

# Royalties and Licensing: Expanding Opportunities in Today's Marketplace

By ILAN HAIMOFF

In order for a company to thrive, it has to continuously evaluate its surroundings and marketplace demands and identify key areas of opportunity and room for growth. Some of the key changes come from the technological evolution, which will continue to impact nearly every industry around us.

Within the entertainment industry, technology has brought higher-quality films, more efficient production and distribution processes and rapid world-wide expansion never seen before. When Netflix began to gain momentum in the subscription video on demand sector, Amazon closely followed and others are jumping in. Due to many changes seen in the industry, mergers and acquisitions have created mega companies, such as AT&T, Comcast and Disney, among others.

With all of these variables and changes, it is important to weigh the risks a firm is taking against the opportunities — and then capitalize on those opportunities by taking calculated risks.

## CHANGE IS CONSTANT – AND OPPORTUNITY BEGETS GROWTH

It is vital for long-term sustainability to

monitor the changing market and evaluate its impact on clients and how a company services them. While there are a variety of actions a firm could take, firms should evolve their existing practice areas to accommodate client needs and demands.

As a firm grows into new areas, identifying individual acquisitions – as opposed to firm acquisitions – is critical. Finding an expert in a niche area, such as royalty licensing and forensics is a challenging task. It could take months or even years. The competition for quality people is tough right now even if a company leverages recruiters. Besides, 45 percent of recruiters are having difficulty filling positions due to a shortage of talent. The most effective way to find that key person is to work through a network of connections or to work with a recruiter specializing in the area of interest.

## TRENDS IN TECHNOLOGY

Across all industries, technology continues to have an impact on how business is done. An automated, artificial intelligence-like processing of data exists across several platforms. This data gets summarized

and funneled to either a royalty statement or a data dump and payment that goes to a client. Such automation is bound to affect how firms do business. Green Hasson Janks' Royalty Forensics and Licensing Practice, for example, has had to adapt to such changes through analysis of larger data sets through use of various tools. In anticipation of further technology changes in the film and television industry, companies will need to anticipate more changes in how they do business.

## TRENDS IN GLOBALIZATION

Another trend, which has no indication of slowing down any time soon, is the continued rise in globalization and how it impacts how companies do business. There may be a company based in an international location with a need to audit in the United States, or vice versa, and some companies may have locations around the world.

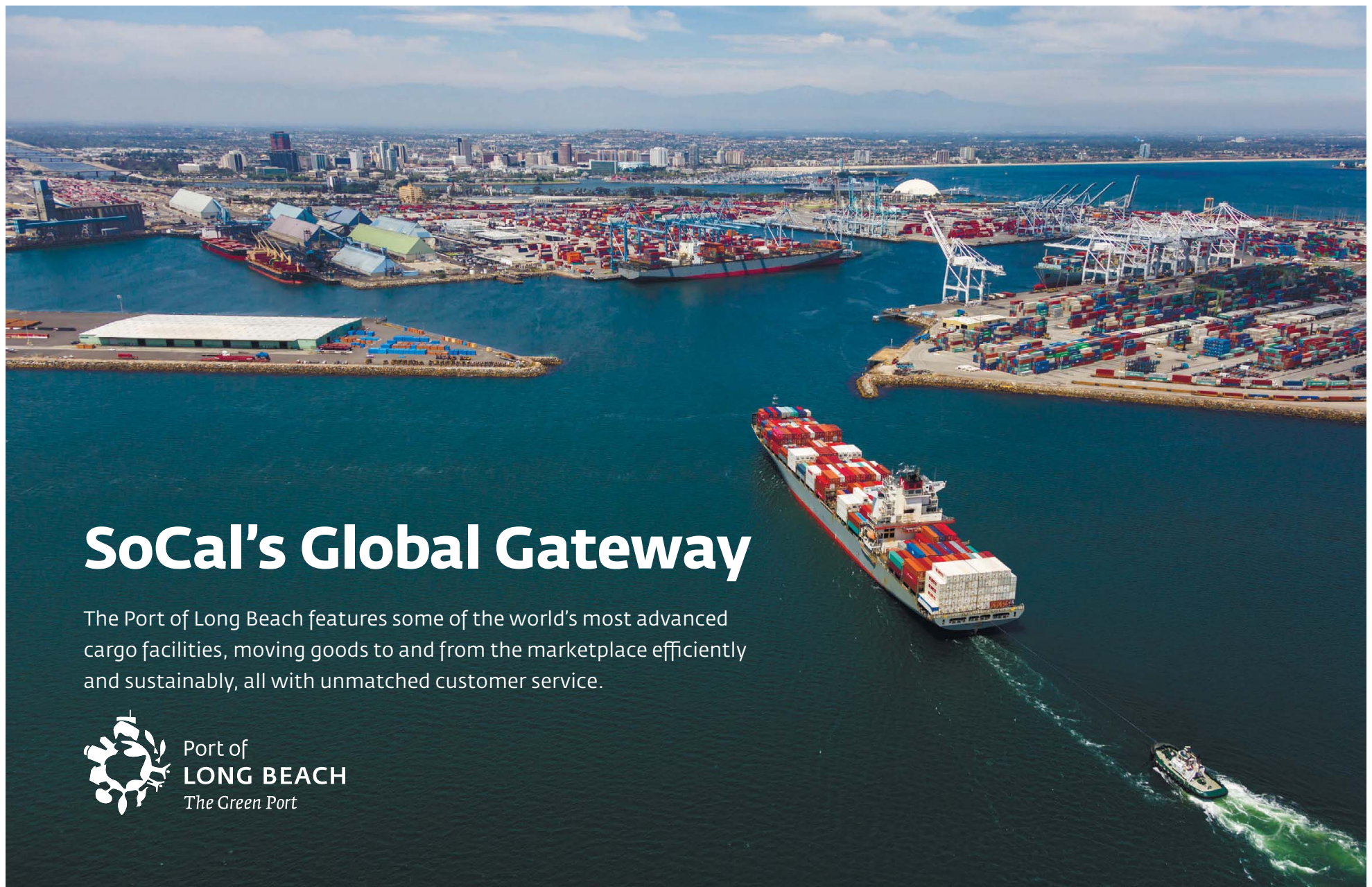
For example, according to PWC, video game and eSports revenue grew from \$22.7 billion in 2017 to \$24.4 billion worldwide last year and is expected to go up to \$31 billion by the end of 2019. With this current media landscape and consumer purchasing

habits both continuing to grow and evolve corporate strategies also have to adapt. Whether a tech company based in the United States or a film and television organization licensing and selling products around the world, an auditor may also need to travel globally to review records of that license around the world. The more distribution is handled outside of the United States the more we need to review the records in the context of the territory in which the distributor is located — and more so than ever before, it is likely to be outside of the United States and dictated by the size of another market.

## ABOVE ALL ELSE, DO SOMETHING


The bottom line is – while there is always risk in changing a company's business offerings and processes, there is also an opportunity that can be weighed against the risk. Being focused on growth will give teams an opportunity for growth, higher employee retention and hopefully the firm's growth and success.

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