

**crb - Comments regarding 37 CFR Part 370 - Notice and Recordkeeping for Use of Sound Recordings...**

**From:** Lou Ellman <lou@royaltyzone.com>  
**To:** <crb@loc.gov>  
**Date:** 1/28/2009 4:18 PM  
**Subject:** Comments regarding 37 CFR Part 370 - Notice and Recordkeeping for Use of Sound Recordings...

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 Copyright Royalty Board

Copyright Royalty Board members:

I applaud your effort to improve recordkeeping, reporting, and artist compensation accuracy via the proposed transition to a census reporting process. Royalty reporting and license agreement compliance can be a complex and cumbersome task for both licensors and licensees. For this reason, I founded RoyaltyZone with a singular goal: to make agreement compliance and royalty reporting easier to manage for everyone involved in the process.

RoyaltyZone offers a secure, scalable, configurable, and easy to use online platform for the transition to census reporting. There are eleven (11!) different reporting spreadsheets available for download on the SoundExchange website. RoyaltyZone would provide licensees with a single portal that walks them through the reporting process - step by step. It's like TurboTax for royalties. SoundExchange can configure the required report fields and format, and export (or integrate) collected data with their back end systems.

Please see our response below to the questions posed in your document dated December 23, 2008:

**What, if any, commercially available software has become available since the promulgation of the interim regulation in 2006 that could be used to compile records of use?**

RoyaltyZone was founded in 2007 to streamline license agreement compliance, royalty reporting, and payment tracking processes. A web based subscription service, RoyaltyZone is used by both licensors and licensees to better manage copyright, patent, and trademark license agreement compliance.

**Would such software produce records of use that are format compatible with SoundExchange's data processing system?**

RoyaltyZone provides a configurable reporting rule engine that allows SoundExchange to define the required royalty report fields and data format. Licensees are presented an online royalty submission form that provides reporting instructions, enables upload of required information, and automates any necessary calculations (Net Sales, Royalty Owed, etc.) The result is an accurate and timely royalty report delivered in an electronic format compatible with export/import or integration with back end systems.

**What are the costs associated with such software?**

RoyaltyZone is an annual subscription service, with pricing based on the number of active license agreements managed. The service is remotely hosted, so there are no costs for hardware, hosting, or infrastructure. We would need to better understand the scope of the project to provide detailed

pricing information.

**Have technological developments or software improvements reduced the average estimated costs of creating and maintaining a Web site for receipt of records of use since the interim regulation was promulgated in 2006?**

Yes, RoyaltyZone utilizes a number of new technologies, including Ruby on Rails and Cloud Computing to provide a cost effective platform.

**Have data security methods improved since the promulgation of the interim regulation such that maintaining a Web site for receipt of records of use is now subject only to the same general level of risks as other methods of electronic delivery? What are the current security concerns and how may they be addressed?**

RoyaltyZone considers application security a top priority and has implemented a security policy similar to online banking:

- Physical Security: RoyaltyZone is hosted at a SAS 70 Type II compliant data center with biometric access protection.
- Application Security: assignable user roles determine permissible level of access for each user. Accounts and users are not able to access any data, unless invited to view such data. User sessions time out when inactive, and industry best practices are implemented for password management.
- Data Encryption: RoyaltyZone utilizes 256-bit SSL security technology.

**Is there now commercially available software that could facilitate the electronic delivery of reports of use to a Web site and, if so, would the benefits of such software justify its costs?**

The benefits of online royalty reporting:

- Provide a shared central repository for all license agreement data and reporting instructions
- Broadcast key agreement dates, documents, and balances
- Collect all required data, in the correct format
- Enforce allowable deduction rules
- Automate royalty rate application and report calculations
- Eliminate spreadsheet and math errors
- Create, send, and track electronic invoices
- Enable electronic payments

**Is it more efficient for the Collective to develop a system to report and deliver the records of use and make that system available to the Services?**

Building a home grown system will match the specific and unique needs of your organization. However, a significant effort in design, development, testing, training, and deployment will be required. You'll be responsible for all hardware, software, and hosting costs and will need to keep a team on hand for user support, software enhancements, and bug fixes. Project costs are often underestimated and can exceed expectations.

Purchasing commercially available software will enable you to achieve the majority of your goals. Some custom development may be necessary to add additional features unique to your organization. There is minimal effort to get started - the vendor will provide a secure, scalable

platform; assist with implementation; train your users; and provide phone and email support.  
Predictable annual subscription costs also include scheduled software updates and releases.

I am confident that RoyaltyZone can provide a cost effective online platform to facilitate the transition to census reporting. Please email or call if you have any questions or would like additional information. I'd also be happy to arrange a web demo for you or any interested party.

Regards,

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