



Sound Recording Royalty Distribution Agency

Performance-Based Royalty Distribution System

Business Challenge

A non-profit Performance Rights Organization, is the sole entity designated by the U.S. Copyright Office to collect and distribute royalties to copyright owners and featured and nonfeatured artists. The organization is responsible for collecting and distributing royalty payments from all eligible digital music services operating under the statutory license provided by the Digital Performance Right in Sound Recordings Act of 1995 (DPRA) and the Digital Millennium Copyright Act of 1998 (DMCA).

This agency desired a strong technology solutions partner to help create and implement the long-term technology vision and solution architecture for their core Royalties Administration system. The vision included:

- The ability to account for per-performance royalties and micro-payment level accounting
- A configurable licensee distribution rules engine to support the agency's back office services in a broad range of Royalty markets
- The ability to quickly process large amounts of track-based royalty data
- An agile and scalable solution architecture
- Formalization of product development and quality assurance methodologies

Solution

Acumen Solutions partnered with the agency on an Integration Services project to provide solution architecture and full software lifecycle development and project management services to address its immediate business challenges and long-term growth strategies. In addition, they designed, developed and implemented a flexible, scalable solutions architecture, based on object-oriented design and a formal product development approach, extending the efficiency of the organization's royalty management and distribution products and services.

Acumen Solutions also assessed the existing architecture, application code, and data and first validated the client's existing Royalty Administration platform. Next, they redesigned the client's Royalty Distribution System into a highly dynamic, performance-based royalty distribution transaction processing system that will support their future strategic direction. To better understand the requirements and demonstrate increases in performance, Acumen Solutions prototyped the new platform followed quickly by a simulated royalty distribution. Lastly, they formalized the processes and controls around the development lifecycle through joint discussions of requirements, formal feedback on design documents and detailed code reviews.

Return on Investment

The re-design of this agency's Royalty Distribution system has had a significant bottom line impact by dramatically improving overall performance, flexibility, and scalability of royalty check processing. The organization's Royalty Distribution system can readily handle future growth in licensees, license types, and additional distribution functionality. The re-design effort has had a material impact in a number of key areas:

- Operations were streamlined, thus increasing the amount of royalties processed by over 500% from 2003 to 2004
- Significant payments were distributed to artists and recording companies, as fractions of cents began to add up through increased distributions



- Any royalty type can be distributed to any type of entity (e.g., artist, copyright owner, producer) by the configurable royalty rules engine
- Flexibility has greatly reduced time to market for the organization's current and future royalty and performance distribution service partner