



BOOK INDUSTRY COMMUNICATION LTD

# BIC Acquisitions & Divestments for Physical Products

## Best Practice Guidelines: Scenario 9

Version 1.0

May 2019

© Copyright Book Industry Communication 2019  
All Rights Reserved

7 RIDGMOUNT STREET, LONDON WC1E 7AE | +44 (0)20 7255 0516/3  
WWW.BIC.ORG.UK | INFO@BIC.ORG.UK | @BIC1UK

## Purpose & Scope

This document is designed to offer guidance and advice to publishers and distributors on Best Practice with regards to the communication of changes when it comes to a publisher deciding to change distributor. It is expected that this document will be used by publishers and distributors primarily and referred to by retailers, data aggregators, and any/all 3<sup>rd</sup> parties involved in the supply of physical books in the book industry.

It is expected that this Best Practice Guidelines document will be used once the key preliminary legal work has been completed.

Included in the scope of this document are physical products and digital files associated with physical products. The scope of this document relates to one scenario only (please see below). Other scenarios have been documented here:

<https://www.bic.org.uk/209/Acquisitions-and-Divestments-for-Physical-Products/>

Digital products are addressed in a separate document here:

<https://www.bic.org.uk/189/Acquisitions-and-Divestments-for-Digital-Products/>

---

## Working Document

This is a working document and will be reviewed regularly by BIC upon receipt of feedback from those that have used it, and in response to changes in market conditions.

### Have you used this document?

If you have used this document to help with your organisation's acquisition / divestment processes, we'd like to hear your feedback with regards to how useful you found the advice given.

Please send any feedback to [info@bic.org.uk](mailto:info@bic.org.uk)

---

## Definitions

**Distributor A** – For the purposes of this document the term “Distributor A” refers to the current distributor used by the publisher.

**Distributor B** – For the purposes of this document the term “Distributor B” refers to the new distributor that will be used by the publisher in the future.

**Merger** – For the purposes of this document, the term “merger” is the legal consolidation of two (or more) publishers into one entity, whereas an “acquisition” occurs when one publisher takes ownership of another publisher’s ISBN list, or section of ISBN list.

**3<sup>rd</sup> Parties** – For the purposes of this document, the term “3<sup>rd</sup> Parties” includes all parties / organisations involved in the Physical Product Supply Chain that trade with or on behalf of the publisher. They may work with or on behalf of the Publisher, or may work independently. This may include (but is not limited to) ISBN agencies, sales agencies, retailers, institutions, aggregators, distributors, warehouses, wholesalers and printers.

**Declaration of Transfer** – A written document on letter headed paper signed by the Publisher or the Publisher's authorised representative confirming the acquisition.

**Effective Transfer Date** – See “Date of Transfer” below (N.B: not applicable to this scenario).

**Date of Transfer** – This is the date on which legal ownership of and all rights for the list of affected ISBNs transfer from Publisher B to Publisher A. It should be detailed in the contract between Publisher A and Publisher B. (N.B: not applicable to this scenario).

**Physical Product Supply Chain** – For the purposes of this document, the term “Physical Product Supply Chain” is used to describe the sequence of events relating to the creation, collection and distribution of data relating to the ISBNs affected by the scenario of publisher changing its distributor. This information will be used by key stakeholders to understand the nature and ownership of products to which the ISBNs refer. The best practice recommended by BIC, for the transmission, collection and distribution of product / ISBN information throughout this chain, is that is be provided via ONIX 3.0. The term also refers to the physical creation, distribution and sale of the affected product itself.

## Scenario 9: Publisher changes distributor

### Step 1: Publisher to Publisher Information Exchange [PUBLISHER TASK]

Once this scenario is confirmed and can be discussed between the parties, and after the operational and contractual implications have been discussed between both Publisher and Distributors A and B, all physical assets should be issued to Distributor B from Distributor A in accordance with the terms of the contract. It is recommended that this happens as soon as possible, and should include all production files, including master files if any are held at Distributor A.

The Publisher should liaise with both Distributors A and B to confirm with them exactly which ISBNs are affected under the agreement. The Publisher should instruct them what to do with regards the ISBNs that are excluded from the agreement (if any).

In addition, the Publisher needs to send to both Distributors A and B:

1. A complete, clean and definitive list, as agreed by both the Publisher and Distributor A, detailing all affected ISBNs (by ISBN), all physical products, all physical formats. This list will match exactly the distributors' manifests and should include Out of Print (OP) titles where applicable. BIC recommends that as early as possible, the Publisher should confirm to both distributors which assets (by ISBN) they understand to be affected under the agreement.
2. A list (by ISBN) confirming which assets held at Distributor A are not affected by the transfer.
3. A list, confirming all associated assets by ISBN held by 3<sup>rd</sup> parties, pertaining only to those ISBNs affected by the change of distributor.
4. A full ONIX file (or file in pre-agreed (between the publisher and the distributors) format) of all affected ISBNs so that Distributor B can make an early assessment of the quality of the metadata. The Publisher is exposed to enormous risk very late in the process if this is not done at this stage.
5. Production and Inventory Information for all affected ISBNs:
  - i. Confirmation of current stock levels / current inventory
  - ii. Physical locations of stock
  - iii. Details of all outstanding print jobs already commissioned
  - iv. Details of ISBNs (with quantities) currently printing
  - v. Details of ISBNs already shipped from printers (with quantities and destinations)
  - vi. Details of any bulk orders and/or exclusives / back orders
  - vii. Details of any outstanding returns and if using Industry Returns Initiative (IRI)
  - viii. Confirmation and details (metadata, contracts and correspondence draft or otherwise) of all work in progress items including those that are near to contract or contracted

### Step 2: 3<sup>rd</sup> Parties [PUBLISHER TASK]

Once this scenario can be made public, the Publisher should let all its 3<sup>rd</sup> parties know about the change of distributor and send the following documents to its 3<sup>rd</sup> parties:

1. A complete, clean and definitive list as agreed by the Publisher, Distributor A and Distributor B, detailing all affected ISBNs (by ISBN), all physical products, all physical formats, that will now be distributed by Distributor B.
2. A complete, clean and definitive list (by ISBN and agreed by the Publisher, Distributor A and Distributor B) confirming which assets held at Distributor A are not affected by the change of distributor (if any).
3. Declaration from the Publisher (or the Publisher's authorised representative), regarding the change of distributor and the start date of new distribution arrangements.



BIC recommends that a minimum of 10 working days be allowed for these steps in order for the information to flow through to the necessary places.

- **BIC Discount Group Codes**

Where these are in use, Distributor B will need to establish which codes they are going to use for the Publisher's titles, after consulting the following documentation:

<https://www.bic.org.uk/13/Discount-Group-Codes/>

Distributor B will need to ensure that a refreshed terms code matrix with new discount group codes is sent to the Publisher's customers before any P&A feed is distributed.

Which codes are used will depend on whether either distributor uses terms codes that identify them as part of the publisher code. If the existing terms codes are not specific to Distributor A, it may be possible for Distributor B to use them, providing they are compatible with their system. This decision should be made as early as possible because it may be necessary to register new publisher code(s) with BIC and it is certainly necessary for Distributor B to include the Publisher's terms codes in the terms code matrix they send out to their customers before they start including them in their P&A feeds.

Failure to do this will result in recipients not recognising the terms codes and not knowing what discount they attract.

### **Step 3: Ordering and Payment [PUBLISHER AND 3<sup>RD</sup> PARTY TASKS]**

The Publisher should contact each of their 3<sup>rd</sup> parties informing them of the coming distributor change, and where applicable detailing where/how to place orders, where to send returns requests, with details of the "effective from" dates for each of these.

Upon receipt of these documents, the 3<sup>rd</sup> parties should actively respond to the Publisher to acknowledge the message. It is the Publisher's responsibility to chase up each of the 3<sup>rd</sup> parties if acknowledgement is not received.

Due consideration should be given by the Publisher regarding its pre-orders, and back orders in this regard.

Specific consideration is required regarding returns arrangements and the potential impact on the affected distributors.

Efforts need to be made by all parties to ensure sales history is transferred to Distributor B in order to facilitate future returns. Distributor A should continue to facilitate returns for an agreed transition period – BIC recommends 3 months. This should be coordinated and agreed in advance between the Publisher, Distributor A and Distributor B.

### **Step 4: Transition Period [PUBLISHER AND DISTRIBUTOR TASKS]**

1. All parties (i.e. the Publisher, Distributor A and Distributor B) may mutually agree to a transition period should this be required, which should include agreement on start and end dates.
2. The Publisher and Distributor B should keep in mind that many retailers are buying 3 months or more ahead and so all pre-ordered stock for the affected ISBNs needs to be identified by the Publisher and details communicated to Distributor B as early as possible.

3. Given the nature of pre-orders and depending on timings, this exercise will be something that needs to be repeated at certain intervals until the end date is reached in order to capture any new orders.
4. Should a transition period be required, all parties should agree what will happen during the transition period with regards to notifying 3<sup>rd</sup> parties, systems changes, testing, data, cover, transfer of stock, returns, customer sales history and bibliographic records, to give Distributor B the opportunity to prepare for the change.
5. Consideration should also be given by the Publisher regarding industry wide communication of the change of distributor, the countdown for and implications on orders, and returns, with deadlines and clear instructions for where to send orders and both returns requests and authorised returns, prior to and after the deadlines have been reached. This should be in addition to notifying 3<sup>rd</sup> parties, individually of the same.
6. All parties (the Publisher, Distributor A and Distributor B) may consider formalising this process within a Transitional Services Agreement.

### Step 5: Cessation & Re-Starting of ONIX messages [PUBLISHER AND DISTRIBUTOR TASKS]

**This step avoids confusion in the book industry with regards which organisation is the distributor for the Publisher and from which date.**

Distributor A will need to cease sending ONIX / electronic information for those ISBNs affected by the change on a date agreed in advance with the Publisher. BIC recommends this date is mutually agreed and communicated in writing by the Publisher, to Distributor A, Distributor B and all the relevant Publisher's 3<sup>rd</sup> parties involved.

**Timing:** With regards Distributor B starting to transmit ONIX / electronic messages after this cessation date, BIC advises that careful consideration be given to how long it may take for metadata to flow through the physical supply chain, bearing in mind bank / public holidays and that retailers shut down submissions considerably well in advance of 25<sup>th</sup> December. In some instances, this ingestion could take up to 30 calendar days. The release of information date (particularly in the case of embargoes) can be specified by the publisher to retailers and aggregators in advance, it does not need to be left to the last minute.

The Publisher's new distributor (Distributor B) will need to allow enough time (and communicate this time requirement to the Publisher and Distributor A) in order to make the necessary back office changes (for those ISBNs affected) to systems, external feeds, databases and so on pertaining to ownership / payments.

**Feed authority:** It is important to ensure that 2 feeds (one from Distributor A and another from Distributor B) are not going out without ensuring that it is 100% clear to all recipients which feed is the authority. Ideally there should be no metadata feed overlap, i.e. the same ISBNs should not appear on both feeds.

Time should be allowed for data aggregators to review the authority feed for any unexpected changes.

- Impact on data aggregators:

Data aggregators should be notified about the change of distributor in advance, especially if the distributor is responsible for transmitting certain metadata and/or price and availability fields. If, on occasion, data aggregators aren't informed prior to receiving the data from the new distributor, this may generate a conflict in their system alerting them that something isn't right.





This halts the data processing and requires manual intervention to resolve. At this point the data aggregators will need to contact the supplier of that data for more information. Not informing data aggregators in advance of all changes delays the flow of the new information through the metadata supply chain which has ramifications further down the supply chain.

Due consideration should be given by the Publisher regarding its pre-orders and back orders.

### **Step 6: Transfer of Stock and Price & Availability feeds [DISTRIBUTOR TASK]**

On dates mutually agreed with the Publisher and Distributor B (the new distributor), Distributor B will need to carry out the following tasks:

1. Make any necessary changes on their systems in respect of financials, price and availability feeds, sales history, back orders etc. pertaining to the Publishers' ISBNs being distributed by them.
2. Ensure they have a definitive list with contact information of the Publisher's price and availability file recipients, in order that they can begin regular distribution of these files.
3. Start sending out the Publishers P&A feeds.
4. Ensure it is understood where all the Publisher's stock relating to the ISBNs affected by the distributor change is coming from and that it is received in time. This stock may be coming direct from Distributor A, the Publisher (and/or its 3<sup>rd</sup> parties), or a combination of these.

On dates mutually agreed with the Publisher and Distributor A, Distributor A will need to carry out the following tasks:

1. Make any necessary changes on their systems in respect of financials, price and availability feeds, sales history, back orders etc. pertaining to the Publishers' ISBNs no longer being distributed by them.
2. Cease distributing any price and availability files for the Publisher.
3. Ensure all the Publisher's stock held by them, relating to the ISBNs affected by the change of distributor is delivered to Distributor B on time. This may need to be arranged in pre-agreed phases with the Publisher and Distributor B.
4. Cease sending out P&A feeds for the Publisher.

### **Step 7: Distributor Change Completion**

It is recommended that Distributor B performs their own checks on behalf of the Publisher in the following key areas:

- Pricing (including BIC Discount Group codes, if used)
- Availability
- Weights and dimensions data
- Sales representation by region
- Condition of physical product
- Territories
- Distribution deals
- Co-publications
- Sales rights
- Special sales
- Other issues specific to the business needs of the Distributor B arising out of Distributor B's due diligence (including consideration of GDPR compliance and new titles / embargoes)
- Price and Availability feeds and their destinations



## Checklist of Documents Required

### Step 1: Publisher to Distributor Information Exchange

1. A full and definitive list confirming all ISBNs pertaining only to those affected by the change of distributor. This list should highlight all OP and withdrawn titles if applicable. This list may be broken down by 3<sup>rd</sup> parties if appropriate.
2. A full and definitive list (by ISBN) confirming which assets held at the Publisher, or the Publisher's 3<sup>rd</sup> parties (if applicable) and Distributor A are **not** affected by the change of distributor.
3. Production and inventory information for all affected ISBNs.
4. All necessary information relating to work in progress items including new titles / embargoes.

### Step 2: Inform 3<sup>rd</sup> Parties

1. A full and definitive list, detailing all affected ISBNs (by ISBN), all physical formats.
2. A full and definitive list (by ISBN) confirming which assets held at Distributor A are **not** affected by transfer of ownership.
3. Declaration of change of distributor from the Publisher.

### Step 3: Ordering and Payment

1. Effective date of change, details of transition period including explicit information regarding orders, payment instructions, returns etc. especially dates.
2. Written acknowledgement from 3<sup>rd</sup> parties regarding receipt of 1 above.
3. Confirmation from 3<sup>rd</sup> parties to the Publisher, that the changes regarding orders, returns etc. will be made by them accurately and by the date specified in 1 above.

### Step 4: Transition Period

1. Mutual agreement in writing between the Publisher, Distributor A and Distributor B on start and end dates of the transition period.
2. Mutual agreement in writing on what will happen during the transition period.
3. Transitional Services Agreement – if agreed between the Publisher, Distributor A and Distributor B.
4. Distributor B's refreshed terms code matrix with new discount group codes for customers (necessary before sending refreshed P&A feeds can begin).
5. Industry wide communication regarding the change.

### Step 5: Cessation and Re-Starting of ONIX Messages

1. Agreement in writing between the Publisher and both Distributors regarding the date that Distributor A must cease sending ONIX messages for those ISBNs affected by the change of distributor.
2. List of any embargoed ISBNs affected.
3. The Publisher to establish and confirm the best ONIX transmission date and communicate in writing to all its 3<sup>rd</sup> parties.
4. Details of pre-orders and back orders.

### Step 6: Transfer of Stock and Price & Availability feeds

1. A detailed list for Distributor B of the quantities of stock for each ISBN affected by the change and their source (e.g. Distributor A, or the Publisher's other 3<sup>rd</sup> parties etc.)

### Step 7: Distributor Change Completion

1. List of affected ISBNs in order that Distributor B can perform checks on: Metadata, Pricing, condition of stock etc.





## Other Scenarios

Other scenarios documented by BIC with regards acquisitions and divestments in the physical supply chain are as follows:

**Scenario 1** – Publisher A purchases part/all of Publisher B and publisher A's distributor is used for all.

**Scenario 2** – Publisher A acquires part/all of Publisher B and both Publisher A's and Publisher B's distributors are used (i.e. there is no immediate change to distribution).

**Scenario 3** – Publisher A acquires part/all of Publisher B and uses a completely new distributor as a change in distribution is already in progress at Publisher A.

**Scenario 4** – Publisher A acquires Publisher B, becoming new legal entity Publisher C and uses Publisher A's distributor.

**Scenario 5** – Publisher A acquires Publisher B, becoming new legal entity Publisher C and uses Publisher B's distributor.

**Scenario 6** – Publisher A acquires Publisher B, becoming new legal entity C. Both Publisher A's and Publisher B's distributors used (i.e. there is no immediate change to distribution).

**Scenario 7** – Publisher A acquires Publisher B, becoming new legal entity Publisher C and uses completely new distributor.

**Scenario 8** – Publisher A acquires Publisher B, becoming new legal entity Publisher C. Publisher A and Publisher B already use the same distributor (i.e. there is no immediate change to distribution).

See the following link for further information regarding these scenarios:

<https://www.bic.org.uk/209/Acquisitions-and-Divestments-for-Physical-Products/>

## Appendix A

### How to use Transfer Notices in ONIX 3.0

ONIX has had the ability to provide notification of product transfers since 2003 as follows:

- notice of sale from divesting party
- notice of acquisition from acquiring party

To do this, ONIX uses <NotificationType> 08 and 09 in List 1

- The message should include date, any change of distribution arrangements, terms, and prices.
- On their own these notifications are not sufficient with regards best practice for the Acquisitions and Divestments process. Please refer to the additional steps/tasks required as detailed in the main documentation.

### How a divesting publisher should communicate in ONIX the transfer of ownership of product from one publisher to another using <NotificationType>08

```

<RecordReference>f3a85abd-f29e-4e0b-92cc-2fa6a0833022</RecordReference>
<NotificationType>08</NotificationType>                                08 = notice of sale
<RecordSourceType>01</RecordSourceType>
<RecordSourceName>XYZ Publishers</RecordSourceName>                  record from divesting party
<ProductIdentifier>
<ProductIDType>15</ProductIDType>
<IDValue>9780001234567</IDValue>                                     product ISBN
</ProductIdentifier>
...
<Publisher>
<PublishingRole>09</PublishingRole>
<PublisherName>ABCQ Books</PublisherName>                             new/acquiring publisher
</Publisher>
<Publisher>
<PublishingRole>13</PublishingRole>
<PublisherName>XYZ Publishers</PublisherName>                         former/divesting publisher
</Publisher>
...
<PublishingDate>
<PublishingDateRole>28</PublishingDateRole>                         effective date of transfer
<Date>20150105</Date>
</PublishingDate>
...
<ProductSupply>
<SupplyDetail>
...                                                                    old supplier
...                                                                    returns conditions
<ProductAvailability>52</ProductAvailability>                       no longer sells in this market
...                                                                    last date for returns

```



</SupplyDetail>  
</ProductSupply>

This record sent by the divesting publisher (or another organisation acting on their behalf) might not contain all six of the ONIX 3.0 'blocks'. Only blocks 4 and 6 are strictly necessary. However, this would be akin to a 'block update' and not all recipients are able to accept such partial records. In this circumstance, the divesting publisher may need to send a complete record.

## How an acquiring publisher should communicate in ONIX the transfer of ownership of product from one publisher to another using <NotificationType>09

<RecordReference>uk.co.abcq.1234567</RecordReference>	Note <i>different</i> reference
<NotificationType>09</NotificationType>	09 = notice of purchase
<RecordSourceType>01</RecordSourceType>	
<RecordSourceName>ABCQ Books</RecordSourceName>	record from divesting party
<ProductIdentifier>	
<ProductIDType>15</ProductIDType>	
<IDValue>9780001234567</IDValue>	product ISBN
</ProductIdentifier>	
...	
<Publisher>	
<PublishingRole>09</PublishingRole>	
<PublisherName>ABCQ Books</PublisherName>	new/acquiring publisher
</Publisher>	
<Publisher>	
<PublishingRole>13</PublishingRole>	
<PublisherName>XYZ Publishers</PublisherName>	former/divesting publisher
</Publisher>	
...	
<PublishingDate>	
<PublishingDateRole>28</PublishingDateRole>	effective date of transfer
<Date>20150105</Date>	
</PublishingDate>	
...	
<ProductSupply>	
<SupplyDetail>	new supplier
...	new returns conditions
<ProductAvailability>20</ProductAvailability>	new availability (e.g. 20 = available)
...	
</SupplyDetail>	
</ProductSupply>	

This record sent by the divesting publisher (or another organisation acting on their behalf) should always be a 'full' record, as it is likely that other details (e.g. marketing collateral) will also have changed.