

## Special Effect Corporate Counsel Q&A



### GC John Kedeshian has helped Cast & Crew grow with the evolving entertainment industry

By Paula Lehman-Ewing, *Daily Journal* Staff Writer

BURBANK — As general counsel, John H. Kedeshian is tasked with risk avoidance as his employer, Cast & Crew Entertainment Services LLC, surges from old Hollywood to Payroll 2.0.

Founded in 1976, Cast & Crew provides payroll services to the entertainment industry such as production accounting, workers' compensation services, production incentives and production tax credit financing. Primarily, the company is known for its golden reel of film logo that's stamped on the corner of paychecks for many in the movie business.

But in the last two years, the company has made a big technology push, and Kedeshian arrived on scene just as Cast & Crew's growth into the digital space began to accelerate.

"The business goal is to try and establish a suite of digital offerings for our clients," Kedeshian said. "Cast & Crew is a 40-year-old company in a very traditional area of payroll processing and what we're trying to do is take that to the next stage."

Cast & Crew caught the attention of Silver Lake Partners, a major technology investing firm that claims \$26 billion in combined assets under management and committed capital. Silver Lake, which also includes Dell Inc., GoDaddy Inc. and talent agency William Morris Endeavor Entertainment LLC in its vast portfolio, acquired Cast & Crew in July 2015 for \$700 million.

With the full force of Silver Lake's approach to technology investment behind it, Cast & Crew made two major purchases in 2016. First it bought Final Draft Inc., which produces screenwriting software, and then it acquired CAPS Payroll Inc., which designs and develops payroll software for the entertainment industry.

Executives were also tech-minded when they hired a new general counsel in 2016. When they approached Kedeshian, he had been working in house at Yahoo Inc. for nearly eight years.

"When I met with the executive team before I came on they were very forthright with respect to the growth plans of the company," Kedeshian said. "The field is ripe for injecting more technology."

Kedeshian arrived in the middle of the four months separating the Final Draft and CAPS acquisitions. He upped the legal team from two attorneys to three and set out to "realize the full value" of each deal as his primary mission.

"We're making sure that there is that synergy, that we're reaching common place and that we're not duplicating efforts or resources, that we're reaching an efficient level of operations," he said.

Daily Journal staff writer Paula Lehman-Ewing recently sat down with Kedeshian to discuss his role in taking Cast & Crew into the digital age. An edited transcript of their conversation follows:

**Daily Journal:** How has the acquisitions of CAPS and Final Draft shifted the focus of the legal department?

**Kedeshian:** I think the value of any acquisition relies on the integration. Our CAPS acquisition is something that we're singularly focused on right now in terms of integration, and that's company-wide, not just within the legal department. We're maybe halfway through with our integration efforts and we're looking forward to finalizing it.

A lot of this is being driven by our venture capital owner and with their guidance, which has been

absolutely phenomenal in guiding us through this integration process.

**DJ:** Did the legal department undergo any structural changes after the CAPS acquisition?

**Kedeshian:** It was interesting because CAPS didn't really have an attorney on staff. They were reliant on outside counsel only, so it encouraged us even more to put in place certain processes, certain procedures and unify them across the company. And when I say that, I don't mean just us and CAPS. I mean us, CAPS and Final Draft. That way it becomes a model for potential other acquisitions that we do in the future.

**DJ:** What are some of those processes?

**Kedeshian:** I don't want to go into all the specifics but at a high level they're around how we handle litigation, how we handle outsourcing of legal matters, what law firms we use and how we actually end up choosing the particular law firms that we use. There are processes for our corporate entity, life cycle management, document retention and handling; the typical things, the nuts-and-bolts type operation matters that you would have for any law department whether it be big or small.

**DJ:** Are you working off of a model you've used before?

**Kedeshian:** We're trying to develop processes based on best practices. Some of it's based on my prior experiences at Yahoo and NBC. Some of it is based on more current things that the Association of Corporate Counsel and fellow general counsels that I've consulted with have given us guidance on, as well as guidance from outside counsel. I think that there are a wealth of resources in terms of best practices. We're a relatively regulated industry, so in that regard the guidance from outside counsel has really been helpful.

Part of it also is making sure that we're current on certain standards, so we self-audit.

**DJ:** Have you made any changes based on those audits?

**Kedeshian:** We're open to any sort of change if it moves us in the right direction. Everything is open to revisiting because we want to make sure we're being the best company in our industry. I think that's a common attitude, not only within the law department.

Part of my job as the general counsel has been to make sure that I'm interfacing as much as possible with different members of the executive team and department heads to discuss where else we could use best practices based on guidance that we've gotten.

**DJ:** You mentioned receiving regulatory guidance. What regulatory issues do you deal with?

**Kedeshian:** We do payroll, so it's mostly labor and employment. We also do some of level of insurance, although we don't sell insurance. But it's still something that we need to be mindful of because part of our offerings to clients is workers' comp.

**DJ:** Do any of the regulatory changes being discussed by the new administration raise any red flags for you?

**Kedeshian:** There's a lot of discourse out there, but there's nothing really that's changed per se. Part of what we've tried to do is be responsive but not reactionary. In that regard I think what we've tried to do is stay current with the applicable rules, but then not overreact to what may be shy of the applicable rules.

Part of it is an exercise of judgment as to what's in the company's best interest and also to try and make sure that our clients are accurately advised. If we do put out any advisories, they're done in a very evenhanded way to try and be helpful but not alarmist or reactionary.

**DJ:** What's your method for choosing outside counsel?

**Kedeshian:** Since I've been here I've always tried to find outside counsel that present a compelling value proposition. We want to make sure that we're right-sizing counsel and their cost structure to what the complexity of the particular matter is. So that's been a primary focus. It's something that I learned quite a bit when I was at Yahoo.

We keep every counsel on. We've never really said to anybody that we're not using them anymore. But that compelling value proposition is the most important factor.

Obviously as we choose counsel we want to make sure that they know our business. That way, when they are

rendering guidance or advice or services to us it's not done in a vacuum. It's done with the same type of business perspective that I have and that our other key executives have, to make sure that it is indeed leading the company in the right direction.

**DJ:** Who do you use currently for outside counsel?

**Kedeshian:** We have certain outside counsel that we use on a regular basis for certain matters. For instance, we use Kirkland & Ellis on all of our mergers and acquisitions and transactions. On labor employment and litigation matters, we use Manatt, Phelps & Phillips, Lewis Brisbois Bisgaard & Smith, K&L Gates, and Seyfarth Shaw. We also use Liner for insurance-related matters and Dentons for international law matters.

**DJ:** Do you have plans to expand your team, either internally or in terms of your core firms?

**Kedeshian:** Right now our biggest need is to address volume. We've tried to scale certain things as much as possible in terms of standard contracts and standard agreements. It's the volume of work that's really required extra people. I think over time we're probably going to be needing additional area experts.

**DJ:** How do you make the case to executives on investing in the legal team?

**Kedeshian:** It's not that difficult. The executives here have been very open-minded and very welcoming of the advice that I've given them. They understand that the areas of need I have identified and may identify in the future definitely speak to moving the business in the direction of our specific business goals while maintaining our core tenets of quality, integrity and security.

With acquisitions, we're very comfortable with handling those through outside counsel. There are some areas that we're probably going to end up ramping up a little bit more. I have an ongoing dialogue with our executive team on a regular basis and when I bring certain matters to them they definitely give it their full attention and they understand where our needs are.

**DJ:** As you scale your team, how do you expect the delegation of work from in-house to outsourcing to shift?

**Kedeshian:** The combination that we have right now of outside counsel and internal resources is meeting our needs and we're very happy with our outside counsel and the guidance that they're providing. If we have supplemental needs they're more than helpful. In addition, the resources that I have through my fellow general counsel and members of the ACC and my alumni network from my prior work are also quite helpful.

**DJ:** What sort of feedback are you getting from other general counsel in terms of in-house trends?

**Kedeshian:** The most common conversation that I think a lot of us can relate to is the fact that the business of practicing in law has shifted significantly. You're more of a business partner, more than ever before.

There are definitely a number of different roles that you play as general counsel. One is as an adviser, one is as a guardian, one is as a sort of statesperson on behalf of the company. There's an internal and external push and pull, you can say.

Any attorney who's practiced for a while would start to put different hats on and issue-spot in all of these areas because that's just the nature of being a diligent attorney. The biggest issue that you have as an in-house counsel is time. You just don't have enough time to handle everything, and that's always been the case.

**DJ:** How do you balance being a guardian and allowing the company to capitalize on its growth momentum?

**Kedeshian:** It's tough. It's like driving down the road really fast and trying to change the tires at the same time. It's something that makes this role so interesting and so challenging. It's an intriguing opportunity.