Monetize Content through Effective Rights and Royalty Management

Introduction

It has never been a more exciting time to be a content creator than it is today. Storytellers are feeling empowered to experiment with innovative content ideas across mediums and genres in the digital era. Newer channels of content distribution are emerging, as the media and entertainment (M&E) distribution ecosystem continues to fragment. This allows companies to reach out to unexploited audience segments to further monetize their content. Non-linear, over-the-top (OTT) delivery channels have disrupted the conventional rules of the game, making the media value chain increasingly complex.

A major implication of the accelerating pace of content globalization has been a transformation of the $600bn rights management market. With transaction volumes soaring, and deals becoming more intricate than ever, even the most efficient M&E companies find it challenging to smoothly handle all processes concerning rights and royalties.

The prevalence of time-consuming and error-prone manual workflows pertaining to rights management at organizations adversely impacts business agility by delaying decision making, and increasing time to market. Ineffective rights management also translates into amplified legal risks, below-par content monetization, and cost overruns. On March 13 2007, Viacom2 filed a US $1 billion lawsuit against Google and YouTube alleging that the latter had engaged in "brazen" copyright infringement by allowing users to upload and view copyrighted material owned by Viacom. In another instance, Paula Petrella file a lawsuit in 2009 for the movie, Raging Bull, over the film's continued distribution, alleging that MGM, the film's distributor, did not have all of the rights to the story.For M&E firms to sustain profitability in a cutthroat marketplace, they need to recognize rights management as a strategic differentiator in the digital entertainment arena—and not as a mere administrative licensing function. This is crucial as traditional purchase-based media consumption patterns give way to access-driven models, and mass consumption gets replaced by individual, on-demand viewing, reading, and listening. Effectively, every transaction has become a 'rights' transaction.

For example, in the broadcasting business, content rights are scheduled for mass public usage. As a result, it is difficult to estimate the exact number of people who will see the content. In case of digital channels, content is consumed by end users directly (VOD, IPTV, OTT, and so on), therefore exact usage is easier to know. In the digital scenario, every user who requests for content is actually requesting for a right to use the content, therefore such transactions become 'rights' transaction.

The growing complexity of rights management reflects the fact that it is now a multidimensional activity. An organization's ability to provision specific content depends on the format, channel, device, location, exclusivity, timing window, subscription type, and so on.

Challenges

It is ironical that for an industry as disrupted by technology as M&E, IT remains a barrier to optimizing rights management at many companies, resulting in lost monetization opportunities and increased legal liabilities.

Ineffective rights inventory management

Typically, different divisions within the organization—including content acquisition, distribution, and digital—deploy standalone systems that perform dedicated functions. Such isolated implementations lead to information silos, and a lack of data interoperability, that hinder synchronized rights tracking and efficient leveraging of asset across units.

M&E entities that manage rights on Excel, or through legacy applications deploy separate mechanisms to monitor incoming and outgoing rights. The ensuing two sets of inventories increase the risk of syndicating some assets for which incoming rights are either unavailable or have expired.

Lack of corporate-level visibility into the rights acquisition status of individual assets also affects business agility. For instance, a salesperson should be able to immediately check whether or not the firm owns rights to a specific property on his smartphone or tablet. Seeking the legal team's opinion on such matters can lead to an increase in the turnaround time for responding to new sales opportunities.

Limited flexibility

Even as the rights dimension landscape keeps expanding in line with the proliferation of content distribution channels, legacy rights management systems offer limited support for the rising complexity of contracts. Unlike the analog era characterized by a finite set of dimensions like date, territory, and language, rights today capture granular details on how the consumer would access the content. For example, the modern-day rights contract must factor in device registrations, the intended distribution platforms, personal video recording options, and other parameters that require robust integrations with operational systems.

Data inconsistencies

Many legacy rights systems store data in various repositories, involving different forms and metadata levels, making it difficult to evaluate the distribution rights held for a particular item. With fragmented rights data being collected in a non-cohesive manner, the organization fails to generate a single consolidated view of relevant information. With the firm unable to efficiently exploit its assets, decision making is impacted.

Manual processes

Another significant bottleneck in ensuring robust rights management is the continuing human intervention in many critical business processes, such as contract approval, sales data validation, and billings. The predominant usage of Excel in such workflows reduces their efficacy, since spreadsheets often do not have consistent information structures. This makes it difficult for enterprise users to search for and retrieve data quickly, thereby lowering operational efficiency.

Recommendations

To overcome shortcomings in their existing rights and royalty management systems, media and entertainment companies should adopt a flexible, step-wise design approach that takes into account future business requirements.

First, the business-level design should incorporate an infinite, and flexible set of granular rights dimensions, with its hierarchy defined from the outset.

This includes defining the right dimensions (for example, territory, language, media, and exclusivity), as well as values of each dimension. Dimensions and their values define the rights tree for each organization.

Second, conflict check must be carried out during design, in which rights association should happen at the level of products, rather than contracts. Adhering to this principle will help M&E enterprises effectively integrate rights management across their acquisition, consumption, and sales functions.

For robust rights inventory integration, the product identification number should be unique across various departments. In this regard, unit-level product metadata to a next-generation, enterprise system should be migrated, followed by the institutionalization of a metadata management (MDM) framework. In tandem, companies must build automated interfaces for real-time data exchange with other systems.

Ensuring accurate implementation

The intended corporate rights management system should let users oversee contracts, rights hierarchies, payment terms, and royalty rates across the contract lifecycle, spanning deal creation to approval in one place. The system should foster smooth management of intellectual property (IP) rights, approval-related processes, advances and guarantees, collision checking, payment calendars, and rights clearances.

While designing and rolling out such an enterprise setup, companies must make sure it is integrated with their accounts receivable systems for automated invoicing, collections and reporting.

On the royalty front, the corporate system should enable users to monitor and process royalties by asset, link them to IP or contractual rights data, and allocate rates based on parameters like channel and territory. This is important, for users to be able to handle complicated rate structures, mine relevant data, and generate comprehensive reports quickly.

Business outcomes

By rolling out a robust rights and royalty management system, M&E companies can reduce the time to market, reaching their customers faster–and more efficiently–across various distribution channels. In conjunction, they will be able to minimize their legal risks around breach of any rights contracts.

Another tangible business benefit the industry can realize is with regard to increased content monetization. Eliminating information silos and gaining real-time visibility into rights will help organizations boost content leverage ratios across divisions. Integrating and automating disjointed processes will allow them to manage more contracts, expedite deal closing, identify underutilized IP assets, and proactively discover possible rights violations.

A corporate rights management mechanism will also facilitate improved operational efficiency, by automating the workflow across the entire value chain, from content tracking to rights management and usage tracking.

Conclusion

Thriving in the digital era is all about being more agile, innovative, and responsive than the competition. And, of all industries, this dynamic is perhaps most compelling in media and entertainment, where both content and distribution need to be in sync for optimal business value creation.

As consumers across the board increasingly shun mass, push-driven advertising, M&E firms will have to figure out new, non-intrusive ways of monetizing their assets. This imperative will only increase the importance of rights and royalty management, necessitating a harmonious relationship between content creators and distributors.

References

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