

Rights Management in Publishing

How effective management of rights can improve publishers' profitability

INTRODUCTION

PLS is pleased to present this white paper on rights management in the publishing sector. It draws on a survey of nearly 100 publishers to assess the quality of current practices, highlight the substantial value of good management of rights and contracts, and suggest what is needed to maximise rights sales and profitability.

PLS has a unique role at the heart of copyright and licensing in the UK. From this perspective, we see the significant difference that professional rights management can make to publishers' sales, valuations and reputations. For relatively modest investment, dedicating time and resources to improvements can make a significant difference to profitability. **This white paper shows why every publishing leader should make rights management a strategic and operational priority.**

PLS provides publishers with support and guidance on how to improve their management of rights. For extensive resources, case studies and free online training, visit our Rights and Licensing Hub at www.rightsandlicensing.co.uk.

EXECUTIVE SUMMARY:

FIVE KEY POINTS FROM THE PLS SURVEY

- 1 Rights can be traded to generate valuable revenue that increases a publishing business' profitability and value.
- 2 Financial planning and reporting that takes account of rights can help to identify and unlock new revenue opportunities.
- 3 Clear oversight and professional management of the rights a publisher holds can substantially increase revenue from them.
- 4 Giving rights professionals more input into acquisitions and greater representation at board level can grow sales and profitability.
- 5 Investment in rights management, training and communications will all yield greater returns in licensing revenue.

Why effective rights management matters: Publishers on the impact of rights income on their businesses

‘Some high value rights contracts have brought in more revenue than sales of the original book.’

‘Income from book sales may level off after a few years, but rights income can and often does have a longer life.’

‘We publish multiple projects where without rights income the project would not be financially viable.’

‘Lots of our bestselling books are picked up by lots of other markets, which can create exponential growth.’

‘Optioning the film rights to one of our books significantly increased its profitability.’

‘Some of our scholarly books might have a limited audience here but be adopted as a trade book overseas, with nearly equal sales.’

‘We license online rights to a partner, keeping us competitive in that customer channel for titles where print demand is declining.’

‘One of our key business titles is bringing in more revenue from rights sales than from standard sales.’

1 RIGHTS INCOME

1.1 Income

Nearly two thirds (65.2%) of publishers supplying figures to PLS' survey say they generated less than 5% of their gross income from rights in their last financial year. Just 6.5% of businesses generated more than 16% of their gross income from rights.

For some publishers, selling rights is neither a priority nor practical. But for many others, there is significant potential to grow income.

1.2 Rights and profitability

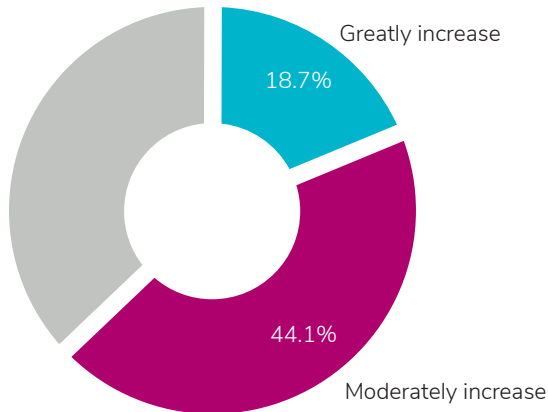
Nearly half (48.7%) of respondents say rights income always (10.5%), often (14.5%) or occasionally (23.7%) has a significant impact on the profitability of their books or projects.

This demonstrates the very positive impact that rights can have on the bottom line of a publishing business and should motivate leaders who do not yet make the most of trading opportunities.

“ *Some high value rights contracts have brought in more revenue than sales of the original book.* ”

1.3 Rights and business value

Do you think your rights income affects the overall value of your business to potential buyers?



Nearly two thirds of respondents think rights income either **greatly increases** (18.7%) or **moderately increases** (44.1%) the value of their business to potential buyers.

Publishing leaders and shareholders should be aware that high-quality rights practices can significantly increase the value of a business in a sale.

1.4 Income measurement and budgeting

Four in five (81.3%) respondents say their business identifies the value of their rights licensing income; one in five (18.7%) does not. Only just over half (53.9%) of publishers budget annually for rights income; nearly half (46.1%) do not. Among publishers with budgets, a third (34.3%) do not break them down by either title, category or territory.

While measuring sales and budgeting may be unrealistic for smaller businesses, a lack of financial planning is likely to hinder publishers' rights income.

2 RIGHTS OWNERSHIP

2.1 Control of world rights

Under a quarter (22.8%) of publishers say they own world rights in fewer than half of their books. This highlights a major barrier to licensing content and protecting content. Without securing sufficient rights, or knowing which rights are held, publishers cannot fully capitalise on opportunities.

2.2 Knowledge of rights ownership

Fewer than a third (29.1%) of businesses are very confident about the accuracy of their rights ownership and contractual information in their business, and more than half (55.7%) are only quite confident.

While some publishers have an excellent oversight of the rights they own, others have wide gaps in their knowledge that compromise their ability to trade rights.

“ Lots of our bestselling books are picked up by lots of other markets, which can create exponential growth. ”

2.3 Contracts and databases

Only a fifth (21.5%) of publishers consult a database or rights management system to establish the ownership of rights, while 27.9% refer to physical rather than digital contracts to do so.

These practices can make it hard to discover the status of rights. Only a third (36.7%) of businesses say they can establish rights ownership easily and with no delays. Nearly two thirds (63.3%) say the process can be time-consuming and lead to delays.

Digital contract storage has increased rapidly in recent years, but some publishers continue to rely on paper contracts and offline storage. Establishing good systems for easy retrieval of information makes it easier to capitalise on licensing opportunities when they arise.

2.4 Demonstrating ownership

Four in five (81.6%) respondents say they have no difficulty demonstrating ownership of rights in the event of copyright infringement or piracy.

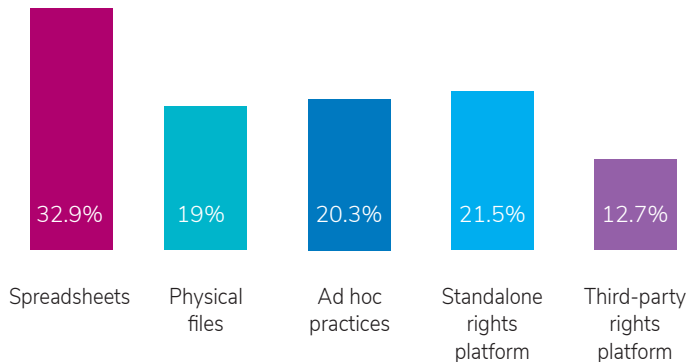
Some publishers also say copyright infringement has caused their business to miss opportunities for income (15.8%) and inflict reputational damage to their business or rights teams (10.5%).

Orderly rights management is crucial to protecting the intellectual property held by publishers. Poor practice increases the risk that copyright infringement will go unchecked.

3 RIGHTS MANAGEMENT PRACTICES

3.1 Systems

What system do you use to manage your rights?



Nearly three quarters of survey respondents say they use either **spreadsheets** (32.9%), **physical files** (19.0%) or **ad hoc practices** (20.3%) to manage their rights. Only a fifth (21.5%) use a **standalone rights platform**, while smaller numbers use a **third-party rights platform** integrated with a larger management system, or a self-built database (12.7%). (Note: percentages total more than 100% as respondents could select more than one option.)

Smaller publishers may find it simpler to manage their rights on spreadsheets or in-house systems. However, third-party systems can make management more efficient and accurate and increase income.

“Optioning the film rights to one of our books significantly increased its profitability.”

3.2 Responsibility

Only just over a third of publishers give responsibility for the maintenance of rights information and contracts to either dedicated rights staff (25.3%) or legal and contracts staff (12.7%). The rest devolve it to editorial staff (39.2%) or other staff (22.8%).

These splits may reflect the relative sizes of survey respondents, with larger businesses employing dedicated rights or legal teams and smaller publishers relying on staff with other duties. In both cases, it is important to ensure that responsibility for managing rights is allocated to people who understand the area.

3.3 Credit control

Two in five (40.5%) publishers give responsibility for chasing rights income to accounts or royalties staff, while others give the job to rights staff (22.8%), editorial staff (15.2%) or other staff (21.5%). As with rights management, this probably reflects the relative resources of publishing businesses.

“ We publish multiple projects where without rights income the project would not be financially viable. ”

4 RIGHTS TEAMS' ROLES

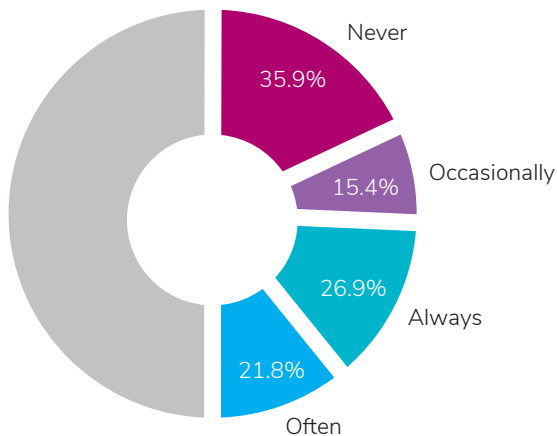
4.1 Board representation

Among businesses with boards, three in five (60.7%) rights teams do not have representation on the board; two in five (39.3%) do.

This means the majority of publishers do not hear directly from rights professionals at senior level. As a result, they may be missing out on important reports or information that could improve sales and profitability.

4.2 Acquisitions

Does your rights team have input into the acquisition of new books or projects?



Half of rights teams either **never** (35.9%) or only **occasionally** (15.4%) have input into decisions about book and project acquisitions. The remainder have input either **always** (26.9%) or **often** (21.8%).

Nearly half (48.7%) also think that those responsible for acquisitions do not sufficiently understand the value and range of rights that could be acquired for future exploitation beyond initial sales.

Publishers who seek little or no input from their rights professionals may well be missing out on crucial information. Rights teams have knowledge and experience that could generate additional revenue from new books and reduce the risk of unprofitable acquisitions.

4.3 Communications

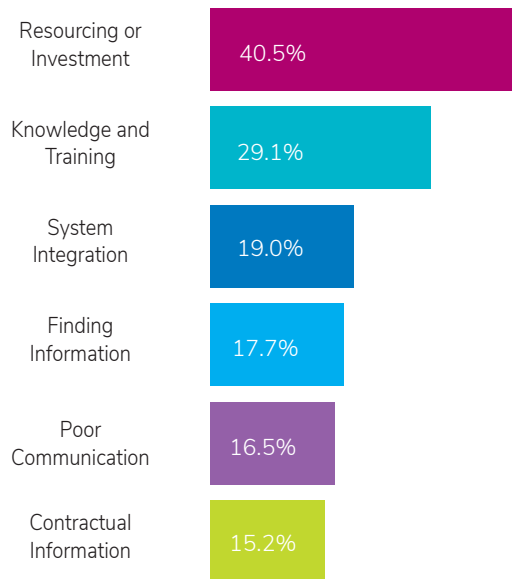
More than three quarters (78.2%) of respondents say they communicate the value of rights to colleagues. The rest (21.8%) do not. Among those who communicate the value of rights, 77.0% do so to their editorial boards. Other common recipients include boards and management teams (59.2%), finance and royalty teams (55.7%), sales staff (36.1%) and legal departments (21.3%).

Examples of publishers' communications include regular financial reports, staff meetings, workshops, training programmes, onboarding sessions, webinars and workflow demonstrations. Adopting communications like these can help to fill the gap in rights knowledge that exists in some businesses.

“Income from book sales may level off after a few years, but rights income can and often does have a longer life.”

4.4 Barriers to rights management and licensing

What restricts your rights management and licensing?



Two in five (40.5%) publishers think their effectiveness in rights management and licensing is restricted by insufficient **resourcing or investment**. Well over a quarter (29.1%) think it is held back by insufficient internal **knowledge and training**, while other significant barriers include a lack of **integration between systems** (19.0%), an inability to **find information** (17.7%), **poor communication** between departments (16.5%) and a lack or inaccessibility of **contractual information** (15.2%).

These numbers represent a minority of businesses, and many publishers have excellent rights management practices. However, they also indicate that licensing is being restricted at some publishing companies by a lack of investment and knowledge gaps. Investment in resources, systems and communications can all help to improve revenue generation through the effectiveness of rights management. Increasing in-house rights knowledge and skills can also ensure publishers fulfil the potential of their intellectual property and protect it from infringement and safeguard the value of their businesses.

ABOUT THE RESEARCH

This white paper is based on a survey of nearly 100 publishers, working across a broad range of sectors including academic, professional, educational, trade, children's, STM, ELT and specialist markets. Respondents work in a wide variety of rights including English language, electronic, translation, coedition and other media rights, and permissions. The survey was conducted online in mid-2022.

About PLS

Publishers' Licensing Services (PLS) is a not-for-profit organisation that provides publishers with collective licensing services. Our other services include support for permissions (PLSclear) and rights management. We were set up by publishers, for publishers, and are proud to have served the industry for more than four decades.

About the Rights and Licensing Hub

The Rights and Licensing Hub is an initiative supported by PLS to share knowledge and encourage best practice in managing rights in all areas of publishing and to raise awareness of the benefits of good rights management. It contains practical advice from publishers, free online training courses, careers advice, publisher case studies, and more.

“ One of our key business titles is bringing in more revenue from rights sales than from standard sales. ”

For more info on how to make the most of your rights.

www.rightsandlicensing.co.uk