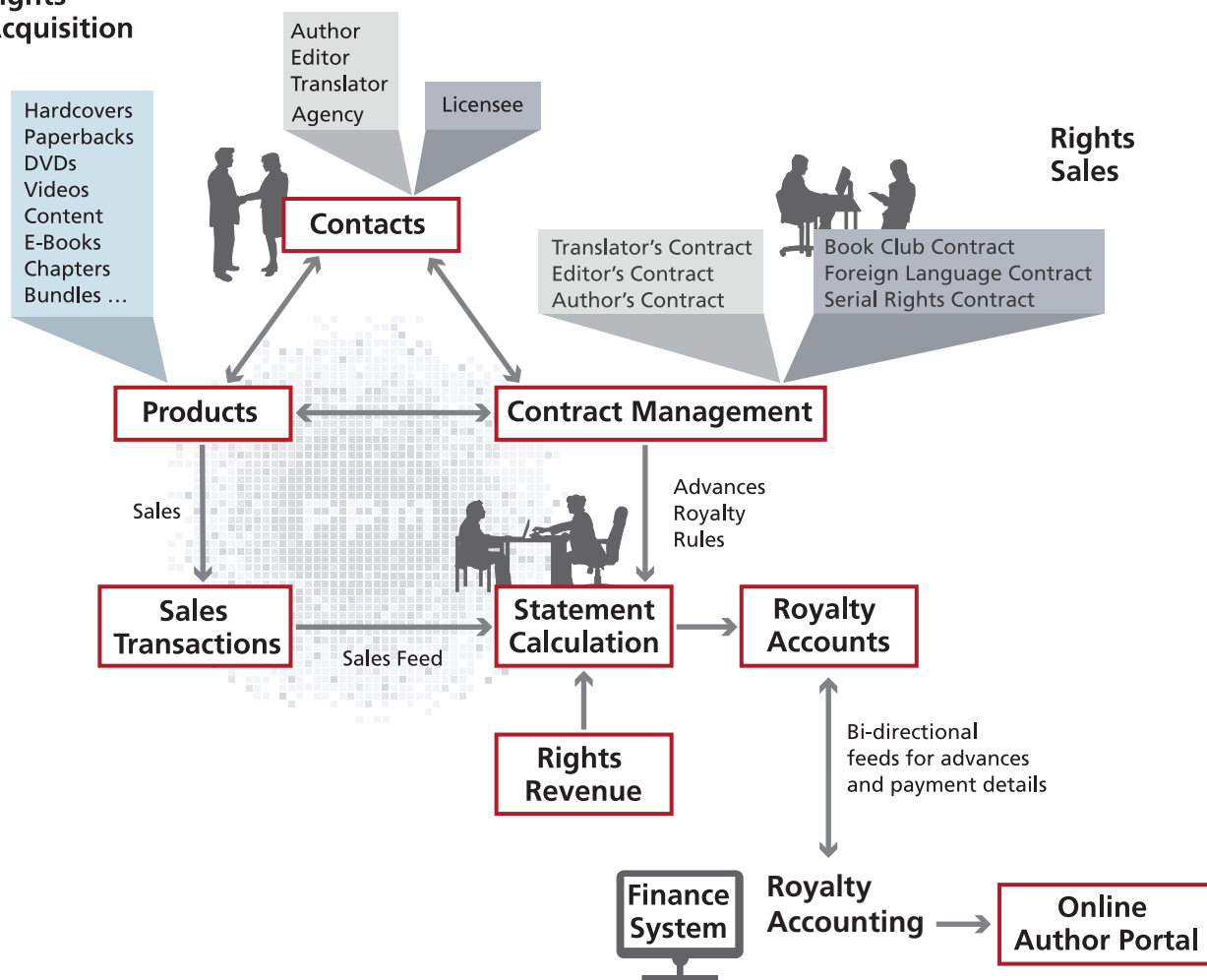


PPM – Contracts, Rights & Royalties

PPM CR&R enables publishers to secure, manage and exploit their usage rights efficiently. With PPM CR&R, product managers create contracts with authors, publishers, illustrators, translators, musicians and other rights holders. Royalty payments are made in accordance with international evaluation standards. Rights departments optimize the acquisition of rights and increase revenues from conventional and electronic rights – whether for series, single works or fragments. With PPM CR&R, you can manage all your contracts, royalties and exploitation rights for books, e-books, journals, articles, audio books, tracks and apps in an integrated system.

Digital business models place demanding requirements on contract, rights and royalties management. CR&R supports your transition from traditional to digital business models in an unrivaled and comprehensive fashion. With PPM CR&R, author relationships are the center of your operations.

Rights Acquisition



- Online author relationship management
- Rights acquisition and management
- Royalty calculation and accounting
- Rights sales and licensee management
- Forecasting and management reporting

PPM – Contracts, Rights & Royalties

Klopotek provides 3 packages:

1. A **contracts package** which includes the contract drafting, updating and editing process.
2. A **rights package** which includes the contract drafting, updating and editing process as well as the rights marketing and sales functionality.
3. A **royalties package** which includes the contract drafting and updating process as well as the rights revenue process. It does not include the rights marketing and sales functionality or the contract editing process.

Only basic information is needed when using the **Product Pool** as part of the contracts, rights and royalties functionality. Information about hierarchy (publisher/division/subject group), Version type (hardcover, paperback, e-book), ISBN, list price or product number is required.

The **Address Pool for royalty recipients** is based on the standard Address Pool. The full functionality of the Address Pool plus the tax / tax exemption and VAT details, the creditor number and bank details of the royalty recipient are available. For the **licensees** a licensee number as well as a bad payer flag and the preferred rights combination (e.g. only buying e-books for France) for use as the default are also available.

The **contract component** is used to register all necessary data for author contracts from contract validity to pubrights, subrights, royalty rules, advances or flat fees and royalty terms like statement frequency. Various contract types (contributor, author, and translator) are available. Also templates can be created to support quicker contract entry.

The contracts contain a link to the Address Pool as well as a link to the Product Pool. Contracts for multi-book deals (multi-contracts) are also available. Amending the contract (creating addendums and addendum documents and following up using the workflow in the system) is also part of this process.

Once the data is available in the database, a **contract document** can be produced merging data from the database and legal text. The document can be attached to the entry in the database.

Before creating a contract, the system supports the contract request process – the rights acquisition from pre-submission interest recording to negotiation and contract request.

Once the contract is signed the **advance process** is supported including determining payable advances, advance forecasting, authorizing advances, paying and posting advances, and interfacing advance payment to and from the financial system.

As soon as sales data is available, the **royalty calculation** can be started, which will use the information from the contracts. Sales are interfaced, royalties and/or accruals are calculated, the offsetting of the advance is calculated, reserves for returns are calculated, and all this information can be interfaced to your financial systems. Once the royalty calculation is authorized, a final royalty statement is produced. A draft of the statement can be produced at any given moment.

Once the royalty calculation is final, **payments to the authors** is the next step. The system functionality includes the ability to offset charges, calculate

payments, deduct taxes, interface royalty payments and 1099 data to the financial system, produce a remittance advice, and interface payment information back from the financial system. We recommend that you do a **parallel test** at this time by entering the data for a past period, running the royalty calculation and comparing the results in your new system with the results in your old system. Check the differences, correct the data.

The rights department is supported with planning and processing of **rights sales**. The system functionality supports registration of proof material and negotiation history. The rights selling process contains features for rights marketing of titles to defined groups of licensees with custom letters, pre-submission interest recording, ranking, and negotiation of a contract request.

Once the deal is negotiated, a **rights sale contract or permission** can be created with the full functionality described above, including printing and editing it.

The **chasing of revenue from rights deals** (advances and royalty statements) is also supported. A list of overdue payments / statements is available and chasing letters in various forms can be sent out.

Incoming rights payments can be recorded, costs are deducted, the payment is allocated to expected payments and it is then interfaced to the financial system.

As the final part of the process, the income is automatically **split with the author**, rights postings are interfaced to the financial system. The rights revenue is offset against the advance, and the author will either be paid or the publisher will wait until the next royalty statement.