

# Intellectual Property Contract Intelligence



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## Freedom to Succeed

**System 7 Universal Rights Management** integrates the four operational cornerstones of intellectual property enterprise in a structure called Contract Intelligence:

- Contract Creation and Fulfilment Administration**
- Rights Definition and Inter-Contract Reconciliation**
- Licensing Fee Collections and Royalty Earnings**
- Payment Authorisations and Performance Reporting**

System 7 is unique in fully integrating these functions to eliminate redundant data entry and maximise the information value of the underlying business processes. The benefits of Enterprise Integration to the intellectual property enterprise are summarised as follows:

Trustworthy information, constantly available  
Drilldown explanation of facts, dates and amounts  
Human intelligence freed by Contract Intelligence

### What is Contract Intelligence?

**Contract Intelligence for the Intellectual Property Enterprise** creates ideal business processes of elegance, efficiency and accessibility. **System 7 replaces manual environments** that endlessly pass around new and revised licensing contracts as individual documents and email attachments. In this situation, each department re-abstracts those portions of the agreement relevant to their particular responsibilities, takes actions they interpret as appropriate and files their copies away for potential future reference. Distribution of these documents, and most importantly, subsequent revisions, relies on a chain of careful decision making as to “who should see what when.” The slightest break in the chain due to oversight, inexperience or loosely worded terms often cascades into a series of errors, or at best, duplicated work efforts.

System 7 focuses 100% of its administrative data entry on updating original contract documents to reflect new conditions. The implications of those changes are then posted automatically throughout the system: general ledger, accounts receivable, participations payable, materials distribution, rights availability and contract status are all instantly and directly affected. Changes are tracked as versions, revisions, terminations, extensions and options as appropriate, always maintained in a single contract database, with an ability to redline compare any rendition to any other. This contract-centric style of operation maintains data visibility at all levels of detail.

Contract Intelligence can be summarised as a contract centred systems approach whose primary control point is contract data entry. The contract entry process is designed to automatically generate more subtle arrangements of information that are maintained out of view from the user but have profound impact on the ability of the software to analyse and act upon its contents with minimal human participation. Invoices are selected for printing, cash receipts are allocated, revenue is deferred, rights availabilities are realigned, payment obligations are calculated, royalty statements are validated and contracts are sent to accounting, with little more than the press of a “save” or “ok to post” option beyond one-time recording of the actual changes involved. Maintenance of sophisticated internal data mapping is left to System 7.

**Contract Intelligence never allows accounting or rights data to become orphaned, lost or inconsistent with the current content and intention of each contract.**

## **Contract Intelligence versus Transaction Centred Processing**

In direct contrast, a transaction centred system records unique data in dozens of special locations known only to expert users. This requirement produces fragmented databases that are virtually unavailable to non-expert users for all but the most rudimentary inquiries or actions.

## **Contract Intelligence and Rights Management**

Beyond accounting, Rights Management requirements are also better served by Contract Intelligence than by Asset centred software designs. Contract centred systems transcend Asset centred approaches to rights management in a number of critical areas, particularly various forms of pre-sold rights. System 7 simply identifies unknown assets as “To Be Determined” while allowing all known financial terms, rights conditions and data windows to reference this temporary asset designation within the contract. Nothing is lost into the wall of fog that results when, in an asset centred system, a pre-sold asset must be pre-defined in order to catalogue deal terms before anything is known about it. Tracking and understanding the fulfilment of sophisticated contractual requirements becomes largely impractical. The power to pull together an asset’s evolutionary history, particularly of granted rights changes, fades.

Examples of challenging deal types best handled by Contract Intelligence include pre-committed blocks of television programming hours, film titles or book titles to be named later, tentative rights holds subject to withdrawal, or highly dynamic agreements such as options or first right of refusal. A contract centred system captures these terms where they belong: in a contract view that includes rules as to how that contract is to be administered, its current status (offer, pending, deal memo, executed), and an **unlimited potential to be revised whenever an asset is assigned**; with the implications of those revisions automatically posted wherever necessary.

## **Unlimited Assets and Rights per “Order”/Agreement**

System 7 is designed to capture agreements of nearly “devilish” complexity as a single data entry and maintenance process. Contract Intelligence **allows data to be entered in a manner fully compatible with printing an executable agreement while simultaneously capturing the precise detail necessary to support ongoing accounting processes, rights management analyses, business partnership performance reporting and sales force automation.** Assets may be recorded as a group, individually, as a group with individual exceptions, or with varying exclusivity grants. Rights can also be recorded in a similar manner with the added dimension of Distribution Channels, which may optionally be handled as a form of Sub-Right or as an independent factor useful in setting royalty rates, analysing granted rights or building General Ledger Account Segments. There is no practical limit to the number or organisation of Assets and Rights that may be entered into each contract. Key to effectively managing the potential intricacy of the information is an ongoing instant validation activated with each press of the Enter key during granted rights entry that assures that Assets, Rights, Territories or Distribution Channels cannot be mistakenly entered twice (for example, once individually and once as a member of a larger group) and thus create conflicting grants that might otherwise be overlooked until an internal or external audit of unexpected accounting results or collision test failures.

## Cross-Validation with Parallel Asset Sales Agreements

Asset Groups, Rights Groups, Territory Groups, Distribution Channel Groups, Overlapping Exclusivity Windows, Dynamic Exploitation Terms and Contract Revisions all create the possibility of unexpected conflicts between licensing sales agreements. Dates shift. Group members change. Assets are added. Options are triggered. Intersecting combinations of Assets, Rights, Territories, Distribution Channels and Windows are obscured by naming conventions used inconsistently between agreements.

System 7 is designed to offer sufficient flexibility to satisfy specific licensing agreement expressions without losing its understanding of their implications for the overall licensing program. For example, a product may be described in complete detail for agreement purposes while simultaneously being tagged within a rights hierarchy that superficially bears no direct resemblance. Similarly an asset may be licensed under an AKA (also known as) identifier (French name versus English) without losing or obscuring access to this information during queries or within reports. Collision Testing is conducted as an optional activity during contract or sales offer data entry, and as a required system-wide validation prior to invoice, royalty or cash receipts Accounts Receivable processing.

## Comprehensive Contract-Based Rights Ownership Analysis

**System 7 integrates understanding of all acquisition, production and participation agreements that directly or indirectly (through groupings) share a common asset into a coherent yes/no picture of what can or cannot be done with an asset at a particular moment in time (past, present or future) from a rights ownership perspective.** Without contract intelligence, endless human intervention is required to interpret, collate and summarise allowed rights. With Contract Intelligence, the act of accurately recording the contract is sufficient to generate all rights ownership perspectives, from the most global to the most intimate portrayals.

Beyond simplifying rights ownership abstracting and maintenance, Contract Intelligence provides a second tangible benefit: the ability to drill down to see the how, what and why of changes in rights ownership status over time as relevant contracts are added, cancelled, amended or optioned. In other words, a date driven source-information drill down becomes available to explain the current state of affairs for any particular rights ownership question and show those portions of every relevant document netting out to the current analysis. The key advantage of this drill down style is that the overall agreement or revision can then be instantly viewed to learn about its other impacts or the why's and wherefores of the specified change to the available rights, territories, exclusivities, dates or distribution channels for the asset.

In this manner Contract Intelligence integrates all asset acquisitions, component acquisitions, contributor acquisitions, contributor restrictions, rights releases, co-venture partitions, version control, rights inheritance, conflict overrides, participant contingences, distribution fees, promotional expenditures and other **decision factors required to determine the legal and financial viability of the asset exploitation opportunity in question.** Beyond the achievement of integration, Contract Intelligence turns each of these elements into a powerful perspective from which unexpected visions and insights become possible. All boundaries are eliminated! System 7 simultaneously transcends rights ownership issues to fully integrate information from all forms of sales agreements (master license, agency, sub-distribution, internal exploitation) to form a complete rights availability picture that is always instantly accessible.

# Contract-Driven Rights Management

## Multiple Collateral Acquisition Contracts

- Rights Ownership and Exclusions Cross-Reference (net rights owned at all asset levels)
- Rights Inheritance: Asset Group - Primary Asset - Component (unlimited levels/groups)
- Rights Restrictions: Component - Primary Asset - Asset Group (optional at each level)

## Business Process-Based Definitions

- Assets, Territories, Rights, Distribution Channels recorded at contract-suitable level
- Revenue Recognition Plan recorded separate from invoice/payment scheduling
- Changes in Rights Ownership recorded as new or updated acquisition agreements

## Multiple Collateral Selling Agreements

- Unlimited Windows – Exclusive, Non-Exclusive, Co-Exclusive – for each grant of rights
- Correlation of Grant Windows within a single agreement or across multiple agreements
- Collision Testing per Asset across all Production, Acquisition and Selling Agreements

# Contract-Driven Information Access

## Rights Availability

- Contract Consolidation: Single Query invokes all applicable contract types
- Asset Levels: Granularity determined by query, not by actual data stored
- Exploded Rights Detail: Infrequently used territories remain hidden unless called for

## Asset History

- Acquisition Agreements – Predecessor Agreements, Negotiation Versions, Revisions
- Selling Agreements – Predecessor Agreements, Negotiation Versions, Revisions
- Restrictive Agreements – Participants, Co-Venture Partners, Promotional

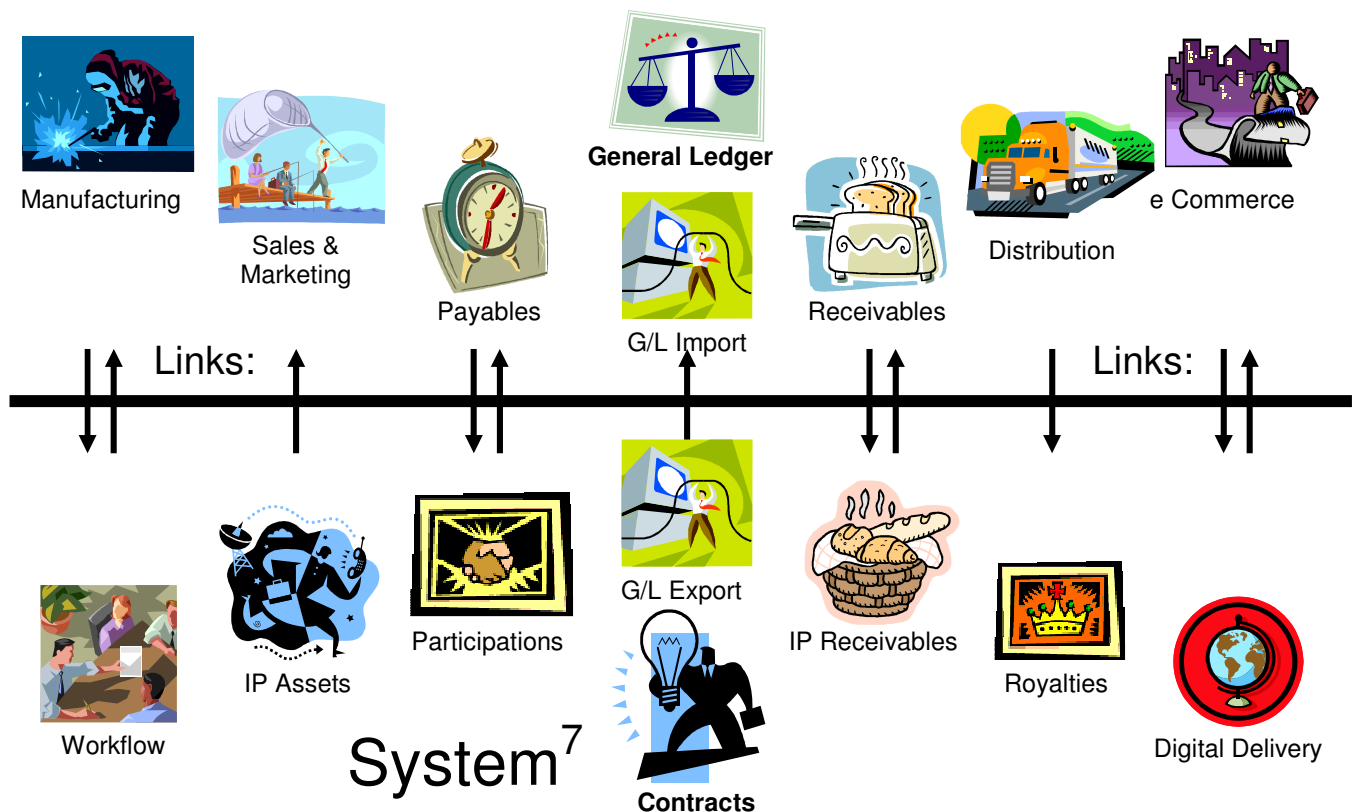
## Sales Offers

- Sales Projections – Tentative Agreements, Forecast Annual Renewals, Holds
- Rights Clearance – Face to Face On-Site/On-Line Deal Rights Clearance
- Documentation – Offer Sheet Printing, Customer-Specific Availability Analysis

## Contract-Driven Enterprise Integration

Jaguar created System 7 Universal Rights Management as the ultimate integration tool for the intellectual property enterprise. System 7 features an exclusive **Contract-Centric Data Model** enabling one-time data entry throughout its operation, while offering **support for Corporate Finance, Distribution Authorisation, Salesperson Support, Marketing Coordination, Rights Clearance and Participations Administration in a single information flow**. This integration pushes Contract Intelligence out to the furthestmost edges of the organisation by enabling queries, reports and digital dashboards in which no view is out of reach.

The following graphic acts as an overview and introduction to the ability of System 7 to integrate Contract Intelligence with **Enterprise Resource Planning Systems, Customer Relationship Management Systems, Distribution Systems, Document Imaging Systems, Extranet Portals, Data Warehouses, Digital Asset Management Systems, Corporate Information Repositories** and numerous intermediate systems concepts. Transfers are handled as permanent transactions, with the creator and creation process of each information exchange carefully recorded to ensure auditability and accountability, as well as pre-emptive validation wherever necessary. In the United States, **Sarbanes-Oxley** legislation now stipulates this visibility as a standard corporate governance practice.



# Contract-Driven Corporate Finance

## Accounting Transactions

- Customer Invoice Generation and Cash Receipts Allocation
- General Ledger Cash-Basis and Accrual Revenue Recognition
- Payment Authorisations for Calculated and Predetermined Amounts

## Amendment Impacts

- Automatically Generated Debit Memos and Credit Memos
- Reversed and Incrementally Corrected Revenue Recognition
- Reversed and Incrementally Corrected Partner Payments Due

## Consolidations

- Licensee Performance Reporting and Royalty Calculations
- Licensor Performance Reporting and Participations Calculations
- ERP System Address Book: Customers, Vendors, Staff

# Contract-Driven Distribution

## Licensing Revenue Analysis

- Licensing Agreements: Flat Fee, Royalty Bearing, Guaranteed
- Sub-Distribution: Master Agreements, Agents, Manufacturing Groups
- Pre-Sales: TBD Assets, Tentative Rights, First Right of Refusal

## Direct Sales Interface

- Wholesale Distribution Revenue: Units, Gross Sales, Returns
- Self-Use: Promotion, Consumption, Barter
- Retail Sales Data by Distribution Channel: Units, Gross Sales, Returns

## Authorised Deductions Import

- Contract-Specific Expenses: Distribution, Promotion, Markdowns
- Allocated Corporate Expenses by Asset, Territory, Right, Channel combination
- Allocated Project/Asset Expenses: Production, Representation, Design



## Contract-Driven Sales Administration

System 7 Universal Rights Management is designed to create a collaborative environment in which accounting and administrative functions share information, workflows and intelligence. Most organisations have established basic procedures that reliably generate invoicing, recognise sales and expenses, apply cash receipts, calculate commissions and facilitate marketing communications. They fail to provide sales and marketing professionals with the timely notifications, ad hoc decision tools and direct data access required to maximise revenues. **System 7 uses Contract Intelligence to eliminate countless acts of redundancy, panic, ignorance, complacency and defensiveness** by giving these professionals instant, high quality access to the information they need.

## Contract-Driven Salesperson Support

### Direct Web Access

- Customer Access: Performance Reports, Concept Submissions, Status Inquiries
- Salesperson Access: On-Site Availabilities, On-Site Deal Memos, Status Inquiries
- Prospect Access: Asset Catalogues, Focused Searches, On-Line Sales Offers

### Sales Projection Repositories

- Projected New Agreements – Monthly, Quarterly, Semi-Annually, Annually, Tentative
- Pending Licensing Renewals, Option Exercises, Early Terminations, Guarantee Billings
- Royalty Estimates by Asset Group, Sales Territory, Media/Product, Distribution Channel

### Event Calendaring

- Exploitation Period Expirations: Contingent Windows, Optional Extensions, Fixed Dates
- Product Distribution Release Windows: Holdbacks, Blackouts, Freezes
- Contract Fulfilment Activities: Deliveries, Receipts, Notifications, Promotions

## Contract-Driven Marketing Coordination

### Release Scheduling

- Critical Marketing Campaign Events – fixed and estimated
- Comparable Release Histories – events and financial results
- Preliminary Sales Agreement Tracking – new and pre-sold

### Distribution Channel Configurations

- Sales Territory Plan, per Right Group
- Retail Outlet Performance Reporting Structure
- Intellectual Property Security Identifiers (RFID, DRM, Holograms...)

### External Manufacturing Assignment

- Corporate Standards Compliance Administration
- Product Design Approval Submissions/Responses
- Distribution Territory Containment (actual versus contractual)

## Contract-Driven Corporate Services

System 7 plays a large role in integrating the operation of key intelligence hubs within an organisation that are otherwise isolated at the ends of long chains of email attachments and word processing and spreadsheet documents. Legal Affairs, Business Affairs, Corporate Counsel and/or specialised law firms assure that contractual terms comply with corporate standards, existing agreements and common sense. System 7 eases their workload by minimising opportunities for clerical error and **directly managing the approval process**.

Another key administrative group, **Third Party Participations**, plays a critical role in fulfilling the contractual obligations approved above. Participations or Royalties Payable operate at the touch point of licensor and contributor relationships, the money. System 7 automatically makes all relevant agreements available in the form of payment calculations, processing reminders, interim reporting and published account statements. System 7 ensures that **every (sales or acquisition) contract revision is instantly reflected as new data and revised calculations**.

## Contract-Driven Rights Clearance

### Rights Ownership Verification

- Acquired Rights – Exclusions, Business Partner Partitions
- Rights Restrictions – Participant, Promotional
- Exclusivity, Date Windows, Exceptions – date driven, event driven, early termination

### Negotiation Support

- Version Tracking and Comparison – Redlining, Cross-Referencing
- Most Favoured Nations Protection
- Key Phrase Surveillance – On-Line Monitoring of New Agreements

### Digital Asset Management Support

- Automatic Asset-Based Rights Inheritance, Multi-Contract Rights Integration
- Asset Component Rights Management – Likenesses, References, Trademarks
- Sub-Asset Licensing Approval (inbound/outbound)

## Contract-Driven 3rd Party Participations

### Cash Basis Revenue Reporting

- Participations Liability Estimating
- Participant Recoupment Reporting
- Guarantee Milestones Forecasting

### Cross-Divisional Granular Break Outs

- Per Asset Revenue/Receivables/Payables Reporting
- Per Territory Revenue/Receivables/Payables Reporting
- Per Right Revenue/Receivables/Payables Reporting

### Cash Flow Projection

- Guaranteed (potentially recoupable) Payments
- Estimated (to be calculated) Payment Amounts
- Contingent Schedule (event-driven) Payments