



Book Industry Study Group, Inc.

International Rights & Royalties Reporting Pilot Description

A Rights Committee Project Description

1. PILOT PURPOSE

It is the consensus of the 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 more basic level, there are a great many new entrants into publishing, from single self-published authors to large tech companies, who could benefit from a controlled vocabulary for book-related rights.

The purpose of the Book Industry Study Group's (BISG's) *International Rights & Royalties Reporting Pilot* ("*Pilot*") is to create and test a standard message that will facilitate automated reporting of international 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 rights management systems in countries with different currencies.

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 an *International 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 the United States' Curtis Brown, Ltd. and Switzerland's Paul & Peter Fritz AG Literary Agency, both large and venerable agencies with high volume ongoing rights businesses.

4. NEXT STEPS

International standards body EDItEUR created an outline of the proposed content and logic for use in generic rights and royalty transactions, titled *Standardized Format for Rights & Royalties Reporting* (drafted in February 2011). 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 general specifications 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 develop from this generic outline the specifications and necessary data elements on which we can base a message tailored for this *International 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. PROGRAM TIMELINE

In order for the *Pilot* to proceed, further work on the *Controlled Rights Vocabulary* and the *Standardized Format for Rights & Royalties Reporting* is needed. In addition, the database managers at Curtis Brown

and Peter Fritz agencies must make necessary adaptations to their systems so they can send and receive the message.

The following program timeline is expected:

Date	Activity
Completed	Complete <i>Controlled Rights Vocabulary, version 1.0</i>
9/30/11	Complete <i>Standardized Format for Rights & Royalties Reporting</i>
1/15/11	Complete Participants' systems updates
2/20/12	Commence <i>Pilot</i>
3/30/12	Conclude <i>Pilot</i>
4/13/12	Publish <i>Pilot</i> Summary Report
4/27/12	Update <i>International Rights & Royalties Reporting</i> message template
6/11/12	Publish <i>International 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 Curtis Brown, Ltd. and the Paul & Peter Fritz AG Literary Agency should contact BISG's Associate Director:

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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 main costs for this project will involve the engagement of EDItEUR's services in developing the specific message needed for this *Pilot*, and the costs for the necessary systems modifications needed by the *Pilot* participants to test the message. An estimate for project costs will be generated 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. As 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.