PRODUCTION PAYROLL:
Reimagined

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Processing film and TV production payroll, accounts payable and cost reporting is a necessary and complicated process that we all need to engage. And we need to do it in a way that is transparent, high quality and equitable for both the producer and the payroll service. **The Entertainment Payroll Services are, however, offering an expensive solution that does not include AI, responsive customer service, competent paymasters, or flexible digital processing** of paper and payments – just to name a few. Their tech stack is, at best, a clown show.

You can avoid the terrible customer service, rigidity, redundant labor, and antiquated software systems by creating your own payroll company, using our software and a suite of generic services that specialize in a particular part of the finance tech stack (for example: ADP or Paychex for payroll & Xero, Netsuite or Quickbooks for accounting software).

We are talking about adding a payroll company to your production that you own and control the timing of revenue and costs. To make this happen effortlessly, we will license our software that provides: a crew portal so they can engage with production accounting and

> " **The Entertainment Payroll Services are offering an expensive solution that does not include AI, responsive**

customer service, competent paymasters, or flexible digital processing 🙶

an API/robot infrastructure so the systems communicate in the background. And our team will set it up for you so your transition is seamless, technologically advanced and stay with you through post and delivery so any issues encountered can be fixed immediately.

With all the advancements in technology over the past 20 years, the production accounting process should have a big dose of AI across all processes to reduce the workload and tedious tasks. The same kind of tech that we see in most Fortune 500 Companies. There are, in fact, many generic payroll, bookkeeping, accounts payable, receipt acquisition, expense reporting and accounting data entry systems that can be employed to drag production into the modern age. What's the biggest problem with using these platforms in production? We do a very specific thing in production accounting that makes PH&W contributions, cost reporting, and deal memos tricky to function with a generic services alone. We need an interface that can customize the generic services so they fit into the demands of production accounting.

And finally, we do not pay any vendor a percentage of our budget. Why do we allow a vendor to penalize us for repeat business instead of being rewarded? We would NEVER allow that with grip, electric or camera rentals. Why do we allow it with the payroll services?

The Entertainment Payroll Services charge a percentage of gross compensation, double dip and self-deal on payroll caps and workers' comp. They typically charge 20X more for vanilla payroll processing and 2X for core crew workers' comp. Why more, when we get an inferior suite of technology and the middle finger for customer support (read: voicemail, busy signal, etc, etc, etc - 1950s ignore your clients)?

You can, and should, get out of the payroll service trap and take control of your costs, your data, your cash flow and the timing of remittances to the state, fed and unions. That is now possible with Full Force Financial and the FAST Platform.

[Schedule a call to learn more](#)

In the remainder of this paper, we will cover the process of how I have been working without an Entertainment Payroll Service for many years and break it down covering the Following:

- The Problem
- What Is The Alternative
- The Setup
- Structure Detail

- Cost Of Making A Change

- Eliminate The Redundant labor

- What Do We Get From The Current System

- What Is Available In The Wild

Some of this is eye-watering and mind-numbingly tedious, but read what you're interested in. Also know that the further you get into the document, the more granular the detail gets.

Why
trust me

WHO AM I

I started working in production more than three decades ago as a tape op in a recording studio. And over the years I have worked my way up to CFO - starting in 2009.

In getting to the C-Suite, I came up as a freelance production accountant and line producer with stints as a production executive at Harpo Films and as an executive managing the Benji business.

Since 2009, I have worked on over 100 titles and have seen the pain points we all encounter in production accounting first hand. Many of the processes are stuck in the 1950's and use antiquated software or paper systems. That frustrated me to no end. So in 2013 I started building a cloud-based system for digitally storing W9s and that led to replacing all of our paper process (AP, PO, PC, check reqs - all of it) in my office one-by-one.

Not only was I motivated by modernizing our systems, I wanted to find time to put my toddler-daughter to bed every night and not schlep home 36 inches of paper. That motivation was the catalyst for building software to enable the transition away from the Entertainment Payroll Services and I will go over many more in this document.

Is the film and TV payroll services

The Problem

The film and TV payroll services (EP, Cast & Crew, Media Services, GreenSlate, et al) all offer terrible services and systems that we all are forced to use and complain about daily. Yet they don't affect change to help us solve our bottlenecks and labor intensive paper process. Or they offer a digital process that is lousy or too rigid for anyone to use. Their version of digital workflows seem to benefit them and their bottom-line and not our work on the ground day-to-day.

These are some of the consistent payroll service complaints I hear from the production accountants and producers we work:

- customer service is terrible to nonexistent,
- accounting systems are old and closed to uploads or exports,
- they collect huge deposits that tie up cash,
- offer onerous direct deposit conditions,
- control your data (and they have forced me to pay to get access),
- offer little to no AI in their products,
- super rigid digital workflows,

> " **The film and TV payroll services all offer terrible services that we all are forced to use** "

- the paymaster won't respond, they make a lot of mistakes, they are slow and almost never pick up the phone.

On top of all these complaints, the services are charging fees as a percentage of spend and are taking additional profit by self-dealing in the state/provincial and federal fringe caps and workers' compensation. A fee based on gross compensation would be fine if we can get a high quality, efficient, flexible tech stack, with responsive customer support. BUT we don't!

Over the past 30 years the production payroll services have represented themselves as a service that's charging a small fee - under 2% of compensation. They are, however, overcharging for workers' comp and keeping an undisclosed percentage of aggregate payroll from federal & state/provincial fringes in addition to their disclosed service fee.

Their businesses are actually built on the dishonest idea that they can collect a fringe that caps for them, but does not cap for the producer. You're being fringed per show and the payroll service is being fringed per employee. So when they process the same employee three or four times across multiple shows you're paying the cap on each show, for each employee, and they're paying the cap on only one of them.

They do this for EVERY fringe, on EVERY show, for EVERY employee where they can, for EVERY show in the industry, on an annual basis. And (yes "AND"), they are charging the max SUI rate where almost no company that I work with pays that rate. And I have seen 100's of SUI Rate Assessments in my 35+ years.

They are essentially penalizing us for repeat business instead of rewarding us for using them from one show to the next

We don't allow ANY vendor to charge a percentage of spend and penalize us for repeat business. Can you imagine if we allowed a grip, electric or camera rental house to charge a percentage of our budget? Why do we allow it for payroll?

Creat your
own payroll

> **❝ Create your own payroll processing company using generic 3rd party services ❞**

WHAT IS THE ALTERNATIVE

Create your own payroll processing company using generic 3rd party services (see some of the biggest names in the footnote below) and licensing our software that connects them through a series of secure APIs and robots. All of the generic systems that our software connects to can do everything that the Entertainment Payroll Services do, and a lot more, with a lot less friction.

> **Footnote:** *SaaS service examples: (payroll) ADP, Paychex, OnPay, Payworks, Gusto; (accounting) Xero, Wave, NetSuite, Oracle, SAP, Sage, QuickBooks; (digital payments) bill.com and Veem, (time tracking) T-sheets; (digital doc acquisition/signatures) DocuSign, HelloSign*

Setting up your own company to process payroll for your production is no different than what is currently happening on the ground within your production company. With this change, your accounting office will process payroll exactly as they do now. Only without the issues I hear about and have experienced with many paymasters at the payroll companies.

The paymasters don't return calls, are unreliable, slow to respond and try their best to avoid talking to us. Their work is just plain slow

> **" Setting up your own company to process payroll for your production is no different than what is currently happening on the ground within your production company. "**

and terrible. Their work is riddled with mistakes that need to be fixed, just about…, well, ALWAYS. They are a redundant layer of labor that introduces errors and can be eliminated. When you operate your own payroll service the work is immediate and there is no one inserted in the middle of what you need and what gets done.

The production accounting office will process AP, POs, per diems and petty cash the same as they do now. And they will account for those costs in an online accounting package. The big difference is our FAST Platform (designed specifically for production by an ex-production accountant & line producer), for the digital processing of paper and internal approvals.

The FAST Platform is enabled with AI for image acquisition, data completion and accounting system injection. So it allows all of your production accountants to spend more time thinking and estimating and a lot less time shuffling paper or hand keying data two or three times. Use your top-dollar accountants and assistant accountants to think and avoid manual key-punch operations. They will only hand type key data once with our secure and integrated API injecting the approved transactions into your accounting system when it's time.

And since the FAST Platform is all online, your assistants can sit

anywhere in the world. Imagine shooting in Atlanta or small-town-South Carolina (wherever the best incentives are) and having an experienced LA or NYC based assistant accountant running AP or PC audits. What if you didn't have to rely on training the inexperienced local labor that you can scrounge up?

What if
You Change

> " **By creating a payroll company you're getting the same level of "employer of record" protection you would from a payroll company** "

The Setup

How can we operate with more accuracy, faster, with fewer restrictions and in a process that costs the same or less? While owning and controlling a payroll company that sits above all of your producing companies (just like we have now) and taking the place of the Entertainment Payroll Services is the objective - but a company that you own.

By creating a payroll company that you own, siting above or inside, all of your production companies, you're getting the same level of "employer of record" protection you would from a payroll company, but you're in control of your federal, state and provincial fringe capping and contributions. You're in control of your workers' comp and you're in control of how much is being charged per employee per year. You're in control of the tech stack that best suits your way of working and you have support in setting up and operating your production accounting office. All by professionals who have tested and currently use the tech we are suggesting.

In order to do this, we need to license software that handles all of the complex processes in a secure, online environment that meets state and federal wage and storage guidelines/regulations.

in-house
FAST
Platform

STRUCTURE DETAIL

How do we create a payroll service (owned and controlled by you) that sits above all of your production companies, or inside an one-off prod co, taking the place of Entertainment Payroll?

We will license our in-house FAST Platform to your company. Our Platform sits between the 3rd party software that specialize in processing payroll and bookkeeping so show costs can be tracket and reported from our cost reporting applet. What software do you need to facilitate the change outlined in The Setup:

- Payroll Engine (3rd party and biggest in the country)
- Accounting software (3rd party)
- Time & Attendance (3rd party)
- Employee Onboarding (3rd party)
- Cost reporting (FAST Platform)
- Digital Paper Workflow (FAST Platform)
- Guild and union PH&W remittances (FAST Platform)

The FAST Platform allows all the software platforms to talk to one another as if it were one big system like we see from the Entertainment Payroll Services, only without the non-existent tech

"We will license our FAST Platform to your company"

support and rigidity. The FAST provides flexibility that is AI enabled and also has a common portal for your relevant crew to access so they only need to learn one simple software package. We have also built into the FAST a W9 data store, invoice recognition, data processing and approval cycle that will connect to your bookkeeping software so you don't have to hand enter your AP and PC data more than once. It will also enable you to use online payroll and accounting that is not tied to a closed software systems.

We use the generic services for running payroll and accounting, and we layer an additional piece of software that initiates the collection of start forms, that allows us to run a cost report, and digitizes all of the paper that we currently collect in accounts payable, petty cash, POs, starts and timecards.

By utilizing generic accounting software and payroll packages along with our own API enabled software, we capture the benefit of actual state and federal fringes, the weekly or annual caps that the state and fed offer to employers and we can save anywhere from 4 to 6% of aggregate payroll that can be put on the screen or sent straight to the bottom line.

In addition to our FAST Platform, we have built software to deliver

cost reports exactly the way we have for decades, only it's more flexible and built using off-the-shelf software for delivering the look and formatting of documents. All of the calculations, the summation formulas, the setup, and the chart of accounts - that's all done in a browser using our software.

This structure represents a change in how production acounting operates, but it will not be so substantial and include wholesale change that the systems will be completely out of whack or foreign to the production accountants who do the work day-to-day.

See the
difference

COST TO MAKE THE CHANGE

Will you save money? Yes.

Is that the point of making a change? No.

Here is a quick breakdown so you understand how making the change will impact your budget positively. **The next few paragraphs will rundown the differences so you can understand why the change will not cost more than you are currently spending**.

After making this change you will likely see a 4 - 6% reduction in payroll processing fees and fringe costs. That might seem trivial, but across a $5M budget (60% of which is probably labor) that's $120,000 to $180,000 per show that can be put to licensing software and on the screen.

In contrast, the generic payroll providers charge $2 - $6 per month – more than 20 times less than the Entertainment Payroll Services (based on a 1.75% of gross compensation fee). And the generic services never skim additional profit off fringe caps, nor do they charge excessive workers' comp fees.

To be clear, there will be wide variation in your saving because of workers' comp and SaaS/storage operating costs that will reduce or increase that number, but these costs will be fixed and calculated at the start of prep. You will be in control of how to spend that money and how to calculate your costs as your budgeting.

In my case and in the case of my clients, we made the change for speed, efficiency, eliminating long-term paper storage and streamlining complexity. Honestly, I started looking at making the change when our Payroll Service, after 20 years of exclusivity and almost 200 projects, pushed me into their new policy change around leaving a big deposit (150 grand) for a $75K, 5-step, writer fee – paid over about 8 months. They told me I had to leave that deposit until the payments were complete. We had processed writers, for over 20 years, by swapping cash (through wire) for payroll. No money, no payroll – seems fair. The change did not seem like they were operating in the interest of their client (the producer).

So I started looking around at the crap service we were getting and the terrible software that everyone complained about. I also looked at the systems that corporate America has been using for decades. They are smart, efficient, mostly digital and available to any business that is willing to work on their platforms. You just have to learn how

to make them work for your use case. The issue, as described, is that we have very specific demands in production finance and Full Force Financial needed to build a suite of software to make the generic platforms work for production. In making the change, I have seen a clear difference in efficiency and cost.

The chart on the next page provides some detail across four different crew labor budget levels ($1MM, 2MM, 5MM & 8MM). It compares the cost to add the FAST Platform with ADP & Xero to the cost of using the current Entertainment Payroll Services fees that we see and pay.

Exhibit A

The Differences are stark. You can see the difference on the bottom row in red:

TOTAL PAYROLL		1,000,000	2,000,000	5,000,000	8,000,000 +
FAST FULL-STACK	**Payroll, Automation, Bookkeeping**				
	Employees	100	150	300	600
	Prep/Shoot/Post	6 Mo	8 Mo	11 Mo	19 Mos
	Access	1 Year	1 Year	1 Year	2 Years
	Cost	12,532.00	23,324.00	39,240.00	82,528.00
	Worker's Comp				
	Rate	2.25%	2.25%	2.25%	2.25%
	Bumps *	-	10,000.00	45,000.00	50,000.00
	Cost	22,500.00	55,000.00	157,500.00	230,000.00
	Total FAST-Full Stack Cost	**35,032.00**	**78,324.00**	**196,740.00**	**312,528.00**
ENTERTAINMENT PAYROLL	**Payroll Processing**				
	Fee	1.75%	1.75%	1.75%	1.75%
	Cost	17,500.00	35,000.00	87,500.00	140,000.00
	Worker's Comp				
	Rate	4.80%	4.80%	4.80%	4.80%
	Bumps *	-	-	-	-
	Cost	48,000.00	96,000.00	240,000.00	384,000.00
	Total Entertainment Payroll Cost	**65,500.00**	**131,000.00**	**327,500.00**	**524,000.00**
DIFFERENCE		**(30,468.00)**	**(52,676.00)**	**(130,760.00)**	**(211,472.00)**

*const., stunts, dancers, marine, aircraft, etc

They add **restriction and errors**

Eliminate The Redundant labor

Using an Entertainment Payroll Service adds a layer of rigidity and complexity that amounts to nonresponsive paymasters and technical support. They add their own layer of restriction and bottlenecks that are redundant and unnecessary. Almost every single production has a person whose job it is to make payroll for the show by Thursday or Friday.

The labor that exists inside production accounting is capable of processing payroll without an added layer that is doing the same work. In the current system, the payroll services get our timesheets and our start slips and do the exact same work as the show's payroll assistant. We have a person sitting in a chair processing payroll for cast and crew. There's no need to have a backup at a payroll service doing the work that people on the front lines are competently doing already.

Production currently takes in time cards on Monday, we mark them up Monday night, into Tuesday morning, and by Tuesday afternoon we deliver them to a production payroll service.

Instead of delivering paper to the payroll service for redundant

> " **Using an Entertainment Payroll Service adds a layer of rigidity and complexity that amounts to nonresponsive paymasters and technical support.** "

processing, you would simply upload that data into a payroll provider like ADP, proof the payroll, run through an approval cycle and issue payments (by check or direct deposit). We hit approve by Tue night and that starts a process that takes two days to withdraw money, make direct deposits and calculate the remittances to the state, province and fed. And if we cut checks on location, we can have a payment to employees immediately or delivered by batch to the production office the next day.

I will admit, one thing the payroll services do provide is a backstop for errors that could be made by a show's payroll person and legal advice or clarification. Is that service, however, worth 2% to 6% of aggregate payroll or should we be paying an auditor an hourly fee to clip through payroll (enabled with software to remotely review edge cases that AI cannot catch) as it's processed? Or work directly with labor legal of your choice.

What we **Need**

> 66 **What we cannot live without Payroll Processing Workers' Comp Accounting Software Cost Reporting** 99

WHAT DO WE GET FROM THE CURRENT SYSTEM

What we cannot live without:

- Payroll Processing for state, provincial, federal and guild/union remittances

- Workers' Comp Insurance

- Accounting Software (including episodic, insurance, incentive and tracking)

- Cost Reporting

Payroll Processing:

As outlined in the first paragraph, ADP, Paychex, OnPay, and Gusto all charge a flat fee per month and a small fee per person. These payroll providers charge $2 to $6 per month for employees processed – not 1% to 2% of gross compensation that the entertainment services do.

Workers' Comp:

The payroll services offer workers' comp for clerical at about 2% and for crew/cast it's almost 5%. The average workers' comp policy, offered by Fireman's Fund and other AAA rated insurance companies, cost under 1% for clerical and under 2.5% for core crew. There are

exceptions to that and carpenters are the most obvious and so are dancers, but the average crew doesn't need to be charged as much as 4.8%.

Yes, some categories do cost more than the 4.8% they charge, but you are subsidizing the shows that carry the more costly departments by paying an inflated workers' comp that smooths out the cost of the injury prone departments (think: stunts, construction, guns, dancers, planes, boats, fire, etc).

For reference, the difference in workers' comp cost for $1,000,000 of labor (using crew rates above) is $18,000. That could be an entire props or wardrobe purchase and rental budget on a picture under $2MM.

For the more expensive departments or crew that are required in a script, we do what we have done when ensuring risky departments on a show, we buy a premium policy for only the expensive departments.

Accounting Software:

Production accounting software needs to hold costs for the show, but it also needs to function so that costs that cross a calendar or

tax year can be held over until the show is delivered (risk eliminated) and revenue is recognized. The system also needs to track multiple episodes, currencies, incentives, locations, insurance and other tracking categories that help us segment costs for various reasons. The bottom line is, the system needs to be flexible, dynamic and open architecture so data can be extracted and repurposed without having to rekey the information.

Cost Reporting:

Weekly cost reporting is an odd thing that is specific to film and TV production. The transactions processed in the accounting package (including POs and outside commitments) interface with the cost accounting applet in a way that is accurate and seamless.

Tie it
Together

> **Almost everything we get and need from an industry payroll service is available in the market or through the FAST Platform**

WHAT IS AVAILABLE IN THE WILD

Almost everything we get and need from an industry payroll service is available in the market or through the FAST Platform. What is available:

- Payroll processing
- State, fed and provincial remittances
- A cost reporting package
- Employee Onboarding with Digital Time Cards
- Accounting software
- Pay-As-You-Go Workers' Comp
- Guild/Union PH&W contributions where applicable

The following provides more detail on the services that we can find in the SaaS market:

Payroll Processing and Remittance to State & Fed:

Everything that is being offered by the production payroll services is available through some of the biggest payroll providers in the world like ADP, Paychecks, Payworks and the like. Not to mention the smaller online payroll processing companies like OnPay and Gusto

(and many others) that provide an entirely online digital platform.

Cost Reporting Package:

Cost reporting is a weekly function that no other industry uses and as a result we cannot simply buy generic software that does the same thing. The cost reporting software that we use in entertainment isn't complicated nor is it brain surgery. So in order to fill the cost reporting requirement that we must deliver to our financiers and production oversight, we have built a cost reporting module into the FAST Platform that does what we need to deliver weekly cost reports while providing maximum formatting flexibility.

Employee Onboarding With Digital Time Cards:

There are dozens of dedicated and extremely secure services that perform these functions that also have integrated data transfer capability with all the accounting and payroll packages listed here. Not only do the generic services offer an inexpensive, FIXED cost per transaction model, open architecture and top shelf security, they are built by engineers who are dedicated to a single part of the software stack that we use in production accounting.

Using a generic service that specializes in a single part of the software

stack gives us flexible and tip-of-the-spear technology and tools that help us work more efficiently. This point applies to all parts of the software stack that we need to use and are talking about here.

Accounting Software:

Accounting software ranges from simple and free to very complicated and very expensive. The names are obvious (QuickBooks, Xero, Wave, NetSuite, Oracle, SAP, Sage, etc). ALL of them have very secure online options with REST APIs that allow us to talk to their software as needed and turn them into an integrated software suite that eliminates the need for manual entry or uploading. The data entry that gets completed in the FAST is injected into the accounting package following full approval.

Pay-As-You-Go Workers' Comp:

Workers' comp was once a terrible and restrictive element of film production, but with the many new online offerings, the process (for basic crew not including stunts, dancers, marine or aircraft), has become much simpler and more straight forward. This is not to say that the process of securing workers' comp in film and TV production is as simple as a click of a button like the remainder of the tech stack,

but it is not currently as restricted and unavailable as it was 10 years ago. Also, the pay-as-you-go model is now more available from a generic AAA rated service.

The cost of workers' comp is extremely variable because there are departments that drive that cost up. Think, stunts, construction, SPFX, paint, weapons, marine, aircraft, dancers, etc. Across the majority of crew, however, those rates are not as high as we're seeing from the Entertainment Payroll Services. If you do not have, for example, any of the expensive departments (dancers, stunts, construction, weapons, etc) then your core crew workers' comp should be something on the order of 2.5% not the 4.8% that we're currently being charged by most of the Entertainment Payroll Services.

Remittances To The Unions:

The production payroll services have integrated their payroll processing with PH&W remittances to the guilds and unions (WGA, SAG-AFTRA, DGA, IATSE and Teamsters). The pension health and welfare calculations that need to be made and submitted to the guilds and unions are now, and have been for decades, available using the forms that are issued by the unions and guilds and can be

made either manually or using an automated fringe engine that we have created to streamline this process.

We have been making WGA, SAG and DGA remittances directly to the funds manually for nearly a decade using our in-house tracking and form building system on the FAST Platform.

Summary:

What do the production payroll services offer that any other stack of financial & HR software offers? Not a lot! When the payroll services were invented in the late '80s, it took weeks to get a state ID to process payroll, it took weeks to get a company set up within a state or province so that we could shoot on location. It was complicated, Byzantine and very difficult to calculate the state, provincial and federal remittances that needed to be sent accurately on a weekly basis. And that was just the state and fed - the guild and unions were worse.

In the modern world a company can be created and issued a state identification number online in a matter of hours and now we can have the ability to be processing payroll in a matter of days.

FINAL POINT

Our industry has grown by 10's of billions in aggregate production and if $32 billion of production is an accurate number (quoted by Pivot Media for 2022) and estimating about 60% of that is labor. Then if we apply the 1.8% handling fee as the industry rate card for processing payroll, the topline revenue for the industry payroll services' handling fee is about $345 million. Is that how much we want to spend doing a job that is mostly automated at this point? And if it is, why are we not getting tip of the spear technology, customer service and flexibility?

Compare that to the generic payroll services, against 300,000 film and TV production W2s processed last year, at $5/month for the entire year, the cost for processing payroll should be $18 million, not $345 million. And we do get tip of the spear technology and customer service that listens to our needs and builds systems that help us.

Demand more and better from production accounting and production payroll.