enables organizations to then centralize key parts of the business in tax-advantaged jurisdictions by securing rulings with tax authorities on an agreed legal structure and operating model.
By improving relationships with tax authorities, organizations can reduce risks and unwanted exposure. They can also gain certainty and potential tax benefits or incentives that can improve these relationships.

CFOs looking for an integrated, long-term approach to tax planning may want to consider a multipronged strategic approach that uses the transition to digital to offset tax liabilities; positions senior stakeholders and head office in tax-efficient jurisdictions; provides detailed insight into the supply chain in terms of how customers, devices and platforms are changing; and understands the breadth, depth and value of the organization’s intellectual property.

Study participant says:
“We need to do a better job of integrating tax planning into our contract negotiations.”

“Ten years ago, CFOs’ focus around tax was on financial statement risk. Today, CFOs would add that integrating tax with their business strategies can create tremendous value for the organization.”

Alan Luchs
Global Media & Entertainment Tax Services Leader
EY
Capturing today’s talent will fuel tomorrow’s growth

CFOs recognize the importance of attracting and retaining top talent, and they’re pinning their success, in part, on their ability to do it.

Study participant says: “It’s all about the talent of today and tomorrow.”

According to EY’s Sustaining digital leadership, 64% of the M&E executives surveyed said their companies overall are investing in digital staff faster than digital revenue is growing. In the gaming and publishing sub-sectors, the percentage is even higher.

Figure 20
Percentage of M&E executives who say they are investing in digital staff faster than digital revenue is growing

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming</td>
<td>79%</td>
</tr>
<tr>
<td>Publishing</td>
<td>71%</td>
</tr>
<tr>
<td>Technology</td>
<td>63%</td>
</tr>
<tr>
<td>Music</td>
<td>63%</td>
</tr>
<tr>
<td>Social media</td>
<td>62%</td>
</tr>
<tr>
<td>Advertising</td>
<td>59%</td>
</tr>
<tr>
<td>Film</td>
<td>59%</td>
</tr>
<tr>
<td>Broadcast</td>
<td>58%</td>
</tr>
</tbody>
</table>

Study participant says: “Having the right resources is important (back office and creative). You can’t do both with the same people.”

While it makes sense that digitally focused M&E companies are hiring faster than revenue is growing, for more traditional media companies, such as publishing, placing such emphasis on recruiting and retaining digital talent is more surprising. This seems to speak to the fundamental transformation that is occurring in the more traditional sub-sectors of the industry – in the case of publishing, moving away from print to digital publications.
Although creative skills differ from finance skills, CFOs echoed the importance of talent, with 58% indicating that their organization’s ability to attract and retain top talent will enable them to improve their organization’s effectiveness; 47% say recruiting and retaining the right talent will be a determining factor in the success of their performance three years from now. For CFOs, the right talent means finding people that have more than technical accounting skills. Today’s finance resources must also possess excellent communication skills and commercial and entrepreneurial acumen.

Study participant says:
“My personal priority is talent. The talent I am seeing doesn’t align with needs and expectations ... hard to find people with the right digital skills to help us transform.”

“...That traditional businesses such as publishing are investing almost as much in digital staffing as gaming companies underscores the huge transformation that M&E companies are experiencing across sub-sectors.”

Ian Eddleston
Global Media & Entertainment Assurance Services Leader
EY

Yet, for all the desires CFOs have to recruit, train and retain talent, many are finding it difficult to identify the right resources to fill their digital talent gaps. Many of the people they are interviewing do not have the right skills to fit the needs of the organization. As one CFO put it, “I can’t find the blend of skills, experience and background that I think we need to transform.”
Conclusion

As digital continues to drive the agenda, CFOs are looking forward – strategizing, planning and executing in ways that enable their organizations to grow and sustain market leadership.

Study participant says:
“Anything that is a commodity should be outsourced. Strategy should never be.”

“CFOs are still managing a changing business landscape, regulatory compliance and tax strategies and maximizing shareholder value. At the same time, their focus is shifting more and more toward driving better data, better analytics and better reporting.”

Jennifer Walsh
Northeast Media & Entertainment Market Segment Leader
EY

Digital transformation, data analytics that turn insights into action, M&A activity in core and emerging markets, tax planning that optimizes operational efficiencies, and recruiting, training and retaining the right talent are the areas M&E CFOs identified as being important to their organization.

When we asked CFOs how they would measure their own success three years from now, their responses revealed that CFOs are no longer content to focus their personal performance on financial management and hindsight reporting. For 57% of CFOs, meeting or exceeding the company’s financial performance is still important. However, 65% of CFOs were more interested in looking forward. They want to use their role to enable their organization to develop a more competitive and successful business strategy. “Most of the time, I try to look to the future, design new strategies and ways to grow and deliver what consumers demand,” remarked one CFO. Another stated; “You need to have a deep understanding of the market trends – this should drive your strategy.” CFOs see participating in the development of a competitive business strategy and aligning the organization to that strategy as fundamental to their role.
To achieve their performance goals three years from now, CFOs plan to:

- Manage the transition to digital by helping to shape digital business and revenue models with the flexibility to withstand a constantly changing digital landscape
- Evolve analytics and reporting capabilities to enable real-time insights that improve strategic decision-making
- Support transaction opportunities into new markets or geographies
- Maximize tax planning opportunities that support growth initiatives
- Attract, develop and retain top digital talent with the right skills and experience to position their organization for success now and in the future

It’s showtime for CFOs. As digital continues to drive the agenda, their role as strategic advisors, data wranglers, tax planners and talent purveyors will enable them to deliver the insights their organizations need to grow and sustain market leadership in a constantly and rapidly evolving digital M&E landscape.

“As CFOs look to the future, they see the critical role analytics has to play – that by moving toward data visualization and real-time data, they become more valuable partners to the business. Delivering real insights in real time results in more responsive decision making. The new insights digitization can bring will fundamentally change the way CFOs drive the business.”

David McGregor
Asia-Pacific Technology, Media & Telecommunications Market Leader
EY
Endnotes

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