



Digimarc® Guardian



Digimarc Case Study | RosettaBooks

## RosettaBooks Increases Revenue and Titles with Digimarc® Guardian

### New Report Shows Automated Piracy Discovery and Enforcement Grows Innovator's E-Book Sales By 11% On Average

RosettaBooks has excelled at the forefront of the e-book industry since 2001. Today, it represents over 700 electronic versions of classic bestsellers, including Stephen Covey's "7 Habits of Highly Effective People," Kurt Vonnegut's "Cat's Cradle," and Richard Matheson's "I Am Legend."

In 2009, when Amazon's Kindle rapidly expanded the e-reader market, RosettaBooks leveraged its backlist of bestsellers onto the platform for a dramatic boost to its sales.

As RosettaBooks's profits grew, so did the threat of online piracy. "The faster the growth of e-books, the bigger the piracy problem," said Arthur Klebanoff, CEO of RosettaBooks. "There is a lot of it."

#### Independent Study Verifies Digimarc Guardian's Effectiveness

In 2014, three years after protecting its entire catalog with Digimarc Guardian, RosettaBooks authorized a study<sup>1</sup> to determine the service's effectiveness at combating online piracy.

Imke Reimers from Northeastern University examined data from the entire history of RosettaBooks's partnership with Digimarc Guardian and found "an increase of e-book sales — the closest substitute for online piracy — of over 11%. Depending on popularity, genre, and search frequency, e-book sales can increase by up to 47%" when protected.

#### Piracy Threatened to Drain Sales and Resources

Prior to partnering with Digimarc Guardian, RosettaBooks had made some sporadic efforts to enforce their copyright. These proved impractical and cost prohibitive over the long term.

"We have a small staff. We didn't have the internal resources to do anything effective about piracy," Klebanoff said. "We didn't have the financial resources to sustain a legal strategy. I've seen clients spend hundreds of thousands with major law firms, and then only get a small something done for a short period of time."

To attract major backlist authors, it was crucial for RosettaBooks to offer full catalog anti-piracy protection; "Agents, lawyers or Trustees responsible for authors like Sir Winston Churchill, Robert Graves, or Sir Arthur C. Clarke want assurance that all backlist titles will be protected," Klebanoff said.

<sup>1</sup> Reimers, Imke. "Can Private Copyright Protection be Effective?" Northeastern University Department of Economics. (2014)



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### Understanding a Multi-faceted Threat

E-book piracy subdivides into two types of pirates and a variety of methods.

Casual e-book pirates, the least sophisticated, rely on search engines to find easily accessible, infringing content. Often, they give up if they don't see what they want in the first few pages of search results.

By contrast, purposeful pirates use a variety of more sophisticated methods — such as cyberlocker websites and peer-to-peer filesharing networks — to outwit basic e-book protection measures like Digital Rights Management.

Cyberlockers allow pirates to upload, share and access content without restrictions or oversight. Peer-to-peer networks use bit torrent software to share files, on either a one-to-one or one-to-many basis. Other websites, including government, academic, e-commerce and social media sites, can often host pirated content, too.

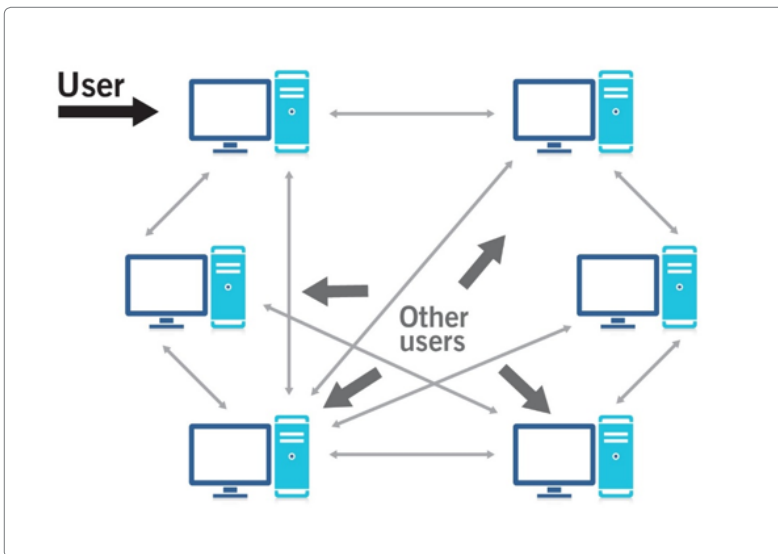


Figure 1: How Pirated Files are Shared

### How Digimarc Guardian Works

Piracy protection involves two primary steps: asking search engines to de-list links to pirated content, and directing takedown requests to the site's host. RosettaBooks relies on Digimarc Guardian to implement both of these measures on behalf of its titles under management.

Digimarc Guardian uses metadata provided by RosettaBooks to detect and validate full, infringing copies of protected content continuously. A two-step human-review process — unique among anti-piracy providers — assures a near-zero false positive rate. When pirated content is found, Digimarc generates automated Digital Millennium Copyright Act (DMCA) and EU copyright directive takedown notices. Non-compliant sites are pursued through an aggressive, tiered enforcement system.

Digimarc Guardian also sends infringement links to Google, Yahoo and Bing to ensure that the offending sites do not appear in search-engine results pages — effectively rendering them invisible to over 97% of global search traffic outside of China.

After evaluating several solutions, RosettaBooks quickly settled on Digimarc Guardian as its anti-piracy solution because of its cost effectiveness, scalability and accuracy.

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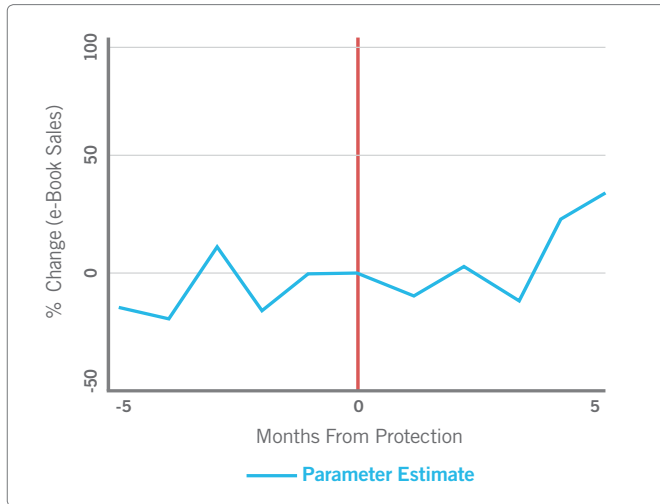


Figure 2: Protection and e-Book Sales

### Results Worth Waiting For

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Since implementing Digimarc Guardian, Klebanoff reports that he has not had a single false positive. He notes that piracy protection is an ongoing continuous battle, one that Digimarc Guardian's service is always fighting for him; "It works while you sleep," he said.

### Proven Return on Investment

Reimers finds that "piracy protection significantly increases regular unit sales of e-books... Much of the effectiveness can be attributed to the removal of links to infringing sites from search engines — an action that deters casual pirates... This private and targeted protection can effectively increase sales, at least for the types of titles in [my] analysis: 'older' works that still enjoy moderate to large success today."

RosettaBooks's experience echoes these findings: "My revenues in titles that are the most likely to be pirated are accelerating considerably faster than my revenues in general," observed Klebanoff. "We're making much more money by virtue of the service than we're paying for it. These results arm us with another benefit to the author and agent communities; not only are we preventing piracy, we're demonstrably increasing sales."

### Lessons Learned

**Perennial bestsellers benefit the most:** Reimers's report concludes, "piracy protection may be most effective for titles whose sales have already leveled off, and where new piracy is less likely to emerge quickly."

**Effective protection takes time and persistence:** Reimers found that "the effect of protection grows with the level of effort exerted [i.e. how frequently the web is searched for infringing content], and it takes its strongest effect a few months after its start."

**Start with the search engines first:** Since 'casual' pirates make up the majority, and by definition they're less likely to seek out cyberlockers or peer-to-peer filesharing networks, it's most effective to focus efforts on getting infringing content de-listed from Google, Yahoo and Bing.

### About Digimarc

Digimarc is the global leader in protecting books from the growing threat of digital piracy. The software and services protect book revenues and authors' rights by finding and removing pirated content across the Internet. Digimarc's customers are some of the world's largest and most prominent publishers.

Visit [www.digimarc.com/guardian](http://www.digimarc.com/guardian) to learn more.

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