



RoyLT

RoyLT is a complete royalty system that helps maintain licenses, process sales income, calculate royalties, generate statements and maintain project finances. RoyLT was originally developed for Rhino Records and has been in use since the year 2000.

Because Rhino Records specializes in compilations, the licensing functionality handles 3rd party and outgo licensing as well as foreign and mechanical licenses. RoyLT even provides royalty processing for Internet sales of individual songs.

RoyLT has a security scheme that allows managers to define roles for users and groups of users. Menu items can be enabled by roles, giving you the ability to restrict access to sensitive company data.

RoyLT is a client server application that runs on a PC platform using a PowerBuilder user interface and Oracle RDBMS and it can easily support fifty users or more.

RoyLT Features

License Maintenance

RoyLT allows users to set up projects and maintain license rates for both master and mechanical licenses. License information is kept by track and album. The rates for a license agreement include basis rates, rate reductions for discount sales, rate escalations for increasing sales and reserve levels by time periods. RoyLT also tracks foreign and media license agreements.

The following items are tracked for each license:

- Royalty rate and basis
- Advanced and unrecouped amounts
- License approval and expiration date
- License number and HFA song number
- Escalation rate and basis by sales threshold
- Ownership percentage for copyright owners
- Foreign rates

The following license reports can be generated:

- Copyright and master licenses reports which give license details for one or more albums selected based on licensee, label or album

- Unapplied copyright and master licenses reports detailing unapplied earnings due to missing licenses by album and track
- Song copyright license report detailing the license information for a composition or song used on various albums so license rates and ownership shares can be compared

Income Processing

RoyLT's flexible sales reporting gives visibility into sales and licensing income. Domestic sales are loaded from fixed format files compatible with WMI-generated files. Foreign, media and 3rd party licensing income is loaded from tab-delimited files.

Sales files often contain incorrect information. RoyLT displays the errors encountered in the loading process and allows the user to correct the errors or delete the record. After the errors have been corrected, the sales file can be reloaded.

Exchange rates for each country can be entered by date for converting foreign sales income into dollars. Foreign income can also be entered manually for those times when the sales information is not available in the tab-delimited format. Once sales and income files are loaded, RoyLT provides the following sales and income reports:

- Quarterly domestic sales
- First-time sales
- Domestic sales ranking - displays albums and sales units by company, artist or configuration
- Domestic weighted average sales units - displays the net period and weighted average sales by album
- Media licensing income revenue by licensing project or customer, comparing licensing income of two time periods by media type
- Product sales analysis - displays the number of units shipped by label, held in reserve and sold for the latest reporting period
- Foreign sales activity report - viewed by territory, album or period
- Foreign sales royalty - showing the accumulated royalties and AFM obligations by territory and album
- Unapplied foreign licenses summary showing the albums and countries with sales income but with no licenses and the royalty expenses accrued



Royalty Computation

Flexible royalty calculations can handle both simple and complex contract agreements. Copyright and master pay on units are calculated separately, allowing for different reserve policies. This process can be rerun after reserve policies are adjusted.

Royalty expenses are calculated on sales for a period based on real and expected rates. Estimated rates for copyrights and masters can be entered for albums that have sales but no rates. A report lists all albums with estimated rates.

Royalty calculations for masters consider basic rates, sales basis, packaging deductions, rate reductions for sales and media type, escalation based on sales plateaus, and cross-collateralization. Payments to artists consider reserves and recoupment of company expenses.

Royalty calculations for copyrights consider the percentage of statutory rate, rate escalation with changes in the statutory rate, cross-collateralization by song, and controlled compositions. Artist and publisher reserves can be specified separately.

RoyLT accepts rates defined as penny rates, percentages of retail or wholesale prices, or percentages of receipts. Rules can be specified regarding the greater or lesser of retail-based and receipts-based payments, and other criteria.

Royalty reports include:

- Royalty expense analysis - can be generated at a summary level that lists the net royalty units and reserves by selection for a period. The detail level lists the foreign and domestic rates and royalty expenses for the period and the adjustment level lists any royalty adjustments made during the period.
- Royalty expense reserve summary - lists the reserve amount for each company for a specific period.
- Product sales analysis report - lists the net sales, copyright and master reserve units for each album for the current period and total to date through the prior period. This report can also be generated showing the free goods units only.

AFM Payments

RoyLT allows users to designate the tracks or albums that are eligible for AFM payments. The user can specify that no AFM fees be paid on the sales of a specific album and can specify that individual tracks on an album require AFM fees while other tracks do not.

The AFM contract defining the payments is automatically selected based on the release date of the album. The user can view the SPF and MPTF rate to be paid by track or album. The album rate is the sum of the rates for the eligible AFM tracks.

The rate information can be viewed and edited by configuration for the AFM contract periods including the deductions, price limit, sales unit threshold and sales unit limit. As new AFM contracts are defined, the effective dates, SPF and MPTF rates, unit sales thresholds and maximum units for payment by AFM groups can be added. The new AFM rates will apply to albums released within the new effective dates.

After loading quarterly sales, the AFM payments due by company can be calculated. The calculations consider the rates in the AFM contract, sales units to date, sales unit thresholds and maximums, packaging deductions, and the sales price. There are several reports that help with the analysis of payments due. Users can see the units sold for the period and the SPF and MPTF payments due by selection, by AFM contract period, by selection within an AFM contract period, and by label.

There is also an AFM exceptions report that identifies the tracks which meet the general AFM eligibility rules but which are not designated for AFM payments to aid in reviewing the AFM obligations.

Statement Generation

Statements can be printed for the current period. After reviewing the statements, payment adjustments and transfers can be made. Transfers can be made from a single account to multiple accounts and from multiple accounts to a single account. Each step in a transaction can be electronically commented upon for future reference.



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After all adjustments have been made and the statements reviewed, final statements can be printed or generated electronically.

The statement includes:

- A statement header area with the prior statement's ending balance and the payment amount and check number cut to pay that balance, if any
- A master section, if applicable, that includes:
 - Any new advances issued within this period against each license
 - A project header showing project catalog number and title
 - Any net sales paid on units and amounts against albums on that project and license
 - Lease-out activity for songs on each license, if present, with its own headings
 - A license sub-total (total royalty earned, ending advance balance and net payable)
 - A section total (net payable)
- A copyright section (mechanicals), if applicable, that includes:
 - Publisher heading showing publisher name
 - A project header showing project catalog number and title
 - Any new advances issued against the license within the period
 - Any net sales activity against songs on the license and project sorted by song title
 - A license total showing song number, total royalty earnings, ending advance balance and net payable
 - A publisher total (net payable only)
 - A section total (net payable)
- A statement trailer area with any manual adjustments to the vendor's account as a whole for the current cycle and the current statement ending balance (net payable or unrecouped balance carried forward)

The net dollar result of all this activity (ending balance) is the amount owed to the vendor or by the vendor in question (unrecouped balance). For each vendor statement, an audit trail is maintained to record the net balance for the period. Reserve option statements can also be generated to show the payment due if all the reserves and future period income were paid out.

A file can be generated that requests checks from the user's accounting system. A separate check request is issued for each type of license. Recoupable expenses, write-off expenses and inter-company postings can also be exchanged with the accounting system.

Statement reports include:

- Statement balance for each payee
- Statement summary which lists for each payee: the prior balance, master earnings, publisher earnings, foreign earnings, licensing income, adjustments, payable balance, unrecouped balance and ending balance for the period
- A write-off reserve summary listing the company's net exposure after reserves are applied for each payee

Our Company

Since 1981, R.B. Zack & Associates' mission has been custom software development and business application systems and services. One major focus has been the entertainment industry where we have developed applications in the following areas:

- Royalty Accounting
- General Ledger
- Accounts Payable
- Accounts Receivable
- Inventory Control
- Sales Order Processing
- Promotional Order Approval Processing
- Inventory Purchasing
- Non-Inventory Purchasing
- Sales Forecast Modeling
- Contract Administration
- Project Accounting

Because of our years of experience with most of the major labels, we understand the unique business problems faced by the recording industry. We are proven software development specialists with the experience necessary to understand the needs of people in your accounting, business affairs, royalty, production, inventory control, purchasing and other operational departments. Most importantly, we have established a solid reputation for honesty and reliability and for creating effective software.



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RoyLT Product Overview Continued

Our music industry clients include:

- Warner Music Group, Inc.
- Rhino Records, Inc.
- EMI Records Group, N.A.
- WEA, Inc.
- Warner Special Products
- Sony Entertainment
- Universal Music
- Bertelsmann AG's BMG

Contact Us

We would be happy to discuss your royalty processing needs with you. Contact us today at info@rbza.com or 310.303.3320.