

CR&R – CONTRACTS, RIGHTS & ROYALTIES

CR&R Benefits

- Centralized data and integrated processes facilitates clear and effective negotiations with your business partners.
- Contract management provides a complete inventory of rights.
- Synchronization between contracts and royalty calculation drastically reduces the risk of incorrect statements.
- The overall payment schedule, the calculation preview functionality and the royalty write-off tool provide a precise liquidity planning method.
- Integrated marketing and tracking functionality supports rights sales and allows you to capitalize on your opportunities.

Why Buy Klopotek?

- As more editors, authors and their agents demand greater visibility of information in a timely manner, publishers need a system providing up-to-date management analysis.
- Klopotek adheres to all current publishing standards such as ONIX, DOI, and EDI and are committed to incorporating all future industry standards.
- Publishers who use Klopotek increase their productivity, lower their IT investment costs and streamline processes in every aspect of their business.

Klopotek Standard Software for Publishers

- Klopotek is the trusted software provider for over 350 publishers with more than 14.000 publishing professionals using the system daily.
- Klopotek is the most comprehensive and integrated standard enterprise software created specifically for publishers. It covers all work processes in the publishing industry and enables publishers to automate their workflow and maximize their productivity.
- The Klopotek solution is designed to enable customers to flexibly implement modules creating centralized data and integrated processes.

The Author is the Focus: Klopotek CR&R – Contracts, Rights & Royalties

Today a key component for success in publishing is the correct management of contracts, rights and royalties and of all related activities and decisions in the areas of purchasing, marketing and exploitation of publishing rights.

Effectively capitalizing on publisher's rights and the author's rights are and will always be the starting point and the final objective in the value chain. New ways of the utilizing and marketing of publishing rights demand innovative answers as to how the desired publishing result can be properly defined in purchasing, marketing and contracting.

The Sarbanes-Oxley Act, commonly called SOX or Sarbox; is a United States federal law enacted in response to a number of major corporate and accounting scandals. Sox compliance presents new challenges to public companies. Seamless process flow, data change tracking and the complete documentation of all transactions in the value chain from beginning to end is a pre-condition to successfully pass the SOX audits. The Klopotek Contracts, Rights & Royalties management system fully supports this type of audit, including the reconciliation of data interfaced between Klopotek and external systems.

The Klopotek CR&R module can easily be integrated in an existing systems landscape or implemented together with the Klopotek Product Planning and Management system (PPM) to support all editorial and production processes for publishers.

The integration with any third-party finance system is a core feature including pre-defined account structures and bi-directional data flows. A comprehensive reporting suite with dozens of predefined standard reports on all possible aspects of the rights and royalties value chain such as sales and revenue reports, rights overviews and sub-rights revenue lists is delivered with the system.

A Klopotek Business Objects Universe for Contracts, Rights & Royalties rounds out the data analysis capabilities, providing ad-hoc reporting and monitoring features and ensuring an up-to-date view on all publishing assets and liabilities.

Contract Management

Contract Management is one of the most important areas of publishing. Proper contract management secures the assets of the business and is the foundation for all publications and products, all revenue and profit. Growing complexity in this area, driven by the digitization of the

entire publishing value chain has required major revisions in contractual agreements and the sub-sequent processing of rights sales and royalty calculations. The need for improved relationship management with authors and the greater independence of authors who can publish and sell their content on the web necessitates better tools to ensure the authors receive

adequate information about their works. The only way to efficiently handle the increased workload without increasing staff resources is to provide powerful tools. These tools can provide real-time availability of all contractual and authors' information and automated features for contract negotiation and creation. Tracking all steps of the draft, authorization and final versions is essential for better, faster and more complete agreements.

The Klopotek CR&R module is designed for managing the complete rights value chain

The CR&R contract tool provides all the required functionality to set up the structures for many-authors-many-titles-many-contracts (with many agents if required) with the flexibility that is necessary for such complex agreements. Authors and agents can be added to the contracts by just selecting them from the integrated International Address Pool. The author-agent relationship can be set up as a standard setting in the author's master data. The author specific tax and VAT rules are also stored in their master data and are automatically applied by all payment procedures. The split between the contract partners can be separately defined for advances, royalties and subrights revenues.

Products and Product Groups

At the time of contract negotiations all future titles and ISBNs are not always known especially if a long-term agreement which could include a series of titles exists. CR&R allows you to assign planned products to the contract using their project numbers and the temporary titles. Related products such as hardback, soft cover, CD-Rom or eBook can be grouped in title groups which can be evaluated separately regarding advances, costs, sales and royalties.

Deviations from General Contract Rules

Each variation from the general rules of the contract can be created as a separate contract unit allowing different splits for advances, royalties and sub rights splits per author. A different scope of agreed rights can be agreed for future use, even when there is no exact definition at the time of signature of a contract. By adding 'to be agreed' or 'to be negotiated' to certain contract rules, all eventualities of future forms of publication, territories or distribution channels can be covered.

Authorization and Contract Validity

The authorization of the contract value and the more refined royalty rules is maintained by workflow management. The tool helps you to ensure the proper approvals and signatures by all responsible parties. Agreements with high profile authors, or for certain areas of publishing, will only be displayed to a restricted number of staff. Contract duration, bound to a validity period can be set up either by defined specific date or by dependence of the expiry to months or year after signature or publication. Rights reversal rules depending on stock level or sales value can be tracked by the system and helps you to maintain up to date assets records.

Manuscript Delivery Schedule

Correct format and structure of the texts and files to be provided and in-time manuscript delivery is important for ensuring the fastest time-to-market. The precise format description and delivery procedures are defined in explicit fields. Agreed delivery dates are planned. New dates are tracked in the event that manuscript delivery deadlines are not achieved and an extension must be agreed. Advance payments can be bound to the delivery and acceptance dates of the whole or parts of the work. The system automatically makes advances available for payment by showing the correct due dates in the payment list.

Rights Management

One of the most important areas is the scope of the rights which are acquired and defined in the contract. The Klopotek CR&R system allows you to define your own list of publication rights. They can be grouped into logical clusters and bound to a language (or groups of languages). Territories can be set up as groups of single countries and can be used with inclusions or exclusions such as 'Commonwealth without Canada'. The dynamic list of countries will be managed correctly as of the date of signature of a contract. Exclusive or non-exclusive ownership of the rights can also be defined. These features also apply for subsidiary rights. Additionally you can define whether an earning for a specific subright may be offset against advance payments.

Royalty Periods and Reserves for Future Returns

The royalty periods can be defined from one-year down to a monthly calculation cycle. Klopotek CR&R allows you to have yearly, half-yearly, quarterly and monthly statements processed together every month of the year. Separate or joint accounting, limits for the offsetting of advances as well as delayed payments of the royalties, minimum payment amounts and a reserve for future returns are all handled by the system. Various rules can be applied for the proper definition of a reserve and how it should be released with the following royalty payment. Reserve settings for different product types and market channels can be pre-defined as well as exclusions from reserves. The proper setting of the royalty rules for the agreed publication rights can be easily achieved by either using contract templates with pre-populated rules or allowing the system to guide you through the available rights until every right has its associated royalty. The procedure is facilitated by only showing allowable combinations.

Advances, Guarantees and Bonus Payments

Advances can be defined and the installment schedule can be related to specified events. Contract signature, manuscript delivery and acceptance or publication of a specific version such as hardcover or eBook are automatically tracked by the accounting procedures and transferred to the list of payments due. The posting of the advance values and the offset against royalties are dependent on the payments made. However many customers use the capability to post advances as activated rights on the signature of the contract, independent of any payments made.

They are then offset against royalties even before being paid. Additional features allow you to restrict the offset start date or to only jointly account with royalties from other contracts after the advance has completely been earned out.

Periodical payments of advance installments can be automated as well as additional advance payments such as a bonus for being on a bestseller list or for having received a literary prize. The additional bonus benefits can also be processed as non-recoverable flat fee payments. Advances for contributors can be offset against the author's royalties.

Royalty Rules

Royalties for sales can be set up based on a variety of calculations such as list price, invoiced price, net revenue and net receipt. For each combination of a version type, market channel and territory a set of royalty rules can be applied with unlimited breakpoints. The numbers for each breakpoint can flexibly be calculated based on version types, market channel or other criteria. The aggregation of the sales numbers can be reset to zero for every calculation run. Higher-discount sales can be set up either as fractions of the original royalty rate or as defined new royalty

rules. Royalty scales can be agreed and calculated based on net revenue which is especially useful for publishers who sell non-physical products like downloads.

Sales to specific authors and customers can have a specific royalty rate to support sales to specific organizations. The deduction of any fees for the marketing and sales efforts, or for other reasons, is achieved by defining a percentage of the sales price or revenue before the calculation of the royalties is processed. The contract also allows you to agree on a flat fee payment for the work either according to an agreed payment schedule or relative to the printed number of copies at publication.

Subrights Split

The split definition for subrights revenues between the royalty recipients and the publishing house can be based on gross or net revenue, on net receipts or on the publisher's remaining split. The percentages can be defined related to value breakpoints. For each subright split the offset against advances can be allowed or denied. If an offset is allowed then a limit can be defined.

Beneficiaries

Payment beneficiaries can be defined for each royalty recipient as a general setting. This can either be a hundred percent or less. Liability for taxes and fees will remain with the royalty recipient.

Copies

Copies can be defined separately for first print and re-prints by product type. The numbers can be set-up either relative to the print-run with a minimum or maximum amount or with a specific number per print-run. Delivery notes for the contractually agreed copies can either be

printed or the orders can be processed by the Klopotek fulfillment system or any third-party shipping system.

Miscellaneous

Specific information such as the earliest or latest publication date, rules for re-printing or remainder sales including notification or authorization duties are all managed in the integrated solution. The author's rights to authorize marketing material, jackets or any other material as well as the restrictions to market the title in specific channels can also be handled easily by the options within the available fields. Many more options and features are available.

Contract Editing

Editing the various contract drafts and the final contract documents incorporates the latest Microsoft Word® functionality. The Klopotek add-in 'Contract Editing' makes the powerful word-processing program a publishing specific contract creator. This add-in allows for pulling all contract database fields into individual templates. XML export and XLS style sheet technology provide all options for a publisher specific contract layout while using the comfort of the leading word-processor. With every opening or printing of a document all database fields get refreshed and thus are always up-to-date. Once the contract is signed, the data will be frozen.

The risk of multiple versions of the contracts, incorrect royalty calculations and re-keying the contracts for royalty calculation is effectively eliminated by this synchronization functionality.

Scans of the signed contract and all correspondence relevant to the agreement are available with a simple mouse click on the archive button. Addendums to negotiations and changes to the original terms

are fully tracked by the system from the very beginning all the way through to the final authorized document.

Royalty Calculation

The basis for the royalty calculation on sales is derived from the single sales lines from the invoices from either the Klopotek fulfillment system or a data feed from external distributors or other third-party fulfillment systems. The calculation routines will then have access to all the relevant information such as the country of delivery, the market channel, discounts (for sliding rates on high-discount sales) and even customer type for special agreements with specific customers. Sales in foreign currencies are shown in the royalty calculation with their respective exchange rates. The daily import of sales data is accompanied by a validation procedure that ensures accuracy within the royalty system.

Monthly, weekly or even daily accrual postings and preview calculations allow you to have contracts and statements under tight control. When the real royalty run is due it can be processed by the push of a button. Royalty lists are created, sorted by titles and by recipients to allow complete checking in an efficient and user friendly way. After having completed any corrections and manual additions the final statement run can be launched. Royalty periods can be kept open as long as any manual checking activities are not completed even if other periods are also open. Closing of royalty periods and creating payment postings is under the control of the authorized royalty manager. To mirror the company structures of international publishers, different standard currencies are available so that royalties can be processed in US Dollars for the North American publisher, in British Pounds for the UK company and in EURO for the Continental European subsidiary in one and the same environment. This includes all related features such as contract agreements and statement creation.

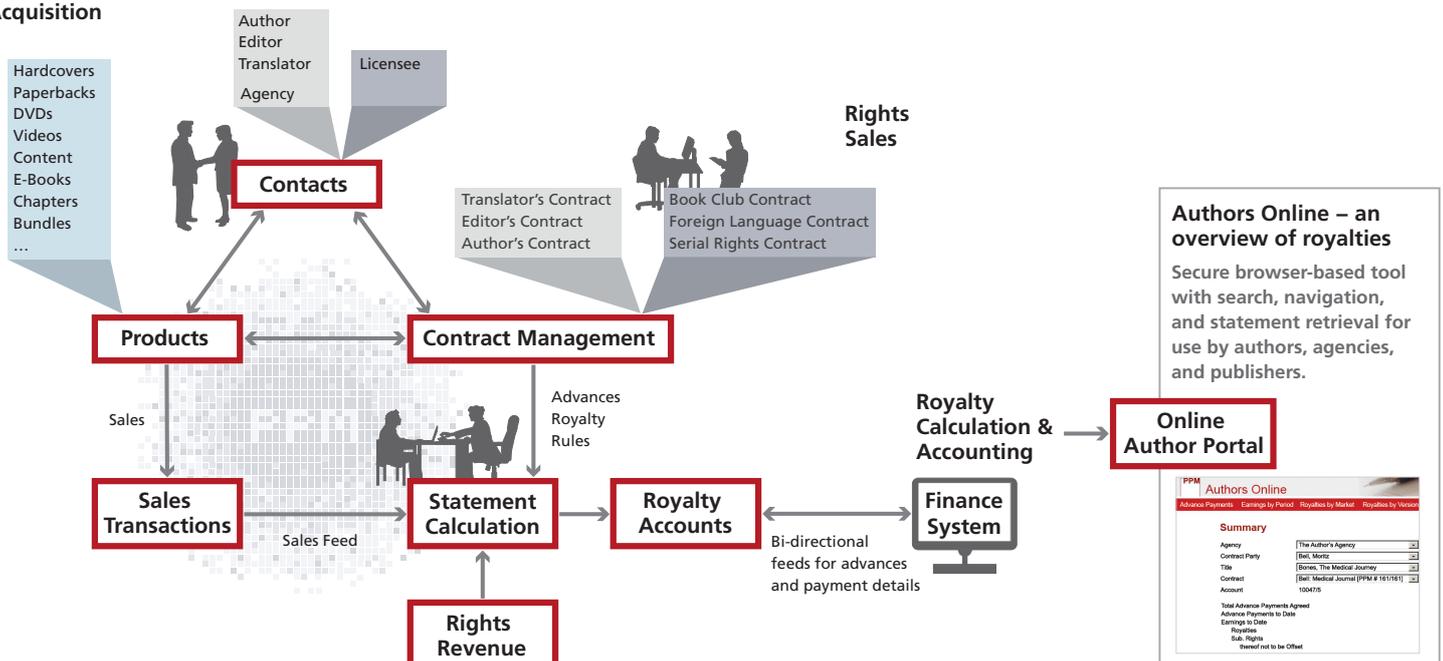
Royalty Statements

The Klopotek CR&R system provides you with a standardized royalty statement which is approved by tens of thousands of authors and their agencies. The statement displays life-to-date sales figures as well as period sales and returns and royalties inclusive of the offsetting of any advances. In the sub rights section the sales figures that the licensees reported can be displayed in great detail. Next to the final royalty amount the calculated tax deduction and VAT (where appropriate) are shown on the remittance advice as well as deductions for any costs and charges that the author is contractually committed to bear such as contributions, images, indexing, etc. The royalty statements show the publisher's logo as well as their address and any other specific text information.

This comprehensive set of royalty information satisfies all parties' need for information and has been welcomed by many authors and agents since it is so clear and precise.

The Klopotek CR&R system integrates contract creation and management with royalty calculation and accounting, rights acquisition, rights sales and marketing.

Rights Acquisition



Individual adjustment of the standard statement layout according to a publisher's specific requirements is available on request.

Royalty Accounting

All advances and contract values, payments and costs, royalties and subright splits are interfaced to the financial system on the most detailed level possible. When royalty payments are due, the correct payment information is transferred into the financial system and leads to a correct payment. The payment information from the financial system (payment date, check number) is interfaced from the financial system and is available in the Kłopotek system. The accounting identifies international VAT and tax rules and exemptions, applies different currencies and exchange rates and puts payees on hold as appropriate.

The liability for advances is monitored in the due payment list. Their precise due dates as well as a preview of future payments based on planned manuscript delivery or publication dates are fully available for integrated liquidity planning. Royalty accruals can be created on a daily basis if required.

While the Kłopotek CR&R system automates most processes, there are also a number of manual posting types available. Partial payments or authors' book purchases to be offset against their future royalties are two examples that exist within the wide range of options. Costs for indexing or other third-party work which the author is contractually committed to pay can be posted manually or by automatically interfacing the transactions from the financial system to the authors account. Additional flat fee payments or advances can also be posted. All transactions are performed within the accounting system and thus are available for the continuous processing of the proper royalty

calculations and payment activities.

The account overview gives a complete history of all transaction which have been processed by the system such as advances and guarantees, earnings from periodical royalty calculations, subrights splits, flat fee payments, costs and charges, reserves for future returns, VAT, tax and any off sets. All transactions are displayed as single postings and also as aggregated life-to-date figures.

The Account Navigator delivers strong royalty data analysis and transparency. From list overviews down to single postings direct access to the related contracts, products and accounts is possible at each point. All lists can be exported into MS Excel® with a mouse-click.

Subrights Revenues

The accounts receivable side of royalties, the licensee accounting, is fully integrated into the royalty environment. Rights sales contracts which have been created as a result of the rights sales processes are automatically available to an invoicing and reminder system. Payments can be keyed into the payment screen mentioning the licensee and the amounts inclusive of currency specifics, tax deductions or agents' fees, calculating the remaining monies to be split between publisher and royalty recipients. The screens automatically select and display the valid contracts and the installments due. Simply by double-clicking on the respective contract line the payments are assigned to the correct sales transaction.

As the author's contract and the sales contracts are linked to each other, the split calculation is automatically processed by the system in real-time. Should payments to royalty recipients for specific subrights be due immediately, the system will inform you about this and the payments can be directly released. Either a non-periodical royalty statement can be printed

Contracts, Rights & Royalties

Rights Acquisition

Planning and processing of rights acquisition. Implementation of correspondence with rights owners, agencies and scouts. Registration of proof material and received manuscripts. First reader and reader's report. Negotiation history. Rejection letters. Automatic creation of contracts from available quotation data. Ability to accommodate complex royalty rules. Modification history: display of logged changes to the rights acquisition transaction. Management of options.

Rights Sales

Creation of sales offers, shipment of proof copies. Shipment of proof copies through the Book Sales and Distribution system (BSD). Management of options. Search for subject group and options. Sales transactions: Title, rights purchaser, agency, rights, orders, shipping, review, contract. Search and quick record for products and rights purchasers. Sales transaction lists on screen, sorted according to title or rights purchaser. Quotations. Cover letter for proof copy shipment. Reminder letters. Rights sales contracts: Automatic validation check when subsidiary rights are sold. Rights revenues: Overview of payments made, contractual terms and unpaid claims. Automatic generation of follow-up claims. Reminder option for outstanding rights claims. Standard interface for Rights Revenues.

Contract Management

Creation of contracts. Several contract types (author, editor, translator, contributor, and rights acquisitions contracts, rights sales contracts). Contract creation using templates. Automatic contract creation from rights acquisition transactions. Contract printing with Microsoft Word®. Management of all usual contract details (subject, contract party, validity, rights, royalty agreements, royalty split, periods, complimentary copies, agencies, allowances, fees, addenda, etc.). Royalty split for contributions. Basic system for royalty statements. Multi contracts to bracket individual contract units. Management of contract addenda. Authorization of contracts. Access restriction for display, modification and creation of new contracts. Management of the contract status (for example,

... Contract Management (cont.)

"Being Negotiated") Modification history: display of the logged changes to the contract data. Management of an alternative guarantee amount in standard currency. Agency Settlement: Single agency processing. Display of Agency Commission and Agency. Direct initiation of "Payments due" from the "Install." record. Advance payments in foreign currency can be stored per installment with a fixed exchange rate.

Specific title data: Publication date, guaranteed print run, minimum price, distribution channel, planned version type. Free ads. Remainder right, rights reversions. Approval requirements. Notification requirements. Deadlines. Options.

Royalties: Bonus payments upon a specified event or upon reaching a certain sales volume. Guarantee payments and flat rate royalties can be agreed in foreign currencies (for the currency of agreement and/or of payment). Due dates for periodic payments. Specification of minimum payment amounts. Search for manuscript delivery deadline. Optimized agency processing. The originator's statement with his tax terms on the agency's royalty sub-account. Accounting terms. Statement and payment, currency, statement frequency, settlement of several contracts, special terms. Advances. Installment specification. Royalties on sales, editions, copies, pages, lines, flat rate, etc. Royalty scales according to version and distribution channel.

Specification of beneficiaries.

Ability to accommodate complex royalty rules for royalty on sales and edition (combination of version type, distribution channel and region). Definition of validity period per royalty rule. Any number of royalty scales per royalty rule. Distribution fee per royalty scale. Possible to group royalty rules to begin a scale together. High discount indicator.

A setting can be made that adds the service tax only upon payment. Subsidiary Rights: Management of exclusive and non-exclusive publisher and subsidiary rights. Scales depending on the amount of the subsidiary rights revenue. Offset limit for subsidiary rights revenues.

Document Management of Contracts

Processing of contract data from PPM as Microsoft Word® documents. Combined functionality: Current contract data from PPM and textual components from the Word template are merged. Easy to edit and print contract texts updated using PPM from Microsoft Word®. Easy to generate. Multiple contract templates.

Summary of Rights

Specific summaries of rights owned.

with it or the payment can just be processed using a remittance advice and the split shown on the following regular periodic statement. All non-released splits will be posted to a holding account in the royalty accounts where they are directly available for royalty accruals and reporting purposes.

Rights Acquisition

The rights negotiation process requires accurate data and transparency throughout the entire process. The Klopotek CR&R rights acquisition tool provides you with the access to all current and historical information concurrently. Knowing competitive publications, planning future sales in respective markets and being aware of financial risks allow the editors to feel secure with their publishing decisions. An analysis tool for P&L calculations and break-even estimates completes the toolset.

The rights acquisition processes and the workflows are different from publisher to publisher. In all cases keeping track of all correspondence, phone conversations, e-mails and offers made is managed by the system. When dealing with agents a complete history of the previous agreements and the phases of the currently negotiated contract are always fully visible.

The involvement of sub agents and talent scouts is maintained as well as registration of proof material and received manuscripts. Options are managed taking into account their ranking and possible exclusivity. Readers can be ordered and their reports stored. The offer and negotiation of advances and royalties can be set up in the system and printed as an offer letter.

Should the negotiation process reach a point of agreement the contract set-up can be automatically generated from the rights acquisition transaction taking over

all agreed terms such as author and agent information, addresses, conditions, agreed volume rights and subrights and special terms.

All agreed rights negotiations are available in a pool of agreed purchase transactions and can be accessed by the legal departments for contract creation or for further negotiations on legal terms, details and final approval.

Rights Sales and Marketing

Rights sales is becoming an increasingly valuable vehicle for publishers to increase their revenues. The Klopotek Publishing Solution helps you to generate individual marketing materials and automated catalogs for the licensees' specific areas of interest. The classification of licensees according to their importance and business history is a basis for informing them regularly about new titles, open rights and new options. The marketing selection is fully integrated in the processing of campaigns and offerings and allows you to send out target oriented e-mailings. Historically bad payers can be flagged and restricted from offerings.

Available Rights

Through the integration with the acquisition contracts the "available rights" tool provides a list of the rights which may be offered and sold taking into account the ones that are already sold or for which an exclusive option has been given. Comprehensive validity checks of the rights for the titles in all linked acquisition and rights sales contracts as well as in all exclusive rights sales transactions make rights selling a consistent process within the rights management capabilities.

Sales Transactions

The "rights sales" tool helps you to keep track of all offers and permissions. The complete licensee history including the produced titles in the various languages for all territories and additionally the payment behavior allows for successful target-specific marketing and sales processes.

The list of rights sales transactions is sorted by title or rights purchaser. Color differentiation easily shows the status of the different sales stages such as "offered", "in negotiation" or "contracted". Offers, either on paper or as e-mails and reminders at the expiry of options can automatically be created using the integrated mail merge functionality. Options can be given and managed including their ranking and exclusivity, even with an automated re-ranking feature.

Proof copies can be shipped either individually with printed cover letters directly from the sales department or transferred as delivery orders to the Klopotek fulfillment system or any other third-party fulfillment system. All changes to the information about the licensees or the sales transactions are fully tracked.

Draft contract offers and final contracts can be automatically created from the sales transaction data using the "contract editing" tool within Microsoft Word®. The contract signature launches a process to automatically create an invoice and transfer information about the agreed installments into a list of payments to be received. The dates for the payments and expected periodical statements get tracked by the system and lead to automated reminders if they are missed.

This way CR&R tracks outstanding rights revenues as well as statements and creates regular reminders leading to a more effective exploitation of rights.

Expiring Rights

Acquisition and sales contracts as well as permissions which are due to expire in the future can be selected up front to either reverse the rights or negotiate an extension to the contracts.

Royalty Write-Off

The automated Royalty Write-Off module helps you to determine the amounts which must be written off because the guarantee will most likely not be used up when offset against the accumulated or projected royalty. The contractual royalty is taken into account for internal control purposes and internal invoicing. The contractual and fiscal royalty is taken into account for external invoicing and tax calculation.

The projected sales procedure determines the number of copies subject to royalties that are used for royalty projections. The royalty write-off procedure prepares the data for the royalty write off and automatically performs a royalty write off. It also automatically determines the adjusted balance which has not been written off. The royalty write-off application displays views on the data of the automatic royalty write-off by user and allows for manual modification of the parameters and values at the title and rights level. A quick calculation feature immediately calculates the results of the manual changes.

The results of the automated write-off procedures are completely available for transmission to the financial accounts and cost statements.

A comprehensive suite of reports is part of the Royalty Write-Off module and allows you to monitor and evaluate the results of the royalty write-off.

Royalty Accounting

Royalty Sub-Account: Agreement and payment of guarantee payments and flat-rate royalties in foreign currency possible with option to compensate for currency differences. Manual postings with different sales tax rates possible. Definition of minimum payment amounts. Income tax-exempt royalty on sales. Possible to adjust and re post quantities. Royalty Account: Collective view of all royalty sub-accounts of a creditor. Display of the royalty postings and documents in a posting list. Display of total payments, balance of settlements and credits. Detailed accounts. Statement documents. Correction of calculation in the case of price change. Check list according to contract parties and documents or according to products, contracts and contract parties. Agency commission. Royalty payments divided according to beneficiaries. Automatic royalty split per contribution. Automatic calculation of rights revenues. Sales tax depending on product. Income tax withheld. Royalty preview statement for calculation of accumulated royalty commitments. Closing statement for editions and versions. Interface to financial accounting. Overview of all royalty sub-accounts bearing the same creditor number on the royalty account. Guarantee payments: Processing guarantee payments. Posting of the guarantee carry forward (of the contract value) and guarantee offset via batch procedure. Guarantee Log. Display of the guarantee sums and the splits still to be offset or paid to the contract party's and/or agency's royalty sub-accounts. Ability for corrections. A setting can be made for royalty recipients whether social security tax is to be withheld. Entry of posting date and due date for the batch procedure "Royalty posting" on its own record in the "Monitor" record bundle. Extent of rights: Publication rights for versions, languages, territories. Sub rights for languages and territories with different validity. Indication of exclusive rights. Allocation of revenues from sub-rights.

Royalty Statements

Complete processing of creditors and debtors on the basis of contract data, integrated into financial accounting. Contingent payable advances. Distribution fee as a fixed discount or royalty scale. Sales tax withheld for foreign authors. Additional royalty basis: net distribution revenue. Royalty sub-account liabilities: optional separation of debits and credits for regular statements. Possibility of withholding payments. Bundling debits on a royalty sub-account.

... Royalty Statements (cont.)

Royalty statement for associated companies: lead publisher dependent on the publisher of the contractually specified main title. Posting and offsetting applied to the lead publisher. Administrative features of the lead publisher: title segment and company code. Contract independent manual postings. Optional adjustment of currency differences. Royalty statement dependent on price type. Reaching minimum royalty. Preview statements with accrual. Standard interface for rights revenues. List of payments due: display of the next respective installment due for periodic payments. Initiation of bonus installments. Due date for "Manuscript delivery". Royalty types: Royalty on sales, royalty on edition, flat rate, royalty on copies, royalty on pages and rights revenue share. Royalty accounts. Several accounts per contract party. Contracts payable against each other. Any statement periods and currencies. Advances taken into account.

Royalty Write-Off

Determination of the amount that must be written off because the guarantee will most likely not be used up when offset against the accumulated or projected royalty. The following business and fiscal factors affect the royalty write-off: The contractual royalty is taken into account for internal controlling purposes and internal invoicing as well as the contractual and fiscal royalty is taken into account for external invoicing and tax calculation. The royalty write-off component is made up of the following components: projected sales batch procedure, royalty write-off batch procedure, royalty write-off application, standard interface for the export of the royalty write-off to the financial accounts and cost statements. Write up to change or cancel royalty write-offs that have already been performed. The "Release Apportionment" can be reset. Automatic release for newly created RWO accounts. Royalty write-off on the basis of the adjusted balance. Posting at rights group level (distinction between principal and subsidiary rights). The real royalty of the rights group that exceeds the guarantee sum is distributed across the RWO account. Calculating royalty for subsidiary rights groups: Exclusion of specific subsidiary rights. Calculating the real offset royalty from the royalty accrual: Exclusion of postings for the original reserved returns posting type.

Authors Online

The browser-based Authors Online allows the publisher to give their agents and authors access to selected royalty data online. Aggregations of royalties can be carried out on all levels such as agency, contract, author and title. The Authors Online system provides a drill-down functionality which displays the royalty figures, including all sales specifics such as market channels, territories and royalty rules as well as subrights revenues and splits.

As a web based application tool set Authors Online provides the integration layer to incorporate the authors' information system into the publisher's website using their specific corporate layout standards.

The use of this system supports author care programs and demonstrates the publisher's commitment to servicing their authors' needs.

Benefits

The Klopotek CR&R system helps you to effectively manage and accommodate your author's needs. Centralized data and integrated processes facilitate clear and effective negotiations with all your business partners. Contract management provides a complete inventory of rights. Synchronization between contracts and royalty calculation effectively eliminates the risk of incorrect statements. The over-all payment schedule, the royalty preview and accruals functionality and the royalty write-off tool provide a precise liquidity planning option. Integrated marketing and tracking features support all rights sales and allows you to capitalize on your revenue opportunities.

Authors Online – Royalties at a glance

