Gannett Shared Services

Shared Services in Media Industry Business Integration Context
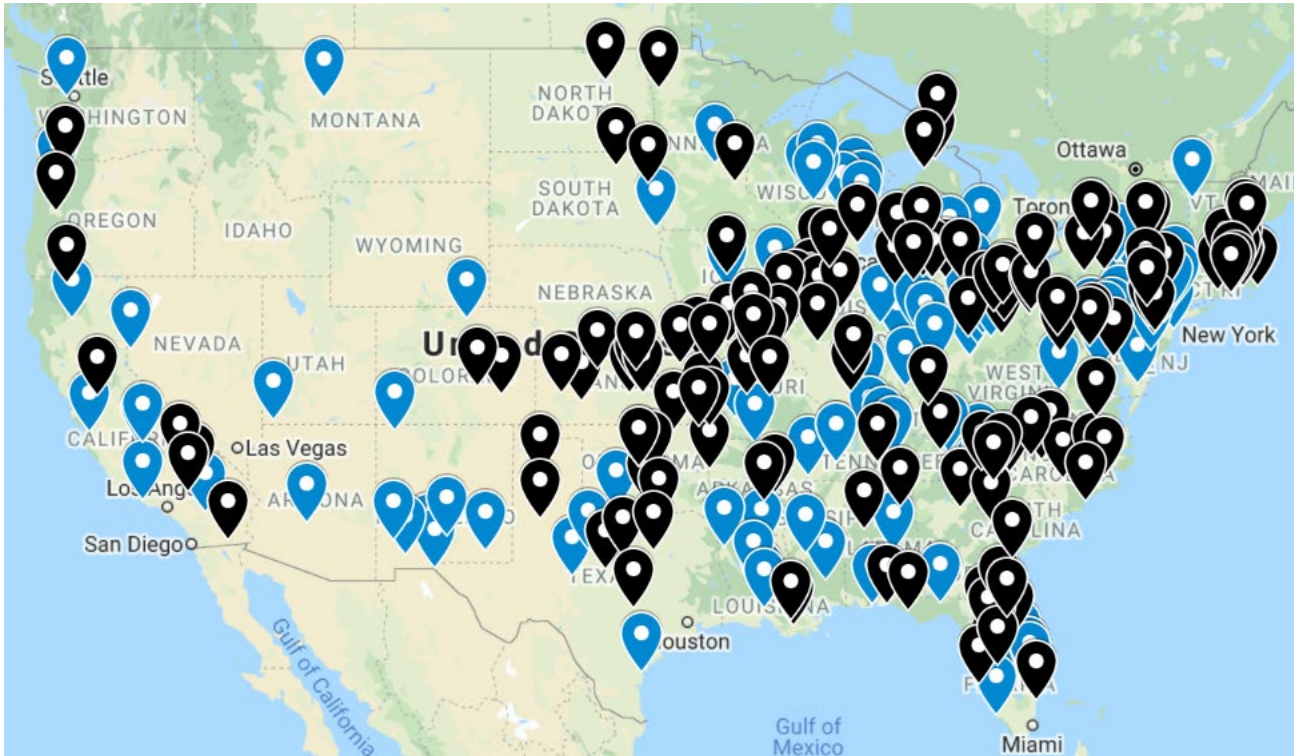
Sept 2021

GANNETT

Agenda

- Understanding Who We Are

- GSS Vision and Operating Principles

- State of the Union

- 2021 OKR's

- BPO Status

- Controls: Material Weakness

- Technology: Systems Migration Status

- People: Survey and Training

- What's Next

Gatehouse & Gannet

Local community; National coverage

Operating Principles

Built to do great things

Our **mission** is to unlock strategic value through providing high quality, business critical services to the company, exceeding expectations through value creation, innovation and customer centricity.

Our **business strategy** nests under this mission and includes creating new opportunities to deliver services at a lower cost, with greater accuracy, and with broader scale than any individual business unit could on their own. We must deliver on what our customers need now and build what they will want in the future.

To accomplish this, we must simultaneously align our **people strategy**, identifying opportunities for our team members to learn new skills, leverage their individual strengths and feel connected to the broader organization. We must attract and develop talent, becoming an employer of choice for shared services professionals and a training ground for future business leaders.
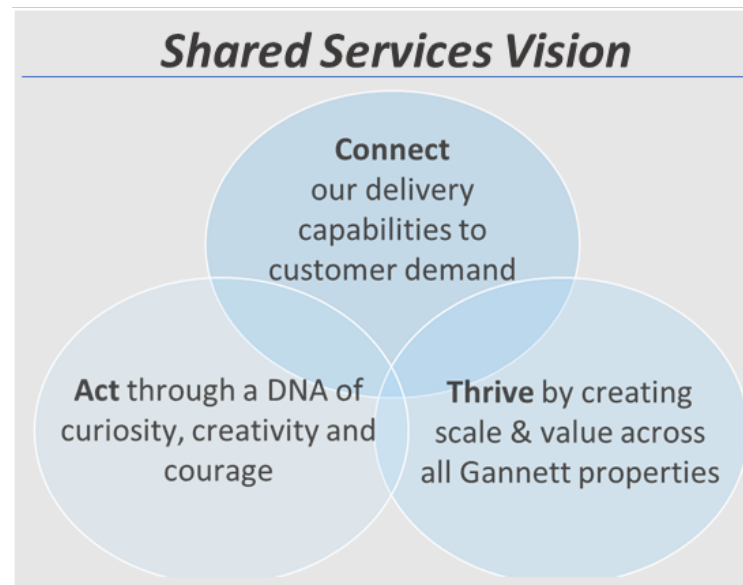
Gannett Shared Services Vision

Connect, Act, Thrive

Today
Fragmented: People | Process | Technology

- ❑ Retained FTE's: 675
- ❑ Support: F&A
- ❑ Skills:
  - ❑ Transactional
  - ❑ Process Expertise
  - ❑ Customer Service
  - ❑ Agility
  - ❑ Analytical
  - ❑ Communication
  - ❑ Change Management
- ❑ Org Design
  - ❑ Built out of necessity
  - ❑ Years of active M&A
  - ❑ Part local, part central
  - ❑ 'Just get it done' mentality

2022
Integrated: Innovation | Control | People | Process | Technology

- ❑ Retained FTE's: ~200
- ❑ Support: F&A +
- ❑ Skills:
  - ❑ Growth Mindset
  - ❑ Process Excellence
  - ❑ Agility
  - ❑ Change Management
  - ❑ Control Improvement
  - ❑ Story Telling
  - ❑ Collaboration
  - ❑ Decision Maker
  - ❑ Negotiation
  - ❑ Relationship Management
  - ❑ Data Analytics
  - ❑ Leadership
  - ❑ Innovation
- ❑ Org Design
  - ❑ One GCI
  - ❑ Defined roles & expectations
  - ❑ Structure growth & integration
  - ❑ Global delivery model
  - ❑ Got Your Six mentality

State of the Union

Creating efficiencies, opportunities, connections, and innovation

Where we were

- ❑ Numerous technology platforms
- ❑ Inconsistent process design
- ❑ Decentralized operating model
- ❑ Lack of efficiency at scale
- ❑ Organizational silo's
- ❑ Control weaknesses

Where we are

- ❑ Reimagining and transforming our core operating model
- ❑ Creating access to world class capabilities including automation and innovation
- ❑ Focusing on technology design and enhancing our control environment

Where we are going

- ❑ Unlock strategic opportunities for the business
- ❑ Unified Global operating model
- ❑ One source for Gannett finance and accounting operations
- ❑ Zero control deficiencies

2021 Objectives & Key Results

Objective	Key Results	Initiatives	Dependencies
Ensure financial statement accuracy & remediate internal control deficiencies	• Fully remediate material weakness • Consolidate key controls	• Document compensating controls for all revenue process in a management assertion memo (Q1) • Review of revenue related controls to ensure key controls are properly captured (Q3) • Completion of system conversion	• BPO • System integration
Optimize our resources through transformation & systems initiatives	• Legacy system integration • Shared Services reorganization	• On-time launch of Infor • B2B / B2C systems conversions • Reorganization to proactively meet the needs of Gannett (Q4)	• BPO • System integration • Remediation of MW
Execute on synergies & deliver on cost savings	• Achieve budget targets	• On time completion of BPO transition (Quarterly milestones defined in the budget)	• BPO • System integration • Remediation of MW
Enhance CFO business support & stakeholder engagement	• Analysis and decision support vs. "reporting"	• Reorganization to proactively meet the needs of Gannett (Q4) • Rationalize reporting requirements (Q3)	• BPO • System integration • Remediation of MW
Exemplify the Gannett values through driving employee growth & experience	• Diverse and inclusive finance organization • Actionable career planning & advancement • Flexible work plan/model	• Increase awareness of the benefits of diversity and inclusion • Encourage mentorship and engagement with ERGs • Assist transitioning employees (Q1-Q4) • Identify individual employee strengths and properly leverage them in the new SSC org structure (Q4)	• BPO • System integration
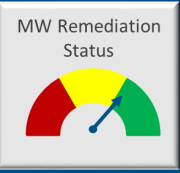
Material Weakness (MW) Remediation

What is an MW?
An MW is one or more control deficiencies that create the possibility of a material misstatement in our financial statements.

What are the consequences of an MW?
An MW may negatively affect our **credit rating, stock price and overall investor confidence** in our ability to generate and properly report revenue. This can have a wide range of implications on our ability to meet our commitment to our local communities, invest in the future, and secure growth for GCI.

What does GCI's MW relate to?
During the 2019 audit period, E&Y identified **several control breakdowns in our revenue processes**. These breakdowns included **lack of consistency in our revenue contracting process**, as well as the **inability to consistently prove fulfillment** for advertising, subscription and event revenue.

How do we fix it?
Full remediation of the MW is largely dependent on our **systems mig**rations; however, we can't wait for full system implementation to save the day. Our new consolidated systems will include automated controls to ensure information is passed timely from sales, to fulfillment, to billing. These automated controls eliminate the need for teams across GCI to swivel from one function to the next. People will no longer need to remember to move paper or create an email trail with the customer requirements. The integrated systems will create a cohesive and more reliable flow of information. For circulation revenue, we are currently targeting April 2022 for system consolidation and for advertising revenue we won't be on a consolidated system until 2023 at the earliest.

As you can likely guess, these dates are too far in the future to create reliability for our 2021 revenue. Therefore, we must execute on manual controls, which will be audited by E&Y. These controls must prove to be operating efficiently for our MW to be considered remediated and our financial statements to be accurate. We will be performing these controls in partnership with IT and Sales leadership as these processes touch many parts of the organization. The manual controls include but are not limited to:

1. Centralize of commercial print activities
2. Certify print ad billing to the physical papers
3. Compare preprint press runs to billable quantities
4. Verify digital impressions through Google Ad Manager
5. Compare iPublish point of sale system to the billing system
6. Migrate events revenue to AdPoint

Project Plan	Health	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	2H 2022	Q1 2023
Consolidated Plan	On Track								

Legend: ■ Complete   ■ At Risk/Delay   ■ In Progress   ■ Remaining
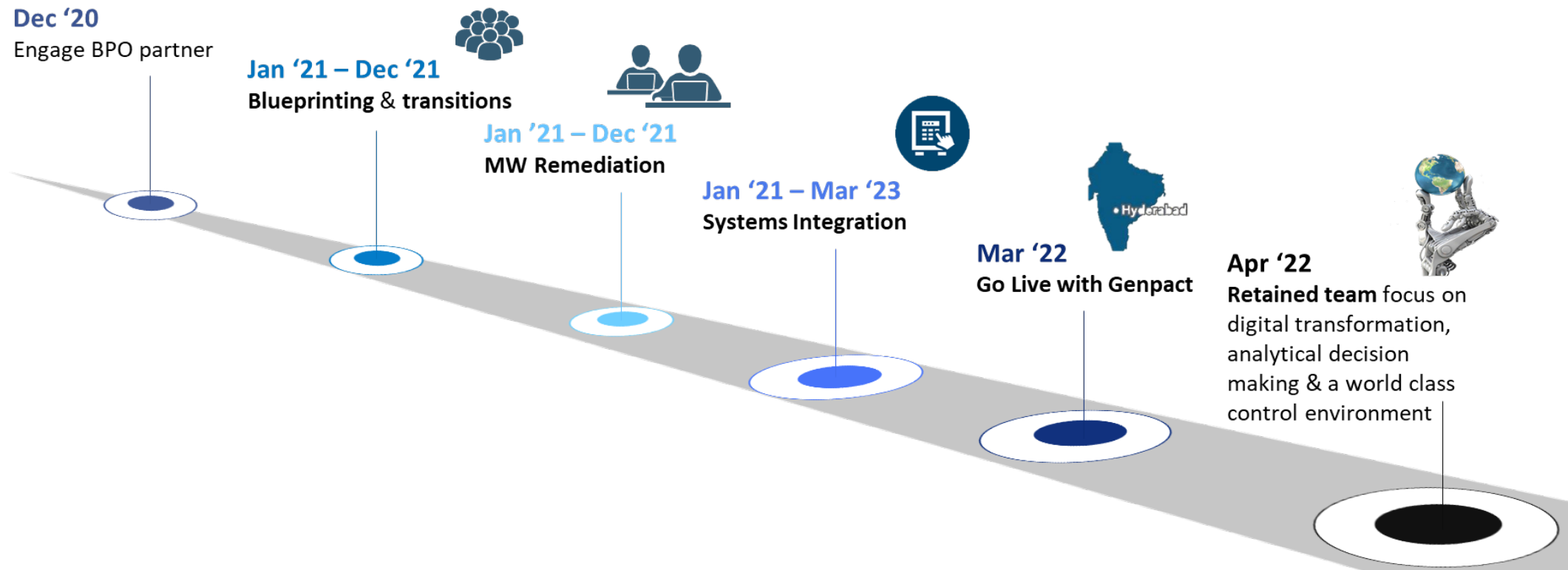
Business Process Outsourcing (BPO)

What is BPO?

BPO initiatives involve transferring responsibility for specific functions to an external service provider. Outsourcing is typically associated with specific economic or performance goals, such as avoiding risks, reducing costs and/or creating process efficiencies.

What are some of the advantages of engaging with a BPO partner?

- ☐ Decrease costs, increase efficiency, create scale and shift retained team toward analytical and strategic functions
- ☐ Reimage and transform our core operating model
- ☐ Access to world class capabilities and talent including domain expertise, automation and process innovation

Dec '20
Engage BPO partner

Jan '21 – Dec '21
Blueprinting & **transitions**

Jan '21 – Dec '21
MW Remediation

Jan '21 – Mar '23
Systems Integration

Mar '22
Go Live with Genpact

Apr '22
Retained team focus on digital transformation, analytical decision making & a world class control environment

System Integration

What systems are we migrating and why?

To operate efficiently, create scale across our operations and to provide the greatest value to our stakeholders we must operate on consolidated functional and financial systems. Consolidation of these systems is critical for remediating our material weakness and being able to scale as an organization.

Advertising: GAIN
- Sales integration project to improve processes, workflows and go-to market strategies
- Adpoint is the foundation of GAIN, replacing all other B2B systems
- Integrates Salesforce, supports order management, reporting, finance and billing
- 11 markets were launched in Q1 covering Ohio, North Carolina, South Carolina and Alabama

Circulation: NCS
- Consolidate disparate systems on a common platform to standardize business processes, reduce complexity and create scale
- Improve customer experience by creating scale through a single database
- 40 markets are now live on NCS including Providence and Newport

Circulation: Champion
- Unified single copy operations and billing systems
- Enables best practices for invoice processing and returns

Financial: Cadency
- Creates a single standard platform for all company balance sheet reconciliations

Project	Status	2021												2022					
		PD 1	PD 2	PD 3	PD 4	PD 5	PD 6	PD 7	PD 8	PD 9	PD 10	PD 11	PD 12	PD 1	PD 2	PD 3	PD 4	PD 5	PD 6
GAIN	🟩	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
NCS Consolidation	🟩	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Champion	🟩	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Cadency - (Reconciliation Tool)	🟩	■	■	■	■	■													
Symbeo (Invoice Intake Tool)	🟩	■	■	■	■														
Financial Cubes (BPC)	🟩	■	■	■	■	■													
Consolidated Finance Reporting	🟩	■	■	■	■														

Communications & Updates

Are you getting sufficient updates?

- 24% Maybe
- 4% No
- 72% Yes
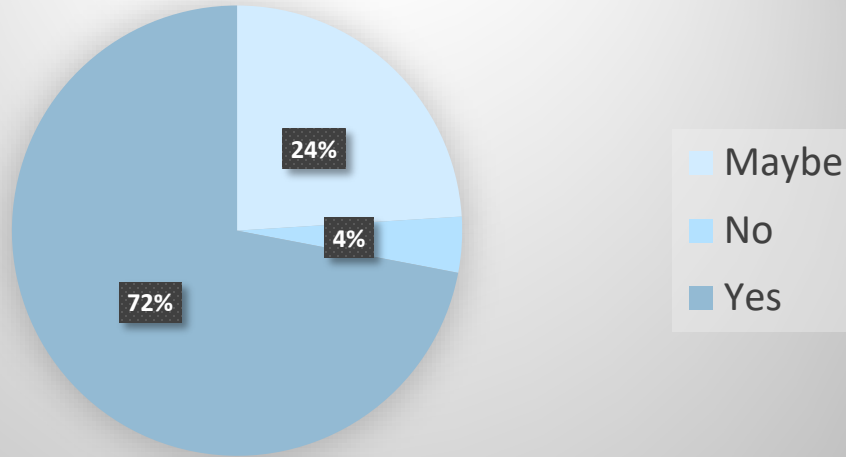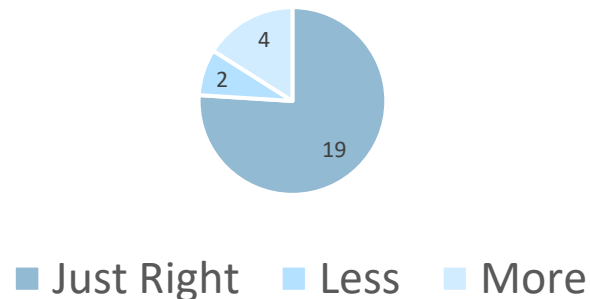
Common Themes

- More information on transition/ blueprinting/training schedule and processes
- More communication around updates/timelines and pertinent changes
- More on strategy and vision

Do you need more or less communications/updates?

- 4
- 2
- 19

■ Just Right ■ Less ■ More

Resources

- Shared Services Monthly Newsletter
- Monthly Town Halls
- SVP Skip Levels
- Tower Leads/Change Leaders/Managers
- SharePoint Team Site

genpact

Optional Trainings (*Three Month Timeline*)

Training Topic	Date	Time	Focus
Modified Cultural Training	April 21	11 am ET	Employees will gain an understanding of cultural differences while working with the shared services team in India
Virtual Team Management	April 28	1 pm ET	Discuss challenges and concerns about working with a remote team and share best practices
Managing Through Change	May 19	11 am ET	We will talk through individual and team resistance and how to help yourself and others navigate through change
BPO Awareness and Education /Continuous Process Improvement	May 25	1 pm ET	Provide an opportunity to ask questions about the BPO process, roles, terms, and team as well as discuss process maps and how they are processed and reviewed for efficiencies through transformation services
Conflict Management and Influencing Skills	June 2	TBD	Best practices for working through transition and navigating significant change will be shared and discussed
Maintaining Resilience	June 16	TBD	We will discuss personal mindfulness and self-awareness to ensure resilience

Forbes 2021
THE BEST EMPLOYERS FOR DIVERSITY

POWERED BY STATISTA

Gannett Shared Services

Progress through **Passion**.
Act with **Purpose**.
Believe in our **People**.