

# THE FUTURE OF DIGITAL PAPER: **IN FILM PRODUCTION ACCOUNTING**

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# SCOPE OF PAPER



The days of manual document submission and data management are over. For over a decade, accounting departments at Fortune 500 companies have been abandoning paper-based methods for collecting and tracking information and turning to technology. Specifically, they have been adopting accounting software and document management/document control systems -- DMDCs. A DMDC consists of two parts. One is a document management system (DMS) -- a software solution that digitizes paper uploads, then stores, manages, and tracks the resulting electronic documents. The other is a document control system (DCS) -- software that ensures that documents meet compliance standards through proper approvals and authorizations as they go through a workflow.

The film production accounting office is not immune to this trend. Production Accounting is increasingly realizing the benefits of Digital, which include a reduced need for physical document storage space and a stronger ability to monitor workflow progress. However, there lurks a potential danger. IT departments are typically responsible for technology purchases, and they often buy systems that they deem most suitable for their purposes. Unfortunately, this may mean that those systems do not adequately address the preferences of employees who work day in and day out in film production. Consequently, it is imperative that production finance and accounting take charge in the selection of DMDCs. This entails identifying the features they desire in the system upfront to have their needs met. Doing so will avoid confusion and disarray. It will also keep vampire of your time).

This paper will focus on the workflows and processes that should exist in a digital document system when selecting for production finance and accounting. Specifically, it will highlight the future ways that it should be used to manage documents and staff in shooting locations; identify the features that a DMDC should include; and discuss the capabilities it should offer (how it should function).

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# THE FUTURE: **BREAK UP THE ACCOUNTING OFFICE** (SHOOTING LOCATION AND HOME BASE)



Currently, productions send multiple accounting staff members to a shooting location to handle accounting tasks — for example, they often send as many as 10 people to a shoot in the desert of North Africa. This practice represents an enormous waste of resources and also includes the risk of hiring local unknown labor. It would make much more sense to send a single trained and trusted production accountant to the location who would be responsible for hot costs, budgets, estimating changes and training a local PA/clerk to upload all documents into the DMDC. After the upload, data entry staff working anywhere in the world can take charge, entering information from each document. Enabling staff to work from anywhere helps make the process get completed faster. After data is entered, employees working at the home base (the production accounting office) can have the information coded against the budget and ledger description. There is no standard format for the ledger description — it is specific to each production accountant, so employees should be instructed on how to customize it accordingly.

Home base executives should be able to monitor all of the local production accountant's actions in real-time through the DMDC to ensure that things are going well. For example, they should be able to tell if document processing is moving too slowly or if the accountant needs more labor. The entire process should be standardized to ensure consistency and efficiency. If different accountants at different shooting locations use different procedures, the result will be a loss of time and money when a show is delivered to the producer or studio.

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## LOOK AND FEEL OF COMMON PRODUCTION SYSTEMS



Production accounting (we all work in roughly the same way). Film Production accounting has been working with the same paper systems for decades. Our paper systems require crew to collect or turn in required documents when getting a vendor paid. The last thing we want to do is re-train thousands of people who we have been taught a particular system in Film Production and commercials accounting. We want to make sure that the look and feel of this process mirrors what currently happens in Film Production accounting.

There is no reason we should be disrupting the current system that most producers use in production accounting. If it ain't broke don't fix it.

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## BATCH/EXPORT UPLOAD/API



The DMDC and the accounting system that we are working with must, must, must be open architecture. The current systems in Film Production accounting are closed architecture and there is no reason, in the 21st century, that our DMDC and our accounting system shouldn't be talking and exchanging data back and forth.

Ultimately the document management system and the accounting system should have a method for connecting through an open source API so that a document is only touched once, is only entered once, is only approved and edited once, and then ultimately uploaded into an accounting system without any errors or human intervention from the time it gets uploaded, entered and proofed to the time it gets reviewed for posting to the GL.

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# FEATURES WE (PROD ACCOUNTANTS) NEED IN A DMDC



DMDCs are complicated systems with multiple components. That said, at its most basic, a DMDC for a production accounting office should have the following features:

❌ **A standalone format.**

The DMDC should not be integrated into existing accounting systems. A standalone setup will enable the flexibility needed to make changes to it as necessary.

❌ **A comprehensive form repository.**

The DMDC should have all the forms crew members need (PO, CkRq, etc.) so they can create and submit all their documents to accounting digitally. The forms should be in a standardized format so they can be used across systems.

❌ **A crew portal.**

The DMDC should include a portal that enables crew members to upload their W-9 forms (taking them from one show to another), create purchase orders, create check requests, submit petty cash envelopes and expense reports (including the individual receipts in a petty cash envelope), and submit accounts payable invoices.

❌ **A searchable index.**

The DMDC should have a searchable index for documents. The index should allow users to research a document in an accounting system GL, then locate it in a file store so it can be reviewed or printed for audit or claim.

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# FEATURES WE (PROD ACCOUNTANTS) NEED IN A DMDC



## ❌ A tracking feature.

The DMDC should have an open architecture that enables it to exchange data with accounting systems. They should be able to connect through an open source API so that a document is only entered in the DMDC once, only approved and edited once, and ultimately uploaded into the accounting software. The current closed architecture of many industry payroll services and accounting systems keeps producers chained to the same payroll service from one project to another.

## ❌ An open architecture.

The DMDC should have a feature for tracking which documents have been uploaded, processed, approved, exported, entered into (or digitally pushed into) an accounting system and ultimately posted.

## ❌ Sufficient security standards.

The DMDC needs to be secure so that it can be protected from cyber threats. While it should be browser-based, it should also maintain SOC compliance and SSAE standards so that hacking efforts can be thwarted at the front end. This is important because accounting documents contain sensitive information such as identity details.

Production finance and accounting should ensure that all the DMDCs they consider as part of the selection process have these elements.

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# CAPABILITIES WE NEEDED IN A DMDC



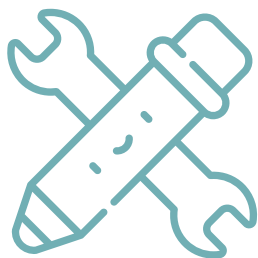
A DMDC for a production accounting office should enable its users to do the following:

- Upload and process all documents received regardless of format (paper, electronic, etc.) and digitize them — a piece of paper should only be touched once
- Approve, audit, and assign account coding and ledger descriptions to documents once they are uploaded
- Mark each item and its detail for asset tracking
- Process vendor information for transactions that do not require a form (ie: reimbursements)
- Track the various versions of vendor-submitted documents (ie: W9s) to ensure they are the most recent
- Run totals by vendor to deliver 1099 data (amount, box number, address, FedID, etc.)
- Transfer uploaded files in a standard open source format such as PDF to a local data store (drive/folder/cloud) with a searchable index so users can obtain their data without paying for or getting stuck in software any more than required
- Archive entire set of documents, with any backup/supporting schedules, for later auditing if required
- Organize documents in a manner similar to that used in a filing cabinet in the real world – ie: by major transaction categories (ie: vendors, payroll, petty cash, cast (ATL), JEs, general). Traditional corporate and industry accounting systems such as QuickBooks, Xero, Smart Accounting, and Sage require organizing documents by individual transaction, which is an inefficient approach. Arranging documents by transaction type and following a traditional filing format makes it easier for accounting staffers to make the transition from physical to digital.



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# CAPABILITIES WE NEEDED IN A DMDC



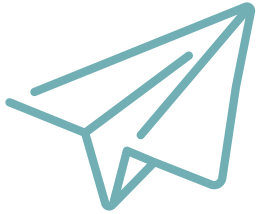
- ❑ Utilize different workflows for different types of documents, as approval processes vary for each. The system needs to be able to distinguish between the various document categories when they are being uploaded (ie: an invoice vs. a statement, AP vs PO, PC vs Payroll).
- ❑ Designate certain basic, low-level activities (ie: uploading and data recognition) for completion by untrained/unskilled staff and/or automation methods (ie: AI and deep learning). The staff members performing data management and meta-data acquisition can be non-union as long as the process does not violate any union or guild work conditions.
- ❑ Work on multiple projects and with teams in different locations/time zones
- ❑ Enable an entire document (ie: invoice or PC) and all of its backup to be viewed by the managers and executives whose job it is to approve an item as it winds its way through a workflow, from upload to final approval for batch export into an accounting system
- ❑ Take data and forms that can be reused from one show to another in a standardized process or format Standardize the processes for getting a person or company paid and create consistency in the forms where possible

The most important capability the DMDC should have is that it enables users to replicate current real world/analog processes as much as possible in order to avoid major disruption.

It should be noted that there is no need for an experienced first assistant accountant or second assistant accountant to conduct simple tasks such as document uploads, data entry, and proofing. This is entry-level work that requires minimal training or experience. It should ideally be handled by a clerk or PA who routes paper documents when they are submitted.

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# TAKE AWAY



Film production accounting is a unique activity — one that does not work in a traditional Fortune 500 environment. Because of this reality, production accounting cannot rely on traditional accounting software or systems. They need a document management/document control system -- but not just any system -- one that has specific features and capabilities that address their singular needs. Adopting and using a carefully chosen DMDC will create a better work environment for crew members, which will in turn encourage them to work in a more cooperative and efficient manner. A film production could not ask for more.

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# RESOURCES

There are piles of data about why a document management system should be implemented in an organization or in a company. A ton of data that includes statistical studies with piles of metrics and charts extolling the virtue of DMDC can be found on the internet and we won't waste your time with any of that nonsense - we have provided some links in the resources of this document.

## **Price Waterhouse**

### **Document Management Systems**

### **Cost of Manual Vs Digital**

We currently use track1099.com and for a small fee we upload the vendor name, fed ID, address, email (if available) and the amount of money we paid that vendor with the box number where that payment belongs. A 1099 form is issued by track1099.com by email for free, by mail for the cost of a stamp and a few pennies more for the convenience of processing and stuffing it into an envelope. When an email is provided, the cost to deliver a 1099 is free and the 1096 is prepared and filed electronically with the IRS. The fact that the current systems used in production accounting require that we print forms, shove them in an envelope, and send them off to the vendors and then subsequently make copies and put them behind a 1096 form is absolutely bullshit - Bar None, full stop, it needs to end.

## **Track1099.com**

Document Acquisition that we use and like:

### **Adobe Scan**

### **Snap Scan**

### **CamScanner**

