MODERNIZING ROYALTY OPERATIONS: CHECKLIST FOR A SUCCESSFUL PROJECT

Project checklist for how to implement a rights and royalty management system that will position your company for growth and streamline royalty operations.

FADEL LICENSING RIGHTS ROYALTIES

Introduction

As publishers continue to transform their operations to go digital, improve transparency to authors, and ultimately introduce new business models for content delivery, licensing and compensation, the role of supporting technology becomes even more critical.

This document contains a project checklist for how to implement or modernize a rights and royalty management system that will position your company for growth and streamline royalty operations.

The typical steps in a modernization project start with establishing the basic fundamentals that drive the project such as establishing governance procedures, identifying and communicating with the right stakeholders and most importantly clearly defining your key business drivers and pairing them with success metrics. Once you kickoff the project there are standard phases to go through including discovery, selecting the supporting technology, blueprinting the solution, and then implementation.

Discovery   Blueprint

Establishing Fundamentals   Selecting Solution   Implementing

Project Fundamentals

As with most substantial projects, before kicking of a modernization initiative, it is important to ensure that you have the basics in place. Here are some common areas to address:

Project Governance:

- ☐ Clearly establish project ownership
- ☐ Identify your business sponsors
- ☐ Create a steering committee
- ☐ Leverage the right subject matter experts

Change Management

- ☐ Create opportunities to communicate the vision to end-users
- ☐ Leverage project "champions" to spread positive change
- ☐ Train your end users to achieve effective user engagement

Stakeholder Engagement

- ☐ Allow the stakeholders to be heard; provide opportunities for active participation
- ☐ Create a consistent communication channel with your stakeholders
- ☐ Document the stakeholder's objectives for complete clarity and transparency

Drivers of Change

- ☐ Document the high-level project objectives and share with all stakeholders involved
- ☐ Define the success criteria include qualitative and quantitative metrics for these objectives

Discovery

During the Discovery phase we recommend that you conduct a series of interviews with all of the stakeholders involved in order to:

- ☐ Understand the current state
- ☐ Understand their pain points
- ☐ Understand the scope of requirements

Each stakeholder team can cover specific topics in their respective domain as defined in the chart below. These are some of the questions to ask and areas to dive into when looking to identify areas of improvement.

Royalty Accounting	Legal & Contract Management	Corporate Finance & Comptroller	Information Technology	Audit	Author Relations
• Royalty rate models and rules • Amount of time currently taking to close month end • Preview of royalty calculation & accounting • Visibility into the contract terms, ability to amend • Reports and data analytics • Global operations, multi-language and multi-currency needs	• Visibility into contract management • Flexibility of the contract management and connectivity to the royalties management systems	• Report and analyze data • Separation of duties	• Types of interfaces, their architecture and strategy • Data migration strategy • Data structure • Enterprise system upgrade frequency, in-house IT support presence and size	• Data security • Audit frequency and granularity • Single Sign On (SSO)	• Author statements delivery methods and platforms • Multi-language author statements • Specific needs for servicing author inquiries

Rights & Royalty Management: Solution Components

When looking at the broad scope of your Rights & Royalty system these are key solution components that you want to make sure are addressed. We have also indicated which stakeholder to include in the requirements gathering process.

Solution Components	Royalty Accounting	Legal & Contract Management	Corporate Finance & Comptroller	Information Technology	Audit	Author Relations
❑ Global Rights Model	x	x				
❑ Participations	x		x			x
❑ Royalty IN Management	x		x			
❑ Contract Management	x	x				x
❑ Royalty IN Forecasting	x		x			
❑ Finance Management	x		x		x	
❑ Business Analytics & Reporting	x		x	x	x	x
❑ Self Service Author Portal	x				x	x
❑ Integrations	x	x	x	x	x	
❑ Platform		x		x	x	

Rights & Royalty Management: Solution Features

The chart below details some of the key features that are required for a robust Rights & Royalty Management system depending on your organization's identified business requirements.

Solution Components	Solution Features
Global Rights Model	❑ Flexible Rights hierarchies
	❑ Management of Rights at any level in hierarchy

	❑ Checking for valid and invalid Rights
	❑ Rights collision checking & clearances
	❑ Inclusive and exclusive Rights
	❑ Management of shared IP Rights across different Rights holders
Participations	❑ Processing of traditional sales data
	❑ Processing of online subscription sales and product view/access data
	❑ Calculation & validation of royalties in batches
	❑ Control of batches by period, terms and type
	❑ Royalty statement generation, adjustment and posting
	❑ Scheduling future adjustments to the royalty statements
	❑ Processing income from Subsidiary Rights licensing and payout of related royalties
	❑ Calculation and tiering of royalties retroactively, i.e. using conditions from a point in time in the past in order to calculate earnings that would have been generated had the sales occurred at the time.
Royalty IN Management	❑ Calculation and validation of incoming royalties in batch
	❑ Ability to manually Ingest royalty reports by period
	❑ Automatically performing recoupments against advance payments, minimum guarantees and recoupable fees
	❑ Detection and handling of Rights violations
	❑ Ability to generation, preview and make adjustments on royalty statements
Contract Management	❑ Capturing contractual terms, events, payment triggers and statuses
	❑ Managing contract requests
	❑ Creating contract templates
	❑ Creating contracts from templates and copying contracts
	❑ Assignment of SKU/ISBNs within Rights hierarchies and their management
	❑ SKU/ISBN management (creation / ingestion / status management)

	❑ Managing contract approval workflows (groups / users / tasks / out of office delegations)
	❑ Flexible configuration of custom contractual data-points and attributes
	❑ Capturing notes and attachments
	❑ Managing contractual parties (agents / partners / secondary parties / balance transitions / shared percentages)
	❑ Initiating and approving contract amendments
	❑ Placing contracts on hold
	❑ Contract change history and audit trail
	❑ Flexible and customizable contract search menu
	❑ Configurable contractual fixed fees (invoiceable / non-invoiceable / recoupable/ non-recoupable / amortized)
	❑ Payment schedules and commitments (Accounts Payables / Purchase Orders creation)
	❑ Advance payments /Minimum Guarantees (recoupable / non recoupable / invoiceable / container / umbrella / crossed)
	❑ Crossed recoupment groups (within a contract / across contracts)
	❑ Large royalty rates library (flat / tiered / shared counters / reserves / chargebacks / FOB / add-ons / talent likeness
	❑ Ability to configure custom royalty rate formulae
Royalty IN Forecasting	❑ Self service forecasting
	❑ Visibility into Licensee business plans
	❑ Forecast to actuals true-up
	❑ Management of accruals
Finance Management	❑ A menu of manual and automatic financial transactions pending posting (e.g. fees or advances due to paid)
	❑ A historical menu of manual and automatic financial transactions already posted (e.g. fees, advances, royalty statements posted and paid/invoiced)

	❑ Ability to generate and post custom ad hoc fees types and make them invoiceable / non-invoiceable / recoupable/ non recoupable / amortized, etc.
	❑ Managing accrual batches and accounting
	❑ Custom mapping of chart of accounts
	❑ Accounting sub-ledger management
	❑ Write-downs and financial reserves
Business Analytics & Reporting	❑ Standardizes exposed reporting views for analytics
	❑ Dashboards
	❑ KPI/Analytics
	❑ Support for ad-hoc reporting
	❑ Support for data warehousing solutions
	❑ IP Usage Tracking
Self Service Author Portal	❑ Ability for authors/payees to review royalty statements on the UI as well as download statement copies
	❑ Repository of earnings and statements history
	❑ Ability for author to submit requests to change payment preferences
	❑ Flexible account access management by agent, author, payee with ability to link a single user account to multiple author or payee records
Integrations	❑ Product/MDM integration
	❑ Vendor/Party integration
	❑ ERP Integration - AP / AR / GL / Purchasing / Project Accounting
	❑ Customer/vendor integration
	❑ ERP Financials integration (forecasting)
	❑ Single Sign On (SSO) integration
Platform	❑ Available in the cloud
	❑ Available for On Prem Installation
	❑ Multi-org with secure segregation of data

Blueprint

Before implementation it is important to focus in on these key functional and technical aspects, creating a Blueprint that collectively describes in detail how the solution will be implemented and how the business processes will be changed.

Functional

☐ Requirements from all stakeholders clearly documented in detail and prioritized

☐ Areas requiring development identified and effort assessed

☐ KPIs defined, e.g. speed of month-end accrual calculation and GL posting

☐ Areas where business processes are to be changed identified

☐ Risks and mitigation options documented

☐ High level project plan devised based on overall effort, complexity and timeline assessment

☐ RACI (responsibility & accountability matrix) is devised

☐ Project budget estimated and agreed upon

Technical

☐ Data cleansing approach documented

☐ Data volume minimization opportunities and approach documented

☐ Data conversion and migration strategy defined

☐ Data analytics and BI strategy defined

☐ Interface strategy and architecture defined

We Are Here to Help

FADEL offers expert services to help large, global organizations implement and modernize Rights & Royalty Management systems designed for business growth. Bringing a wealth of expertise in the Publishing industry, FADEL offers a range of services including Advisory, Project Management, Business Analysis, Design, Implementation and Testing.

Connect with one of our experts for a quick 30-minute consultation. We can find out more about your environment and share additional details about the benefits and next steps for modernizing your Rights & Royalty Management system. Contact us at 646.736.6083 or send an email to solutions@fadel.com.

About FADEL

FADEL, innovator of rights and royalty management software, has worked with some of the biggest names in media, entertainment, publishing, high-tech and advertising. By automating talent and content rights management across videos, photos, ads, music, products and brands, and streamlining the processing of licensing royalties, FADEL's cloud-based solutions have empowered businesses to significantly maximize revenues and increase process efficiencies. Founded in 2003, FADEL is headquartered in New York City and also operates offices in Los Angeles, London, Paris, and Lebanon. To learn more go to fadel.com.