



PUBLISHERS' LICENSING SERVICES

ANNUAL REVIEW 2017/18

PLS is owned and directed by:



PLS: Innovator of the Year



LOOKING BACK OVER SIX YEARS

This is the sixth and final report that I will write as Chair of PLS. Before next year's report, I will have completed my term and a new Chair will have been appointed.

This will end an association with PLS spanning nearly 25 years, as consultant, employee and Chair; however, my focus in writing this valedictory report is the five years during which I have had the privilege of chairing the Board, a role which more recently has included being co-Chair of the CLA (Copyright Licensing Agency), a job shared with the Chair of ALCS (Authors' Licensing & Collecting Society).



Mark Bide
Chairman

These have been years of unprecedented change and development for PLS, as for CLA. Both have recommitted to serving their primary stakeholders more effectively. Both have substantially increased their technological capability, as they strive to ensure the continued relevance of collective rights management for both licensees and right holders. This is well illustrated by the development of PLS Permissions services and reflected in our decision to rebrand PLS.

Despite concerns about the maturity of its market, CLA has enjoyed another record year, as has NLA media access (from whose licensing some of our magazine publishers benefit). As a result, PLS was able to make £36 million distributable to publishers, a significant contribution to the industry.

The closer collaboration that we now enjoy with colleagues at CLA and ALCS is demonstrated by our shared office space – as our current lease comes to an end, it proved an entirely automatic decision that we should seek out new space together.

A major contribution to our greater sense of partnership was the independent rights valuation that we undertook in 2015/16, working with ALCS and representatives of visual artists. This brought to an end decades of disagreement about how revenues from different sectors should be distributed between different classes of rights holder.

A major part of the responsibility for the success of PLS lies with Sarah Faulder, PLS' CEO throughout my tenure. Sarah and her able staff work tirelessly to deliver first class service to publishers and, as every year, I thank them on your behalf.

Finally, I have been ably supported over the entire period by senior publishers willing to give generously of their time and wisdom to the governance of PLS. I thank them all, with a special thank you Peter Richardson and Jen Holton who have left the Board during the year following retirement; and a welcome to Tim Williams and Timothy Wright who have joined.

OVERVIEW OF THE YEAR

Our new comprehensive PLS Permissions service has been welcomed by publishers keen to introduce affordable efficiencies into this aspect of their business (see pages 4 and 5) It has already saved time and effort for over 2,000 editors and authors seeking permissions. In the Stationers' Company's Innovation Excellence Awards the service earned PLS the accolade of being named Innovator of the Year. The launch of the service triggered a review of our ever growing collection of logos. Our resulting new branding now comprises a themed family of logos which we feel reflect the forward looking PLS of today (see page 11).

In the course of the re-branding we took the opportunity to recognise in our name the fact that PLS is essentially providing services to the publishing industry in all that it does. We have let go of 'Society' but in replacing it with the more appropriate 'Services', we have been able to retain the well known PLS abbreviation. On that note, we were pleased that over 98% of publishers said they were satisfied with the service provided by the PLS team in our latest publisher satisfaction survey.



Sarah Faulder
Chief Executive

The big number in terms of revenues distributable to publishers was an impressive £36 million, up from £32.9 million last year. We thank both our licensing agents, Copyright Licensing Agency (CLA) and NLA media access (NLA), for this excellent result. We have been pleased to work in collaboration with and support both wherever possible throughout the year. The success of collective licensing also depends on our working well with our partners representing authors (Authors' Licensing & Collecting Society - ALCS) and visual artists (Design and Artists Copyright Society - DACS and Picture Industry Collecting Society for Effective Licensing - PICSEL). This has been helped by the fact that in 2017 DACS and PICSEL became members of CLA alongside founder members PLS and ALCS.

Progress on regulatory matters this year can at best be described as somewhat frustrating. The draft copyright directive continues to wend its way through the European Council and the European Parliament, where it has been subjected to thousands of amendments.

The proposal for a press publishers right, as well as one for an obligation on the platforms to ensure that only licensed content is uploaded, have ground the process down considerably. But the directive is expected to be finalised by the end of the year, ahead of elections for the next European Parliament and the date on which the UK is due to leave the EU. Assuming it is finalised as expected then we would expect it to be adopted into British law.

On another front we were disappointed that CLA withdrew its application for extended collective licensing, an application which had won the support of over 98% of the publishers signed up to PLS who responded to our poll last summer. CLA does however intend to re-submit its application once the proposed clarification of extended collective licensing in the above mentioned copyright directive has been implemented.

I take this opportunity to thank Mark Bide and the entire PLS Board for their close interest in and support for the work of PLS and of course the PLS team which continues to deliver an excellent service to publishers.



PLS PERMISSIONS GATHERS MOMENTUM

Tom West
Chief Operating Officer



PLS being presented with the **Innovator of the Year Award**



Tom West
Chief Operating Officer



Jeremy Brinton
Head of Publisher Relations

The PLS year is very often characterised by a specific initiative or project which provides a thematic backdrop to the year's activities. This was undeniably the case in 2017/18 where PLS Permissions was a central focus throughout – featuring prominently in our promotional material and web presence, as well as at book fairs and other industry events in which PLS was involved.

After the official launch at our Open Meeting in July 2017, our attention turned decisively to raising awareness of the service to the industry and beyond. Winning the prestigious Innovator of the Year and Best Digital Technology Application at the Stationers' Company Innovation Excellence Awards in June certainly helped in this regard, providing further endorsement and a great boost to our various marketing campaigns.

Publisher uptake and engagement

Jeremy Brinton, Head of Publisher Relations, spearheaded the drive to promote the service, through a busy programme of meetings, webinars and speaking engagements and we saw the level of interest and uptake build steadily through the year.

A key guiding principle from the very early stages of development was that this should be a service that was relevant and of benefit to all of the publishers whose interests we serve, irrespective of their size, sector or the value of their permissions business. We were therefore extremely pleased that by financial year-end more than 60 publishers from across the publishing industry had signed up. They were of all sizes and ranged from trade to educational and from STM/academic to B2B/B2C magazine publishers.

Service delivery and product development

PLS Permissions is about transforming the experience for those at both ends of the permissions process and while a great deal of our focus was on how we could help publishers to manage incoming requests more efficiently it was vital that we dedicated the same level of attention to the requestor experience.



Amy Ellis
Product Manager



Rachel Hunt
Product Manager

The PLS Permissions suite

For those seeking permission

- PLS Permissions**Request**: an easily accessible, intuitive and free-to-use service for anyone seeking permission to reuse published content.

For publishers handling permissions requests

- PLS Permissions**Direct**: a comprehensive permissions management service designed for publishers with in-house permissions staff.
- PLS Permissions**Assist**: a fully managed service for publishers that would like to outsource permissions management to PLS.

All three services are available with no subscription or up-front costs. Instead a handling fee is applied to all charged for permissions at a rate of 12% for PLS PermissionsDirect and 20% for PLS PermissionsAssist.

The iterative approach to development that we had taken over the last three years provided us with valuable insight into the user journey from the perspective of someone seeking permission and meant that the launch of our fee-payable licensing (FPL) programme while a major step in the evolution of the service, was in many respects simply an extension of business as usual. Because of this the roll out of FPL was smooth, the feedback from users overwhelmingly positive, and the team performed extremely well as the volume of requests rose steadily through the year.

As expected, publisher take-up was shared between the Assist and Direct services according to individual requirements. We found that publishers signed up to PermissionsDirect benefited as much from using PLSclear as a streamlined workflow tool for managing incoming permissions as they did from taking advantage of the automated licensing programmes. This was particularly the case for publishers with non-standard contracts where requests often

require careful evaluation first. It is this high degree of adaptability to publishers' individual requirements and business processes that is a key design feature of PLSclear.

Beyond core service provision we also worked closely with publishers to understand how we could improve the product and have responded to their feedback with several upgrades since the July launch. This strategy of phased development in response to user demand that has worked extremely well so far will continue into 2018/19 with various new features in the pipeline.

It has been an exciting and challenging year for the dedicated in-house team, in particular our Product Managers Amy Ellis and Rachel Hunt, striving to make this important new service a success, and we would like to take this opportunity to thank all publishers that have worked with us and supported PLS Permissions over the course of the year – your engagement and feedback has been invaluable as we continue to develop the service.



For more information visit:
www.pls-permissions.com

INCOME AND EXPENDITURE

	2018 (£)	2017 (£)
COPYRIGHT FEES RECEIVED	38,365,937	35,077,358
Distributable to publishers	(36,073,170)	(32,916,360)
TURNOVER	2,292,767	2,160,998
Income from Joint Venture	1,021	16,193
Administrative expenses	(2,277,608)	(2,301,119)
OPERATING PROFIT/(DEFICIT)	16,180	(123,928)
Interest receivable	26,342	43,998
SURPLUS (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION	42,522	(79,930)
Taxation	(13,857)	16,536
SURPLUS / (DEFICIT) FOR THE YEAR	28,665	(63,394)
RETAINED EARNINGS BROUGHT FORWARD	523,128	586,522
RETAINED EARNINGS CARRIED FORWARD	551,793	523,128

BALANCE SHEET

	2018 (£)	2017 (£)
FIXED ASSETS		
Tangible assets	34,246	57,360
Intangible assets	240,567	330,540
Investment in Joint Venture	5	5
Non-current loan receivable	-	300,000
CURRENT ASSETS		
Debtors	1,386,378	1,299,327
Short-term bank deposits	3,854,035	2,386,287
Cash at bank and in hand	4,103,927	5,914,561
CREDITORS: amounts falling due within one year	(9,046,747)	(9,733,442)
NET CURRENT ASSETS / (LIABILITIES)	297,593	(133,267)
PROVISIONS FOR LIABILITIES	(20,618)	(31,510)
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	551,793	523,128
CAPITAL AND RESERVES		
Profit and Loss Account	551,793	523,128

Commentary: The financial information on this and the previous page does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The income and expenditure account and the balance sheet have been extracted from the audited statutory accounts for the year ended 31 March 2018. These accounts have been delivered to the Registrar of Companies and carry an audit report, which was unqualified and did not contain a statement under Section 495(4) of the Companies Act 2006.

TOTAL DISTRIBUTABLE REVENUE FROM EACH SECTOR

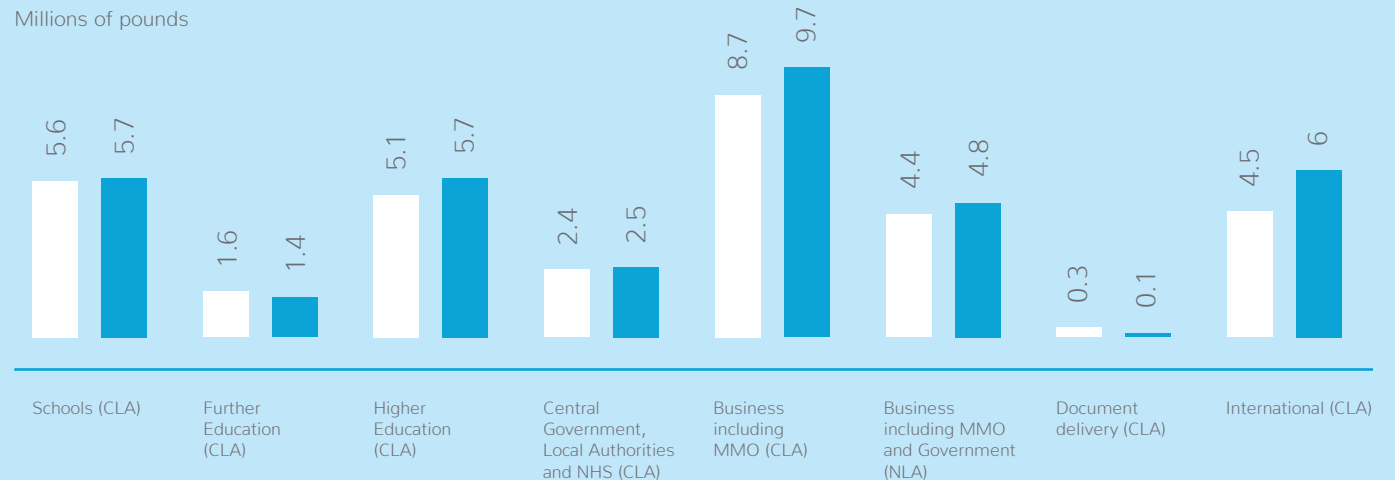
£36 MILLION DISTRIBUTABLE TO PUBLISHERS FROM COLLECTIVE LICENSING

- **Distributable revenue was up 9.6% on the previous year**
- **Number of publishers signed up to PLS rose to 3,850**

FOR EXPLANATION OF DISTRIBUTABLE REVENUE SEE PAGE 9



Millions of pounds



TOP 12 COUNTRIES FOR INTERNATIONAL DISTRIBUTABLE REVENUES

Overview

Distributable revenue in the year ended March 2018 was up 9.6% on the previous year. This was due in part to the strong performance of both CLA and NLA in the Business licensing sector as well as increased revenues from international licensing, including a back payment from VG Wort in Germany following a court decision.

How we pay publishers

We allocate the licensing revenue we receive from CLA and NLA based on title level usage data they collect from licensees through a combination of surveys, audits and record keeping returns.

This data is mapped to titles in our Account Manager service and

distributed to publishers whose titles have been copied under the CLA and NLA licenses. Distributions are made in accordance with our Distribution Charter and Distribution Timetable (available on our website at www.pls.org.uk).

Deductions

Before distribution to publishers the following administration fees and shares payable are applied:

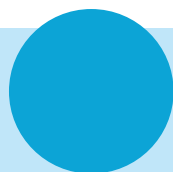
- Copyright Licensing Agency (CLA)
 - CLA's administration fee to cover the costs of its operations: 11%
 - The shares payable to authors and visual artists in accordance with the 2015 Independent Rights Valuation.

- NLA media access (NLA)
 - NLA's administration fee to cover the costs of its operations: 20%

On receipt of net revenues from CLA and NLA, PLS applies the following deductions:

- From NLA revenues: the shares payable to authors and visual artists in accordance with the 2015 Independent Rights Valuation.
- From CLA and NLA revenues: a fee to cover the costs of its operations upon distribution to publishers: 6%

This model means that the payments received by each publisher represent their share of licensing revenue with no responsibility for paying third-party contributors such as authors, photographers or other visual artists.



Germany
£ 1.6m



Norway
£ 658k



New Zealand
£ 250k



Sweden
£ 175k



Australia
£ 907k



USA
£ 482k



Canada
£ 209k



Ireland
£ 145k



Denmark
£ 689k



France
£ 280k



Austria
£ 177k



South Africa
£ 117k

VISION, AIMS AND VALUES

Our Vision

To provide efficient and effective copyright and licensing services to support publishers in providing access to their content.

Our Aims

We aim to achieve our Vision:

Through collective licensing by:

- Facilitating access to the widest possible repertoire through the most appropriate licensing channels;
- Representing publishers' interests in licensing the use of their works on a collective basis, both in the UK and overseas;
- Ensuring publishers are remunerated for the use of their publications;
- Maintaining publishers' rights data to the highest standards;
- Distributing revenue generated from collective licensing regularly, diligently and accurately.

Through wider services by:

- Continuing to embrace new technologies and to develop new services in response to publishers' needs, whether economic or political, using our technical rights management framework;
- Promoting a strong copyright framework and a better understanding and awareness of copyright and rights amongst publishers.

Our Values

At PLS, we uphold the following principles:

- Transparency
- Responsiveness
- Accountability
- Collaboration
- Efficiency

PLS REBRANDS



In October 2017, after 36 years Publishers Licensing Society changed its name and rebranded to become Publishers' Licensing Services.

Our change of name to Publishers' Licensing Services was designed to reflect our increasing dialogue with and growing responsiveness to publishers' needs and wishes. It was through such conversations with the industry that we developed Access to Research, providing free access to academic journals for public library users and, more recently, our new suite of permissions management services that garnered us the 'Innovator of the Year' title at the 2017 Stationers' Innovation Excellence Awards.

With the launch of the PLS Permissions service it seemed timely to review our entire brand afresh to create a new look that could be consistently applied across a growing family of services to the industry. We believe that publishers will view our new logo as symbolising PLS' values: modern, flexible, innovative and authoritative.

The rebrand from was timed to coincide with the European launch of the PLS Permissions service at the Frankfurt Book Fair.



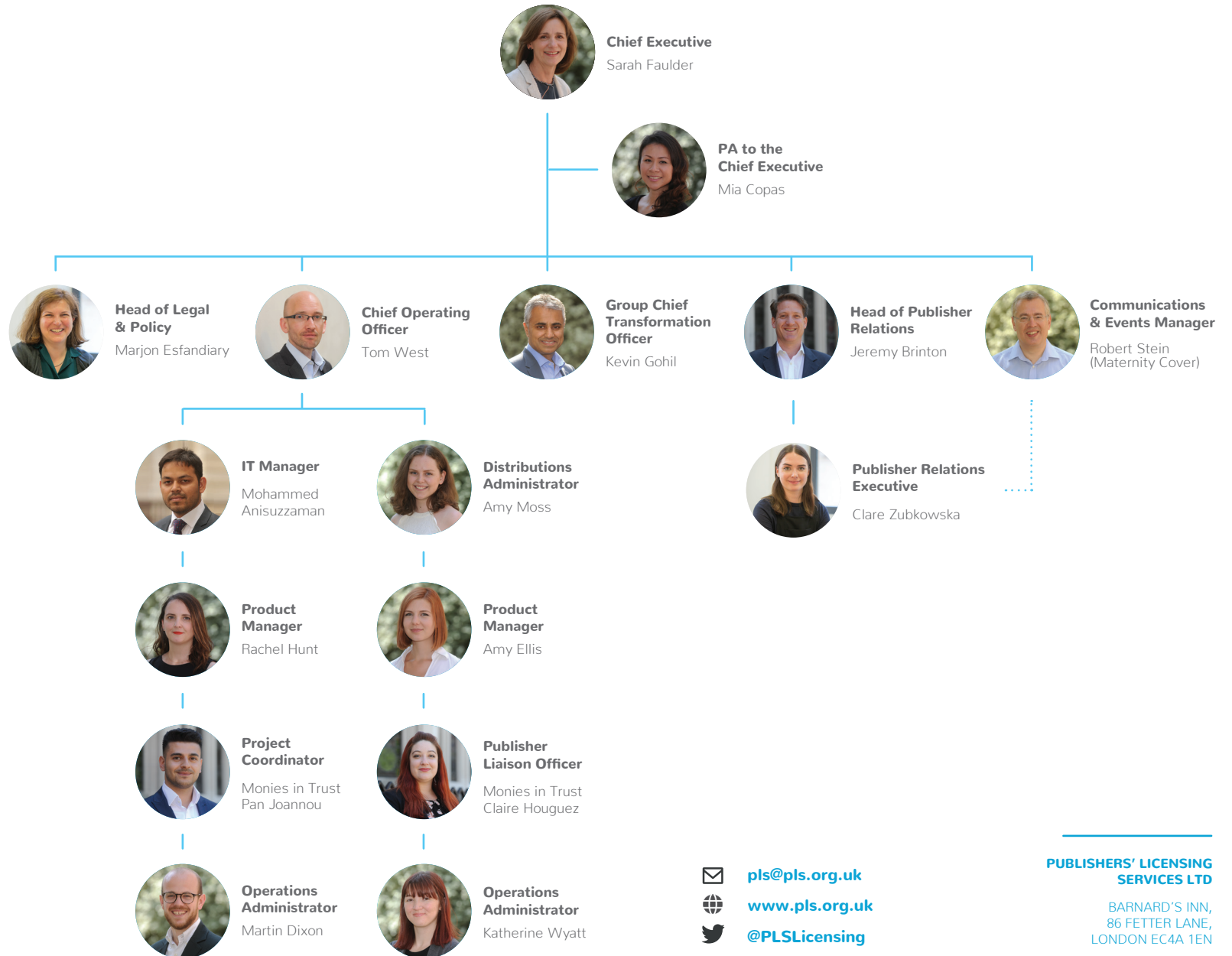
The PLS exhibition stand at the Frankfurt Book Fair, October 2017

The new family of PLS brands

Formerly PLSe



PEOPLE AT PLS



Directors

Chair:

Mark Bide

Chief Executive:

Sarah Faulder

ALPSP:

Jen Holton, Audrey McCulloch, Timothy Wright

IPG:

Oliver Gadsby, Bridget Shine, Tim Williams

PA:

Stephen Lotinga, Mark Majurey, Lis Tribe

PPA:

Nick Service, Harriet Wilson, Andrew Yeates

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