Taking Care of Business: Introducing RoyaltyShare

Ever vigilant in the search for useful technology that helps publishers, PT *highlights a relatively new player*, whose background in the music business positions it well forthe increasingly fragmented e-book marketplace:*

RoyaltyShare, a provider of web-based digital transaction management services for record labels, has been making inroads into the e-book business, which shares many of the same operational challenges as those facing the music business. **Hachette Book Group** reently signed on as a client for its Digital Advantage service, and other publishers will be announced shortly.

Bob Kohn, RoyaltyShare's Chairman and CEO, started his career in the early 1980s as an entertainment lawyer working for TK **Mickey Rudin** (whose clients included **Frank Sinatra**, **Liza Minnelli**, and **Cher**) and co-authored Kohn on Music Licensing (**Wolters Kluwer**, 4th edition 2010). He eventually founded **eMusic**, the first MP3 music download service, and out of that experience came RoyaltyShare. We talked with Kohn about how the company's music experiences fueled its e-book ambitions.

Kohn explained that at eMusic's peak, "we were selling over 20 million downloads per month from a repertoire of over 1 million popular recordings licensed from over 1,000 record labels and containing songs owned by over 30,000 music publishers." As a result, eMusic had to generate revenue statements containing millions of transactions to thousands of companies—a massive digital revenue data problem. With the launch of **iTunes**, and the increasing popularity of customizable ringtones, "record labels started receiving sales reports from 50, 100, as many as 250 different services—each month, from all over the world, in different currencies, in different reporting formats."

The absence of a solution to the data issues was becoming a barrier to taking advantage of new business opportunities, such as adding new retailers or engaging with new business models like subscription and ad-based services.

Now, Kohn believes, the situation is the same with the ebooks. "While a standard format would be a step in the right direction, errors in data will continue to occur." RoyaltyShare's platform automates the process of importing any kind of digital revenue feed from any online service, including e-book, downloadable audiobook, and print-on-demand services. It supports the revenue data feeds from a growing list of over thirty digital retailers and distributors worldwide, supporting both the agency model and retail model, including **Amazon** (**Kindle**, **Audible**, **CreateSpace**, and **AmazonMP3**); **Apple** (**iBookStore**, **AppStore**, and iTunes); **Barnes & Noble**; **Sony**; **Ingram Digital**; **Lightning Source**; **Overdrive**; and others. The platform tracks each source of digital revenue data and provides status information on the revenues and units associated with reach feed. It then uses algorithms to match, or "normalize," each transaction against the metadata, and also generates reconciliation reports to help the finance department book proper revenue amounts. Finally, the system aggregates the normalized revenue data and puts it in a format so that it is accurately ingested by downstream systems (like financial accounting systems).

Particularly useful for publishers is that the instant the sales data is reported into RoyaltyShare's system from Amazon, Apple, and the others, web-based graphics show their top selling books, top authors, and top imprints, by timeframe, by territory, by service, and by type of income (see chart). It has an intuitive user interface with listings and pie charts, which can be shared with others in-house. And because all the publisher's information is available in a secure web-site, it is accessible from any location with web access.

RoyaltyShare charges a one-time setup fee and a monthly subscription charge that's based on several factors relating to transaction volumes, number of services the publisher works with, and catalog size. For more information, visit *royaltyshare.com*.

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