

# Royalty Tracking System

Royalty Tracking System (RTS) is a high performance and cost effective application that allows the tracking, reporting, calculation and payment of royalties to trademarks, patent and/or intellectual property holder or their agents in any business.

A primary focus of the SiTech's Royalty Tracking System is to monitor the inclusion of content in Product Offerings and to calculate royalty payments for each Information Provider of the content.

The SiTech's Royalty Tracking System is designed to significantly ease the workload involved in fulfilling your Royalties obligations. This system can maximize your understanding of Royalties costs and improve your ability to communicate with authors regarding Royalty issues.

## Advantages of using SiTech's Royalty Tracking System:

- Automatically tracks all transactions that impact each contract
- Saves time and money with no loss of accuracy or control
- Simplifies royalty tracking, calculation and payment processes
- Eliminates over-paying and under-paying of royalties
- Schedules future payments based on contract obligations
- Automatically generates reports, produces royalty analyses and forecasts
- Improves author relationships due to the timely manner of payments and customized royalty and content usage reports
- Improves business processes within the company

SiTech's Royalty Tracking System is a unique comprehensive solution that addresses the needs of the leading professionals of any business where royalty tracking and calculations are needed.

The goal of this document is to give the basic understanding of using SiTech's Royalty Tracking System, on example of Publishing Royalty Tracking System (PRTS).

Information Providers give their Content, which is distributed by Publisher through Distribution Channels as a part of Products. These Products earn some Revenue, and Royalties should be paid to Information Providers for their Content on Products. Royalty Payments are generated on regular basis. By the end of a particular period Publisher uploads all necessary inputs into PRTS database, runs Data Diagnostic to validate data, and, finally, runs Royalty Calculator.

Calculations are based on a predetermined set of payment algorithms, taking into account total product content elements and payment strategy. After all, Royalty Payments are either committed, to close fiscal quarter, or rolled back to correct inputs and recalculated. Both current and committed Royalties are stored in PRTS database to be analyzed, reported, or corrected.

## Tracking Payments

Besides calculating royalties PRTS supports Tracking Payments of calculated royalties to Information Providers. Tracking process involves:

- **Support Checks Workflow.** After Royalties calculated, Checks should be sent to Information Providers. PRTS provides integrated Checks Workflow Support to lighten paper-based work of tracking payments.
- **Tracking Check Requests.** PRTS introduces the mechanism of checks requests tracking. From within the system, a manager can review checks requests, export requests spreadsheets for accounting purposes, and import recent checks data back into the PRTS database.
- **Check Analysis.** PRTS provides a set of Check Analysis reports so manager is able to review all checks statuses, request or cancel checks and analyze calculated royalty vs. paid checks.

### Checks Requests Audit (Royalty vs. Paid Checks)

A check request audit report tracks royalties earned, check request amount, difference and comments. According to the results of comparing royalties generated and checks paid, new check requests may be generated. That is, new check amounts will include earnings only over already paid amounts. Before committing a quarter, PRTS will identify discrepancy between requested and paid amounts to warn the user that more checks need to be generated.

## System Architecture

Architecturally PRTS is a two-tier client-server system with Oracle RDBMS as a back-end and an arbitrary number of GUI clients implemented as Windows applications connected to the server via ODBC and Oracle Net8. The server side provides data services and implements business logic; the client side provides user interface and some business rules.

A PRTS user manages PRTS data via the PRTS Client software. A user can start interfaces with external databases, run internal data processing routines, such as Data Diagnostic and Royalty Calculator. These interfaces and routines are implemented as stored procedures and packages on the Server part. On completion of an interface or internal routine a user can examine the results, including error messages, warnings, and data exceptions. Besides, he / she can explore and modify PRTS data directly within a Client application.

## Client Overview

PRTS Client is a Windows application that works under Windows 95, 98, Windows NT 4.0, Windows 2000 and is supposed to work under further releases of Microsoft 32-bit Windows operating systems. Functionally, PRTS Client consists of three major modules: PRTS Viewer, PRTS Manager and PRTS Administrator.

- **PRTS Viewer.** The main purpose of Viewer module is to serve personnel assigned to answer questions originating from information providers, such as What products our publication X presents on?, What royalty payments were made for this publication being on this product for the period from ... to ...?, For this publication in general for the period from ... to ...?, For all our publications we gave you rights on for the period from ... to ...?. This is a totally "read-only" module.
- **PRTS Manager.** PRTS Manager is the main module of PRTS Client. Its functionality allows controlling almost every aspect of Royalty process including acquiring data from external sources, data manipulation, data diagnostics, royalty payments calculator runs, etc. except security management.
- **PRTS Administrator.** PRTS Administrator module bears all the functionality of PRTS Manager module and provides additional tools for managing PRTS security and connection information. PRTS Security Model includes two tiers: application and database.

The PRTS Administrator controls both aspects of Security Model: application users information (via UserManager module) and server connection information (via InternalLogin module).

## Data Inputs

PRTS system operates with the following input data:

- **Publisher's Products:**  
Name, Distribution Channel, Subscription Price, etc.;  
Number of Sales, Earned Revenue, etc.;
- **Publisher's partners - Information Providers:**  
Name, Contact Information, etc.;  
Contract Details;

- **Information Providers Content:**

Name, Subscription Price, etc.;;  
Licensing details;

- **Content Usage Data.**

There are two ways to manipulate data in the PRTS database via the PRTS Client:

1. Manually - by adding new items such as Product, IP Providers, etc., and modifying its properties; Client allows manual operations on several items at the same time.

2. Run various interfaces - to process data from external sources:

- using real-time connections to external databases
- (or) loading information from or exporting it to files.

## Process

A primary process of the PRTS is to monitor the inclusion of Collections on Products and calculate royalty payments for each Information Provider of the collection. The process is as follows:

1. Add Information Providers and Collections either manually, or using "Import IPs and Collections" interface. Details for each IP should be defined, including address and contact information. Collection's properties should be specified as well (Subscription Price, Flat Rate, Settlement Rule, etc.).

2. Add Product Groups and Products either manually, or using "Import Groups and Products" interface, set product's properties (Subscription Price, etc.).

3. Import Product's Revenue using "Import Revenue" interfaces. Revenue information is taken from the accounting system, which should reflect revenues generated for each Product.

4. Import the usage statistics for each Collection / Product pair as trapped and logged by usage tracking systems such as TAURIS. You can import statistics either manually, or using "Import Content" interfaces.

5. For each Information Provider, Collection, Product, and Collection Product pair, assign appropriate royalty rules and payments for each level of product definition. Information Providers can have royalties assigned by IP, Collection, or Product.
6. Run "Data Diagnostic" procedure to check all necessary data available to calculate Royalty Payments.
7. Run "Royalty Calculator" to calculate Royalties.
8. Import Royalties generated outside PRTS.
9. Run Check Limits to apply constraints on min and max royalty.
10. Review Checks Scheduler. Run "Analyze Checks" reports.
11. Generate Checks to request. Export Checks spreadsheet for Accounting department.
12. Import recent Checks data received from Accounting.
13. Finally, commit Royalty Payments using "Commit Quarter" interface, which accepts royalty payments as calculated.
14. If necessary, rollback the values for the quarter and make adjustments to royalty definitions.
15. View historical reports for royalty payments by a number of criteria, including Information Providers, Collections, and Products.