



System⁷ Buyers Guide

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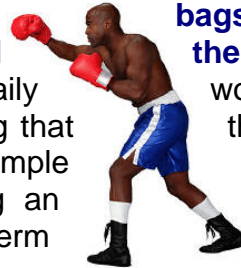
1. Taking the Initiative

System 7 Universal Rights Management is Jaguar's seventh generation software product. It is an all-new design created specifically to bring contract rights management technology to all forms of intellectual property, including



patents, copyrights, trademarks, trade secrets and permissions. This groundbreaking system features a **Universal Contract Database, Multi-Level Rights Inheritance** and a fully configurable **Custom Rights Framework.** System 7 is available in the following software modules: **Contract Administration, Rights and Restrictions, Workflow Management, Revenue Accounting, Royalties Receivable and Participations Payable.**

Companies select System 7 for innumerable rational economic reasons including: **Return on Investment, Revenue Expansion, Growth Management, Sales Force Integration, Lawsuit Avoidance, Customer Outreach,** and many others. Underlying most of these carefully thought out and genuinely valid arguments is the real reason that employees and managers support the effort of making a significant change to their existing procedures and work habits: **they are sick and tired of being passive, reactive punching bags for their customers, their vendors, their executives and their psyches.** They want to be in control of their daily working lives. They ache to wake up in the morning anticipating that their efforts will be respected and successful. They desire the simple satisfaction of knowing that from every angle, they are doing an excellent job at fulfilling their daily, weekly, monthly and long term responsibilities!



System 7 users know those joys and much more. They enjoy the personal career benefits of building a reputation for competence, intelligence and productivity. They enjoy the peace of mind of effective collaboration with their peers, of deadlines met and crises averted. They enjoy the power of knowing that no matter what comes up during the day, they have the tools in hand to handle the issue quickly and easily. They thrill to the vision of countless electrons moving **magically** all around them, with infinite accuracy and intelligence, performing key Rights Management, Royalty Collections and Contract Administration tasks that were literally impossible before. They know that when they reach home, their spouses, children and pets respect them more, without even knowing the reasons why.



Motivations to Action

Much of what people do in life is driven by the desire to avoid pain. Rejection, disappointment, conflict, stress, abuse..., are all worthy of active steps to avoid experiencing them. Companies that purchase System 7 frequently decide to do so based upon a perceived need to reduce the agonizing pain of endless confusion, despair and disrespect that plagues their internal operations and external relations. Senior management usually first becomes aware of this situation when **departmental restructurings or personnel turnover rip through a thin veneer of frantic containment** to expose key organizational shortcomings and vulnerabilities.

Sales Mayhem

Keepers of manual and semi-manual sales support systems commonly find themselves preoccupied with responding to highly repetitive requests for information from their account representatives. While wasting expensive senior staff and middle management time on redundant low-level tasks is of obvious concern to everyone involved, the hidden damage to sales performance is caused by questions that are never asked, either because answers cannot be trusted, or because the effort seems to exceed anticipated rewards. **Failure to deliver timely and accurate Availabilities, Rights Clearance, Sales History, Contract Verification, Current Payment Status, Performance Detail and Release Window Analysis creates missed opportunities**, day after day, year after year.

Gross Negligence

Partners of all types rely on the intellectual property organization to act as a clearinghouse for the information needed to efficiently run their own businesses and careers. Producers, Creatives and Master Licensors each have a stake in receiving current corporate news. Likewise, licensees are continuously concerned about receiving the approvals and feedback necessary to succeed in their marketplaces and avoid expensive contractual penalties. Company representatives must exercise extreme levels of initiative in gathering, analyzing and updating acquisition contracts, sales records, rights management, account collections and distribution detail to meet these demands. **Audits, lawsuits and negative publicity are the common result of failure to achieve acceptable accuracy and comprehensiveness in privately published documentation.**

Violated Rights

One of the vital concerns within an intellectual property business is risk of unintentional overuse or misuse of rights granted, either to or by the organization. A wide variety of complex scenarios expand the challenges of basic rights management. Key assets are often compilations of components, each with their own unique rights, restrictions and expirations. Distribution rights are commonly split among collaborative partners in complex configurations of uses, territories, distribution channels and exclusivities. Mature properties typically carry idiosyncratic contractual baggage from previous exploitation cycles. Production agreements create likeness and distribution restrictions (and options). Amendments to long term agreements further cloud rights issues over time. Conservative rights evaluations by Legal Departments, aimed at avoiding embarrassing exposure to costly disputes, both public and private, **eliminate profitable non-exclusive release windows and inexpensive incremental revenue opportunities.**

Severe Penalties

Legal Departments also carry core responsibility for another critical aspect of contract administration, contract option and renewal expirations. Options and Expirations frequently involve contingent dates that shift over time as production schedules, release dates and approval deadlines adjust to reflect emerging realities. Negotiators reach agreement on key contractual dates by making them variable rather than attempting to establish a fixed compromise in the face of an uncertain future. Contract Administrators are then faced with the challenges inherent in maintaining an **extensive calendar of unknowable future dates, any one of which could potentially cause financial disaster through an undesirable renegotiation.**

Failed Audits

Auditing focuses relentlessly on following trails of financial postings back from published results to their source transactions. The flexibility and spontaneity of Excel spreadsheets is traditionally deemed to be an impediment to this process. Justification for revisions, or the actual fact of the change itself, can be lost while rushing to close accounting periods and meet reporting deadlines. Moreover, recent high profile scandals have raised the standards by which “acceptable” documentation is now judged. This concern becomes particularly acute in situations where multi-million dollar invoices and checks are being issued to business partners that are perceived to be “insiders” for one reason or another. The net result is **increased exposure to a withering review of departmental policies and procedures by internal and/or external auditing teams.**

Royalty Fraud

Royalty-based agreements are both inherently dynamic and built upon trust, a fundamentally challenging situation. Contractual stipulations of profit definitions, rate escalations, allowed deductions, cross-collateralization, contingent guarantees, royalty reporting detail and cancellation terms are subject to diverse interpretation and, most significantly, inconsistent administration. The ongoing challenge is to efficiently capture these errors in reports received from licensees while simultaneously avoiding these same kinds of mistakes in the organization's submissions to its own licensors. This is virtually impossible in a spreadsheet-driven environment. Compensation for weak internal systems ultimately results in an **over-reliance upon royalty auditors that risks straining important long term business relationships.**

Willful Misconduct

Successful Intellectual Property creation, distribution and exploitation demands careful collaboration. Dozens or perhaps hundreds of business entities adopt and implement a shared vision in order to maximize the overall return on investment. Product design, marketing and distribution are artfully synchronized to properly execute a worldwide release. This is the dream. The reality is much more of an inspection, review and containment procedure aimed at avoiding serious trouble and confusion over the first critical months and years of the intellectual asset lifecycle. Active surveillance of agent, distributor and manufacturing activities is crucial to successfully navigating the pitfalls of unleashed creative forces. Maintenance of formal processes designed to **detect, document and terminate infringement of legal rights, common sense and good taste** is essential to proper implementation of the intellectual property business plan.

Breached Contracts

Breach of Contract is a serious charge that can inflame tempers and endanger careers. While, in theory, any unfulfilled contractual term (or implicit fiduciary responsibility) can engender this type of confrontation, in practice, the greatest risks involve conflicts between related agreements and unmet financial commitments. Inadvertent overlap of release windows, violation of exclusivities, inconsistent product quality, chronic under-marketing and ineffective geographic distribution control are examples of grounds for expensive lawsuits. While overlooked payments, late reporting and miscalculated account statements are usually easily rectified with either remedial action or an apology. Breaches that diminish the value of the licensor or licensee's investment in rights to an intellectual asset are far more challenging to rectify to the satisfaction of all parties. Prevention through the studied application of contract intelligence is vastly more economical than a pattern of attempts to extend more favorable terms or substitute assets in **situations where it has become impossible to simply give the parties what they bargained for.**

Success Parameters

Everyone engaged in acquisition, creation and distribution of intellectual property rights relies on Contract Rights Management to define their responsibilities, opportunities and restrictions. Most organizations require managers and senior staff members to constantly refer back to original agreements (or subsequent renewals, extensions, revisions or options) to determine what is allowed, denied and demanded in key business relationships. **System 7 offers a better alternative.**

System 7 is a **Contract Knowledgebase** that transcends source documentation. 100% integration of all contract execution, contract fulfillment, contract intelligence, contract collections, contract payments, contract maintenance, contract assessment and contract accounting is achieved. **Each data element is recorded once** and processed, analyzed and communicated dozens, hundreds or thousands of times.

System 7's primary contribution to the health, wealth and growth of an organization comes from its ability to generate improved bottom line results. System 7 enables knowledge workers to execute their responsibilities **expertly, proactively and responsively** in key areas of operation. The right action at the best time can impact revenues and profits for years to come.

Asset Utilization

Maximized utilization of intellectual property assets is a fundamental paradigm. Justification for the organization itself revolves around an ability to produce this result (and convince its owners that it has in fact succeeded). **Visibility to the present exploitation status, past accomplishments and pending opportunities is critical.** In System 7 this visibility comes in the form of contract status monitors, rights availability analysis, revenue projections and year to year comparisons.

Contract Status Monitors notify administrators on-line as negotiation, renewal, payment, collection, approval and delivery events (and tickler reminders) occur.

Rights Availability Analysis drives directly from original and revised contracts to highlight present and pending under-exploited rights windows.

Revenue Projections, both financial and cash-basis, by territory, right, asset and distribution channel, support revenue reporting decision processes.

Year to Year Comparisons of license fees, royalty collections, cash receipts and guarantee commitments **quantify market trends and performance shortfalls.**

Contract Domination

Drafting (and executing) favorable agreements can be the difference between life and death for the intellectual property enterprise. Document preparation plays a critical role in determining how negotiation issues are framed. The ability to **instantly produce an elegantly formatted, precisely structured contract** for each occasion determines which player sets the tone for the discussions that follow.

Large organizations frequently have the power to demand that their standard agreements form the basis for the final contract. **Smaller organizations must be fleet of foot to finesse this situation to their advantage.** System 7 offers the ability to capture this “source” agreement, organize its business and legal terms into a logical format, **redline** this agreement against previous generations (without regard to formatting differences) and identify alterations and nuances that are often overlooked in the confusion of “blind” Word comparison functions.

More importantly, System 7 then offers a comprehensive version tracking system (unlimited versions, each identified, sourced and explained) that under girds the negotiation revision process and dramatically enhances the opportunity for the organization to “author” the final rendition and its critical paragraphs and data elements. Key negotiation considerations such as contingent payment dates and amounts, critical rights definitions, royalty formulations and ancillary distribution terms are defined with the **infinite precision and creativity of System 7.**

Collections Confidence

System 7 makes contract advances, guarantees, royalties and fees more collectible. Without realizing it, **most intellectual property organizations give away 2-3% of their gross receipts in the form of invisible write-offs.**

These shrinkages occur because delays and deficiencies in financial administration allow licensees to **delay payments, ignore guarantees, undercalculate royalties and renegotiate fees.** The combination of contractual complexity, limited back office resources and vague contractual definitions (especially regarding contingent payment dates and guarantee cross-collateralization) cause oversights and slippage that strike directly at bottom line profits.

System 7 requires that all weak financial terminology be clarified, quantified and specified prior to the start of contract administration. **This discipline makes agreements better and gives staff a solid basis for execution of their responsibilities.** System 7’s calculation and database capabilities ensure that invoices are submitted at the earliest possible date, guarantees are evaluated at expiration, royalty reports are validated upon receipt and fees are integrated, always.

Sample Scenarios

Library Sales Campaigns

Intellectual Asset Libraries can be vast, cumbersome and confusing to represent and license. Major assets in major territories for prime uses justifiably get most of management's attention in this area following the 80/20 rule. The question is, **what happens to the other 20% of revenue opportunities from a given collection of assets?** System 7 creates the opportunity to maintain and exploit a **100% accurate asset inventory** that is easily made available to sales representatives, agents, master distributors and previous licensees at the push of a few buttons. This scenario contrasts directly with the usual "waiting by the telephone" procedure that passively relies on customers to discover that you have control of an asset that they can use to add value to their business. The resulting revenue increases are achieved with a minimum of additional overhead costs. System 7 pays for itself within a matter of months by simply exposing your existing asset's hidden potential. Pure profit!

Contract Renewal Negotiations

In contract negotiations of all types, precedents play a vitally important role in determining what is acceptable in a "go forward" business relationship. However, information about the most important precedent of all, the actual economic performance of previous acquisition, production or sales agreements is clouded in mystery within myriad personal computer and paper files. The impact on the speed and success of negotiations is particularly acute in contractual relationships that revolve around royalty payments and multi-dimensional guarantees. Contract extensions are frequently executed before the success of the previous agreement is clearly understood by either party. **System 7 integrates details of contract terms, redlined negotiation revisions, subsequent amendments, actual payments, guarantee shortfalls, royalty reporting and updated projections** into an **Executive Query** that is continuously updated and instantly available from anywhere in the world.

Executive Approval Workflows

The most important agreements typically involve numerous interrelated Assets, complex Territories, staged Exclusivity windows, innovative Rights groupings, detailed Distribution Channel restrictions, contingent Advance payments, Asset Cross-collateralization, dynamic Royalty formulas, multiple interested Parties and challenging Production and Distribution plans. A whole cadre of legal and operational executives must understand, review and approve these terms in order for a successful contract execution to take place. The failure of any one of these individuals to fulfill their role within the process in a timely manner, dooms the organization to the kind of lifeless bureaucratic doldrum that consistently disappoints and disillusion potential business partners. System 7's **Workflow Management provides the relentless internal reminders, responsiveness monitoring, comment documentation, email notification, product image attachment and direct external business partner interface** necessary to proactively manage this process rather than become its helpless victim.

Receivables and Royalties Collections

The touch point of Customer Service is collections. The magic moments of invoice approval and check signature bring the economic and administrative success of any business relationship into the sharpest possible focus. While System 7 cannot assist in assuring that your customer will be satisfied with the quality of your delivery, it will take care of everything else. **System 7 communicates contractual fulfillment requirements to all involved parties, produces consistently timely and accurate invoicing, provides Asset, Territory, Right and Distribution Channel invoice detail, automatically allocates Cash Receipts by invoice line item, and makes all of this information available in Summary, Detailed and Exploded forms on Accounts Receivable Agings and Cash Flow Projections.** This kind of informed contractual delivery and collections attack allows the collection department to abandon endless pre-call research and focus on the mailings, emailings and phone calls that further accelerate customer payments.

Critical Option Decisions

Legal Affairs assumes baseline responsibility for ensuring that all critical contractual dates such as expirations, extensions, payments, releases, cancellations, deliveries and options are carefully anticipated and adhered to. Many of these events are based upon known dates and easily managed through straightforward calendaring procedures. However, in the intricate world of Intellectual Property contracts, **negotiators are often compelled to recognize the underlying uncertainty of success by basing important dates upon the predicted occurrence of required economic events** such as release to distribution in the United States or delivery of a first draft design document. The result is an administrative nightmare where nothing is certain and everything must be re-researched monthly in order to assure that nothing has slipped through the cracks through the amendment process. System 7's **Action Management** function allows responsible parties to take control of their own destiny by interlinking an unlimited number of contingent events and automatically generating pre-defined tickler reminders that reach out to entire internal and/or external cc distribution lists in the form of **Email Generation, My Calendar Personal Desktop** and personalized **Executive Queries**.

Partner Relationship Maintenance

Partner Relationships are driven by information, delivery and money, but not necessarily in that order! Far too often, organizations find themselves reactively responding to the demands of their vendors, customers and partners for accurate reporting, knowledgeable service and timely payment. Auditors are called in as a substitute for the trust that is essential to long term collaborative success. Lawsuits and threats of legal action replace ordinary communications and compromise as the vehicles of "progress" in a relationship. Guestimating and questionable calculations become the primary modus operandi as good intentions are overwhelmed by the relentless reality of incomplete and overdue information. **System 7 steps in to provide the informational bulwark that builds trust, confidence, respect and commitment in every distribution and creative partnership.** Contractual obligations are carefully monitored, automated and documented. Payments, no matter how unpredictable, are accurate, timely and properly supported. Performance analysis and reporting provides all desired current details, historical references and integrated projections. Peace is restored!

Client Examples

Jaguar clients are the premier organizations of intellectual property value realization, most are worldwide in scope. Each brings their own unique style and priorities in their use of System 7. Some, like **National Geographic Society**, focus much of their attention on the assembly and creative reuse of complex assets such as television documentaries. Others, such as the **NBA** emphasize the vast financial flows associated with royalty-bearing Consumer Products trademark licensing. **Hallmark Entertainment** brings a laser-like intensity to maximum utilization of all new and recycled licensed rights. **Sesame Workshop** finds value in close scrutiny and detailed response to dynamic trends in their retail marketplace. **MGM** monitors sales agent activities to maximize their sales and earnings potential. **NBC** manages sub-distribution relationships to ensure that “evergreen” properties such as Saturday Night Live reach their true potential in a crowded and confusing business environment.



National Basketball Association (NBA)

The **NBA's** Global Deployment was already a success when the first regional office in Toronto was linked in September 1999. Over the subsequent 12 months, Jaguar was introduced to more than 120 staff in 11 countries, all continuously online with **NBA** domestic offices in New Jersey, New York and Miami. NBA offices are located in Toronto, Secaucus, New York, Miami, Paris, London, Barcelona, Munich, Hong Kong, Victoria City, Tokyo, Taipei and Cuajimalpa.

The worldwide linkup to Jaguar provides users with the ability to access Jaguar at any time while they are at their office or on the road. Real time data is easily provided in the same expeditious manner that has become the standard in their local offices. No longer does the regional staff have to wait until early evening or the middle of the night to make phone calls in the hopes of finding someone to provide simple answers to questions such as: **How did reported royalties compared to paid royalties? What products were reported? What countries have sales occurred in? Does that licensee have rights to a particular country, in a specific distribution channel, etcetera?**

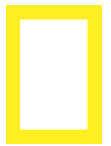
The NBA relies on Jaguar to support its domestic and international consumer products and television licensing, which together represent the majority of corporate revenues. The NBA is consistently ranked in the worldwide top ten merchandise licensing organizations, with approximately **\$3 Billion in annual retail sales** and correspondingly huge volumes of cash receipts and royalty report processing, all handled by the Jaguar system.



Hallmark Entertainment (HEI)

This producer of blockbuster television miniseries such as Lonesome Dove, Merlin, Dinotopia, The Odyssey and Cleopatra has used the Jaguar system as a sales and reporting tool for the past 12 years, and as an integrated accounting system for the last 7 years. **Substantial acceleration of receivables collections** and **corresponding reductions in write-downs** are major benefits of the expansion of the system to handle all licensing revenue accounting for the company.

Jaguar has allowed **Hallmark Entertainment Inc.** to maintain and manage its vast array of television programs by providing the rights management, contract administration and accounting systems that support its worldwide distribution operation. Availability reporting by asset, territory and right **maximize pre-release sales opportunities** and identify future exploitation windows. Disposition of Rights history report and Time Line graphical analysis provide the intelligence necessary to make resale cycles a highly controlled and proactive effort.

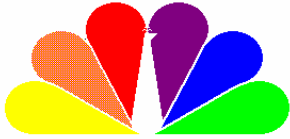


**NATIONAL
GEOGRAPHIC
SOCIETY**

National Geographic Society (NGS)

National Geographic relies on Jaguar for precision execution of the administration of more than **50,000 contracts** dating back to “Americans on Everest” in 1964. The total continues to grow rapidly as the use of Jaguar is expanded to cover every department involved with the use and exploitation of their vast inventory of intellectual property rights, including **NG Television, NG Channel, NG Interactive** and **NG Consumer Products**.

By capturing the **individual rights restrictions for each element** in its films, administrators are automatically alerted when a prospective sale is in potential conflict with a participant restriction prior to execution of the license. This information puts NGS in total control by enabling them to decide, before commitments have been made, whether they will pay for a rights extension, acquire additional rights or edit out the restricted clip to avoid violating acquisition terms.



National Broadcasting Corporation (NBC)

In 1999 NBC Enterprises, the ancillary exploitation arm of NBC Studios, embarked on a significant expansion of their domestic and international licensing operations. Jaguar was selected to provide a fully integrated solution that included contract administration, rights management, materials tracking, accounts receivable and revenue accounting functionality. NBC's acquired rights contracts extended back to the early 1960's with skeletal information in personal databases and hundred's of paper file boxes as primary source material. Jaguar's assignment was to assist in organizing the cataloging of key contracts, both acquisition and sales, while simultaneously configuring the system to **accommodate more than two dozen distinctly different contract drafting styles**.

Jaguar acted as primary project manager through the completion of Phase 1 Live Operation. Stringent General Electric corporate accounting requirements were met through customizations to Accounts Receivable and an innovative General Ledger interface to Peoplesoft. NBC now relies on Jaguar to execute and manage both their Domestic and International licensing operations.



MGM Studios (MGM)

MGM has relied on Jaguar systems to support their **Business Affairs department since 1985** and their Consumer Products department starting in 2002. Business Affairs manages all talent agreements, their critical dates and payment authorization through the system. Consumer Products relies on Jaguar for contract administration, accounts receivable and royalty management for their merchandise licensing and stock footage departments.

Jaguar is playing a central role in MGM's ambitious plans to double net merchandise licensing revenue over the next five years. **Intelligent, timely information on licensee activities and asset exploitation opportunities represents a major component of their plan for success.** On a more fundamental level, policing licensee royalty statement accuracy, automated enforcement of guarantee clauses and cross-collateralization analysis ensures that MGM collects every dollar that their licensees' success entitles them to receive.

System Advantages

Optimized Web Interface

Producers of production quality software recognize the challenges inherent in delivering a 100% web interface to their clients. Web interfaces offer accessibility, connectivity and simplicity in many applications that can make the difference between use and non-use for potential beneficiaries of its functionality. On the other hand, when data entry sophistication crosses a threshold that requires instant interactive validation of each entry to operate properly, current web interface technology breaks down into too many screens and too many “waiting for reply” situations. Jaguar’s solution is to **provide both web and traditional Windows interfaces as options**. This allows power users to take advantage of System 7’s dynamic windows multi-screen environment while giving casual users a System 7 web interface that offers a more step by step guided feel.

Integrated Rights Management

Rights Management demands critical accuracy in assessing information that is inherently complex. Many attempts in this field have been built around corporate asset databases in an effort to treat the rights inventory as just another piece of information about a unit of intellectual property in the manner of a thumbnail graphic or synopsis. This approach collapses when the rights in question are of limited term, applicability or exclusivity and are thus dynamically affected when existing agreements expire or new agreements are executed. Asset-based systems rely on the interpretation and dedication of human operators to analyze and record the impacts of these changes. Traditional contract-driven systems attempt to sidestep the issue by recording a simplistic asset-to-contract link. Neither offers a solution that is both maintainable and trusted. **System 7’s Granted Rights contract component structure anchors rights information at the Availabilities, Collisions, Invoicing and Cash Applications levels automatically and seamlessly, always.**

Inherent Connectivity

System 7 is a multiple tier application designed to give object-oriented access to external system calls. Microsoft .Net is being actively phased in within System 7’s COM structure. This open architecture promotes connectivity with XML, ADO, Java, ODBC and Unix communications standards. In addition, System 7’s **Crystal Reports tools (used on 100% of reports and all drilldown queries) export Excel, Word, ASCII Text, Powerpoint** and numerous other popular formats using either a predefined template or on demand user specifications. Specific functionality is provided to import Cash Receipts from an ERP system and to export General Ledger Journal Transactions to the parent ERP ledger.

SQL Database

System 7 is built using a Publish/Subscribe model that supports the integral operation of a variety of SQL Database products. Atypical of most 7th generation products, System 7 contains no legacy code or architecture from its predecessors whatsoever. **Compromises such as local-client databases, database replication, or mixed database environments that are common in multi-generational software simply do not exist.** Referential and Data Integrity are enforced automatically, intelligently and comprehensively through normal operations. An exceptional level of normalization (no summary transaction buckets) is maintained throughout the system.

Digital Asset Management

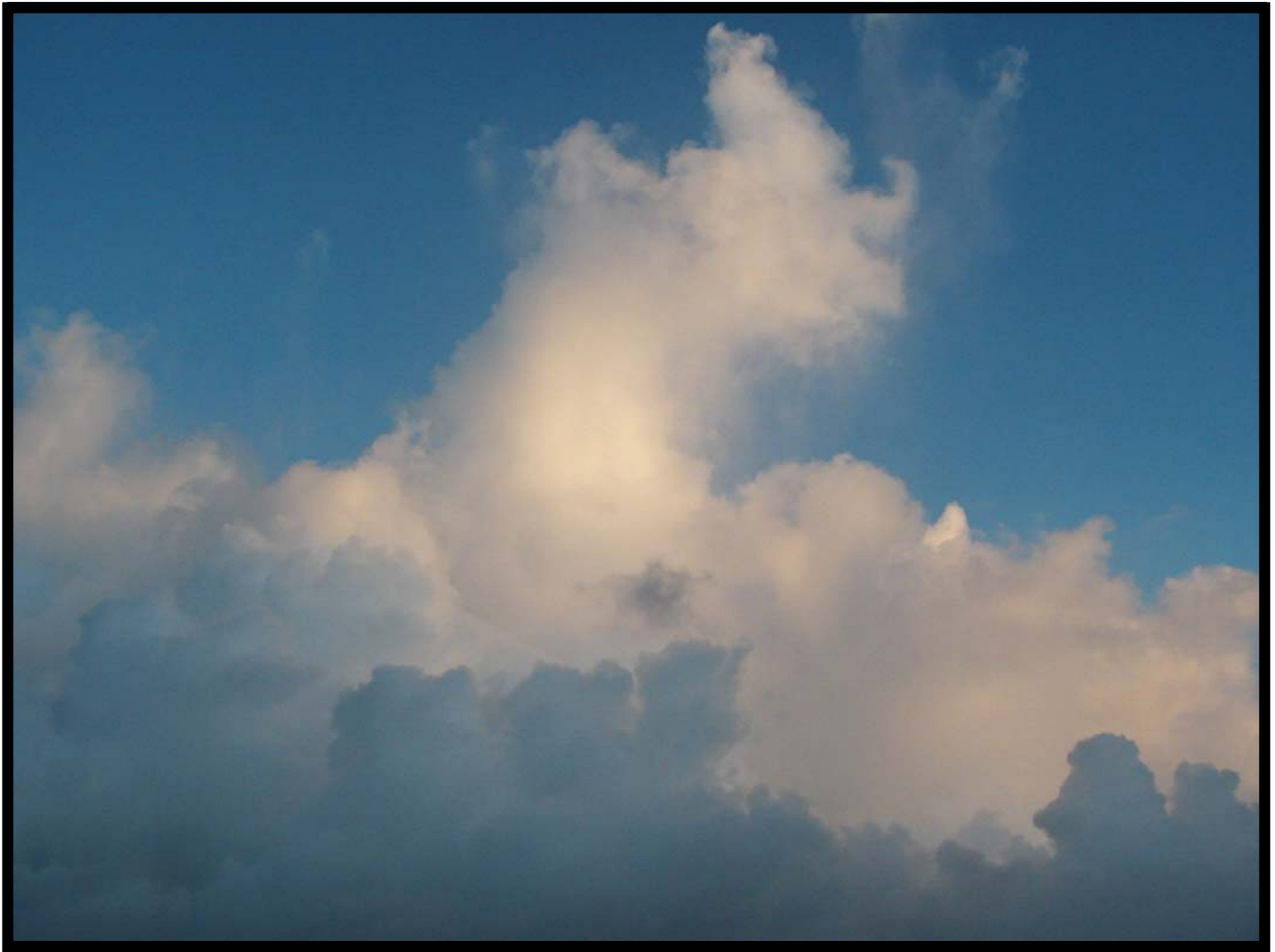
Links to Digital Asset Management and Digital Rights Management systems are only possible in systems that take an entirely coherent view of their subject matter. In other words, **no question can be asked concerning Rights, Contract Status, Customer Balances or Dependent Contractual Events that cannot be answered instantly and accurately by System 7.** Effective watermarking of delivered assets becomes practical as a means of tracing pirate activities. Automated uploading releases triggered by contractual events and requirements is feasible. Rights Clearance through simple queries imbedded within DAM and DRM systems provides a level of awareness that is otherwise unachievable in an untrusted manual or semi-manual research environment. Upon Delivery clearances can be confirmed or denied based upon flexible corporate business criteria.

Remote Support Technology

Jaguar takes advantage of Internet technology to provide personalized support to clients throughout the world. Server sites in Australia, Montreal, London and the Eastern Seaboard all rely on Jaguar's Pasadena, California technical facility for Help Desk, Technical Troubleshooting, Performance Analysis and Software Warranty services. Maintenance releases are made available with complete instructions and content descriptions via the support section of www.jaguarqc.com. **A comprehensive Knowledgebase, Software Modification Specification database, System Changes Report Library, and On-Line Help Facility are maintained available for 24/7 access.** Requests for service are logged via telephone during normal business hours (6:00 AM to 5:30 PM PST) or 24/7 via the Jaguar Service Tracking System on the website. Logged service calls are forwarded via email to appropriate management and service personnel, with automatically generated email status reports sent back to the originating client.

Open Architecture

System 7 has been built using the world's most popular system development language, Visual Basic in a completely object-oriented approach to structure and design. Its n-tier architecture (user interface, user-centric business rules, data-centric business rules, SQL database) provides unlimited opportunities to plug in .Net, Java and C++ modules as needed for enhanced performance or expanded functionality. In addition, this tiered approach enables reuse of complex business logic to simultaneously support both web and Windows interfaces, assuring reliable operation in maintaining the consistency and integrity of stored data, regardless of its source. Integration with the components of Microsoft Office, the world standard in this area, is available wherever this functionality expands key capabilities, as, for example, an instance of the **Word spellchecker within all Rich Text Formatted Fields**.



2. System 7 Introduction

Functional Overview

System 7 is a unique software product serving a special industry, **Intellectual Property**. There is a growing realization around the world that, for most countries, inexpensive labor, educated professionals or highly evolved industrial infrastructure are less valuable to long term prosperity than ownership or control of key forms of intellectual property. Most major multi-national corporations now rank effective creation, assembly and exploitation of **patents, trademarks, copyrights, proprietary works, permissions** and **trade secrets** as being of equal importance to their logistical infrastructure and committed customer relationships.

System 7 takes the most complex portfolio of intellectual assets and dissipates the mystery that is inherent in something as ephemeral as a limited term legally protected economic activity. At the heart of this legal protection is the Contract. Contractual relationships define asset ownership rights and restrictions, economic consequences of allowed activities and governmental enforcement guarantees of those rights and business terms. **There is no aspect of an intellectual asset that is not defined in a contract**, either formally signed and documented, or implicit in applicable legal codes.

Thus the magic of System 7, which is offered by no other software system available in the world today, is a **purely contract-centric transactional approach to Rights Management and Finance for all forms of Intellectual Property**. Other attempts at Intellectual Property systems are either wholly or partially asset-centric in their design despite the fact that an intellectual asset does not actually exist outside of the contractual relationships that define its potential economic value to the governmental or business entity in question. The consequence of this inappropriate abstraction is massively redundant record keeping and unnecessarily complex database administration that is awkward, inefficient and inaccurate.

System 7 provides the complete suite of functionality required for optimum integration by the Intellectual Property Enterprise. In addition, powerful configuration tools are provided to give both the company and individual users maximum control in designing their use of the system. System 7 may best be thought of as a **contract administration framework** whose ultimate appearance and functionality can be adjusted chameleon-like to fit the special requirements of each installation. Each functional module is seamlessly integrated into the whole to enable **unlimited opportunities for creative processing, analysis and auditing**.

A key design goal of System 7 was to incorporate all types of contracts into a single **Universal Contract Database**. Whereas past Jaguar systems had split Production, Acquisition, Sales, Royalty and Sub-distribution contracts into five distinct data maintenance structures, System 7 combines all known and future contract classes into a single database with a common style of contract entry. This reconceptualization of the design simplifies user training and enables the custom creation of an unlimited variety of ad hoc reports, notably with the ability to tie all agreements related to the creation, ownership and exploitation of an asset or group of assets into a **single integrated query or analysis**.

System 7's **Custom Rights Framework** represents another breakthrough design feature whose primary purpose is to give system users more power while minimizing the training required to use the system. Just as the Universal Contract Database took advantage of current technology to accomplish the natural goal of complete integration of all contract administration and analysis functionality, the Custom Rights Framework, enables each department within an organization to **define their rights management issues according to their own unique requirements**, without regard to the concerns and priorities of other groups. Previous system generations had limited the entire company to a shared rights structure (Assets, Territories, Rights, Distribution Channels, Parties), with each of these components restricted to a predefined maximum number of levels.

System 7 combines these breakthrough simplifications with an exceptionally powerful interface that takes maximum advantage of two technologies, **offering web-based executive queries and sales force support functions**, and multiple simultaneous visual access to an unlimited number of data entry, reporting and processing functions. **My Jaguar** provides a user-designable desktop that constantly refreshes mission critical information in a format designed to encourage the development of a **personal command center** that bypasses normal menu operation and takes the user directly from summary screen presentation to source entry and query functions.

The inevitable result of Jaguar's single-minded dedication to fully integrating **full-service contract administration, intelligent hierarchical rights management, dynamic workflow processing** and **auditable royalties and receivables accounting** is that all other systems vendors operating in this arena base their sales approach on convincing prospective clients that their requirements are less extensive or that a pure custom development approach will produce better results. Both of these approaches are short-sighted in that they sponsor significant financial commitments to projects whose goal is to either resolve only a part of the company's requirements or to limit the vision of future operations to what presently exists, not realistic possibilities.

System 7 is designed to address both of these client concerns **by being licensable in functional modules, by providing expansive custom configuration capabilities and by incorporating "enterprise-grade technology"** at every step of its design.

System 7 represents 20 years of industry leading experience in intellectual property contract administration systems. System 7 integrates **finance, rights, royalties, participations** and **contracts** into a **single unified workflow** that makes departmental isolation a thing of the past. Celebrated industry leaders such as **NBC, NBA, Sesame Workshop, Warner Bros., HIT Entertainment, Hallmark Entertainment** and **MGM** have built an infrastructure of mission critical business units around Jaguar systems. System 7 brings a new standard of flexibility and accuracy to the field of legally protected assets and contractual business relationships.

For far too long, the giants of industry have relied on Word and Excel to anchor the operation of departments charged with managing billions of dollars in assets. The era of amateur-style disorganization is drawing to a close. Stockholders, business partners and customers are no longer willing to tolerate business processes that are inefficient, irresponsible or disruptive to their expectations for profits and service. **Auditors now stipulate that all financial activities within the corporation must have a fully documented transactional history to receive approval to be included in public financial statements.** System 7 provides complete internal and external operational integration, with **100% auditable transaction records** at every step.

System 7 brings a brilliant intelligence and awareness to formerly impenetrable operations. Exhaustive business analysis of every piece of information recorded throughout the system brings clarity and confidence to users and managers alike. Every entry is correlated. Every detail is verified and cross-checked. Every revision is posted. Every conflict is exposed. Every process is documented. Every right is managed to maximum value.

Rights Management starts with a strong database that accommodates the infinite variations in assets, territories, rights, distribution channels, dates and exclusivities that define what is possible and, what is trouble. Conflict checking **validates** that **all agreements** recorded in System 7 are compatible with present rights ownership and previous contractual commitments. Availabilities analysis identifies all **unexploited licensing gaps** to ensure that ignorance is not an expensive lesson.

Contract Administration anchors important business relationships of all types. Suppliers, customers, affiliates and colleagues all depend upon timely and accurate execution of the stipulations buried in hundreds, thousands or millions of agreements. System 7 is both an abstraction tool and a **sophisticated document assembly system** capable of creating original agreements ready for signature. The system calendar drives contract fulfillment with a relentless series of reminders, deadlines, contingencies and decision points. System 7 **integrates event-driven calendaring into every window and every screen** to make linking expected dates with related descriptive text and financial information as convenient and automatic as possible.

Workflow Management takes calendaring to a new level of flexibility and shared responsibility. **Approval processes of all kinds** are easily mapped and linked among all involved parties. Interactions with external and internal partners are facilitated by automated email generation and secure web interfaces. Rejection looping and notification put control of the process directly into the hands of the decision makers themselves. Complete visibility through **integration with the Action Management** event-driven calendaring system ensures perfect coordination of all contractual approval and administration activities at all stages in the contractual lifecycle.

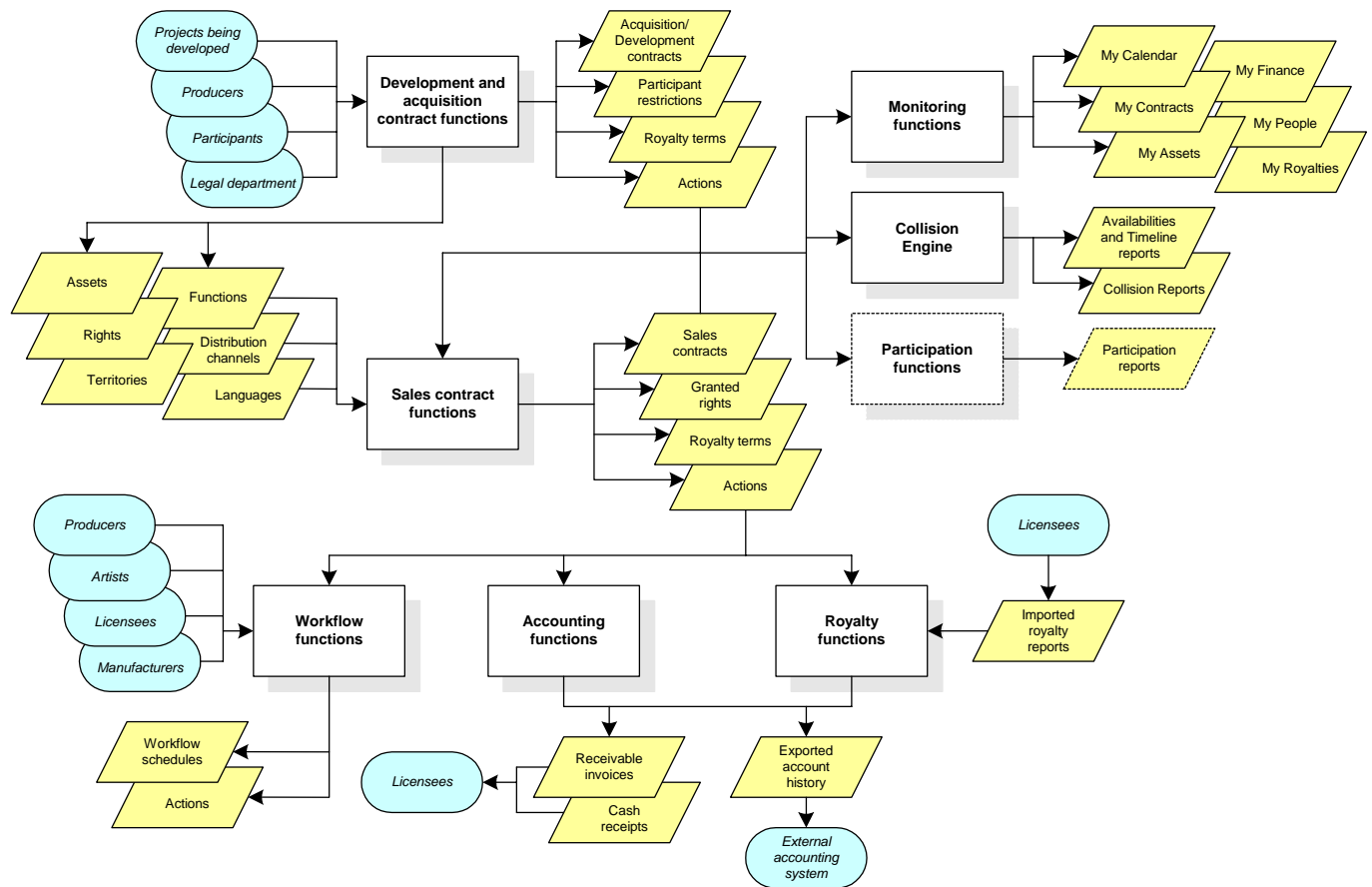
Revenue Accounting combines **Accounts Receivable, Budgeting and Corporate Ledger Export** into an exceptional **intellectual property-specific financial processing tool**. Simultaneous cash and accrual revenue recognition, designable deferred income posting rules, contract driven and contingent invoicing, scalable drilldown budgeting and contract component controlled Aging and Cash Flow Projections make System 7 **unique in the world today**.

Royalties Receivable provides a detailed transactional stream of performance and revenue reporting from agents, sub-distributors and licensees. **Validation of reporting calculations, automatic billing of minimum commitment shortfalls**, dynamic licensee royalty statement translation and unlimited currency conversion options are included. A **controlled web interface** gives licensees and sales representatives the opportunity to continually enter updated royalty estimates and actuals from any location in the world.

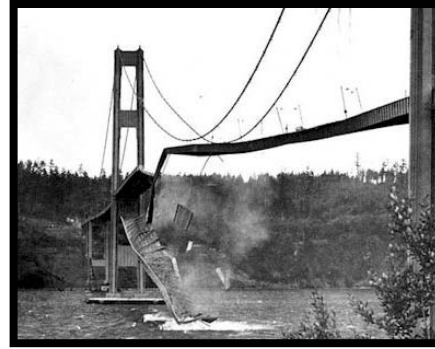
Participations Payable assembles contractual terms, revenue flows, expense deductions and account history into a coherent story for presentation to the providers of source patents, copyrights and performances that are entitled to a share in the earnings from ongoing activities. Flexible formatting features enable managers to design presentation documents that are both comprehensive and comprehensible. Interfacing to Corporate Accounts Payable electronically presents **Payment Request** forms for review, approval and processing prior to check printing.

System Data Flow

The diagram below is a generalized data flow diagram for System 7's groups of functions.



Manual System Nightmares



Avoiding Disaster

Dangerous information blind spots constantly challenge intellectual property managers that rely on manual or semi-manual decision support systems. Prodigious human efforts are undertaken to answer repetitive questions quickly and precisely. Staff scrambles to organize rushed period closings (laboriously reproduced each month, quarter or year without end). These are the tragedies of professional life without appropriate tools.

Irreconcilable Differences

Three vital functions represent the high watermark of strenuous effort versus minimal return in a manual environment: **Contract Revisions, Cash-basis Revenues and Participations Payable. Generic ERP General Ledger, Accounts Payable, Accounts Receivable and Order Processing are useless in supporting these functions.** Their fundamental design presumes one-way data flows that are reversed through manual adjustment procedures.

Within general purpose accounting systems, the exotic dynamics of contract renegotiations, amendments, corrections and extensions require a steady stream of **carefully conceived and brilliantly coordinated individual adjustments to general ledger accounts, receivables balances, corporate calendars and an endless variety of supporting spreadsheets.** Tremendous communications and cross-tabulation workloads are generated. Tireless efforts at transaction verification and calculation validation attempt to prevent error replication and out of balance conditions.

Conflicting Priorities

Contract Accounting is responsible for satisfying three distinct client groups: external business partners, internal decision makers and public accountants. **Differing requirements among these constituencies often lead to maintenance of scores of overlapping databases and documents.** Customers expect invoices and statements that correspond with governing agreements. Management desires reports that slice across invoices and contracts to pull together global views by asset, territory or right. Auditors demand intelligible transactions.

Recognizing that neither customers nor managers can be satisfied through standard ERP reporting, accountants concentrate on manipulating their general ledger systems to produce corporate financial statements of acceptable auditability. Corrections take the form of **spreadsheet-justified adjustments to record revenue recognition, currency gain/loss, cash reapplication, credit memos, cancelled payments and budget reorganizations.**

Customer Invoices, Participant Statements, Sales Status Reports, Cash Flow Projections, Asset Valuations, Availability Analysis, Payment Schedules, Release Windows, Royalty Estimates, Licensee Reporting, Expired Rights, Contingent Obligations, Delivery Notifications, Long Form Contracts, Deal Memos, Offer Sheets, Option Reminders. In a manual system, spreadsheets, word processing documents and emails are the solution for all of these key functions, and many more.

Disintegration

The price paid for this multiplicity of data sources goes beyond marginal morale, disrespect and wasted effort to strike at the heart of the organization, profits. While some segments of intellectual property are “hit” driven, others are low margin businesses that must wring every last bit of sales revenue and administrative overhead out of their operation in order to survive. Owners and agents of asset libraries of all types know that a consistent **10 percent increase in net profits** justifies a substantial investment in systems infrastructure.

These profits come from eliminating missed licensing windows, unbilled guarantees, under-calculated royalties, receivables write-downs, overlooked license renewals, unapproved promotions, inconsistent granted rights, duplicate contract administration, untracked contract revisions, redundant materials requests and undervalued assets.

Organizations with relatively modest licensing revenues can easily justify a system investment to avoid these ills. The alternative is a steady deterioration in performance as unobserved cash leaks take their toll.

Custom Development Pitfalls



Fallout Lasts for Years

Justifications

Many large organizations believe that they have the in-house expertise and budget to tackle any mission critical software development project. Confidence is built through efficient maintenance and elaboration of large systems and/or successful departmental database development. Past success breeds a general preference for internal design and development of additional system solutions.

Justifications to pursue original design and development fall into three categories:

- Integration Opportunities
- Unique Workflows
- Budget Limitations

Integration Opportunities include existing Enterprise Resource Management, Human Resource and Customer Relationship Management systems. They also include custom developed systems that are judged to be successful and therefore irreplaceable by their present user community. Vendor solutions are deemed to be too limited for external interfaces to be practical.

Unique Workflows that reflect multiple locations, interrelated divisions or special intellectual property characteristics are another decision factor. Vendor solutions risk executive refusal to adapt to new reporting formats and user resistance to changes in data entry processes.

Budget Limitations instigate pragmatic efforts to discover an incremental approach to system implementation. Staged self-development offers interim opportunities to expand management support for the ultimate system vision. Vendor solutions involve larger initial investments and corresponding challenges in building a compelling business case.

Trade-Offs

Custom development offers the lure of absolute freedom for a corporation to pursue its system destiny. Custom development also offers the possibility of absolute failure to provide meaningful benefits to its target audience.

Vendor solutions offer the security of comparable installations and success stories. Vendor solutions include the challenges of a structured business relationship.

Risk Versus Reward

An overlooked aspect of custom system development (beyond the personal database level) is that it also involves a vendor relationship: a work-for-hire development team that brings a toolkit and a reputation to the task at hand. While the purported vision of the relationship is “here today, gone tomorrow,” the reality for projects that are intended to provide external systems integration, internal data processing or significant multi-user interaction is a **long term support contract for the developer** (either formal or informal).

Custom developer revenues are split approximately **80%** new development, 20% support and maintenance. Senior technical staff members focus on high profile new systems programming. Junior staff must then keep these (now operational) creations functioning over time.

Staff turnover and reassignment inevitably degrade a developer’s ability to provide support.

In direct contrast, software vendors establish and maintain technical support capabilities in order to justify and earn long term support agreement revenues. They offer specific services: help desk, technical support, software warranty and system updates. Mature vendors typical earn about **75%** of their income from ongoing support services and 25% from new software licenses and paid enhancement projects.

Vendors have a powerful vested interest in maintaining permanent customer satisfaction.

Danger Signs

Simple criteria can be used to determine whether the performance and support risk inherent in custom development justifies the potential benefits. These include:

- Design Phase > 30 Days
- Development Phase > 90 Days
- Multiple Departments
- Accounting Transactions
- Technical Innovation
- Marginal Expertise

Comments on each of the above follow on the next page.

Design Phase

Written specifications requiring more than a month to produce or involving too many sources of guidance tend to become “prototype” designs. Extensive rework during the development cycle extends the overall project schedule and expands its budget as users and managers **realize that what they asked for is *not what they want***.

Development Phase

Once the development cycle is envisioned as requiring several months to produce a useful result, the 90/90 Rule starts to apply (the project is 90% done and requires 90% more effort to complete). **Refinement and debugging typically engage roughly double the developer resources required to “complete” initial delivery.**

Multiple Departments

Integration of multiple departments involves rationalization of workflow processes that have been “papered over” by human intelligence for many years. **Existing reports and forms offer the illusion of a clear path toward automation of these business processes.** Rationalization of differing procedures and information requirements demands a new design free of legacy encumbrances.

Accounting Transactions

Processing financial transactions, controlled database updates and batch data exports demand a system that represents a **100% solution in its database design and a perfect fit for the distinct data models** within ERP general ledgers, rights management engines and royalty import functions.

Technical Innovation

One of the lures of custom solutions is the opportunity to become involved in state-of-the-art technologies and their promised benefits. Custom developers, in their drive to be involved with the “next big thing” **may not be motivated to conservatively evaluate the maturity, applicability and mutual compatibility of leading edge software and hardware products.**

Marginal Expertise

Large in-house development projects often require additional resources in the form of independent contractors or system integration corporations. **Risk assessment for these projects must focus on experience in the actual development of Contract Rights Management systems for similar organizations.**

Contract Rights Management

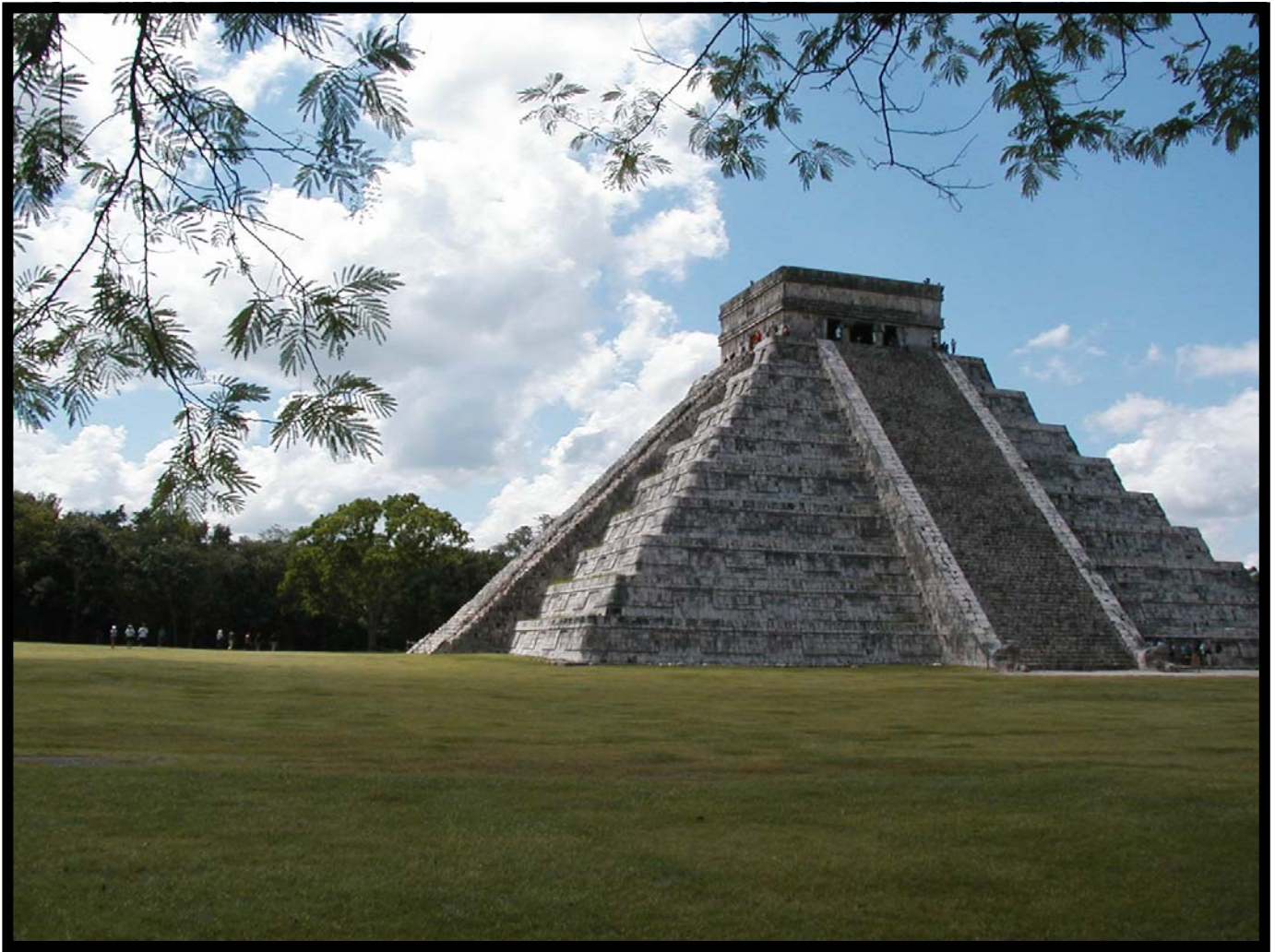
IT managers betray their own best interests by under-appreciating the challenges inherent in the integration of contracts, rights and accounts. Each of these departments considers their role to be critical to the success of the organization. **They are unwilling to compromise on basic requirements for accuracy, comprehensiveness and clarity within their respective areas.** **Contracts** demands version control, document assembly, event management and concise abstracts. **Rights** must prevent conflicting rights grants, oversold rights and grossly missed opportunities. **Accounting** requires audit trails, balance with contracts, justifiable adjustments and time sensitivity.

Satisfying these three constituencies with an integrated solution is more of a challenge than most IT managers are willing to accept. The situation further deteriorates when it is realized that **Executive reporting involves complex views that combine raw contract data with financial history, current accounting activity and asset-specific sales and cash flow projections.**

Development of an architecture that satisfies all four parties within Contract Rights Management requires a level of insight, experience and preparation that takes time to develop. In 1998, Jaguar set out to create System 7 from a clean sheet of paper. 18 months of discussion were required to reengineer the Version 5.5 system that was already supporting thousands of users performing precisely the same tasks. These discussions were not technical. The top priority was to **conceive a more flexible reconciliation of the needs of the four core sponsoring groups within each company.** An elegant plan was negotiated among Jaguar's technical staff, **Design Council** clients and senior designers in hundreds of person-days of discussion.

The alternative to this methodical approach to system development is to attempt to satisfy a series of departments, one at a time. A "commitment" is made to consider the ultimate goal of the system in every design decision. However, as initial time frames and budgets are exhausted, "compromises" are introduced (hard coded reference lists) in an attempt to reduce project scope. These short-sighted decisions accumulate over time. **Their net effect is to postpone the day of reckoning until user frustration, constant programming adjustments and unmet project goals bury the development effort under its own weight.**

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3. Module Highlights

Contract Administration

- Universal Contract Database
- One-Step Contract Revisions
- My Jaguar Personal Productivity Suite
- Unlimited Granted Rights Configurations
- Miscellaneous Contract Billing
- Hierarchical Event Management



Shaping the Deal

Contract Administration forms the core of the intelligent enterprise. Most businesses, when they look beyond the repetitive nature of their daily transactions, recognize that their character is defined by the contracts that they have in force. These contracts define their economic relationships with business partners, customers, legal entities, industry groups and personnel resources. Taken as a whole, contracts, not the assets for which a company may be known, define the potential for success and the exposure to failure that are most important to the owners of that organization. The assets are tangible and can have valuations assigned to their historic performance and future prospects, but the daily business of realizing those values is strictly controlled by the **contracts that define that asset's economic relationship with the business.**

The unique power of System 7 is the ability to **capture and synchronize all of the contracts that affect a business' present and future exploitation opportunities.** This means that regardless of whether the contract is expense or revenue generating, direct or indirect, System 7 captures the key financial, right and date information that brings it to life. Contract Intelligence means that properly capturing and organizing this data is just the beginning. Understanding that data, while providing tools that process it, analyze it, correlate it, share it and manage it, marks the System 7 difference between merely getting by, and genuine pride in a job well done.

Contract Administration gives control to the people who need it most, the administrators, the accountants and the lawyers. Each group has its own special needs that must be met in order for them to support the vision and workflow of the entire organization. Calendaring that is driven both by known dates and controlled by an unlimited number of interrelated contingent events is a must. Revenue allocations and performance milestones that can be made completely dynamic, according to real world achievements, **enable finance to forecast and maintain accurate expectations of the financial impact of each contract.** Contract generation, negotiation **redlining** and automated approval workflows tie together disparate decision makers in a streamlined and fully recorded process.

Universal Contract Database

Previous Jaguar systems generations were designed with separate internal file systems for each major type of contract (**Acquisition, Creative and Sales**) in order to maximize performance, security and stability under earlier software technologies. System 7's reliance on a **Relational Database** and the arrival of multiple gigahertz servers and workstations has allowed the seamless consolidation of these disparate agreements into a single Universal Contract Database subsystem **capable of understanding and administering all types of contracts**. The primary purpose of System 7 is to manage and process Intellectual Property Agreements, however, Jaguar's clients also enter other types of agreements that benefit from centralized intelligent administration, such as executive employment agreements, property leases, location releases... the list is virtually endless. System 7 security enables complete privacy of all sensitive agreements and information from prying eyes through carefully designed functional and departmental filters.

The benefits of contract integration are fourfold:

1. **Contract Intelligence** reports by Asset, Territory, Right, Distribution Channel, Contractual Event, Party, Administrator, Negotiator, Division, Company, Salesperson or Agent that cut across all types of contracts to give clear, precise answers to important questions.
2. **Centralized Administration** ensures that Options, Expirations, Obligations, Payments, Triggers, Financial Reporting, Amendments, Materials Servicing, Billings, Recoupment, Royalties and Communications are handled with consistent professionalism throughout the contract lifecycle.
3. **Consistent User Interfaces** make cross-training and collaboration between functional departments convenient and practical. Standard procedures and shared expertise ensure that personnel promotions, emergencies and reassignments do not cause important contractual responsibilities to be overlooked.
4. **Universal Document Assembly** of all types of agreements from a single database of **Templates, Antecedent Agreements and Standard Terms and Conditions** encourages both cross-corporate standardization and maximum opportunities for fully informed creative legal writing. Instant comparison of clauses from any agreement type helps to maximize consistency and stimulate innovative negotiating positions based upon the accomplishments of others within the organization.

One-Step Contract Revisions

Multiple year, multi-dimensional licensing contracts involve many best estimate projections as to the nature and timing of future events. Introduction dates for source intellectual property, primary retail marketplace success, sequential release windows, contingent producer rights availability, aggressive royalty payment formulas, unrealistic performance guarantee commitments, changes in licensee ownership, foreign currency devaluations, and many other contractual criteria, may cause a valued long term relationship to fall out of balance over time.

The most common response to unmet expectations is to renegotiate the contract to better reflect current realities and updated forecasts. Assets are added or deleted. Royalty formulas are revised. Guarantees are adjusted. Payment schedules are extended. Expiration dates are postponed. Territories are redefined. Distribution channels are broadened (or narrowed). Product rights are clarified. Contractual parties are updated. This list of possibilities is truly endless, especially when the agreement includes dozens of titles and hundreds of combinations of territories, rights and distribution channels. Every one of these changes could result in a **credit applied to an invoice, reversal of recognized revenue, reapplication of cash receipts, updated fulfillment materials, corrected participations payments, currency gains or losses, issuance of new invoices, adjustment to accounts receivable balances, newly available rights**, or what is in effect an entirely new agreement.

Proper management of contract revisions requires a single entry point. Every possible scenario must be easily recorded. The impact of these changes is then automatically registered throughout the system. Rescheduled contractual events are realigned with the payments and invoicing that they trigger. Unapplied Cash is reassigned with a minimum of investigation and effort. New invoice schedules are instantly reflected in invoice printing runs. Unrecognized Revenue is restructured to report a 100% accurate General Ledger representation of the new reality.

My Jaguar Personal Productivity Suite

My Jaguar accomplishes three goals that are of special value to fully involved users of System 7: each screen refresh 1) updates summary information (new values in the General Ledger Cash Account, for example) or 2) notes new events (royalty report now accepted and posted) or 3) highlights changes in status (pending deal memo is now an executed agreement). In any given primary console window, one, two or all three of these objectives are being accomplished. Once a particular line item catches a user's attention, drill downs to queries, listings and data entry opportunities offer the power of instantaneous response to new information. Nothing to write down, no menu trees to recall, no searching through vast databases - direct access to exactly what is required as a next step.

Note: My Jaguar consoles are being phased in over versions 1.5, 1.51, 1.6 and 1.61.

My Administration

- My Calendar - Contractual & Workflow Events
- My Contracts - Monitor, Update, Research
- My Affairs - Negotiation & Cross-Deal Analysis
- My Assets - Relationships, History, Offers
- My People - Address Book, Sales Support

My Finance

- My Receivables - Billing, Collections, Unapplied Cash
- My Royalties - Licensee Reporting Compliance
- My Revenues - Complex Recognition Control
- My Participations - Calculated Liability & Accounting
- My Ledger - Transaction Audit Trails

Unlimited Granted Rights Configurations

Other than perhaps Payment Schedules, the most essential component of any intellectual property creation or licensing contract is detailed specification of exploitation rights granted. All contracting parties demand maximum clarity in the language describing what they are and are not allowed to do. Lost financial investments, expensive legal disputes and missed opportunities are all potential consequences of accidental misunderstandings. As a result, unlimited ingenuity is applied during the negotiation of key business terms to develop and document a balanced long term relationship. The ability of contract administration departments to conveniently supervise the fulfillment of these terms is, of necessity, secondary.

Administratively, the challenges inherent in this situation are magnified when a variety of Term Dates and Exclusivity Windows are incorporated within the agreement. **Library Sales** that involve dozens or hundreds of mature assets, each one wholly or partially encumbered by previous licensing agreements is a common example. The complexity of **Output Deals**, due to unresolved date contingencies, places even greater demands on Administrators to track and resolve the impacts of loosely defined future events. Some of these events include initial home market release, final production rights clearance, distribution budget approval, governmental import authorization, technical acceptance testing, or product integration certification. The results are **multi-dimensional agreements that each contain a complex patchwork of Asset, Territory, Right and Distribution Channel master classifications and sub-categories**.

The System 7 solution subdivides the **Grant of Rights** into as many **Deal Points** as necessary to properly express every situation. The traditional systems approach grants all rights for precisely the same term and then identifies exceptions. This arbitrary abstraction produces unsignable agreements and incomprehensible reports. **System 7's positive grant of rights corresponds to the vision of the original negotiators, including the ability to define multiple exclusive, non-exclusive and co-exclusive windows for each unique Asset-Right Combination represented within the agreement.**

Miscellaneous Contract Billing

- Ancillary Services
- Supplemental Materials
- Non-rights Transactions

Hierarchical Event Management

- Tickler Reminders
- Dependency Chains
- System-wide Events
- Payment Triggering
- Collective Action Type Definitions
- Acknowledgement Retraction

Rights and Restrictions

- Multi-Level Rights Inheritance
- Custom Rights Framework
- Free Form Availability Projection
- Multi-Dimensional Contract Collision Testing
- Release Window Timeline Charting
- Digital Asset Management Integration



Knowing the Possibilities

The most critical aspect of Contract Intelligence is to provide **comprehensive and accurate information about the exploitation status of every key asset**. Rights ownership, restrictions on those rights, existing exploitation commitments, planned exclusive arrangements and anticipated avenues for revenue generation are crucial inputs that everyone must have available at a moment's notice to **ensure the organization's continued health**. The respect of customer and business partners that results in maximum shareholder value is only possible when they are **confident in the organization's ability to efficiently exploit all assets, without conflicts or confusion**.

Rights and Restrictions focuses attention on the contractual elements that matter most. Rights, as defined by asset, territory, utilization, distribution channel, dates and exclusivity, determine the potential value of the organization. Restrictions ensure that exclusions agreed to with talent, licensors and partners are **protected from embarrassing and potentially costly violations**. Together, Rights and Restrictions give the revenue generating members of the team a clear picture of past exploitation, present activities and future opportunities.

The core component of Rights and Restrictions is the **Collision/Availability Analysis Engine**. Collision Testing, to **avoid exposure to expensive legal liabilities**, takes place both during the earliest possible stage of the contracting process and just prior to final authorization for a contract to generate financial impact, in the form of revenue recognition, invoicing and cash receipts. Failed collision tests generate specific information on the cause of the conflict, usually either attempted exploitation of rights in excess of what is owned or overlapping rights grants with other agreements. Availability Reporting inverts that viewpoint and **highlights unexploited rights that offer revenue opportunities**, either immediately or at a specific expected date.

Multi-Level Rights Inheritance

Successful **real world Rights Management** recognizes that strong Negotiators are uninhibited by known internal administrative weaknesses as they strive to document the best possible economic and legal terms for their company. Negotiators must be allowed to sell packages of Assets that include Assets **To Be Determined**. Negotiators must consider Assets that include rights restrictions by **Term, Territory** or use in **Commercial Advertising**. Negotiators must be able to assemble **Component Assets** into **entirely new consumable assets**, easily, efficiently and reliably. Negotiators must instantly know the economic cost of acquiring additional rights in order to meet Licensee requirements. Administrators must support unlimited complexity in both the creation and acquisition of Rights, and the licensing and distribution of Rights. In summation, no one in business can be successful if they allow their prerogatives to be arbitrarily constricted by the ability of their support staff to fulfill and enforce the agreements they draft.

Recording and managing the rights associated with all possible combinations of Asset Groups, Assets, Sub-Assets and Asset Elements is a daunting and potentially uneconomic task. Scores of assets are typically created and cataloged during the production process that ultimately prove to have zero revenue generation potential. **System 7 automatically recognizes an unlimited number of “Parent – Child” relationships and assumes that the Parent is the sum of all of its Children and that each Child inherits the same rights as the Parent.** This facility eliminates hundreds or thousands of potentially redundant **Rights Ownership** and **Rights Usage** entries. In addition, System 7 allows the attachment of an unlimited number of Sales, Creative or Acquisition contracts to a specific asset (at any level in the hierarchy) to override the rules on inheritance. Additionally, any asset may be identified as affecting the rights of the levels above (or not), or as establishing the rights associated with lower level assets (or not). Child assets may be used as components to build a Parent asset, with conflicts between those assets either affecting Parent rights or being deliberately ignored. **Contract Collision Testing** is thus able to determine simple “Yes” or “No” answers in every situation, no matter how intricate the underlying asset configuration or complex the involved agreements.

Custom Rights Framework

System 7 transcends previous Jaguar generations by enabling **unlimited leveling, grouping and labeling of Assets, Territories, Rights, Distribution Channels and Parties according to the needs of every Department, Division, Contract Type, Asset Type or Financial Reporting Requirement in the company.** This Custom Rights Framework enables the establishment of anything from a simple Single Level Asset to an arrangement that runs 7 or more levels deep, with multiple groupings at every level. The territory of France, for example, can be part of a French Language Group, a German Language Group, Western Europe, EEC, multiple Satellite Groups, Eurasia and the World, without conflict or confusion within System 7. Within France, individual Cities, Television Markets, Regions, Retail Distribution Channels, Sub-Licensing Manufacturers, Product Categories and Intellectual Property Classifications may be related and organized in any configuration.

System 7 offers a “**Reporting Territories**” concept to ensure that rights analysis and sales reporting focuses its attention on the primary means and style of exploitation, while continuously providing the option to select other criteria for analysis. **System 7 cross references all of the leveling hierarchies established so that whenever a cross-department, cross-division or cross-right report is required, all of the divergent priorities are cast aside and a single answer is immediately available at whatever level of vision, grand or granular, is required.** System 7 uses this information to give both definitive **Rights Clearances** and to generate such highly customizable analytical tools as the **Availability Report, Timeline Report, Disposition of Rights Report, Stylized Availability Report** and **Executive Asset Query.**

System 7 takes advantage of its **Rights Analysis Engine** to minimize the amount of raw contractual rights component data that is captured to understand each contract, aiding performance and vastly simplifying analysis and reporting. For example, in many licensing agreements, Sub-Saharan Africa is treated and analyzed as a single entity. System 7 stores and reports on all contractual data at that Group Territory level of consolidation but is able to capture financial data from, and recognize conflicts with, any deal that relates to a specific

African country or region (such as Zimbabwe), without redundantly breaking out every deal to that elemental level on the remote possibility that such a conflict might occur.

Free Form Availability Projection

Contract Rights Management must analyze thousands of contracts to precisely determine both possible and prohibited grants of rights at any past, present or future date. Pending sales agreements, contract invoicing and terms amendments all depend upon these clearances.

Practical Availability Reporting responds to the interrogating party with an answer that reflects the terminology used to ask the question. If the interest is in France, the major cities of France or its place in Western Europe are irrelevant. If the interest is in Apparel Rights, the status of Merchandise Rights or T-Shirt Rights are of no consequence. If the interest is in a Film Title, the status of its associated TV Series or popular Stock Footage Clips should not replace a direct answer.

The simplistic solution to providing an answer to every conceivable question is to explode every granted rights component to its lowest denominator, store every resulting combination and then use standard database indexing techniques to respond to queries. **This crude methodology inevitably produces millions of useless data records. Rights Predetermination must by necessity either limit the number of organizational levels used to categorize each Asset, Territory, Right and Distribution channel to less than 3 or 4, or face the possibility of generating databases of billions of virtually meaningless rights combinations** (in any application involving more than a few thousand contracts or assets).

System 7 Contract Intelligence understands the relationships between all combinations and levels of assets, territories, rights, distribution channels, exclusivities, languages, restrictions, windows and dates. System 7 works directly with actual live contract data, stored in the most condensed format possible. This ability is essential to the power to give a direct answer to a simple question and a sophisticated answer to a subtle question. Asset components must be optional determinants of what is possible with asset groups. Asset groupings must acknowledge the effect of component conflicts on their availability instantly and elegantly. Irrelevant rights conflicts must be anticipated and automatically ignored.

Multi-Dimensional Contract Collision Testing

- Contract Entry Option
- Pre-Posting Validation
- Resolution Scenarios

Release Window Timeline Charting

- Acquired Rights Cascading
- Event-Driven Sequencing
- Secondary Restrictions

Digital Asset Management Integration

- Rights Availability Interface
- Asset Hold Notification
- Rights Metadata Maintenance
- Asset Delivery Clearance

Workflow Management

- Product Approval Integration
- Contract Review Coordination
- Budget Development Tracking
- Business Partner Applications
- Alert Messaging
- Document and Graphics File Attachment



Building Teamwork

Workflow Management is all about control. Large organizations frequently involve numerous departments in key decision making and operational processes. Tying those departments (and divisions) together, particularly in a multi-national workplace, is difficult to do with just email, voice mail and faxes. Workflow Management combines **the power of a comprehensive contract database with email generation capabilities and a web interface** to integrate groups that could never collaborate efficiently before. Contract approvals, licensee product approvals, budget processing, servicing operations, contract status reviews, digital delivery execution and fulfillment scheduling, among many other possible applications, are supported.

Workflow Management builds upon the proven **Action Management** functionality incorporated into Contract Administration to provide **a level of visibility, reach and flexibility that are impossible with traditional contact management and calendaring systems**. Automatic email generation lays out a predefined plan either prior to, or during, the contract entry process to identify which individuals and departments will be notified when a planned action starts, completes or is rejected. Rejection enables the reviewer to instantly set the additional steps in the process that will be required prior to resubmission to that reviewer.

External parties, such as licensees, providers and representatives, may not only receive appropriate email notifications, they have access to secure websites that enable them to provide responses that are incorporated directly into the workflow process, without expensive and clumsy reentry. **Submissions may incorporate digital artwork, documents or links** that become part of a permanent archive record of the workflow process.

Within the system, visibility to all of this power is provided by a persistent **My Calendar** function that, if desired, is kept live and available at all times, or is just a single button click away on the system's primary tool bar, which is always visible. This calendar may be preset to highlight only desired workflow and contractual events. Presented events are instantly accessible for approval, rejection, suspension and updating. **With appropriate security access, entire workflow projects, contracts and invoicing processes are immediately accessible directly from within the calendar.**

Product Approval Integration

Product Approval is one of the most dynamic and under-appreciated services performed in support of licensing relationships. Product Approval is frequently an important “touch point” used by owners and distributors of intellectual property rights to maintain control of their licensees’ product designs. Product Approval strives to enhance creative initiative and aggressive marketing while preventing concepts that are embarrassing, irrational or illegal from reaching the ultimate consumer. This mandate frequently requires that allied marketing and advertising plans also be incorporated into the review process.

Challenges to responsive performance can arise when clusters of similar products or SKU’s are reviewed together, or multiple trademarks or patents are incorporated into a single product design. Successful Product Approval requires the following: **speed of execution**, adherence to contract terms, efficient likeness clearance, documented design approvals, consistent procedures, permanent records, sales management coordination, SKU certification, royalty reporting variance notification, and **speed of execution**. The tolerance for administrative delays while manufacturing investments are being made, release dates loom and distribution arrangements are finalized, is frequently close to zero.

Workflow Management accelerates the approval process in several ways. First, it defines a standard set of submission, review and approval procedures for each type of Product Approval process. Second, it provides a web-interface for use by licensees in submitting digital samples and planning documents. Third, it allows a rejecting authority to instantly reconfigure the approval process to incorporate needed resubmissions and reapprovals. Fourth, it produces an approval form that provides both a project status overview and current approval step details. Fifth, it restricts unauthorized contractual activities (invoicing, royalty reporting) until the process has been completed.

Contract Review Coordination

- Required Result Templates
- Free Form Approvals

Budget Development Tracking

- Excel File Attachment
- Defined Rejection and Reconsideration Cycles

Business Partner Applications

- Extranet Submissions
- Contact Information Maintenance

Alert Messaging

- Rule-based Email Notifications
- Distribution List Options

Document and Graphics File Attachment

- Automatic Source Application Calls
- Permanent Archival Access

Revenue Accounting

- Exploded Accounts Receivable
- Contract-Driven Cash Flow Projections
- Cash Basis Revenue Processing
- Line-Item Allocated Cash Receipts
- Deferred Revenue Recognition
- General Ledger Export



Breaking through Confusion

Revenue Accounting incorporates base financial functionality, in the form of **Accounts Receivable**, **Sub-General Ledger** and **Corporate Ledger Export** components. Accounts Receivable provides a long list of unique capabilities focused on the special requirements of intellectual property. Most important among these is **an intimate link to the originating contract that allows revenue recognition, billings, participations, workorders, cash and granted rights to be instantly updated with any revision, large or small, during that contract's life cycle.**

Revenue Accounting provides powerful analytical tools that enable both accountants and managers to **drilldown, correlate and integrate every possible viewpoint of their high priority assets, territories, rights, contracts and distribution channels**, from the grandest to the most granular. In addition to innovative aging reports and queries, Revenue Accounting models cash flow projections directly from the source contract payment schedules, both known and anticipated.

Expansive General Ledger structures are provided to ensure that the **largest and most complex corporate ledger requirements are fully supported.** Unlimited GL segments, dynamically maintained posting accounts, predefined account definitions, dual cash and accrual-based revenue recognition, permanent transactional archive (at all levels) and error trapping export utilities provide assurance that integrity and auditability are fundamental System 7 attributes.

Exploded Accounts Receivable

All computerized financial systems offer forms of Accounts Receivable within their standard functionality. ERP receivables commonly provide invoicing, cash receipts, aging, projections, general ledger posting, taxation, revenue recognition, cash management, foreign currency, reconciliation and adjustment capabilities. Contract Rights Management includes all of these functions as well. However, to properly reflect actual intellectual property business practices, a contract-driven cash and billings management system transcends these basic requirements in a number of areas. **Contract Revision** automation is fully supported. **Unapplied Cash Management** monitors and applies all orphaned credit balances within a consolidated subsystem.

The Contract Rights Management Accounts Receivable database corresponds precisely to contract fundamentals. Invoice line items are tagged with their associated Contract, Asset, Territory, Right and Distribution Channel. Cash Receipts either automatically allocate cash to each line item by contractually defined percentages or allow specific deductions on a line-item by line-item basis. Invoices are automatically generated from either known or contingent payment due dates. Asset-specific Bank Wire Transfer instructions are an option.

Agings slice and dice across Licensees, Invoices and Contracts to analyze open invoice line items system-wide for any Asset, Territory, Right or Distribution Channel combination. Executive Queries present the open balances for a single (or group) Asset, Territory, Right or Distribution Channel across these same boundaries.

Contract-Driven Cash Flow Projections

- Estimated Cash Flow Dates
- Batch Projection Updating
- Contract Revision Impacts

Cash Basis Revenue Processing

- Simultaneous Cash and Accrual Sub-General Ledger
- Contract Revision Adjustments

Line-Item Allocated Cash Receipts

- Automatic Receipt Allocations
- Direct Deduction Control
- Unapplied Cash Reapplication

Deferred Revenue Recognition

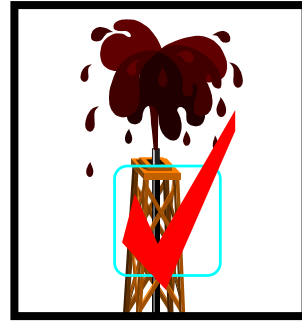
- Perpetual Adjustment Access
- Currency Gain/Loss Retention
- Contract Revision Reallocation

General Ledger Export

- Detail Segment Consolidation
- Redundant Export Prevention

Royalties Receivable

- Royalty Collections Validation
- Product Application Certification
- Licensee Royalty Rebilling
- Guarantee Shortfall Invoicing
- Calculation Parameters
- Royalty Estimate Posting



Controlling Income

Royalties Receivable adds extensive performance processing capabilities to Revenue Accounting. Today's dynamic business environment requires that most licensing contracts go beyond fees, advances and guarantees to **define a continuous arrangement for monitoring performance**. This relationship enables both parties to manage risk and reward with great precision in the face of inevitable uncertainty over market acceptance of the output in question.

The potential for massive and complex calculations typically prevents royalty-bearing agreements from being properly drafted and enforced. **Opportunities to increase guarantees or royalty rates through cross-collateralization, sales tiers, "best of" comparisons and multiple guarantee windows are provided**. Validation of incoming electronic royalty reports to identify calculation mistakes both communicates competence to the licensee and frequently generates significant additional cash collections.

Royalty collections are facilitated through automatic generation of **Royalty Due Statements** and subsequent **Dunning Notices**, both aimed at maintaining a timely reporting relationship. Multiple currency reporting within a single contract enables multinational licensees to maintain the integrity and efficiency of their distribution reporting systems.

Royalty Collections Validation

The weak link in many in-house royalties collection operations is verification of licensee generated royalties due calculations. Licensees resist interpretations of contractual terms that require them to pay success premiums above and beyond base commission rates. Cross-collateralization of guarantees, date triggered royalty rate tiers, "better of" units or percentage clauses, disparate rates between product lines, inconsistent term end dates and guarantee milestones, vague granted rights terminology within reports, and unexpected property groupings, frequently overwhelm accounting department royalty statement validation and recalculation capacities.

The corporate expectation is that Excel-equipped personnel will effectively audit reported categories, reported rates, reported advance consumption, reported sales volumes, reported credits and reported advertising deductions compliance with contractual limitations, requirements and previous performance history. Extensive licensor/licensee relationships often generate up to 5,000 reporting line items, more if SKU-level reporting is specified in the agreement. Cross-collateralization, critical in determining penalties for underperformance, are commonly distributed randomly throughout the report. Multiple crossing groups overlap with incomprehensible complexity. The Royalty Department's tools are simply unequal to this daunting task.

System 7's solution is **Royalty Validation** that starts by translating incoming reports into a format and terminology that is consistent with the terms of the agreement. Territories are renamed. Rights are regrouped. Assets are identified. Report columns are rearranged. A **Translation Dictionary** is maintained to permanently capture each exception for future reference. Contract terms are analyzed. Payment history is summed. Sales Tiers are selected. Expirations are noted. Non-authorized rights and SKU's are flagged. Calculation discrepancies are identified. Corrected royalty invoices are generated. Customer Statements are distributed.

Product Application Certification

Critical to the success of Royalty Validation is the logical comparison of licensee royalty statement detail with the rights granted by their licensing agreement. First and foremost is the ability to understand and relate the identified Assets, Territories, Rights and Distribution Channels to the source contract, instantly identifying inconsistencies that may represent violations of agreed upon terms. Second is the optional ability to certify that actual **Product Codes (ISBN, SKU, Bar Code)** have been pre-approved by Marketing or Quality Assurance. Workflow Management is useful in establishing and finalizing Product Application approval processes, with an option to make them mandatory.

Various reports and queries are available that organize and reference Product Codes within royalty processing, royalty reporting, executive queries and contract summaries. Product Codes may be captured as a reference and control in all agreements, selected agreements or no agreements, either company-wide or by division or department, as trade-offs between operational efficiency and precision information gathering are weighed. Commonly, products with multi-million dollar net royalty potential receive this treatment with lesser contracts being analyzed at the more summarized Right level.

During Royalty Collections processing, the operator receives a notice whenever a new Product Code is reported within a contract that requires all Product Codes to be pre-approved, either through a formal Workflow Management process or by recording the code within System 7. The operator has the option to erase and ignore the new code, add a new code at that moment and proceed with processing, notify Quality Assurance and hold the report pending their instructions, or generate an email back to the licensee questioning the source of this new information.

Licensee Royalty Rebilling

- Report Discrepancy Alarm
- Automated Recalculated Invoice Generation

Guarantee Shortfall Invoicing

- Guarantee Milestone Reconciliation
- Payment History Analysis

Calculation Parameters

- Structured Calculation Tiers
- Recoupment Alternatives

Royalty Estimate Posting

- Royalty Budgeting
- Preliminary General Ledger Posting

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Participations Payable

- Participation Statements
- Participations History Detail
- Structured Calculation Tiers
- Payment Confirmation Records
- Contingent Payment Events
- Performance Data Interfaces



Sharing the Wealth

Participations Payable upholds the contractual relationships between publishers and the artists that provide the talent and legally protected material that they incorporate into their business. Crucial to this relationship is the ability to produce **accurate and timely statements that present a complete picture of the relationship**, both its current activity and its history. These statements must incorporate information about licensing activity, direct exploitation and expense deductions.

Critical elements of Jaguar's system solution include direct integration with Jaguar's **Acquisition/Development Agreements** database, particularly its sophisticated participation terms component. These terms capture not only percentages, actual amounts and sale tiers, they go far beyond these basic considerations to automatically incorporate "better of" decisions, recoupment, expense deductions and cross-collateralization. Multiple participants may be attached, each with their own agreement, to any asset or collection of assets.

In addition, sophisticated asset hierarchies allow participants to receive their calculated payments based upon performance in an unlimited range of territories, uses and distribution channels. Peace of mind results when participants know that their statements not only reflect actual numbers but are backed by a **comprehensive transactional audit trail**. Frequency of statement creation, adjustable deduction criteria, extensive formatting options, export capabilities and self-balancing general ledger entries set the standard for care of your company's most important assets.

Participations Statements

Intellectual property is often a collaborative effort among creators, producers, marketers and performers. Marketers (or distributors) often acquire the right to deliver an intellectual asset to its ultimate consumer via agreements in which advances, guarantees, revenue performance, cross-collateralization and previous royalty payment history play a role. For many organizations, the auditability of these ongoing business relationships, not uncommonly extending over a number of years, is a burning and seemingly irresolvable issue. Today's **Sarbanes-Oxley** world does not view a series of linked Excel spreadsheets as legitimate back up detail for multi-million euro payments. Provable audit trails become especially critical when payments are made between organizations with interlocking ownership structures.

Transactional accounting at the contract level, long before Accounts Payable cuts a check, is essential to justifying large monetary flows in both public and tax accounting. These transactions are recorded in multiple dimensions, each tied to a specific asset, potentially modified by the distribution channels, exploitation methods and geographic territories being referenced in a particular licensing contract or business activity.

Licensing Revenue Analysis

- Fee Revenue
- Guarantee Revenue
- Royalty Income

Internal Exploitation Import

- Wholesale Distribution
- Self-Manufacturing
- Promotional Marketing

Authorized Deductions Import

- Distribution Costs
- Manufacturing Recoupment
- Advertising Costs

The above transactions justify calculations later produced during the participation statement generation process. They have no direct relationship with the payments themselves. However, they do allow auditors to trace back key calculation components to source documentation from internal divisions or external business partners, in addition to core sales contract collections data (fees, guarantees). All of these transactions are controlled by governing agreements, either external sales contracts or internal usage definitions.

Participation Report Transactions are generated from sophisticated calculations that integrate revenue performance, contractual terms and prior payment history into an incremental increase, decrease or zero effect change in monies owed. These Participation Report transactions are calculated and posted according to internal company accounting cycles without specific regard to contractually agreed upon Participation Statement reporting timetables. This transactionalization of participations payable enables interim reporting of known and contingent liabilities and expenses whenever desired. Traditional non-transactional approaches require time consuming ad hoc estimating, or worse, waiting for historical payment activity, to generate key management reports.

Efficient execution of Third Party Profit Participations relationships often determines their long term success. In a global economy, where powerful competitors constantly seek to expropriate key talent from their archrivals, careful maintenance of creative and representative relationships is crucial. Artists and inventors know that not everything they produce has the potential to become a mega hit, regardless of the skill of their business partner. They rely on strong relationships to ensure that each of their creations achieves the success that it deserves.

While lunches, parties and executive attention clearly play a vital role, quality execution of quarterly, semi-annual or annual participant reporting responsibilities is often taken as a telling indicator of the health of a relationship. The challenges of acceptable execution in this field are many: incompatible corporate information systems, unexpected cash collections failures, complex royalty calculation terms, inaccessible historical performance data, etcetera. Add a business partner's natural paranoia to this list and the obstacles to a harmonious relationship multiply, seemingly out of control.

The fundamental solution is timely and detailed reporting. Timeliness does more than satisfy the curiosity of the business partner, it conveys the subliminal message that what they are receiving is the result of a mechanical information system process, not divine inspiration. Details tell the recipient that the distributor has nothing to hide (and therefore does not need to be audited quite so often!). Break outs that go beyond the basic listing of acquired asset rights, to specify the territories, products, licensees, exclusivities, date ranges, guarantees, advances and royalty calculation bases, all in a single consolidated report, are better received.

Participations History Detail

- Licensing Performance Consolidation
- Secondary Participant Impacts

Structured Calculation Tiers

- Period Adjustment Processing
- Multiple Participant Contingencies
- Option Exercise Effects

Payment Confirmation Records

- External Integration Facilities
- Participant Payment History

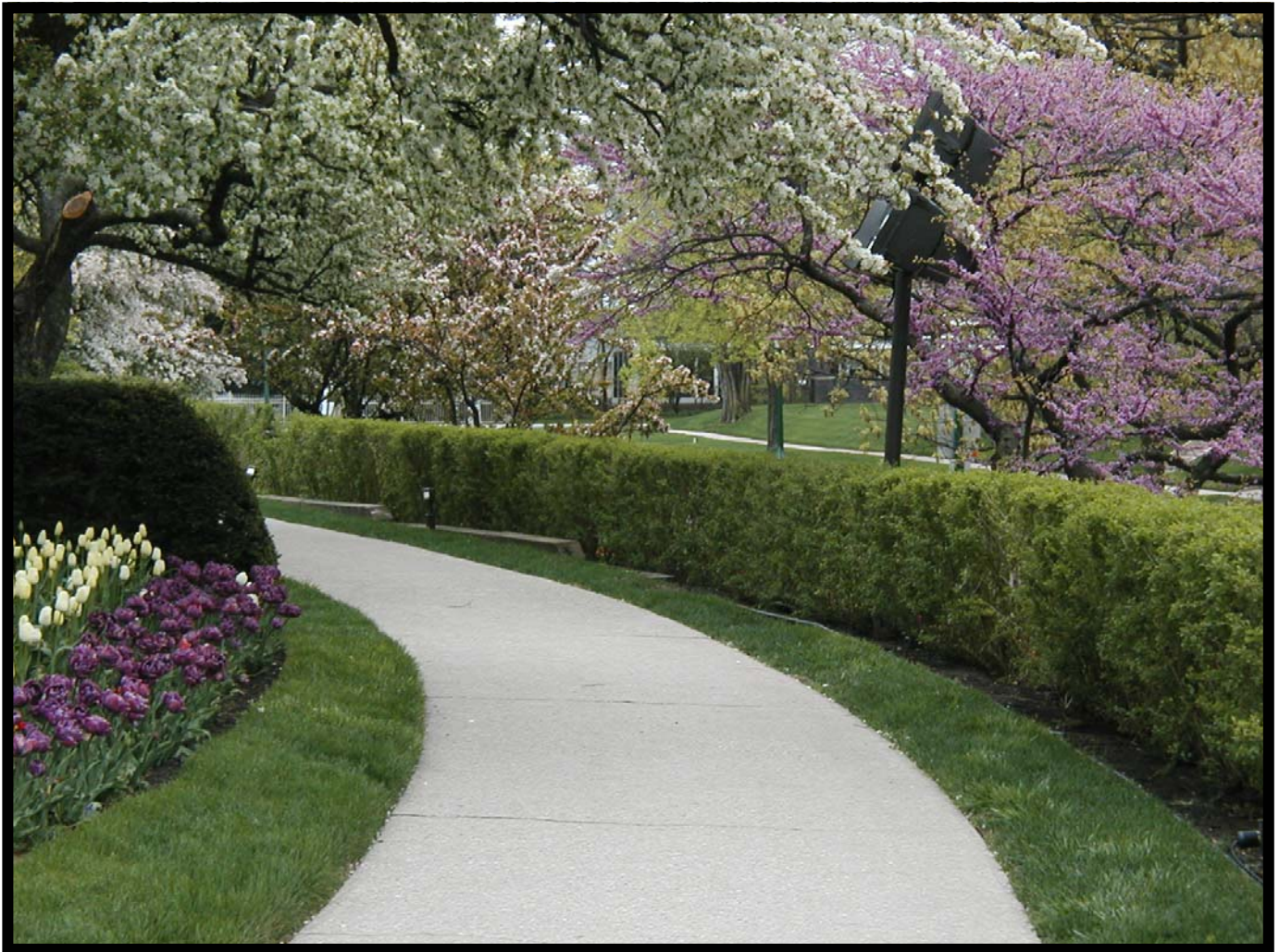
Contingent Payment Events

- Progress Milestones
- Payment Deadlines

Performance Data Interfaces

- ERP Revenue Imports
- General Ledger Expense Imports

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4. Contract Intelligence Benefits

Revenues



Viewing at any Level: Microscopic to Telescopic

Precision Rights Ownership and Availability Analysis

Sales Management at the majority of intellectual asset distributors focuses its attention on the successful worldwide roll out of fresh new properties. These high profile campaigns typically involve personalized initial contacts, communications follow up and release date coordination among interrelated markets, distribution channels, and multi-national corporate entities, with carefully planned marketing and distribution budgets.

System 7 supports this multi-pronged effort in several ways. First and foremost are **Availability Reports** that provide a **concise summary of rights ownership, executed distribution agreements, pending “holds” on rights, and analysis of scheduled worldwide release windows**. These reports are presented in a variety of formats to suit specific needs, summary matrices for presentation to prospective clients, detailed cells for sales administration analysis, graphical views to highlight hidden exclusivity window opportunities, historical progressions that display all key acquisition and sales events, and exploded views that exhaustively explore the depths of the rights inventory.

Workflow Management offers the opportunity to document and execute sales, marketing and product plans within an integrated contract administration database. The resulting ability to tie sales contacts, marketing projections and product approvals to the precise Territory, Right, Distribution Channel, Asset, Party and Contract **revolutionizes the visibility of sales and senior management into their most vital business processes**. **Action Management** associates these activities with the various fulfillment, payment, administrative and accounting events connected with new and historical contracts to paint a **comprehensive picture of the initiatives, efforts, challenges and accomplishments of successful product introduction campaigns**.

Perpetual Agent and Distributor Performance History

Executive decision making is facilitated both through web-based queries intended for non-expert users, with in depth reporting that leaves no question unanswered. The **Executive Web Queries** slice, dice and consolidate contract, date and transactional information in countless ways according to the needs of the moment. In addition, **Bar Graphs** and **Pie Charts** are available for every column of financial information throughout the query system. **Drilldown** opportunities are available within every query to get the whole story on distributors, contracts, titles, territories, salespersons, agents, invoices, payments, contract deal points, royalty statements, critical dates,...at the click of a mouse. Everything that can be shown on a screen is instantly available to be **incorporated into Powerpoint, Excel and Word for presentation and further analysis**.

Hundreds of standard reports have been built using **Crystal Reports**. These reports may be printed to screen, paper or in a variety of output files beyond those mentioned above. System 7 takes maximum advantage of the capabilities of Crystal Reports by providing numerous sorting, selection and formatting options within each report. In many cases **Summary, Detail** or **Exploded** versions may be selectively displayed. For the creative user, standard reports may be duplicated and then adjusted to suit specific needs. Adjusted reports or entirely original formats may be used to replace the standard menu choice. The System 7 upgrade process preserves these special designs without disruption. System 7's database is fully transactionalized. In practical terms, no data is ever placed out of reach of Crystal Reports. **Everything is available in perpetuity, in pristinely original form**.

Maximized Asset Recombination and Repurposing

Intellectual Property assets are unique in that they frequently generate multiple ripples of economic activity, starting with big waves in their primary uses and then recycling into successively lower value exploitation venues until they either level out as an evergreen or entirely disappear from view. In many ways the marketplace for mature assets is far more competitive than it is for new releases. The success of newly released films, books or patents tends to be audience acceptance driven. Once a marketing campaign is designed, the execution of the plan is somewhat mechanical. In contrast, mature assets receive minimal sales and marketing support while competing against a sea of similar offerings from decades past.

The key to success in this crowded field is efficiency, not splash. Success starts with accurate knowledge of possibilities (see **Precision Rights Ownership** above), continues with creative co-packaging with other synergistic assets, and delivers with effective low cost generation of consumer awareness. System 7's **Rights and Restrictions** module offers **precise delineation of all possibilities (including asset reassembly), confidence in aggressive scheduling of release dates, and informed selection of proven distribution channels.**

Integrated Sales, Marketing and Distribution Campaigns

The roll out of a strategic intellectual property asset around the country or around the world presents significant challenges that are poorly addressed by popular **Contact Management** or **Customer Relationship Management** systems. In this environment, these systems are limited to a "type it in, print it back out" type of role that soon becomes extraordinarily tedious to its participants. They lack the ability to leverage complementary forms of information to give back more value than they absorb in time spent recording the contents of customer meetings, release schedule visions and tentative agreements. The missing synergies ultimately disable the application software in question by rendering it useless as its database becomes dated and incomplete through inconsistent use.

In contrast System 7 integrates these calendaring and note-taking functions directly into the overall workflow of the organization by tying them directly into the **Sales Contract Administration** process for all to see and collaborate with. **Pending Agreements** are entered directly via a streamlined **Contract Builder Wizard** to hold precious rights inventory and notify management of the details of a possible sale. Release Schedules are captured and incorporated into Availability Reporting. Meeting notes are tied directly to a Territory, Asset, Customer or specific contract for ongoing and permanent reference. **Executive Web Queries provide fully integrated access to all of this marketing information in combination with past, present and anticipated performance of customers, assets, contracts, agents, salespersons and virtually every other conceivable point of inquiry.**

Profits



Unlocking Hidden Potential

Reduced Guarantee and Receivables Write-downs

Multi-year, multi-dimensional contracts generate complex payment schedules that are challenging for accounting departments to understand, administer and enforce. Amendments to these contracts further cloud the original revenue recognition and invoicing plan of action. Customers instinctively understand the administrative delays that this confusion generates and strive to maximize their cash float at the expense of their licensing vendor by deliberately stretching out their payments. These same customers use delays in **Guarantee Shortfall Billings** and **Royalty Delinquent Notices** to maximum advantage during contract renewal negotiations to insist on write-offs of charges that are no longer current. **Authorizing your customers to proactively manage their payment and reporting obligations by default is a costly mistake.**

Taking complete control of the billing, collections and receipts process offers profound economic benefits. Customers come to expect that invoicing will always be timely, regardless of the complexity of the source agreement. **Collectors operate in confidence that all invoicing and cash receipts that appear on their ledgers is complete, accurate and up to date.** Financial managers are able to manage their cash flow based upon actual information, not rules of thumb. The result is fewer days sales outstanding in **Accounts Receivable**, but more significantly, far less of the invisible drag of invoices due but not yet generated.

Expanded “Success Premium” Opportunities

Everyone loves a successful consumer or industrial product. Value has been delivered to the marketplace. It is the time for the parties involved to reap the rewards of their hard work, creativity and intelligent planning. Far too often however, the benefits of success are distributed unevenly due to the practical challenges of designing and administering contracts that properly reflect all possible success scenarios within a licensing arrangement. **Guarantee cross-collateralization, royalty rate escalation triggers, performance-variable exclusivity windows and term extensions, royalty reporting delinquency notices, SKU approval tracking, and pending administrative obligation notifications are all essential to the creation of tightly defined, cooperative agreements designed to promote and reward shared success in the marketplace.**

System 7 captures all administrative and mathematical contractual formulas for precise collaboration at all stages of the licensing relationship. Jaguar's 18 years of hands on experience translate into a system that is able to define and execute all of the creative nuances of high profile, high volume and high value royalty-bearing agreements. Whether the requirement is for exceptionally complex formulas related to key high profile licenses and applications or to the grant of thousands of product rights relating to dozens of potentially successful trademarks, System 7's flexible interface streamlines their administration through a **unique "granted rights" page entry function**. Each of these pages contains every conceivable royalty rate, rights grant, territory, exclusivity window, distribution channel and asset combination in a style that eliminates the temptations of redundant data entry and clumsy "efficiency" shortcuts that ultimately rob a system of its long term analysis and reporting usefulness.

Optimized Exclusive, Co-Exclusive and Non-Exclusive Windows

Critical to wringing maximum value from an intellectual property is the ability to grant or receive exclusive rights to the execution of a specific internal use or external distribution plan. Production, distribution and manufacturing processes typically require a significant capital investment long before revenues and profits can potentially be realized. The licensor is thus challenged to grant the minimum term of exclusivity while seeking to inspire the maximum initial investment by the licensee. The licensee sees the situation conversely. **Co-exclusivity, combined exclusive/non-exclusive windows and contingent non-exclusivity terms** are subtle tools that assist in finding a compromise that makes everyone happy with both the potential upside and downside of their agreement.

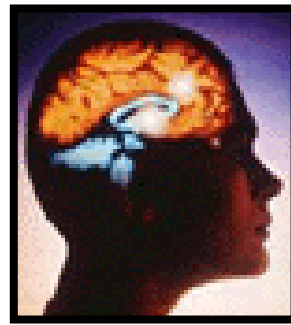
This kind of creativity is virtually unenforceable and unmanageable without an integrated contract-driven rights management system. Too many variables are introduced for visual inspection to accurately determine whether a subsequent grant of rights is consistent with existing in-force agreements. Commonly the legalistic solution is to grant non-exclusive agreements with a "hand shake" assurance that the licensing is investing thousands or millions of dollars on an agreement that is exclusive "in spirit." Executing misleading agreements in order to minimize potential exposure to lawsuits clearly stretches the bounds of trust between parties and **obscures opportunities that would have otherwise produced additional revenue generating licensing agreements**. System 7's **Availability Reporting, Timeline Analysis** and **Collision Testing** relegate these archaic and expensive policies to the dustbin of history.

Analyzed and Validated Royalty Collections & Payments

Corporations are commonly under the misapprehension that one of their most important revenue streams, licensee royalties, is being carefully and accurately managed by their employees. The reality always falls far short of this ideal as the pressures of accounting deadlines, reporting complexity and ineffective quality assurance procedures take their toll. The implications of this breakdown in administrative performance go beyond lost revenue to strike at the heart of vital contractual relationships: trust. **Cross-collateralization of licensed product groups, “better of units” sold or revenue percentage, sales tier and time period-driven royalty rate adjustments, diverse royalty guarantee due dates, recoupable and non-recoupable advances, SKU-level reporting, multi-year royalty reporting history, and multiple currency transactions** create an environment of hopelessness and frustration when the method of analysis is **Excel**. The result is disruptive licensor audits, or worse.

Without System 7 **Royalty Management**, the solution is cursory examination, face value acceptance and faith that periodic audits will uncover inadvertent calculation errors and outright falsifications. The frequent reality is that auditors eagerly track down and verify unit sales and revenue reporting but gloss over complex contract-based calculations as being too much work for the expected return in reported discrepancies. **System 7 pays for itself by translating royalty reports into a consistent format, highlighting non-compliant exploitation, identifying unapproved SKU's, and recalculating royalties due from source contractual terms, royalty payment history, and current sales and deduction reporting**. The net result is a discrepancy report, an invoice and a statement that clearly delineates the source and result of each misinterpretation of contractual terms and conditions. Licensees receive instant feedback on the inaccuracies of their submissions.

Knowledge



Tapping into the Source

Accessible Contract Abstracts, Forms and Templates

Contracts are typically organized into two major sections, business terms and legal terms. The primary thrust of **Contract Rights Management** is to capture, analyze, control and process the business terms within its purview, particularly those related to granted rights. However, legal terms administration deserves and receives a significant boost from Contract Rights Management as well. One of the biggest risks to legal department careers comes from agreements whose terms and conditions are inadvertently crafted from obsolete, incomplete or faulty language. Word templates and document control files are helpful standard procedures that too often fall short when innovative agreements must be constructed from a variety of interrelated sources. System 7's solution in this situation is to supplement the usual document templates and master agreements with up to date **language section building blocks that can be assembled in any configuration necessary, while retaining their integrity and auditability.**

These textual building blocks are logically grouped by contract type and participant function within the database. Each section is entered once and then made available as part of every boilerplate edition that requires it. Sections that have been replaced by updated language are expired so that they may be viewed for past reference but cannot be mistakenly adopted on a go forward basis. This capability helps to protect boilerplate standards by providing controlled protection against the use of obsolete language. A logical sectional approach to assembling agreement language also provides the ability to produce reports that cut across agreements to identify deviations from corporate standards for audit review or for possible inclusion in an updated standard paragraph. In addition, **System 7 maintains direct links to the images of original signed and executed agreements for instant viewing and cut and paste inclusion in new documents.** Finally, at every step of the life an agreement, from the earliest negotiation stages through collection of the final payments, System 7 offers the option to capture a snapshot of the entire contract, including legal terms, to build a detailed evolutionary history for that agreement.

Contract Fulfillment, Recoupment and Expiration Status

My Calendar is a monitoring and control tool aimed at both power users and view-only users of System 7. Intellectual Property Contracts transcend generic agreements by converting many of their critical dates into contingent events to be defined later. At the time of contract execution, many, if not **most, dates are estimates, with actual dates for payments, invoices, deliveries, options and expirations unknown for months and possibly years into the**

future. The capacity to segregate estimated from known dates, batch update sets of dates (when, for example, a title is released into distribution triggering term start dates in dozens of contracts), and reverse out prematurely triggered dates is key to successfully administering an otherwise chaotic contractual landscape within the organization.

Executive Queries also play a role in offering practical access to ongoing contractual performance information. This data is usually kept locked deep within the bowels of the accounting department, typically in a format that requires days or weeks to transform into useful information. Guarantee Recoupment, **pending revenue recognition, in-process contract negotiations all gain enhanced visibility.**

Rights Inventory, Value and Contingencies

One of the most commonly overlooked facets of intellectual property licensing is the near impossibility for negotiators to consistently establish exploitation periods that, from an asset perspective, make effective use of every month of its economic life. Gaps in exploitation develop due to package sales, contingency allowances and simple ignorance of precise availability dates for a particular asset, territory, right combination. **A more pervasive barrier to optimum exploitation involves non-exclusive licensing arrangements that are handled administratively as if they were exclusive or co-exclusive in direct violation of the intention of the negotiating parties.** Two System 7 reports, one graphical, the other exploded, provide the visibility that enables sales administrators to identify and rectify these expensive oversights: **Availability Timeline** and **Disposition of Rights.**

In addition to providing a detailed **who-what-when-where** of license acquisition and sales, Disposition of Rights serves as a valuable research tool on the costs and previous sales prices associated with any pending agreement configuration that may be under consideration. **Library assets that might otherwise be effectively lost or grossly undervalued are highlighted and analyzed for maximum revenue generation.**

Historical and Pending Contract Term Comparisons

System 7 offers the unprecedented ability to compare any two contracts, **no matter how different or how similar**, and see a comprehensively **redlined** and **underscored** analysis of all differences. Divergence in parties, granted rights, payment terms, financial amounts, legal text blocks and critical action dates are automatically presented and **highlighted on a word by word basis** in a single elegant reporting format. Sections of particular interest can be selected for examination, or when appropriate, entire agreements may be dissected.

Unlike traditional Word redlining, System 7 requires no linear progression from version to version. In other words, version 6 can just as easily be compared to version 15 as to version 5 or 7. **Contracts near the end of their term may be compared to their status at any stage of negotiation, execution or financial processing**, without limitation. Quality assurance comparisons to master contract templates are instantaneous and infallible. Renewal agreements, for example, can be compared to their predecessors in their entirety, to current agreement standards or to a governing Option clause. Agency agreements may be evaluated for consistency with previous agreements, agreements with other agencies, in-force sub-distribution agreements or established standards, at the push of a button.

Service



Speed, Accuracy, and Flavor

Customized Creative, Acquisition and Sales Agreements

Negotiators are notorious for their ability to come up with virtually unenforceable clauses in order to sign a deal. Strained relationships between financial, administrative and legal staffs are common as each attempts to assert what appear to be inherently conflicting requirements for departmental success: **financial accuracy, administrative competence, and deal optimization**. Each party, given the proper system tools, has the potential to operate in harmony with their co-workers. The secret is shared access to System 7's **Contract Administration** module. Jaguar has spent 18 years refining this module's ability to capture and manage a huge variety of agreements. More adjustments and additions are made every year.

System 7 provides the ability to transcend suppressed interdepartmental warfare by providing **Legal** with the freedom to pursue its business goals unfettered by nagging questions about the ability of its back office to properly process the results year after year. Traditional compromises that restrict royalty revenue opportunities, over-simplify guarantee structures and limit creative contingencies are no longer required to avoid potentially public embarrassments caused by internal administrative failures. **Millions of dollars in net profits may be effortlessly added to the bottom line each year through royalty rate escalations, cross-collateralization, event-driven guarantees, marketing fund allowances, Distribution Channel-driven royalties, and validated Royalty Reports.**

Accelerated Contract Negotiation, Approval and Execution

Workflow Management is fundamentally an automation tool that designs official approval process templates by contract type, individualizes them to specific contracts and then links together disparate departments, divisions and workgroups in a paperless (mostly!) electronic sequence of reviews, critiques and notifications. An **integrated database integrates these processes with pending agreements, deal memos, executable agreements, negotiation versions, contract amendments, and source documentation** to produce a comprehensive picture of every stage of a contract's drafting, approval, execution, fulfillment, enforcement and renewal.

Large organizations frequently struggle with policy enforcement throughout the dynamic, complex and challenging contract negotiation process. System 7's **Universal Contract Database** provides sophisticated **Document Assembly** and **Redlining** functions that maintain a structured source for business and legal terms and conditions while organizing the clauses to both allow cross-referencing and to highlight additions and alterations to standard boilerplate language. System 7 provides **fully integrated boilerplate management, executed agreement images, contract approval history, negotiation and amendment history, performance history, detailed projections, and administrative intelligence in an efficient single entry system.**

Monitored Contractual Obligations and Contingencies

The maintenance and support functions of **Legal** departments revolve around keeping a careful focus on upcoming contractual dates of all types: options, expirations, payments, notifications, certifications, approvals, extensions, guarantee milestones, rights reversions, collections, defaults and countless others. Traditional contact management and calendaring systems fall short of providing the flexible action trigger dates that are vital in **avoiding missed opportunities, maintaining professional respect and, most importantly, minimizing the risk of lawsuits over unperformed fiduciary responsibilities.**

System 7's **Action Management** function is an embedded event-driven calendaring system that transcends date record keeping to **manage intricately interrelated contingent events and to activate and control vital system functions such as scheduled invoicing, guarantee shortfall invoicing, email notifications, tickler reminders and revenue recognition.** Action Management also forms the underpinnings of **Workflow Management** and links directly with its process steps to coordinate various review and approval workflows with other system activities, for example setting the precise grant of rights dates in an agreement. Key to the power of Action Management is the ability to trigger successive events by acknowledging an anticipated occurrence, such as signature of contract, and then using the supplied date to activate and define the consequences of that signature, including invoicing, start of exploitation and delivery of materials requirements. **The system allows logical “earlier of,” “later of,” and “following rejection” sequencing without limitation, much as dominoes are aligned and then knocked over as ongoing developments then dictate.**

On-line New Product Review and Release Collaboration

Product Approval and **Quality Assurance** departments frequently operate in an almost stand alone manner with limited interaction with allied **Contract Administration** and **Sales** departments. The result is a runaway stream of unapproved new product versions (SKU's) and missed opportunities for timely enforcement of contractual payment terms. Licensees that know how to play the game take advantage of this information gap to bring unapproved products to market, initiate sales activities without satisfaction of payment terms and utilize unreviewed subcontractors for key manufacturing operations. The resulting chaos and uncertainty disrupts important business relationships and risks retailer frustration as promising product concepts falter in execution.

System 7 **Workflow Management** improves this situation in several ways. First and foremost, it maintains a permanent record of all written communications, digital samples and documents, and internal approval processes. Second, it provides an **Extranet Portal** to facilitate new concept submissions, contact information updating and submission history research. Finally, **Executive Web Queries** integrate product approval information with the sponsoring contracts and their financial performance history to **create an elegant and efficient viewpoint of the entire customer relationship, from start to completion.**

Confidence



Feeling Relaxed

Secure Contractual Rights Collision Testing

Newly released or created intellectual property assets naturally receive maximum senior management attention and organizational effort. Their roll out is likely to be accomplished successfully regardless of whether a superior contract intelligence support system is in place or not. Crucial to the proper distribution of new assets is complete confidence that the terms of the acquisition, production and repurposing agreements are known and accurately adhered to.

Rights Management is meaningless if it does not consider all possible configurations of rights ownership (joint ventures, co-production, co-distribution...) and distribution history (primary licensing, sub-distribution, agent representation) in its determinations of incremental revenue opportunities and potential legal entanglements.

Additional benefits from the use of System 7 are realized when a mature asset is being recycled in subsequent rounds of distribution. Those initial sales contracts are now expiring, each with its own term windows, release date holdbacks, exclusivity restrictions, territorial configurations and asset clusters. Major asset releases can easily involve dozens or hundreds of overlapping contracts, each potentially subject to up to a dozen significant amendments during its lifecycle. **Contract Intelligence** analyzes those volumes of contracts and resolves their terms down to a clear potential course of action in the form of **Availability Reports**. Once action is taken, Contract Intelligence **Collision Tests** new agreements to assure that they **do not oversell rights owned or conflict with the terms of other active agreements**.

Efficient Multi-Level Rights and Restrictions Management

Whereas **Sales** is charged with seeking out and developing every conceivable licensing revenue stream, **Legal** must play the role of caretaker, constantly on the look out for potential conflicts of interest among licensees and producer-licensors. **The overriding goal is to ensure that every market niche is fully covered with absolute confidence that it has not been covered twice.** System 7 **Collision Testing** clears **Pending Deal Memos** for signature, prevents invoicing of ill-conceived **Executed Agreements**, and warns of **Contract Amendments** that violate existing covenants.

The legal ramifications of conflicting licensing agreements are usually outweighed by the economic impacts of renegotiated contracts, cancelled releases, scaled back sales campaigns and confusion in the marketplace. Stand alone database tracking of specific rights ownership, internal usage and external licensing generally results in, at most, 80% accuracy, despite dedicated “best efforts” by highly qualified personnel. Dynamic dates and multiple tier rights grants thwart the most inspired good intentions. Common scenarios include: regional agreements that overlook a grant to a specific city or country; Assets that are packaged into a collection but inadvertently licensed individually for the same purpose; overlapping Rights classifications that authorize similar products to be marketed through the same distribution channels by competing vendors; shifts in exclusivity restrictions over time; and so on. System 7’s exclusively contract-centric approach promises that **if a contract is entered accurately, it is impossible for this kind of expensive error to occur.**

Configurable Information Sharing and Privacy

Intellectual Property enterprises frequently subdivide their contract administration activities into several functional units, typically departments and divisions. Each of these divisions has its own responsibilities, usually segregated by territory grouping or exploitation right categories. Examples include Europe, the Americas, Asia and other, or Consumer Products, Industrial Products and Primary Distribution, and/or combinations thereof. **System Security** must parallel these organizational structures to screen out unwanted information sharing in most situations and support enterprise-wide consolidation whenever it is beneficial. **System 7 supports divisional/departmental filtering and all standard user access restriction levels as well.**

System 7 brings cooperating divisions together through two mechanisms: **Workflow Management** and **Custom Rights Framework**. Workflow Management easily creates and maintains approval and notification processes that precisely cut across all workgroup lines to **ensure that review processes are inclusive and that all peripheral parties are notified of key contractual events such as payments, expirations, release window adjustments, amendments, option ticklers, exercises and term extensions.** Custom Rights Framework allows each division to organize and label their assets, territories, use rights, distribution channels and parties according to their unique business model, and, then **cross-reference the resulting data structure with those of other departments to enable the production of fully integrated analytical reports and executive queries.** “Islands of Information” become a thing of the past.

Rights Holder Fiduciary Responsibility Compliance

Studios, Distributors, Producers and Agents all make commitments to their customers and to each other that they will **perform their duties efficiently and accurately**. Most of these organizations then rely on primitive error-prone tools such as **Microsoft Excel, Filemaker Pro, Microsoft Access** or a collection of isolated database applications that are neither efficient nor accurate in their operation. The result is distrust and disrespect at the core of vital business relationships. Most importantly, the consequence is frequently **underexploitation and underreporting of the performance of valuable “evergreen” assets by as much as 20%**.

The truth is that no one knows the extent of this abuse because, without an integrated, coherent system, it is impossible to conduct an effective audit of potential versus actual revenues. Audits are attempted, lawsuits threatened and staff demoralized as suspicion of their confusion and duplicity deepens around them, despite their best intentions. **The solution is a system that provides an auditable transaction record of everything that happens through the entire lifecycle of an agreement**. Beyond these basics, the real value of such a system is to provide confidence that full realization of all potential revenue opportunities is being achieved, and that those achievements are perfectly documented to participating third parties. **Trust is always earned, never dictated by economic power or legal authority**.

Control



Eliminating Surprises

Contract-Defined Automatic General Ledger Account Generation

Intellectual Property contracts frequently generate large volumes of **General Ledger** transactions, particularly at the sub-ledger level. **Revenue Recognition** deferrals and **Revenue Allocation** by (potentially) Asset (or asset group), Territory (or territory group), Right, Contract, Customer, Division, Distribution Channel, Salesperson, Agent, Vendor, Subsidiary and more, can cause, what appears to be a relatively straightforward agreement, to **generate thousands of accounting transactions over its lifetime**. Flawless integration of source contracts, their receivables and payments activity, and their ultimate expression within the General Ledger is required to produce a manageable workload and a realistic expectation for accuracy.

System 7 relies exclusively on the original contracts or their subsequent revisions, to drive its financial processes. All account posting activity automatically analyzes source contract data to identify which of the available General Ledger **Account Segments** has information available to populate it within the transaction that is about to be posted. All contractual activities are aligned with pre-defined main posting accounts to eliminate the need for ongoing human data entry intervention and decision making. This **extensive behind-the-scenes intelligence** replaces the typical end of period financial reporting crisis with a smooth running, seamless flow of information from one module to another. Journal Voucher postings and adjusting entries are reduced to just those needed to meet organizational goals outside the normal functioning of the system.

Critical Accounts Receivable Transaction Alerts

System 7 is built using server technology that **constantly monitors the arrival of new information in the form of financial transactions, contractual events, contract amendments and business partner communications**. The **My Jaguar** personal desktop instantly **notifies each user of pending notices, options, approvals, amendments, executions, communications, invoices, releases and reminders**. Email to individuals, departments or entire cc lists is generated whenever a key contractual action date, approval step, rejection notification, option notice, invoice trigger or rights collision failure occurs within the system. **Nothing is left to chance ever again!**

Integration of all information flows within the organization into a single coherent system opens up limitless opportunities for creative internal staff and external business partner notifications. System 7's **Action Management, Workflow Management and Revenue Accounting** continuously process activity that is of potential interest to members of the organization. Configuration tools are provided to assist in the establishment of an infinite variety of **Tickler Dates and Critical Event Alerts**. Convenience is the hallmark of the System 7 user interface. **New developments, unexpected occurrences, critical date ticklers, system process completions, time sensitive decision requests, major financial events and many other pieces of information appear magically and effortlessly** right where and when that information is needed most.

Consistent Contract and Deal Memo Preparation

The success of **Legal** departments revolves around efficient creation and maintenance of standard business and legal terms for dozens of different types of agreements, each with its own unique nexus of frequently renegotiated clauses and conceptual subtleties. System 7's **Contract Administration** functions may be used to either produce an executable **Deal Memo** or **Long Form Agreement** or to provide a starting point for further negotiation and adjustment using **Microsoft Word**. **Document Assembly** starts with a database of standard contract templates that have been carefully formulated to meet the needs of each class of business partner or as replication of a previous agreement. Adjustments are then made to include the details of the permission, pricing and payment terms in question.

These templates may or may not include the multiple pages of **Terms and Conditions** text that constitute the bulk of most agreements. System 7 also maintains an entire library of standard clauses, organized by **Deal Type** and **Deal Point** that may be either incorporated into a contract as a group or assembled clause by clause. This standard language may then be overridden (with proper security) or supplemented with additional **Deal Memo** terms that are unique to the agreement. This highly structured, clause-oriented approach, combined with **Collision Testing** granted rights validation, **enables System 7 to ensure the quality and consistency of the entire agreement**. These clauses then become available for comparison, cross-section and combination into a series of highly accessible queries and reports. This information then aids current negotiations by presenting comparable negotiation results in similar agreements, and by highlighting financial and fulfillment obligations that might otherwise be overlooked.

Accurate Accounting Period Closings

End of month closings are the most demanding aspect of the accounting work cycle. Compilation and synchronization of a variety of complex and dissimilar revenue and expense data flows under tight deadlines is fraught with the risk of error and delay. The sophisticated and unpredictable expense and revenue recognition rules associated with intellectual property compound those challenges by frequently requiring **emergency accounting period allocation decisions at the individual transaction level**. The result is stress-laden confusion that creates an environment where “good enough” estimates, that may or may not be accepted during the next audit, must be made. The currently heightened state of corporate vigilance further intensifies the demand for documentable accuracy in financial reporting.

System 7 provides the intelligence and raw integration power needed to conquer many of the major obstacles to timely consolidation and finalization of corporate accounts. First and foremost, **Revenue Accounting** provides complete **Accounts Receivable** and **General Ledger Export** functionality designed specifically to **support contract-driven invoicing, collections and revenue recognition on both traditional accrual and pure cash receipt bases**. Accrual GL transactions are posted at the specific level of detail required to populate the corporate ledger with **99 GL Account Segments of 10 characters** each fully supported. Allocated **Cash Receipt** transactions are potentially exported in parallel or simply retained by System 7 for use as revenue information within **Participations Payable**. **Future Postings, Period Lockouts, Current Period Defaults** and **Auto Segment Population** provide the flexibility and convenience expected of enterprise level financial systems.



5. Finance Integration Benefits

Comprehensive Reports

Contract Status

System 7 establishes a solid foundation of shared information access, administrative efficiency and intelligent operations that empowers an organization to grow and prosper. Integration of **Contract Administration, Rights Management, Workflow** and **Finance enhances morale and revolutionizes adaptability.**

Non-financial managers in **Sales, Legal** and **Operations** benefit from queries that start with the familiarity of contracts, customers and assets and then easily break out invoice, cash receipts, royalty and revenue details with a few clicks. Staff competence mushrooms as the burden of redundant data entry and cross-validation is lifted. Reports and Financial Drill Down queries cut across traditional boundaries to offer **discriminating views and unexpected insights.**

Full financial integration correlates contract data with all related billing, collection, recoupment and administrative data. These compilations may be exported for further analysis (Excel) and visual presentation (PowerPoint). **Direct access to source documentation** (Contracts, Invoices, Payments and Royalty Reports) **builds confidence in the content, accuracy and validity of every query and report.**

Standard Accounts Receivable

Standard Accounts Receivable modules authored by **SAP, PeopleSoft, Oracle, JD Edwards, Lawson, Great Plains** (and others) are utilized by most companies to provide basic invoicing, cash receipts and general ledger functionality for intellectual property agreements. Invoices, credit memos, debit memos, cash receipt allocations, balance sheet updates and revenue account postings are manually calculated and painstakingly recorded as individual transactions and adjustments.

The primary goal of standard Accounts Receivable is to process invoice and cash receipt transactions by customer account. Invoice line items are posted as general ledger revenue and receivables journal entries. Invoice line items are also typically used as a basis for sales reporting or as a reference when credit or debit memos are created to adjust their contents.

Intellectual Property Contracts typically specify a stream of planned and contingent invoices. If a contract remains unaltered during its lifecycle, these invoices may theoretically be produced, printed and posted by any general purpose accounts receivable software product. However, this **one-way data transfer inevitably sacrifices billing, collections and revenue details.** The impact of this data loss is felt in many areas. Financial data relating to specific assets, territories, rights and distribution channels is lost. Invoice and general ledger revisions triggered by contract amendments are journalized manually. Cash-basis revenues are unknown. Excel is the primary reporting tool. Information is scattered everywhere.

Participations Payable

When a cash receipt is applied to an invoice by a **standard receivables system**, a general ledger journal voucher is generated debiting a Cash account and crediting a Receivables account. No consideration is given to the contents of that invoice. This omission becomes critical when the calculation of Third Party Participations is a corporate responsibility. However, the **required invoice line item level references are absent.**

System 7 incorporates cash-basis revenue recognition within cash receipts. No operator intervention is required. Each invoice line item is automatically inspected for possible links to assets, territories, rights and distribution channels. Contract revenue allocations are used to calculate general ledger posting of cash revenues. This posting forms the basis for automated calculation of third party Participations Payable from cash income.

Information Center

Intranet Portal

Corporate **Intranet Portals** have proven to be one of the best products of browser technology. Conceptually, they perform the magic of tying together disparate systems into a coherent and comprehensible whole. Contract Rights Management systems support this endeavor by **bringing to light an entire cosmos of contracts, availabilities, events and accounts** that are otherwise obscured by an overwhelming diversity of databases, spreadsheets and systems. Intranet technology eases that effort by simplifying access, combining information sources and minimizing training.

Managers charged with promoting an atmosphere of competence, achievement and excellence use System 7 to maintain constant awareness of current activity. Responsible parties supervise approvals, contacts and accounting from wherever they happen to be. Particular attention is given to contract administration (payments, scheduled invoices, cash receipts, revenue recognition, royalty submissions, guarantee shortfall invoices). The possibilities are endless.

Event alerts are activated according to predetermined monitoring criteria (in the form of data filters and other options). Limitations may be set to restrict alerts to specific contracts, assets, parties, divisions, date ranges and exceeded financial thresholds. In the financial area, examples include: cash receipt payments over \$100,000, royalty reports over \$1,000,000, scheduled invoices over \$25,000, general ledger revenue recognition over \$500,000. **Each alert provides one-click options for approval, updating and/or investigation.**

Extranet Portal

Extranet Portals offer the opportunity to automate customer and business partner relations. Approvals, Offers, Updates and Payment Detail may be entered directly through a web interface. Contact information, contract status, account history and event calendaring may be accessed. Participants benefit from an expanded sense of visibility, control and efficiency.

System 7 provides back end authorship-oriented security that strictly limits data access. Unauthorized menu options disappear from view. Levels of data entry control are established. Data is tied to its creator. Agents can be given divisional security access (international versus domestic). Branch offices view queries that automatically eliminate irrelevant data. Privacy is assured for designated offers, deals and contracts.

Each extranet is as unique as the intellectual property business that employs it. Extranets ease and automate information exchange between licensor and licensee, producer and distributor, publisher and sub-rights holder. **Product submissions, sales offers, royalty reports, contract status queries, royalty history recaps, payment summaries and many other possibilities gain in responsiveness, timeliness and accuracy.**

Executive Access

System 7 gives executives the big picture: packages of assets, groups of territories, classes of rights. **Magic happens when a few clicks drill down to detailed targets and source documents.** Executive queries are accessed through **Favorites** or a corporate intranet. No experience required.

Powerful starting points include:

Asset Query combines Asset Catalog, Rights Ownership, Rights Exploitation, Rights Restrictions, Contractual Parties and **Availability Analysis**.

People Query examines Business Relationships, Performance Analysis, **Contact Database**, Personal Events, Contract Involvement and Corporate Capacities.

Contract Query views Contract Summaries, Contract Status, Collections Status, Payment Status, Granted Rights, **Version History** and Attached Parties.

Sales Query consolidates **Contract Invoice Line Items** by Asset, Territory, Right, Distribution Channel, Product and Accounting Period.

Cash Flow Projection integrates open invoices, pending invoices and estimated invoices to predict **contract-driven cash flows by Asset, Territory, Rights and Channels**.

Calendar Monitor notifies viewers of Contractual Events, Approval Steps, Critical Dates, Ticker Reminders, Active Projects, **Required Actions** and Concept Submissions.

Sales Support

Contact Management

Single purpose contact management systems limit their financial record keeping to note fields. In companies that make use of these systems, information about invoicing, sales and inventories is held separately within corporate **ERP** systems. This functional division **eliminates the possibility of queries and reports that cross reference sales activity with financial success.**

System 7 integrates Contact Management and Revenue Accounting into a set of seamless note taking and query tools. Salesperson-oriented web entry screens eliminate cumbersome navigation steps. Integrated queries inspire countless **drill down research adventures.** **Offer Sheets** and **Workflow Actions** capture deals and events. Offer Sheets log deal memos and projected deals. Workflow Actions plan, remind and record sales and marketing activities.

Offer Sheets feature a single screen format focused on granted rights and basic financial terms. Note fields summarize payment schedules and pricing information. Integrated Asset, Customer and Contract Queries zero in on rights availability, account status and contract history. An Offer Sheet Form prints at the press of a button. **Offer Sheet entry notifies Legal of pending deals and Finance of present or future (renewals) sales budget items.**

Workflow Actions are the heart of Contact Management. Meeting notes are tied to specific assets, contracts, customers, territories and rights. Email notifications issue one-time or repetitive reminders of upcoming marketing and contractual events. Projects (sales campaign, market research, trip planning) are created from company, departmental or personal templates. Web entry updates progress from anywhere in the world.

Collections Database

Licensees make partial payments, recalculated payments and late payments. They have their reasons. A strong systems infrastructure prevents misapplied receipts, minimizes disputes and alerts account managers when extraordinary efforts may be required. Timely calculation and invoicing of guarantee shortfalls eliminates confusion. Royalty discrepancy statements ensure licensee compliance. Release-driven invoicing eliminates holdbacks. Monitoring functions highlight overdue invoices and newly received payments. Internal and external collections emails are triggered.

Account managers benefit from Aging reports and Contract queries that reference and complement each other. **Contract Status** query shows current billing and payment condition of each contract invoice line item. **Aging** and **Cash Flow Projection** reports present issued, future and estimated invoices (summary, detail and exploded levels) as far into the past or future as necessary. **Summary queries allow instant drill down to supporting invoice, cash receipt and contract detail.**

Commission Triggers

Successful account managers consider commissions and incentive programs in their contract recommendations and terms enforcement. Proper systems support enables the construction of contracts with sophisticated success premiums and innovative contingent payments. Elegant reports and convenient queries offer visibility to year to year comparisons, expected versus actual invoice dates, guarantee recoupment status and cash-basis revenue recognition.

Informed representatives fine-tune their net incomes from a virtual command center.



6. Transformation

Best Business Practices

Resource Utilization

Contract Rights Management gains its vitality from the pursuit of excellence in a complex, contradictory and highly collaborative environment where financial stakes are high and administrative budgets are low. The heart of the intellectual property enterprise is the **realizable value of its intangible assets**, both in the short term and over the entire anticipated economic lifecycle of the property in question. **The marketplace can easily price the same asset at a huge surplus or discount** from mainstream conservative valuations depending almost entirely upon the quality and quantity of effort put into its promotional development and distribution partnerships.

These fluctuations occur because management does not have practical access to the historical information necessary to properly project the future performance that can be realistically derived from a specific utilization opportunity for an asset. In this information vacuum, **decisions are commonly made based upon crude rules of thumb**, without regard to unique possibilities particular to the present situation. Thorough investigation and evaluation is deemed to be a waste of scarce management resources. The solution to this dilemma is investment in a contract rights management system that places this type of information at the fingertips of decision support staff. **Asset performance is presented in intuitive pie charts, bar graphs and financial summaries.** Sales forecasts are generated from detailed historical analysis and known expected revenues.

Crucial to these analyses are a clear picture of the underlying rights, restrictions and participations commitments impacting future economic activity. For example, a specific right may have been withheld in the form of an option, for say video game rights, because the ultimate value of the trademark or characters involved was considered to be impossible to establish prior to worldwide release. **Knowledge of this restriction both prevents inadvertent violation of an agreement and sets a straightforward price tag on proceeding** with the now contemplated video game license. Copyrighted properties frequently enjoy exceptionally long economic lives that may include a freshening of the franchise through either an updated version or a same-theme sequel release. System 7 provides the consolidated view necessary to pick those opportunities out from among lesser lights in a large roster of mature assets.

Risk Management

Collision Testing is intended to sound important and impactful. Every year, most intellectual property organizations find themselves involved in a critical renegotiation of an important contract. The rights granted either exceeded those available or were in direct conflict with the terms of another agreement. The threat of litigation becomes a powerful tool in the hands of the “wronged” party, no matter how inadvertent the mistake. Collision Testing not only identifies gross errors, it also **pinpoints the emergence of overlapping exclusive windows that have appeared as a consequence of subsequent changes in release timing or strategy.** These shifts in dates expose the organization to another potential source of friction with their business partners, missed payment dates due to overlooked contingent events within an agreement. Coherent management of event-driven payment dates is essential to maintaining a reputation as a competent and conscientious business partner.

Within legal departments, the biggest unspoken fear is failure to act upon an Option prior to its expiration. Most options pass quietly into the night because events during their term made the underlying opportunity uneconomic. However, a small minority of options prove to be strokes of genius that enable the organization to negotiate a far better agreement on a now proven winner than would have been possible on a level competitive playing field. Option exercise deadlines become administratively challenging when they are established as a set time interval (say, 6 months) beyond an estimated event (hiring of a script writer).

The challenge expands when the opportunity is actually just a tiny subset of the rights controlled by the option, easily lost in the shuffle until someone in management asks that dreaded question: “When will?...”, when it already has. Event-driven calendaring that is fully integrated with the source agreement database not only keeps contingent payments under control, it has the power to provide months or weeks of advance warning on deadlines that were envisioned years before, but unknowable until current events turned estimates into actual cut-off dates.

The digital age and the accompanying explosion of exploitation and exposure opportunities has effectively made significant portions of time tested legal boilerplate language obsolete and, in some cases, potentially dangerous. Major legal battles have been fought and lost by companies that believed that their definitions of “all future media” protected them from being blindsided by author demands for additional compensation. Proper Document Assembly methodologies and technologies are required to ensure that innovations in legal language within the corporation are propagated throughout the new agreement process and, **most importantly, automatically incorporated into extensions or amendments to existing agreements.**

The primary concept of most intellectual property acquisition or sales agreements is an exchange of value, business rights for monetary compensation. Over time, precise definition of those rights has the potential to dramatically shift the economic balance in favor of one party or another by creating the possibility for an additional grant of rights where none would have existed. Licensing a book for publication in a French language group of countries for French rather than all languages can result in a windfall when unexpected success makes an English language version in those same territories a desirable commodity. Similarly, **precise establishment of guarantee formulas by asset, territory and possibly right or distribution channel, creates the opportunity to aggressively manage licensee activities**, while satisfying their need for flexibility through cross-collateralization.

Fiduciary Responsibility

Contracts, no matter how precisely drafted, must rely on an atmosphere of trust and shared goals in order to achieve their ultimate aims of maximum revenues and balanced success. Fiduciary Responsibility is a legalistic term used to express that philosophy. In day-to-day operation, this concept translates into an ongoing need to ensure that a corporation’s actions are not perceived by its partners as being deliberately harmful to their interests. A general reputation for competence is the most obvious and most challenging aspect of proper stewardship of the interests of all concerned parties to an agreement. Touch point for an image of care and capability is Participations Payable. Suspicion reigns supreme among recipients of licensee royalty reports that information has either been accidentally or purposefully withheld from them that could have increased or accelerated cash payments. **A contract-driven, cash-basis system of transaction accumulation, analysis and reporting is essential to overcoming this fundamental obstacle to trust in a long term partnership.**

The Achilles Heel of intellectual property operations is their vulnerability to negative audit reports to the tax collector, public corporate governance or key business partners. Auditors rely heavily on the ability to spot check summary numbers by drilling down to their original source transactions. Within most corporate order processing, payment and billing systems, this process is nearly automatic and usually foolproof. In the world of intellectual property contracts, the situation should be the same, but is frequently a haze of undocumented decisions, unreconciled general ledger entries and estimated contract values. Microsoft Excel and Word are the most common culprits. Their terms and calculations are mysteriously incorporated into invoice line items, revenue recognition adjustments, credit memos, revenue reversals, cash revenue estimates, payment calculations, account history records and rights management analysis without conclusive justification. In fact, to date, **the one area that auditors never review, but should, on behalf of public stockholders is effective utilization of asset value** (looking for holes in the exploitation pattern), simply because the fundamental record keeping involved is typically so arcane as to make the task impossible to accomplish.

Uppermost in the minds of long term licensors of major properties is maintaining the sustained attention of their licensees to opportunities for revenue generation in secondary marketplaces and product lines. One of the biggest sources of tension and dissatisfaction in a granted rights relationship is the lack of visibility to the licensor of the current exploitation pattern for their asset. In other words, is there an active licensee for Internet rights in Greece? How soon will the book rights in Australia expire? What deals are pending in the United States?

Corporations that have an efficient ability to report on historic, active and pending agreements become the most desirable business partners when competitive bids for high profile opportunities are considered by authors and inventors.

Centralized information and asset identification systems create the opportunity for watermarking and versioning of assets that are subject to the risk of piracy through deliberate or inadvertent diversion by business partners. Centralized databases also reach out to external business partners and internal staff members in ways that are impossible in an intellectual property world where isolated information sources and personalized spreadsheets provide most of the operational intelligence. **Rights availability, performance history, submissions records, contract status, contact management events and royalty reporting interfaces that generate massive improvements in efficiency, accuracy and satisfaction become obvious opportunities for automation.**

Staff Accountability

Internal or external auditors that uncover areas of concern during their reviews then seek to determine whether apparent inconsistencies are the product of individual incompetence, systemic lack of controls or deliberate fraud. The first step in making that determination is an effort to tie individuals or departments to the suspect transactions or records. A system that automatically records the originating author of every contract, cash receipt, payment authorization, location release, materials requisition...everything, is critical to that capability. Equally important is the assurance that **every transaction, no matter how old or seemingly irrelevant to present business activities, has been retained, without exception.** Most challenging in achieving 100% retention are transactions whose reference information no longer fits the current business model. All reference fields must be retained in a deactivated, but available state within the system so that transactions are not only retained, but are instantly accessible on a practical basis.

The grim reality at most intellectual property organizations is that there is at best a tenuous hold on internal awareness of current rights availabilities. **Contract revisions, contingent term start and end dates, exclusivity windows, inconsistent territory definitions, multiple asset packages, and loosely defined rights all conspire to make even the most diligent efforts at precision rights management no better than 80% accurate.** The idea of going back in time to review historic rights utilization efficiency over months or years approaches pure fantasy. This widely recognized lack of management accountability allows sales departments to focus their attention on current revenue hot spots while ignoring run of the mill exploitation efforts that bring in thousands rather than millions per deal (but enough to be the difference between profits and losses in a year without hits). In addition to aiding departmental guideline enforcement, expired contracts, with their associated invoices, revisions and cash collections, have perpetual value as tools in negotiations, employee reviews, performance audits, participations payment challenges and post-mortem contract disputes.

Successful contract administration relies on the availability of a convenient method for examining the details of initial negotiations and subsequent revisions. Current versions of agreements may or may not fully reflect relevant historical information that has the potential to significantly impact pending extensions, amendments or payments. Every significant version of a contract that represents a change in position, by either party, should be available, with notations that represent either planned strategies or reactive comments by corporate negotiators. Word redlining is usually insufficient because of the lack of coherent discussion threads and the uncontrolled creation of parallel or overlapping documents. **Negotiators and administrators are thus protected from effective scrutiny of their logic, diligence and initiative in protecting and promoting corporate interests.** Similarly, proper revenue recognition planning requires visibility to key terms and conditions that determine availability for initial exploitation, actual release dates, guarantee deadlines and payment schedules. The contingent nature of many of these dates creates an environment of guesstimation that is kept carefully suppressed beneath the surface (and out of reach of corporate finance and thus, their control) to the detriment of corporate goals for consistent earnings growth and accurate quarterly revenue projection.

Business Case

Growth Support

The primary rationale for aggressive investment in systems technology is the intuitive sense within management that attempts to support the growth of the business by simply doing more of what has been done in the past will be counterproductive and possibly harmful to financial success. The press abounds with stories of inadequate controls, weak management information and poor interdivisional coordination bringing down CEO's, management teams and occasionally, entire organizations. **Giant corporations have successfully emerged in many fields on the strength of massive computerization efforts that resulted in a level of collaboration among business partners that had never before been contemplated.** The actual existence of Amazon.com is a testimony to the revenue possibilities that are opened up by something as straightforward as the ability to electronically source virtually every book printed in the 20th and 21st centuries.

Intellectual Property organizations must be both deeply realistic in assessing their current situation and broadly expansive in exploring potential opportunities. Contract Intelligence provides the former. An Intranet Portal aimed at sales representatives and agents accomplishes the latter. Both depend upon a comprehensive integrated business system that provides all needed answers at the depth and breadth required. Interdepartmental controls that both coordinate synergistic activities and enforce consistency in contract terms (and their subsequent administration and accounting) are key to this globalization of information. **Business Rules embodied in Workflow Management Approval Processes and Rights Management Availability Analysis ensure that a consistent world-view is maintained throughout the organization.** The resulting information integrity forms the foundation upon which all asset development, creation and distribution is effectively coordinated corporation-wide.

Integrated Distribution Campaigns produce optimum results through expanded opportunities for creative planning and early stage involvement of key business partners. The ability of an information system to, on an ad hoc basis, piece together and simulate hypothetical sales and marketing campaigns based upon related historical performances is a tool of unprecedented power in the hands of an information specialist. Workflow Management Contact Management Agendas provide the mechanism for **automated email generation, personal contact reminders, record keeping and informed management review** that is essential to this process.

Incremental Revenues

Famously well-run corporations such as General Electric pride themselves on constantly reexamining ongoing activities for opportunities to incrementally increase revenues and profits. System investments lay the groundwork for undertaking that same type of periodic self-examination within the intellectual property enterprise. Effective systems have a direct and obvious impact on the coordination of first run roll outs of major new assets such as books, film titles or patents by properly informing activities that had previously been left to routine “rule of thumb” execution. However, **incremental increases in revenue through expanded cultivation of mature assets and accurate administration of existing agreements is often the most predictable generator of verifiable system investment returns.**

Mature assets are commonly under-exploited by millions of dollars, euros or pounds each year as their visibility to the sales force and rights clearance support gradually decline over time. Availability searches that efficiently locate saleable assets by genre, territory and exclusivity, simultaneously expose those assets to sales representatives while effectively pre-approving their release for the use in question. Timeline reports highlight windows of exclusive or non-exclusive exploitability that would otherwise remain shrouded in mystery. Disposition of Rights reports provide the **“who, when, where and how much”** from the past needed to properly identify and value opportunities for asset relicensing to existing customers (or their arch-rivals).

Other sources of incremental revenues are to be found in ancillary rights and territories whose license fee potential can be earned profitably only through exceptionally efficient opportunity identification, optimum pricing formulations and bundled administration and fulfillment. Crucial to this process of turning **“lemons into lemonade”** is the ability to precisely define and effortlessly manage agreements that contain potentially valuable marketplace success premiums. **Economic victories in the consumer marketplace automatically increase net profits.** On the reverse side of this equation, efficient methods for canceling grants of rights that are left unexploited by licensees frees the licensor to find the proper outlet for its assets.

Organizational Evolution

Reengineered Communications

Without system support, Intellectual Property organizations are cluttered by personal databases and buzzing with interpersonal communications. This 18th century approach to collaboration wastes time and limits knowledge transfer. Verification, confirmation, replication, interruption and miscommunication consume the day. Management directives, personal initiative and procedural changes are lost in the shuffle. Staff overtime becomes a permanent solution. Critical information is lost with each resignation.

Disconnects occur between three major functional groups: Sales, Finance and Legal. Each group maintains their own contract databases. Each group prepares their own analytical spreadsheets. Each group declares information provided by other groups to be of suspect reliability. Executives struggle to integrate inconsistent presentations and assumptions from each department into a meaningful statement of the condition of the business. Organizations stagnate.

Organizational commitment to investment in System 7 is predicated on some form of return on investment analysis. **2-3% increases in net revenues represents a conservative forecast.** In other words, a business with a \$10,000,000 per year turnover should see a minimum increase of \$200,000 to \$300,000 in annual net profits *without adjustments to staffing*. Enhanced productivity.

System 7 takes center stage in several roles. As a contract administration tool it automatically generates emails and maintains a web-based event monitoring list. As a rights management tool System 7 collision tests contracts and calculates rights inventories. As a finance tool System 7 prints invoices and recognizes revenue. **All of these tasks are accomplished with a single contract key-in process.** No redundant data entry or validation anywhere.

Workflow Management defines electronic review and approval processes for products, projects, contracts, negotiations and materials. Contract Revisions and Version Control maintain unlimited interim copies of important documents. Contact Management centralizes Sales contact record keeping. Invoice Posting automatically converts contract payment schedules into customer invoices and vendor payment requests. **Mountains of paper, thousands of emails and many person-years of duplicate data maintenance are eliminated.**

Expanded Inspections

Fragmented environments block most efforts by senior management to determine whether assets are being properly deployed and personnel assignments accurately prioritized. Glaring weaknesses in strategy and execution are easily hidden within personally maintained spreadsheets and databases.

Effective executive supervision is built upon analytical reports that integrate deals, rights and financial information. **All types of contract, distribution and accounting processes are fully illuminated.** Year to year declines, unrenewed expirations, incomplete exploitation patterns, late payments, receivable writedowns, unrecouped guarantees, delayed revenue recognition and many other underperformance issues command attention.

Cash Management (Agings, Exploded Agings, Cash Projections), Availability Reports (Matrix, Time Line, Historical), Sales Analysis (Guarantees, Royalties, Revenue Recognition) and Workflow Tracking (Approvals, Contacts, Submissions) **put powerful analytics in the hands of those that need them most.** Data is summarized. Data is compared. Data becomes information.

Shared Services

Integrated systems create the opportunity for rethinking departmental and organizational workflows and responsibilities. Contract abstraction and monitoring expertise is frequently maintained in multiple physical locations. The challenge of effectively analyzing and communicating the total operational implications of new or revised contracts seems impractical. Intelligence is too decentralized. Information gathering is a full time quest. Staff wears too many hats and spends too much time verifying incomplete information. **Contract information is typically captured 3 to 12 times.**

Contract Rights Management allows staff to focus more attention on revenue generation and collection. System-generated reports, single entry record keeping and automated information sharing free administrators to pursue higher priority activities. A seismic shift in operating style occurs as **contract administration coordinates new workflow patterns.** Legal, Finance and Sales use Contract Administration as anchor point for tracking contractual relationships and documentation.

System 7's **Universal Contract Database** captures all forms of agreements, Acquisitions, Engagements, Sales and Representation in a single database. Every query and report has access to the details of every agreement (with security clearance). Sample Query: every contractual payment (inbound or outbound) relating to a specific Asset. Net licensing profit analysis, asset cash flow projections (payments and collections), talent royalty exposure and terms comparison redlining are additional possibilities. **Standard reports and queries perform the magic.** No need to go into the business of creating custom reports and databases.

No Need to Reinvent the Wheel

Why Waste Capital on Software Development?

Numerous companies have spent tens of millions of dollars developing systems and solutions to support the process of intellectual property management. To date, these efforts have not succeeded. What could these companies have done with this capital? Developed a new feature film? Launched a marketing campaign? Acquired critical broadcast rights? Invested in their core business model?

This money is better spent investing in a specialized software vendor with a proven track record of success in this field. Jaguar clients implement these solutions for a fraction of these costs. The differential becomes more obvious when the payroll of an ongoing custom development support team is compared with the cost a support agreement over a five or ten year period.

Jaguar's latest, System 7 Universal Rights Management, builds on 20 years of continuous enhancement to provide the most flexible, cost effective and integrated intellectual property management system in the world. This success has been achieved through extensive collaboration with hundreds of different organizations that provided invaluable input into all versions along the way. Throughout its history, Jaguar has stayed true to principles that steer the overall development philosophy. These design principles highlight why System 7 is in a class by itself.

Cost of Ownership

Ongoing experience with custom development has shown over and over that a flexible software package typically costs up to 90% less to own and operate. Software which supports multiple clients, outsources support to the vendor, and continues extending functionality, consistently requires fewer human resources to maintain and enhance. Internally developed solutions usually suffer from endless design rework and user confusion, or worse, produce systems that after a few years are no longer evolving. They simply lack the benefits of multiple client design and feature input. Why pay for what already exists at a fraction of the cost?

Feature Richness

System 7's maturity means that virtually all of the customizations that one might ask for in another software package, or with custom development, have already been included as part of standard System 7 capabilities. **Code engineering has been replaced by configuration decisions.** More than 100 standard reports and queries, such as Availability and Financial reports, are provided, each with dozens of powerful search and display options. If that's not enough, standard tools such as HTML/ASP pages and Crystal Reports can be used to create self-designed information access.

Continuous Contract Monitoring - CCM

My Jaguar is the latest incarnation of Jaguar's contract monitoring functionality. Central to CCM is Action Management, an intricate event-driven calendaring and system control database whose impacts reach out to touch virtually every process. Action Management can best be conceived as a series of preset dominoes, whose effects are felt system-wide, division-wide, asset-wide, contract-wide or project-wide as desired. The evolution of CCM over the years has resulted in most important System 7 activities becoming types of standardized events rather than unique data records. Payments, invoices, guarantees, license windows, contract status, revenue recognition, emails, deliveries, fulfillment triggers, releases, approvals and reminders **are all events**, easily grouped or segregated by department, responsible party, asset, contract, type and countless other criteria.

Complex Rights Management - CRM

Custom Rights Framework is the latest generation of Jaguar's complex rights management solution. CRM provides an infinitely flexible data structure upon which to build trusted Availability and Collision analyses. Crucial to CRM's success is working **directly from source contract data** to conduct every query, report and validation. Original rights data, interpreted on the fly, eliminates risks that amendments, consolidations or manual intervention will cause unsuspected pollution and fatally flawed results. CRM records unlimited levels and versions of granted rights per Asset, Territory, Right and Distribution Channel in concert with Language, Exclusivity, Restrictions, Contractual Events and Date Windows, initially for contract intelligence, ultimately for perpetual record keeping.

Contract to Finance Integration - CFI

Transactional Contract Revisions moves System 7's contract to finance integration into compliance with Sarbanes-Oxley's stringent requirement for **auditability** of all material accounting processes. Fresh transactions are created to record debit memos, credit memos, accrual revenue postings, receivables postings, participations postings, cash reapplication postings and cash revenue postings. Royalty Guarantee liabilities, Advance consumption, Participations due and Cross-collateralization impact adjustments are captured in contract revision databases as well as in net-effect transactions. Every transaction, all the way through to **General Ledger Export**, is tagged with source contract, people/entity, asset, territory, right, division, distribution channel, plus an unlimited number of other pre-defined options (including originating batch codes) for maximum traceability. Data Warehouse data gathering techniques are facilitated by ironclad consistency of transaction identification.

Full Asset Life Cycle Support

Integration capabilities do not stop with finance integration of contract data. Jaguar integrates the activities of legal and business affairs departments with sales and finance needs. No longer do sales and legal need to wonder which amendment is the latest version. System 7 tracks primary rights, underlying rights, rights limitations, windowing policies, multiple contract versions, acquisition deals and long form terms and conditions. All of these pieces can be utilized to create multiple versions of long form agreements to help streamline the legal contract development process.

Jaguar software is the only package in the world that provides these unique capabilities. In short, Jaguar has successfully implemented its solution to support the full intellectual property life cycle (Legal, Business Affairs, Sales, Finance, Accounting, Collections) at a fraction of the cost of custom development to produce these same functions.



7. Contact Information



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Jaguar Mission Statement

Jaguar's purpose is to provide the computer technology and professional services required to support the efficient creation and dissemination of intellectual property of all types throughout the world. As an organization, Jaguar is devoted to incorporating the best ideas of its clients, prospective clients, staff members and design team into continuous improvement of its software systems and implementation processes. Jaguar believes that effective Intellectual Property Management is one of the most powerful forces for elevating mankind's standard of living. Jaguar sees its role as a collaborative partnership with its clients, industry associations and affiliated organizations in expanding the intelligence, efficiency and profitability with which they pursue their various aims. Jaguar appreciates the opportunity to constantly pursue the leading edge in this worthwhile endeavor.

