



Book Industry Study Group, Inc.

Domestic Rights & Royalties Reporting Pilot

A Rights Committee Project Description

1. PILOT PURPOSE

It is the consensus of the BISG Rights Committee that the digital transformation of the publishing industry has created a business need for more efficient management of intellectual property rights, and for a common language in which to conduct rights transactions. There are current pain points that need addressing, not least of which is the cumbersome process of royalty reporting, involving transmission of information in the form of non-standard documents and costly human data entry and error.

In addition, there are developing business opportunities in digital licensing that would benefit from a system-to-system form of communication for transacting rights at scale. On a more basic level, there are a great many new entrants into publishing, from single self-published authors to large tech companies, that could benefit from a controlled vocabulary for book-related rights.

The purpose of the Book Industry Study Group's (BISG's) *Domestic Rights & Royalties Reporting Pilot* ("*Pilot*") is to create and test a standard message that will facilitate automated reporting of domestic royalty transactions, enabling more efficient transmission and ingestion of royalty-related information.

2. PILOT GOAL

The goal of the *Pilot* is to assess the challenges involved in enabling communication of rights and royalties information between proprietary management systems, for both print and digital content.

3. PILOT BACKGROUND

An urgent conversation about the need for a standardized way of communicating book rights information at large scale was already beginning to occur in an ad hoc fashion when publishers and other rights holders rushed to claim rights as part of opting in to the Google Book Settlement in June 2009. Those involved in the initial conversation, however, were not able to identify an adequate standard in use for book rights transactions, and participants agreed that, regardless of Google's eventual role, the need for standardization was likely to grow because of digital transition complexities.

A proposal to address this issue was presented in September 2009 at BISG's General BISAC Meeting. Based on this proposal, BISG members voted to revive the BISG Rights Committee with the following mandate:

To develop, maintain and advocate industry-wide best practices that support the standardized electronic transmission of a defined set of rights information between trading partners, now and in the future

Two working groups were formed within the Rights Committee to build out specifics. The Communications Working Group was charged with identifying a comprehensive set of rights transactions and a supporting controlled vocabulary, known as the *Controlled Rights Vocabulary*; the

Beta Testing Working Group was charged with creating selected messaging and technical specifications for use in piloting messages for specific rights transactions, borrowing terminology from the *Controlled Rights Vocabulary*.

The Beta Testing Working Group decided that a *Domestic Rights & Royalties Pilot* was compelling for business reasons and also provided enough complexity to meaningfully test the *Controlled Rights Vocabulary*. Willing partners for the *Pilot* were found in MetaComet Systems and Copyright Clearance Center (CCC), who had already started engaging in a similar endeavor on behalf of a mutual customer. It is likely that only a modest amount of additional effort would be required to manage these transactions using a BISG-created standard message.

4. NEXT STEPS

International standards body EDItEUR created an outline of the proposed data elements and logic for use in generic rights and royalty transactions, titled *Standardized Format for Rights & Royalties Reporting* (drafted in February 2011 and included as Appendix A of this document). This outline was designed to be used as the foundation for communication between proprietary rights management systems, and elements from the outline will be used for the draft *Pilot* message.

For illustrative purposes, the data elements within this document include:

- Reports and payments
- Earnings statement, including
 - Components of an earnings statement
 - Agreement detail
 - Advance/bonus detail
 - Title detail
 - Sales royalty detail
 - Subsidiary earnings detail
 - Amount payable detail
- Payment summary

The next step is to use this generic data model to develop the specifications and necessary data elements on which we can base a message tailored for this *Domestic Rights & Royalty Reporting Pilot*. From there, assessment needs to be made and documented as to the challenges inherent and the costs involved in incorporating this message into the *Pilot* participants' systems.

Once the data elements are in place within the *Pilot* participants' systems, the *Pilot* participants would then be expected to simulate real-world send/receive functionality of the *Pilot* message, and reports on functionality, problems, etc., would be generated and used to revise the *Pilot* message.

5. PROPOSED PROGRAM TIMELINE

In order for the *Pilot Program* to proceed, further work on the *Controlled Rights Vocabulary* and the *Standardized Format for Rights & Royalties Reporting* is needed. In addition, development will be

needed on the part of Copyright Clearance Center to create the message and by MetaComet Systems to ingest it.

The following program timeline is expected:

| Date | Activity |
|-----------|---|
| Completed | Complete <i>Controlled Rights Vocabulary, version 1.0</i> |
| Completed | MetaComet and CCC finalize required data elements and proprietary format |
| Completed | MetaComet and CCC provide draft proprietary spec to BISG |
| 9/30/11 | Complete <i>Standardized Format for Rights & Royalties Reporting</i> |
| 11/29/11 | MetaComet and CCC adjust proprietary format to conform to standardized format |
| 12/16/11 | Commence <i>Pilot Program</i> |
| 2/10/12 | Conclude <i>Pilot Program</i> |
| 3/16/12 | Publish <i>Pilot Program</i> Summary Report |
| 3/30/12 | Update <i>Domestic Rights & Royalties Reporting</i> message template |
| 4/20/12 | Publish <i>Domestic Rights & Royalties Reporting</i> message template |

6. PROGRAM PARTICIPATION

This *Pilot Program* is open to BISG members and non-members alike. Companies interested in participating alongside Copyright Clearance Center and MetaComet Systems should contact BISG's Associate Director:

Karen Forster, Associate Director
Book Industry Study Group, Inc.
370 Lexington Avenue, Suite 900
New York, NY 10017
(E) karen@bisg.org
(P) 646-336-7141
(F) 646-336-6214

As part of the *Pilot Program*, participating companies will simulate the actual data interfacing and send/receive process for foreign rights and royalties reporting in flat file (.xls) format.

The deadline for signing up is October 15, 2011.

7. PROGRAM BUDGET

The development costs for creating the proprietary message between MetaComet and CCC are currently being covered through their existing business relationship. Additional funds will be need for the following:

1. Refinement of the standard format
2. Development of pilot message specification
3. Implementation of necessary systems modification at both CCC and MetaComet

An estimate for costs will be provided as the *Pilot* moves forward.

8. ABOUT BISG

The Book Industry Study Group, Inc. (BISG) is the U.S. publishing industry's leading trade association for policy, standards and research. A not-for-profit organization, it draws members from every sector of the book business and serves as a forum for managing change and enabling interaction among publishers, manufacturers, suppliers, wholesalers, retailers, librarians and others engaged in the business of print and electronic media.

In addition to creating and maintaining industry standards in areas such as product identification and description, bar coding and labeling, electronic commerce and digital content distribution, among other things, BISG gathers and analyzes statistical information about the entire U.S. book supply chain in order to evaluate and assess current industry trends.

Additional information on BISG may be found at www.bisg.org.