



Interview with Brian O’Leary, Book Industry Study Group

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KENNEALLY: In publishing, rights are the legal basis for every transaction. Literary agents, for example, negotiate the rights to publishing a work by an author, with multiple media formats and multiple markets across the globe, rights are the threads in the fabric of publishing. Welcome to Copyright Clearance Center’s podcast series. I’m Christopher Kenneally for Beyond the Book.

However fundamental they are, rights do bedevil publishers and authors alike. As basic a question as, who owns the rights to a work doesn’t always yield a ready answer. The questions and the complications mount quickly, creating an environment for many a lost opportunity. At BookExpo in May, the Book Industry Study Group detailed a survey of publishing rights questions. Perhaps the biggest surprise of the BISG report is that such a widely-recognized problem continues to confound an industry that could use all the help it can get to bring in new revenue and drive growth.

BISG executive director, Brian O’Leary joins me now to discuss the report. Welcome back to Beyond the Book, Brian.

O’LEARY: Thanks, always good to be with you, Chris.

KENNEALLY: We’re looking forward to getting to this particular report, published, as we said, in May 2016 to coincide with BookExpo, but it’s not the first time that the Book Industry Study Group has been after this topic. In 2011 BISG commissioned a joint effort with Copyright Clearance Center, The Idea Logical Company, and MetaComet to conduct original research on rights management. In 2014 BISG held a rights summit. And so for 2016, you’re at it again with this particular survey, which Copyright Clearance Center, for full disclosure, was not involved with.

So what are you trying to get at here? Who is this report for? Why now? And how did it all become created?



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O'LEARY: The survey is really intended to serve the needs of publishing executives in operations, finance, and rights management, both to understand the opportunities, as well as the challenges that publishers face in trying to make effective, and efficient use of rights. And we see it as, really, an opportunity to document both the opportunity and start to build a business case for investment. We also think that it gives the rights community at large, including CCC, a path forward for studying and resolving some of the issues that we identify in the report.

KENNEALLY: You identify a half a dozen specific issues, and let's go through them fairly quickly. People can get a copy of the report from BISG and we will link to that from our own Beyond the Book website. But the first point is one that just seems fairly obvious, given the state of publishing today, and that is the importance of rights transaction is growing. And that is growing, not only in the US, but on the global scale.

O'LEARY: True, and we found that the global piece of it was really driving quite a bit of what people were saying in the survey. When we went through the original research, we found that – digital rights and international – more than 70% of those people that we surveyed said that they thought that this would be a strongly growing market. But they also thought digital rights within the US – 60% said they also thought that would be growing. The areas that were actually significantly less were areas like co-publishing and book clubs which people generally don't see as growth areas.

KENNEALLY: When they're looking for growth, one of the things that hampers growth is the second point, which is this failure to collect rights revenue. People are literally leaving money on the table, and there are a number of reasons for that. The most commonly cited one, I understand, is just simply a lack of resources. This takes work.

O'LEARY: Yeah, there's more than half of the people that we surveyed – we asked everybody, are you missing out on meaningful rights revenue, and more than half of the folks that we surveyed said yes, we are – something like 54%. The thing that was most common was that either in the area of on (sp?) rights, selling rights to third parties, there just wasn't enough time on task so that they weren't answering questions or queries or inquiries on a rapid basis, or they just weren't getting to the e-mails at all. And then in the area of inbound rights, essentially once they've already sold it, trackings to make sure that royalty payments are made and that the revenues are collected and distributed was also a problem for many of the folks answering the survey.



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KENNEALLY: You say, Brian O’Leary at the Book Industry Study Group, the point of the survey and the report is to try to drive some investment in new systems and new ways of doing business that are going to realize the potential of these rights. And I believe you’ve identified what could be kind of a tipping point for all of this. As we said, people have been after this topic for a number of years, and it may be when we finally get to the point where granular rights are able to be leveraged, that this is really what’s going to make the difference. Tell us what the challenge is there, and why granular rights, which would be selling the rights to components of books, not simply entire works, but chapters and the other elements in a published work, why are granular rights going to be critical moving forward?

O’LEARY: Well, I think that we used to sell the rights to a work or the right to translate a work in a particular market. At this point, we’re still doing that, and even that presents challenges. But we’re also looking both for domestic and international use for the opportunity to sell components of a work. That, essentially, exponentially increases the complexity of both what we sell and what we need to track after we’ve sold it. That’s ultimately what drives us to talk about the technology and workflow issues because the days of simply being able to create a work and then, over a period of time, exploit it in international markets are gone. To the extent that we are selling international rights, we’re selling them on a much more rapid basis because the market, particularly for digital content is immediate. If you publish it in the United States and you have a digital version, the English language version can be in demand all around the world. At that point it’s not a question of waiting a year or two to be able to get to a rights fair, have that conversation with somebody, and then publish it in another market with demand for English language rights.

We’ve also opened up new markets where previously trying to distribute physical content in a particular might not have been cost effective, for example in Eastern Europe or in Belgium. But there’s still a market for English language content there, and we can fulfill it using digital means, but we have to have cleared the rights to do so.

So all of these things – the timing, the need for components, and the globalization of the entire marketplace – leads us to the conclusion that we need better systems and we need better workflows to be able to support exploiting the opportunity.

KENNEALLY: Well, Brian O’Leary, you say we need better workflows. Behind all of this is the presumption that we’re speaking about digital rights, and this report, “Publishing Rights: An Untapped Opportunity” would almost be equally the same as titled “Publishing



Digital Rights,' the workflows themselves are paper-based, which may come as a surprise to those who don't work in the industry. But that is obviously creating bottlenecks. How do right permissions managers get beyond the paper workflows? Is it a question of size? Is it really only an option to move into the digital solution for large publishers?

O'LEARY: We think it's an opportunity for both large and smaller publishers. Many of the largest publishers, as you at CCC would know, have either invested in their own solutions or partnered with companies like CCC to create a shared solution. CCC, itself, has developed products like RightsLink to be able to support both smaller and medium-sized publishers and their ability to sell. But I think the problem is that for smaller and medium-sized publishers in general, they're struggling to find the business case for an investment. They don't see enough of an opportunity or, if they see the opportunity, the cost of the systems is quite high.

So what we're doing now, actually, in this summer is surveying about a dozen and a half companies that are active in the rights and royalty management space to get a better sense of their offering, where they're strong, what they are typically known for. We're going to bring that information back to the US industry later this summer so that we can explain to them, here are some of the options that you have available to you, and here's how to get hold of the folks that are at these companies.

KENNEALLY: I know many people would find that really valuable information, Brian O'Leary, because it would help to dispel all the confusion around rights that is stymying the growth in that particular part of the business. The principle confusion involves the ownership question. This is becoming more complicated than ever because of the number of divestitures and acquisitions that end up leaving a trail of various owners in the past, but never a clear link from one to the next down to the present day. So that's probably something that is going to remain a roadblock.

O'LEARY: It'll be something that we need to resolve, and certainly we'd love to be able to resolve it. It's a Gordian Knot of sorts. If you think about a company like Perseus, which itself acquired a number of different imprints, and then was subsequently sold to both Hachette and Ingram, so the publishing parts of the business are now at Hachette. They're probably on their third or fourth owner, in many cases. The history of the agreements that affect all of the titles that are under management there is not clear. In some cases it's well-documented, in other cases it's not. Trying to figure that out is a critical part of whether or not you can sell rights. But I think the other thing that plays a role, too, in terms of even if you have a clear line of ownership, one of the people that we spun into surveys just wrote



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quite plainly, there's currently no cost-effective way to digitally manage rights for a small publisher. I'm not sure that that's true. I think our survey will help answer that. But if it is true and there's a market for it, I think that we can find a way to entice either some of the existing, or newer players, or new entrants to potentially develop a solution that would be really beneficial for the industry.

KENNEALLY: Well, you mentioned, Brian O'Leary, that the next step is this survey of the rights management solutions landscape to learn who's out there and what they offer, and you're going to compile all that information and give a big reveal in September. There'll be a program taking place in New York on September 7, 2017, Managing Rights Across the Supply Chain. I know you're working on this, even as we speak, but what can attendees expect at that event?

O'LEARY: Well, we kept the white paper, the one that we're talking about today, and we'll share the results of the survey that we're doing now of vendor capabilities. But the programs that we've been having this year are these two hour events, including the one on September 7, are designed, actually, to open up a conversation about where we should go next because we want that as input for what we do in committee so that it's relevant, not just to our membership, but to the industry as a whole. So these are typically one hour with a group of people who are familiar with rights as a topic. We're trying to get a couple of CEOs from major publishing companies who have an interest in rights, as well as some other players, and I think we'd love to have somebody from CCC join us. But even within that, then we take the second hour and turn to the audience. We've typically been getting 75 to 100 people in the room, and just ask the question, what are we missing? What of the issues that we've already discussed resonate and where should we go next.

So I think what people can expect on September 7 is a little bit of us priming the pump and describing what we've done, but also us turning to them and saying, and where else should we put our time and attention? Because if it's relevant to the industry, that's where we want to be.

KENNEALLY: Well, we look forward to hearing what their responses are to those questions, Brian O'Leary, and we look forward to having you back on the program in the future to discuss publishing rights and the various questions that surround them as part of your work there at the Book Industry Study Group. We've been speaking with the BISG executive director, Brian O'Leary. Thanks for joining us on Beyond the Book, Brian.

O'LEARY: Thanks, for having me, Chris.



KENNEALLY: Beyond the Book is produced by Copyright Clearance Center, a global leader in content management, discovery, and document delivery solutions. Through its relationships with those use and create content, CCC and its subsidiaries, RightsDirect and Ixxus, drive market-based solutions that accelerate knowledge, power publishing, and advance copyright.

Beyond the Book co-producer and recording engineer is Jeremy Brieske of Burst Marketing. I'm Christopher Kenneally. Join us again soon on Beyond the Book.

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