



SIIA Executive Face Time Series
Tracey Armstrong, Copyright Clearance Center CEO
Interviewed by Hal Espo, President, Contextual Connections

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ESPO: Good afternoon and welcome to Executive FaceTime, conversations with the leading executives from across the information industry. We're pleased to have you with us today. For those of you who wish to submit questions during the course of our conversation, please feel free to do so and we will pose them to our guest later on in the program. Our guest this afternoon is Tracey Armstrong, President and CEO at Copyright Clearance Center. Prior to her current role, since coming to CCC in 1989, Tracey has held many leadership posts throughout the organization, most recently as Chief Operating Officer. Tracey holds an MBA from Northeastern University and serves on the board of advisors at the University of Maryland University College Center for Intellectual Property as well as Harborlight Community Partners, which owns and operates affordable housing facilities. Welcome, Tracey, and thank you for joining us at Executive FaceTime.

ARMSTRONG: Thanks for having me, Hal.

ESPO: Tracey, I think it's safe to say that many of us who have been in this industry for a working lifetime, present company included, simply do not fully understand CCC as a business or the nature and level of value it brings to publishing partners. With that, let's start at the beginning. What is CCC?

ARMSTRONG: Well, I would describe CCC as a broker. We are a broker between rights owners and users of intellectual property, representing authors, publishers, etc.

ESPO: And what is its ownership structure?

ARMSTRONG: CCC is a not for profit organization organized in the state of New York. It has an independent board of directors.

ESPO: How do you describe its overarching role in the industry?

ARMSTRONG: Well, CCC has a deep set of expertise in rights management and in licensing and is, as I said, a broker. We're really here to help make it easier for people to get their jobs done.



ESPO: Specifically, how does CCC facilitate collaboration and information sharing through its licensing models?

ARMSTRONG: I think CCC's licenses really help to accelerate the value of content purchased, for example, by an academic institution or a corporation and it's kind of a – we have a variety of different license products, which I'm sure we'll get into, but it's a complementary license to the content that's already purchased, allowing free sharing of information inside of the organization.

ESPO: So in short, what are the benefits to the users? To information users?

ARMSTRONG: I think that one clear benefit is being able to use the content needed to accomplish the task at hand, whether that's scientific research or academic research or other types of research that are done inside of a corporation or a presentation to a specific client, for example, these sorts of normal usage needs inside of a corporation, the benefit to the end user is they don't have to worry about the copyright component of that if their organization has a license.

ESPO: And what's the benefit to the content providers?

ARMSTRONG: On the content providers side or the supply side, as I frequently call it, the benefit is really CCC as a broker, helping them monetize the assets that they have. I have some specific examples that might be helpful. For example, we had a rights owner who had a set of medical images and they really wanted to determine a way to best bring these into the market and CCC is helping them with that because we have kind of an install base of intellectual property users who could benefit from that set, that collection.

ESPO: And explain the framework of publishers as partners or your clients. Your publishers are your clients and enterprises as customers, that is you're sitting in the middle somewhere.

ARMSTRONG: Yes, we're an intermediary for sure and that's the broker component or the licensing agent on the rights holders side with authors and publishers and on the buy side – that's the supply side, and then on the buy side, with corporations, academic institutions, individuals, and that's global. So we're really helping to bring together the buyer and the seller here, specifically in regard to the rights on the intellectual property.

ESPO: And describe the primary markets in which you folks play, your revenue, your growth rate, your size, your reach, whatever measure you'd like to share with us.



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ARMSTRONG: Sure. Well, a few bits of information that might help people understand Copyright Clearance Center a little bit better, we are based in the United States, up in the Boston area. We have royalties that we pay out to rights owners on an annual basis. So just last year, we paid \$144 million in royalties to the rights owners that we represent. That represents, just in terms of growth you were asking about, that represents 8% growth over the prior the year. In about the last 15 years, Hal, we've paid out about a billion dollars in royalties to the rights owners we represent. So that gives you some idea on the scale. In terms of the markets we represent, I think that was another component of your question. We certainly do sell licenses into the corporate market and into the academic market and we are selling licenses that cover a wide variety of content.

ESPO: And what are the primary products or services that you actually offer?

ARMSTRONG: The annual copyright license for corporations and a similar annual copyright license for academic institutions are two of the flagship products. As well, many people are familiar with our Rightsphere and Rightslink offerings, which are – Rightsphere is a license management tool and Rightslink is a point of content licensing tool that is affixed to digital content.

ESPO: Are there analogous organizations in other information-based industries that provide a similar role as you provide, in the music industry and the film industry perhaps?

ARMSTRONG: Not really a direct parallel, but frequently, people will ask about ASCAP or BMI or CSAC (sp?) in the music space. Those are slightly different types of organizations than Copyright Clearance Center, but it does help some people to make that, draw that analogy.

ESPO: When speaking with people, what do you think their greatest misperception is of CCC?

ARMSTRONG: I think – to be frank, I think it's an underestimating of what CCC is capable of doing. I think that what CCC is doing today, what I have found, Hal, in my time here, particularly in my time as CEO, because obviously I've been at the company for 20 years, but getting out and talking with other leaders in the information industry, folks will say, well, you know, if we could only license an out of print book, if we could only get access to a license for these types of images. CCC can help with a lot of those things and it's not really widely understood. So I think it's really getting a broader understanding of what CCC is already doing and is capable of doing.

ESPO: And what do you think over time has caused that misperception?



ARMSTRONG: Well, CCC is a relatively small organization in terms of large, very large publishing companies, for example. Or other large information providers. As I said, we're a not for profit. So certainly getting the message out. We don't have an army to get the message out, so that may be a big contributor to that.

ESPO: And why do you think your predecessors had such difficulty with this and what are you doing now to change that perception and to get that word out?

ARMSTRONG: Well, now is really a very interesting time in terms of licensing and intellectual property. You can't look at the *New York Times* or the *Wall Street Journal* on a given day and not see an article about intellectual property or close to a daily occurrence and that's happened for a lot of reasons. One of the biggest drivers of that is the technology has largely gotten out in front. Technology is enabling people to do things and it's gotten out in front of the law in some cases and we're seeing a lot of test cases about that. That's also generating more press. So I think now is a particularly interesting time and we can seize the moment. Copyright Clearance Center certainly can and other organizations can as well, to talk about the importance of licensing.

ESPO: And specifically what kinds of things are you doing as CEO to get that message out?

ARMSTRONG: Well, I –

ESPO: Other than joining us here today of course.

ARMSTRONG: Yeah. Well, that's certainly one of them, but I've been doing personally, just this year, 2009, really focusing on a lot of face to face visits with industry leaders, with CEOs, and thought leaders in the academic space. Very important to get out there and spend time with the customer and talk about what CCC is doing for them today and what – and really listen. More than talk, really listen and understand what their problems and challenges are and how we can help them. That's one of the examples of what I'm doing. As an organization, what Copyright Clearance Center is doing is very much the same thing. We are intensely focused on what our customer needs and that's our customer on the supply side and our customer on the buy side. So there is still – there's a limitless amount of content that could be included in the licenses that CCC brokers and we're constantly working to improve that.

ESPO: All of our businesses have changed quite a bit and continue to change as we migrate from print to digital. CCC has been around a long time. Describe its role



and scale in print and then if you would, contrast it with its activity in the digital world.

ARMSTRONG: Sure. Well, CCC opened its doors in 1978 and it was organized by authors and publishers and actually users at the time that the Copyright Act of '76 was being rewritten, so all during the 70s, it was kind of a thought and then emerged in '78 and it was really dealing with the photocopy machine. Kind of funny to think back on this in terms of technology, but the thought was the photocopy machine would cannibalize primary sale and there was a big concern and things like that. Digital is really no different. CCC has been licensing born digital content and also print content for digital uses for gosh, a long time. Since the mid-90s and we've also been doing business on the web since the mid-90s, '95 to be exact. So we do quite a bit of licensing overall in terms of digital today. I'd say of our total licensing business, about 60% of that today is digital.

ESPO: And related to that, one perspective surely is that CCC represents the old content world that some of your largest clients likely are the traditional print based, now transformed to digital content companies. Admittedly, digital and print, yet the vast majority of the content of the future is, as you say, born digital or certainly digital and much of it will be user generated. Very different than from publishers. Open, freely available. Do you see yourself playing in that role and how do you see that taking shape in the next few years?

ARMSTRONG: In terms of user generated content?

ESPO: Yes.

ARMSTRONG: Well, certainly everyone has access to publishing their own material today and there are all different ways of circulating one's own content. So in terms of user generated content, I do agree with you that it certainly is growing, although the value of curation I think is still – there's still a premium on curation to some degree and we're seeing a lot of debate about that and news is a particularly interesting sector where we're seeing a lot of debate about curation and the value of that. I personally place a high value on it, but I do appreciate the user-generated content as well. I mean we license, for example, blogs today and for our corporate users, surprisingly, they're in high demand. We have a very specific set of blogs that we're licensing and we do see a lot of usage in the corporate space. So we're already playing in the user generated content space. We also have a product called OZMO – it's a relatively new product for us that is another tool similar to Rightslink that is affixed to digital content and it is really aimed at the user generated content market.

ESPO: And how do you see all of that – jump forward ten years, whatever. Maybe five.



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ARMSTRONG: Yeah.

ESPO: How do you see all of that taking shape then? What's it going to look like then?

ARMSTRONG: Yeah, it might even be less than five. The world is changing so quickly now in terms of moving from purchased content to leased content and the rules associated with that are so different, so we're seeing – it's going to be a – we're really seeing an enormous time of transition right now and I think if anybody said they could predict the future, it would be a great time. Go into consulting. Great time. As far as licensing goes, I think the value of licensing is increasing because there is more and more content to sort through, more and more content that is needed to accomplish the very high end research that is being done in our corporations and our academic institutions and I do think that's something CCC can help with.

ESPO: Allow me – and no disrespect intended – you yourself mentioned yourselves as a service bureau, a bit of a passive organization, maybe slow to evolve, slow to react, not required to change all that much, not all that tied to customers and markets, not terribly innovative. That's a little bit of service bureau notion. So tell us about the changes you're fostering at CCC that make you less that and something different moving forward.

ARMSTRONG: Well, I don't think I used the term service bureau because I really wouldn't describe us as one. I would really describe us as a broker.

ESPO: Broker. I'm sorry.

ARMSTRONG: Yeah. No, that's fine. And good to clarify because where there are any misperceptions, it's good to talk about what we are doing. I really do think that we are focused on our customer and understanding on the buy side, for example, in our corporate and academic users, they are heavily invested in content today for their organizations and their institutions and they want to get the maximum value out of that. They want to allow their faculty or allow their employees to share that information, to get the best result in the most efficient and effective way and I think that is what our license helps them do.

ESPO: So let's drill in a little bit for people who maybe still don't understand this. So allow me the example.

ARMSTRONG: Sure.



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ESPO: I'm somebody who works at Intel and your sales organization interacts with me in some way to sell me a site license, enterprise license for some content. Let's make it up. It's Elsevier. I'm buying engineering information from Elsevier. Tell me how this process works. Who am I at Intel that your sales organization contacts and what do you tell me?

ARMSTRONG: Well, frequently your – the librarian, the information professional, the general council, maybe a risk manager, people inside of the organization who are concerned with enabling their employees, their constituents to use content, to maximize the use of the content that they've purchased and so that's really the who and as far as the what, we're talking about the breadth of coverage in the enterprise license, the types of uses that are covered. We're doing a lot of listening, as I mentioned earlier. More and more, we really – we've kind of created a – this might be an interesting time just to talk about what we've created in terms of a voice of the customer. When our sales people are out talking with clients in the scenario which you described, they come back with information every time and we have kind of an enterprise wide, inside of CCC, voice of the customer report, which every employee, including myself, submits information into and our product development team and product managers are looking at that and saying OK, we have a specific set of engineering content that's needed to enhance this license or whatever that is.

We need to extend – we've got two corporations that are collaborating, two different, unique corporations that are collaborating on a specific project and we need to license the information that's shared in that collaborative exercise. Can we do that? How do we get that done? So those are the types of things that are coming back through the voice of the customer and are incorporated into the product development process. As far as really – examples on innovation, I think you mentioned that in your service bureau question. A good example – a couple of examples I would give on innovation – a good example I think is Rightsphere. We had a large global corporation who had a business problem that they were facing and they came to CCC and said look, we want help managing all of the licenses that we have and there were many and there are many at many, many corporations that are juggling rights that are packaged with subscription products that they're buying and rights from other countries.

All of these different sets of licenses and rights that they're managing and they said, we really want help organizing this and clarifying it so that it's simplified and instant in terms of getting the message out to our employees of what content they can use and that's actually what Rightsphere is and it's been really well regarded from the customers that are working with it because it was really initiated by customers. So that's one I think really good example of how we're innovating.



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ESPO: Let's go back, if may – thank you. That's helpful. Let's go back if I may though, so back to my Intel example. I'd like to follow that through. I think that might be helpful to people. So I'm maybe the librarian and maybe the general council and I'd like an enterprise license for some content or now you're saying maybe all of my content. I can see why if I could call you and you could help me with all of my licenses, that would be very helpful, but if I only wanted an Elsevier, why are you not disintermediating Elsevier in this process? What value are you bringing to Elsevier, said another way, that Elsevier can't do directly with me at Intel? Because Elsevier has a sales organization too.

ARMSTRONG: Oh, sure. A huge sales organization. Much bigger than Copyright Clearance Center's.

ESPO: That's right.

ARMSTRONG: Several things. One I would say – CCC's license compliments the content that is sold directly from other publishers or other information agents. So we're really a complementary license and we pick up really where that content sale drops off and the largest difference in what value CCC is adding here is that we are providing rights over a broad set of content and that is really needed. We're talking specifically here about our corporate clients. Our corporate clients, although this is true of all of our clients, our clients are looking for an effective, efficient, easy way with a common set of easy to understand rules about what can and cannot be done with content and that's really part of the value, a significant part of the value that CCC is bringing and when you put that together with Rightsphere and we're organizing those licenses and rights in one place and really helping to push that out to the end user inside of Intel, let's say, in your hypothetical example, that's really meaningful. I mean the average knowledge worker, Hal, is not a copyright expert.

ESPO: Right.

ARMSTRONG: No shock there. And probably won't ever be. And I don't think that's the intent for these very highly compensated knowledge workers. The intent of the corporation to educate them in the nuances of copyright. What they want to understand is what can they do with this in regard to the task at hand, how can they get their job done with this particular piece of content or set of content that they might need to use in a particular project or whatever it is.

ESPO: And why is it not as simple as – and I'm going to pick an extreme – why is it not as simple as, again, Intel, Elsevier engineering information. The sales person from Elsevier arranging with Intel that for X dollars, they can use this content for any way they'd like within their enterprise. They can't put it on their website, perhaps,



but within their enterprise and it's X dollars. Why is it not that simple? What's more complicated than that?

ARMSTRONG: Well, as I said, it really goes back to that root issue and we are constantly working with our corporate buyers and our user advisory groups and talking through these issues with them and the value – this is a great question to ask our customers and our customers will tell you point blank, we want this general set of rules. So do some publishers package in other rights with the content that they sell and the site licenses that they sell, the content site licenses? They certainly do and I'm not an expert on what they're selling, but the compliment that we're offering is this common set of rights and rights owners, large and small, individual authors and large commercial publishers and rights owners of all types are coming together and basically engaging CCC to represent their rights into these markets. So it's a two-sided equation.

ESPO: Sure.

ARMSTRONG: So the rights owners are seeing value because the buyers are articulating this need and I think they're listening to their customer as closely as we are listening to this common customer that we share.

ESPO: Right. So part of this is your normalizing on some way, centralizing and normalizing all of these rights responsibilities, whether it's rights from Thomson or rights from Elsevier or rights from McGraw-Hill, somehow you're making them all look alike to the customer. Common framework.

ARMSTRONG: Well, within – sure. Sure, within the boundaries of what we're authorized to do from the rights owner and that's all done through contracts on the rights owners side, but yes, that is what we're doing. We're creating a common language for the types of use that are enabled through a CCC license.

ESPO: And who is it – let's change from the customer side to your clients side, back to the McGraws or the Elseviers or the Thomsons, whomever.

ARMSTRONG: Sure.

ESPO: Who is it in the organization that you interact – that your organization interacts with? Who is your point of contact within those organizations?

ARMSTRONG: My personal or the –

ESPO: No, the org – CCC's.



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ARMSTRONG: The organization's. Yeah.

ESPO: Yeah, CCC's.

ARMSTRONG: Well, that goes back to what I think I said, which is the general council, the librarian, the information specialist –

ESPO: No, no, no. Back to your – to the publisher, clients –

ARMSTRONG: Oh, sorry.

ESPO: Yeah, not to the customers.

ARMSTRONG: I misunderstood you.

ESPO: To the clients.

ARMSTRONG: I apologize. I misunderstood.

ESPO: Yeah, that's all right.

ARMSTRONG: That varies. That varies widely. It really depends on the size of the organization and how they manage rights inside their organization. So for example, there are several large, global, just enormous, multi-billion dollar publishing companies that actually manage their rights centrally and they have a license manager or whatever the title might be, but someone who's responsible for licensing globally and we definitely would be dealing with that person and that example. In other publishing houses, we could be dealing directly with the CEO. In other publishing houses, we might be dealing with a rights and permissions manager. Those are a few examples. Of course with authors, we're dealing directly with the author, but we also deal with literary agents. So some literary agents who are authorized to engage us on behalf of their authors.

ESPO: If I were to have the opportunity to have a 30 second elevator chat with a CEO of a Thomson or an Elsevier or a McGraw, to the extent to which they knew who CCC was, and I said to them, what do you like about CCC? What does it do for you? What do you think they'd say? Thirty seconds. That's all they've got.

ARMSTRONG: Thirty seconds? I think they'd say that CCC is a – it would be a net positive. They probably would understand our role on a larger industry context, the importance of having a licensing organization in the content of the entire information industry.



ESPO: I'd like to go back – we talked a little bit earlier about Rightsphere, your Rightsphere product. Could you very quickly describe what it is from the user point of view? What is the user doing with Rightsphere?

ARMSTRONG: The user, the corporate user is using Rightsphere to understand what rights they have to use the content that they're viewing.

ESPO: How do they do that? What is it?

ARMSTRONG: Well, it can be deployed in many different ways and has been deployed in many different ways, which has been a wonderful learning experience for us. We have clients who have deployed it through their intranet, we have clients who it can be deployed as a – on your toolbar on the browser toolbar and that can be driven down at a corporate level. There are many different ways to implement this inside of a corporation and that's actually a real positive from the buyer perspective because they can make it fit their needs, but it has two components, Hal. Two main components. It has a very, very robust information management, license management toolset. So for an information professional, librarian, or other individual who is responsible for the licenses inside of a corporation, the power of the application is enormous. It's award winning. On the end user side, the knowledge worker side has a very, very simple interface that instantly lets the knowledge worker know whether or not they have the rights to do what they want to do and if they don't have those rights, how they can get them.

ESPO: And you hold that Rightsphere up as an example of innovation, which I think it has been. How successful has the product been from a deployment point of view?

ARMSTRONG: It is deployed. Where it is deployed, it is deployed with all household name or nearly all household name corporations and that's been really wonderful. You learn a lot when you deploy something to a corporation with 80,000 or more employees, you know? You certainly have a quick learning curve there and that's been wonderful. I would definitely say in the last year, the economy has impacted the line. So that's probably – we're not exactly where we want to be.

ESPO: In some sense, you're selling an information product like others are selling an information product. Your product or tool is to enable the user to determine whether this piece of content that they've found, maybe it's an index, maybe it's an abstract, maybe it's a full text article, maybe it's a book. Whatever it is.

ARMSTRONG: Blog, whatever.

ESPO: They can determine whether or not they can use it in a report, what the restrictions are, whether they can put it up on a website, on an intranet, whether



they can send it outside the organization, all of that is somehow magically reflected in your Rightsphere product to the user.

ARMSTRONG: Yes. That's a simple answer.

ESPO: There you go.

ARMSTRONG: Yes.

ESPO: OK. And so for those publishers who perhaps are not engaged in the process with you, what would you tell them about the value of this Rightsphere to them?

ARMSTRONG: The value is enormous to them. The corporation – to have some sort of access or a link on the corporate intranet, I mean you think about the – let's just focus on large multinational publishing organizations. There are enough of those, you're not going to have that many links on the intranet, you know? Let alone when we get down into specialty book publishers, etc. So I think that is really an enormous point of value.

ESPO: No business is without competition. Who is yours? What's your?

ARMSTRONG: Well, we have direct and indirect competition. Indirect competition in terms of – well, the largest probably is just not fully understanding what needs to be done.

ESPO: No rights is a competition.

ARMSTRONG: Yeah. Yeah, exactly. So infringement actually is part of the asymmetric competition that we're facing and that's a really important piece. CCC does a lot of education, an awful lot of education and that's in demand and you'll see more and more of that from CCC in terms of video, specialized curriculum, we do on site education, webinars, all sorts of things and that's a huge demand from our clients. On the buy side and on the supply side, very interesting. Inside publishing companies, we do a lot of copyright education and that's more and more in demand and we're pleased to do it. Insofar as direct competition, that's more at the product level and there is some of that as well in terms of, for example, some of the digital licensing, point of content I should say, licensing tools.

ESPO: And is it – prospectively, is improved software itself simply a measure of your future competition? A little piece of code in every piece of content that lights up somehow, reflects somehow to any user, anywhere, any time, what rights exist and/or maybe even nirvana, right? For publisher. They can't actually put it



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somewhere where it doesn't belong. Is that some measure of your competition? Ubiquitous software?

ARMSTRONG: I actually think that is an opportunity for CCC and if you look at the trend in our licensing tools, for example, Rightslink, a very popular tool that grew 25% year over year, last year to this, and is on a trajectory for even greater growth, this year closer to 40%. This is a point of content tool, a licensing tool that's again affixed to digital content. You can find it on a wide, wide, tens of millions of articles today. A wide variety of content, a book, journal, news, all types of content. That is an opportunity to put a front end on, for example, some sort of a tag or other type of a rights expression language that might be also embedded in the code of that digital contact. So I think the expression of that to the user in a way that's digestible to them, easily understood and a transaction tool there, all still very much needed.

ESPO: And other registries, do you imagine that as this – as this information industry grows, maybe fractures a little bit, that there will be opportunities for other registries or do you think CCC is sort of already at such a core that it will just continue to expand out as the needs expand out?

ARMSTRONG: Well, certainly I mentioned some of the direct competition at the product level. As far as other potential brokers, is there a role or is there space for another broker to come into the market? I imagine there certainly is. Competition is certainly good for the market, but I don't –

ESPO: It's good for everybody else, may not be good for you.

ARMSTRONG: Yeah, right. As far as the industry itself, that sounds like a little bit of a question related to the Google settlement and the registry that's proposed there and that actually is a different type of organization than CCC, as it's set out today.

ESPO: Since you mentioned Google, I didn't mean to drive you there, but I'm delighted you went there, what do you make of Google's efforts in the book world generally?

ARMSTRONG: Well, I think my overall comment is all boats rise with the tide, right? There's a lot of information out there and making these older books available digitally is a really good concept, net net. I think this is – I'll reflect back on my earlier comment that I think technology and what's able to be done versus what is legal or – what's legal, that's where we're seeing – that's the kind of transition period that we're in right now and that's where we're seeing litigation more and more as people test the perimeters, test the walls, and I think that's really what we saw with the Google case, but I think that in the most recent set of revisions, you can see the effort that has gone into those revisions from all of the parties. It is an



amazing effort that all of the parties, The Authors Guild, the AAP, and Google have gone through here and clearly showing enormous effort to find a way to move forward.

ESPO: And what is CCC's position on what is maybe characterized, the opt in versus the opt out kind of provision that Google originally had and where that's headed now? What about opt in versus opt out for copyright?

ARMSTRONG: Well, I think – I would say that we definitely supported The Authors Guild and the AAP in calling the question on what was appropriate here in terms of action and the scanning and the opt in, opt out questions, etc. So that's a definite. We definitely support that. On the other hand, as everybody did in this effort, as it has been widely reported, there is a lot of benefit here for end users and I think all of the parties – and it shows in the hard work that they've done in this negotiation, in finding this hopefully way to move forward here, have really recognized that and it's not about stopping it, it's about finding a legitimate way to move forward and I think that that's an extremely heavy lift, years in the making, and we're seeing the results of it now. I do think at this point there's a lot more cushion for rights holders in this new set of revisions that we've seen. For a couple of examples, one specific example is that in terms of whether or not a work is commercially available, the rights holder can now assert that the work is commercially available rather than having to demonstrate it and there will be action taken based on the assertion. I think that's terrific. And also, the building in of the creative comments into the new set of revisions, I think is really wonderful, especially for a lot of content used by academic institutions and produced by academic professionals. I think that's really a terrific aspect of the deal. So there's a lot more flexibility in here, which is a real positive.

ESPO: And why do you think it is that it took all of this effort to – whether or not this succeeds in the end as to where it is now, but to get to this point, if we have on the one hand this notion of an organization that is aspiring to do nothing but good, how did we come down this path and how did it take such an enormous effort to regain rights that one would expect the copyright holders originally had? We've turned it upside down a little bit.

ARMSTRONG: Well, it's I think – it was able to be done and so it was kind of an ask forgiveness, not permission approach. It's difficult to speculate on the motives involved. In fact, it's impossible to speculate on the motives involved, but certainly what has been a net positive here, a couple of net positives. One, we will have access to a collection of works that will bring great value. So that's –

ESPO: Yeah, everybody understands the value to the user. We all agree on that.



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ARMSTRONG: Yeah, so that's a win. And then I think on the negotiations that have taken place here, we're forcing – this litigation has really forced a discussion on very challenging issues that otherwise might have been slower to come.

ESPO: And in the end, what role, if any, does CCC play with the Book Rights Registry that comes out of this?

ARMSTRONG: Well, CCC has been involved with the leaders of this settlement arrangement for quite some time now and has been offering expertise and I think we certainly do have a lot – we bring a lot to bear in terms of assisting the registry, should that be appropriate. So that's one way that we certainly have been offering our assistance. We're not a party to the suit, which I think is probably pretty clear, but nevertheless, we have been very much engaged in the conversation.

ESPO: More broadly than Google, we hear lots all the time about IP issues in particular in China and the lack of control in particular in China, although it's not at all exclusive to China. Certainly poses considerable challenge to the rights holders. Overall, describe for us – you folks are involved in this. Describe for us the state of copyright affairs broadly in an international vein and in terms of the efforts and key initiatives that are under way to secure the rights in developing countries broadly.

ARMSTRONG: Sure. Actually I personally have been doing a lot of work in China for several years now and we also, as CCC, are involved in other emerging markets as well and one of the important things that I think – one of the important benefits that CCC brings again is related to our expertise in terms of modeling how to establish a licensing organization in a country such as China, for example, and that's something we have been doing an awful lot of work on. It's a crawl, walk, run strategy. This is – for example, China is enormously complex, a multi, multi year commitment to trying to assist with that work. There is a collective management organization in China for literary works now. That's been in the process of being established for many years and was recently approved by the government to come out of the preparatory phase into a functioning, early functioning stage and that's an enormous step forward.

Certainly there are other organizations, such as the AAP for example, the publishers association in the UK, other publisher associations, trade associations that are doing a lot of work in that market in particular as well as other markets. I think CCC can compliment that and we've certainly been working together, at least sharing information with these organizations to – specifically in CCC's expertise, to really help on the licensing side. Other tools that CCC has, technology such as OZMO I mentioned earlier, a very light tool for user-generated content. Under the let's crawl before we type strategy, introducing a tool like that and a very light way



into that market could be very helpful and that's something else that we're experimenting with.

ESPO: Ebooks are seemingly everywhere. What role is CCC playing in the realm of ebooks?

ARMSTRONG: Well, we are licensing ebooks and we have been for many years and our – as far as our enterprise licenses, for example, our academic license, we are covering use on mobile devices and that includes, for example, the iPhone or in whatever way the student is absorbing the work for classroom purposes. So those are a couple of examples.

ESPO: And what thoughts do you have about DRM and proprietary software in the market – in that marketplace specifically? Does DRM have a role? What role is it? What do you think about that?

ARMSTRONG: Yeah. Well, our licenses are DRM neutral and I think that's extremely important because if you asked ten publishers, they have ten different strategies on DRM and that probably won't be changing any time in the near future and we want our licenses to be complementary to their offerings. So we really are in the neutral zone as far as DRM goes and working very closely with our users to integrate the licenses into their organizations in a way that is on the backside of receiving the content if there is a DRM wrapper on it, so that they can maximize the usage of that content object.

ESPO: Sure. What have we learned from music that might, from your perspective in the business you operate, that would be – that's useful to share in terms of where rights are going for the information industry and beyond us, what observations do you have about what the film industry might be careful about?

ARMSTRONG: Yeah, the headline I'd say there is it's not about how much money you spend, it's about how fast you can learn. Because in terms of music, when you think back to Napster, the student from Northeastern who put together this application that basically took over the world and took over the front page of every newspaper for quite awhile, that changed the game and so it wasn't about investment necessarily. It was about ingenuity and understanding user behavior. So it's about learning. It's about listening to the customer, understanding what the buyer behavior is and I think you can see evidence of that in the way that we're seeing content providers, publishers and otherwise, evolve their product offerings. I think there's a lot of lessons to be learned from music.



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ESPO: Publishers today are global, for the most part. Do you draw geographic distinctions in some way in terms of the services you provide or are you for everyone everywhere?

ARMSTRONG: In terms of the corporate licenses, we're licensing employees in 180 countries right now and our licenses are covering about 35,000 corporations, so we're talking about a pretty broad reach there in terms of global licensing. We have customers from inside and outside of the U.S. using nearly all of our products. I can't think of a product where we don't have clients outside of the U.S.

ESPO: And is your primarily in English or do you service in all of these languages?

ARMSTRONG: Our applications right now are in English although we have some, for example, the OZMO offering or the Rightslink offering where we've worked some Chinese in to help as we try to explore opportunities in that market, but largely, we're providing our services in English. As far as the inventory of rights that we're covering, we do broker rights on non-English language materials.

ESPO: And is there anything changing about the demand for information internationally that you think is worth noting?

ARMSTRONG: It's growing. The emerging markets, the question you asked me a moment ago, there is an awful lot of focus on this in China, in India, in other areas on intellectual property and intellectual property rights and protection and governments are talking with each other about this on their agendas, so that is raising the profile of IPR issues in these territories. In addition, in Europe, there's an awful lot of focus on licensing and you may, or listeners here, viewers here, may have read about some of the pan-European licensing developments in terms of music. So once again, lessons from other industries and other types of content. So there are lots of lessons there.

ESPO: Rhetorically maybe, how do you service this worldwide activity from a suburb in Boston?

ARMSTRONG: Well, we certainly do a lot of work over the internet and copyright.com, Rightslink, Rightsphere, these are all 24 by 7, 365 applications just as you would expect them to be. In terms of our – certainly the bulk of our staff are in the Boston area. We do have staff located throughout the United States and we are looking at different regions where we will need to have representation over time.

ESPO: And do you see that as direct representation or agent activity?



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ARMSTRONG: We're already doing agent activity. We already have partners that we're working with and I see both, certainly both.

ESPO: Tell us a bit about Tracey Armstrong. You've been with CCC for a long time. How did you come by this?

ARMSTRONG: Well, as you said, I joined in 1989 so I like to say I joined when I was three, but it was – when I joined CCC, it was right before several big movements in the industry, including of course in the mid-90s, the kind of coming out of the worldwide web for all of us digital immigrants and the work kept getting more and more interesting and that's really what kept me there.

ESPO: And how has your long tenure at CCC prepared you for the top job?

ARMSTRONG: Well, it's certainly an interesting – it's been a really interesting path and I probably wouldn't have guessed that this would have happened, you know, 20 years ago certainly.

ESPO: But no strategy to this?

ARMSTRONG: Yeah. Maybe that's a bit too direct, but nevertheless, I think it does put me in a unique position of really having – coming from the ground up, really having done the work, spent the time with the customers. I mean at one point in my career at CCC, I was in customer service. At another point, I was managing a product, specific product line. There are very different things that I've done inside of the organization that I think really bring a different perspective to the role of CEO and I think that's good for customers, it's good for employees, it's good for stakeholders in the company.

ESPO: If I were about to interview with you for a position working directly for you and had a friend in the organization, what would your friend tell me about your management style?

ARMSTRONG: Well, I'm pretty direct and I like the facts and I like to make decisions. So let's talk about the facts, bring everybody that needs to be in the room in the room to discuss and hopefully hear recommendations and decide and move on. Let's go. I love results. If I'm addicted to anything, it's results.

ESPO: And what are your hot buttons? What unnerves you?

ARMSTRONG: Yeah. Well, there are difficult problems to solve in this industry and if it takes a long time to get to a resolution, especially when it's something that is



involving a customer, that is a hot button for me. We want to deliver as quickly as we can for our clients and as transparently as we can.

ESPO: What lessons in this business or in your long tenure in the broader information industry have you learned that would serve others well?

ARMSTRONG: Well, I'd go back to listen. How can you integrate what you're hearing into what you're providing? You shouldn't be selling what you want to sell, you should be selling what the customer wants to buy and you need to constantly evolve your offerings to meet customer needs. So whether it's having groups of specific people that are clients on the supply or buy side that are testing a product or working with us in focus groups or are on an advisory group, an advisory panel or whatever iteration of that type of customer involvement we have going on, it is about including and integrating and elevating the voice of the customer inside your organization.

ESPO: You mentioned earlier that we are – correctly so, we're digital immigrants and we've come from the – come to the digital realm from an analog world. Increasingly, you must be hiring folks who are digital natives and so what behaviors or attitudes are you seeing these folks exhibit that make you think about your world and your business differently?

ARMSTRONG: You know, there are so many new ideas that crop up. A good example, we just had a new hire come on very recently who said CCC needs a Twitter page and now we have one. It's about listening to the ideas that are coming up from within the organization as well as from our customers and integrating those and moving forward, so I think in terms of innovation, Hal, that goes back to innovation as well. It's what ideas are out there in the corporation and that's about operating a very flat, transparent company where ideas can surface and you move on many of the ideas that come up, from digital natives and digital immigrants, so we're very diverse in that respect, but the ideas that do come from the natives, as you call them, are not necessarily things that I would have come up with myself.

ESPO: Predict for us, where is CCC in ten years when information is literally always on, everywhere, at our fingertips, whatever the next device is, whether consumer or B to B, ubiquitous, where's CCC in all of this?

ARMSTRONG: We're enabling and we're enabling the reuse of content, we're enabling access to the information that you need to get your job done, we're enabling seamless licensing solutions and we're accelerating the value of the content that you've purchased. So it's a lot of what we're doing now and a lot more of it.



ESPO: Thank you, Tracey for a wonderful conversation. We appreciate your insight and willingness to share your time with us today. Wherever it is that you are headed with CCC, we certainly wish you well.

ARMSTRONG: Thank you very much, Hal.

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