From Settlement to Strategy

Five Strategic Priorities for Publishers Deploying Settlement Capital in 2026

A MetaComet® Systems White Paper

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Executive Summary

In July 2026, a federal court granted final approval to the $1.5 billion settlement in Bartz v. Anthropic, the largest copyright settlement in U.S. history. With more than 91 percent of the roughly 480,000 eligible works claimed before the March 2026 deadline, distributions of approximately $3,000 per work are expected to begin flowing to authors and publishers in the second half of 2026. For publishers with substantial backlists, the result is something the industry rarely sees: a significant, one-time infusion of unencumbered capital.

How that capital is deployed will separate the publishers who look back on 2026 as an inflection point from those for whom it was a year with a good looking P&L statement. This paper argues for a single organizing principle: windfall capital should fund investments that compound, not recurring costs that create new obligations. That premise leads to five recommended investment priorities:

Investment priority	Why it compounds over a decade
Backlist: cleanup and revitalization	Clean rights records and refreshed backlist titles turn dormant IP into recurring, high-margin revenue, and unlock every other priority on this list.
Licensing readiness: AI and subsidiary rights	The next wave of AI content deals will be negotiated licenses. Publishers who can document what they own and deliver it in structured form will be first in line. And subsidiary rights income is nearly pure margin.
Direct-to-consumer: infrastructure and first-party data	Owning the customer relationship reduces retailer dependence, improves marketing efficiency, and builds an audience asset that appreciates rather than depreciates.
Audio expansion	Audio continues to grow faster than print, and falling production costs make midlist and backlist conversion economical for the first time.
Royalty and financial operations modernization	Automating royalty accounting permanently lowers operating costs, reduces compliance risk, and strengthens the author relationships that every other investment depends on.

These five priorities are interdependent. Clean rights and royalty data is the foundation that makes licensing, audio conversion, and backlist monetization executable, while direct-to-consumer capability amplifies the return on every new format and reissue. The publishers best positioned for the next decade will treat the settlement as seed capital for the infrastructure they have deferred for years.

A Framework for Windfall Capital

Settlement proceeds differ from operating revenue in one critical way: they will not recur. Capital that will not recur should not fund costs that grow. Adding permanent headcount, raising standing marketing budgets, or absorbing the money into general operations are not sustainable expenditures.

The alternative is to treat the proceeds as an internal venture fund with a ten-year horizon. Three tests help qualify an investment:

- **Predictable cost, recurring return.** The best uses are build-once assets (clean data, new formats, new channels, automated processes) that keep paying back after the initial spend.
- **Compounding, not linear.** Prefer investments whose returns grow as they interact: a cleaned-up rights database makes a licensing program faster, which funds more audio conversion, which feeds the direct sales channel.
- **Optionality under uncertainty.** The publishing economy of 2036 is unknowable. Investments that keep options open, like owned audience data, well-documented rights, and flexible systems, outperform bets that assume one specific future.

The five priorities that follow all pass these tests.

Priority 1: The Backlist — Cleanup and Revitalization

Start with the records

The settlement claims process was an unplanned audit of the industry's rights records, and for many publishers the results were humbling. Determining which works qualified, which rights had reverted, how splits worked across co-authors and estates, and what the contract actually said about proceeds from litigation proved laborious. Every one of those questions will be asked again by licensors and potential licensees, and publishers who cannot answer them quickly will keep leaving money unclaimed.

Backlist investment therefore starts with unglamorous work: reconciling contracts against rights databases, resolving reversion status title by title, completing contributor and payee records, and enriching metadata (including ONIX feeds) so that every title is discoverable and every right is documented. This is a bounded, one-time project with a permanent payoff, and it is the single highest-leverage use of settlement capital because every other priority in this paper draws on it.

Then revitalize what you own

With records clean, the backlist becomes a portfolio to be actively managed rather than passively warehoused. Backlist sales are the highest-margin revenue most publishers have, since acquisition, development, and launch costs are long since paid. A windfall is the rare chance to fund a systematic revitalization program instead of opportunistic one-offs. Candidates include new covers and reissues for titles with persistent demand, updated editions in evergreen categories, translation deals for territories never exploited, and metadata refreshes that restore discoverability lost to years of catalog drift.

A practical approach is to rank the backlist by a simple screen, considering trailing sales, category durability, rights availability, and format gaps. Then fund the top tranche as a defined program with its own budget and timeline. Measure the program the way an investor would: incremental revenue per title against one-time refresh cost, tracked over 24 months.

Priority 2: Licensing Readiness — AI and Subsidiary Rights

The AI licensing market is forming now

The settlement resolved claims about past conduct but did not settle how AI companies will acquire books going forward. The clear direction of travel is negotiated licensing for model training, for retrieval and reference products, and for emerging uses that do not yet have names. Publishers do not need to predict which deal structures will win. They need to be ready to transact as opportunities emerge:

- **Documented ownership.** A licensor must warrant what it controls. Publishers with clean rights chains, including electronic and text/data-mining rights language by title, can say yes quickly.
- **Author consent and revenue-sharing policy.** Decide, before the first offer, how AI licensing revenue will be shared with authors and how consent will be gathered. Publishers that improvise this under deal pressure will damage author trust and slow negotiations.
- **Deliverable content.** Licensed corpora must be delivered as clean, structured files with reliable metadata. Digitization gaps and inconsistent file hygiene create deal friction that settlement capital can be used to eliminate now.

Subsidiary rights: licensing income hiding in plain sight

While AI licensing develops, subsidiary rights remain the most reliable, underexploited asset in publishing. Translation, audio licensing, film and television options, serialization, anthology, and permissions income are nearly pure margin. Yet many small and mid-sized publishers pursue them passively because they lack the staffing, systems, or catalog materials to run an active rights operation. Settlement capital can fund the fixed costs of launching that operation properly: rights management tooling, catalog and rights-guide production, book fair presence, and the data work that lets a rights manager see instantly what is available in which territory and format.

The two efforts reinforce each other. The same documented, well-structured rights inventory that makes a publisher credible to an AI licensor is what helps it move fast at Frankfurt. Build it once; sell through every channel.

Priority 3: Direct-to-Consumer Infrastructure and First-Party Data

Own the relationship, not just the transaction

Most publishers rent access to their readers from retailers and platforms whose terms, algorithms, and fees they do not control. A direct-to-consumer channel (an owned e-commerce storefront, email program, and, where the category supports it, subscription or membership offerings) changes that structure. D2C fits the windfall profile precisely: it is expensive to build and comparatively cheap to run, which is why it so often stays on the deferred list during normal budget cycles.

D2C economics don't rest on the storefront margin alone. The greatest return is strategic: pricing and bundling freedom, resilience against retailer term changes, a launch channel for reissues and new formats, and, above all, customer data.

First-party data is the compounding asset

Every direct transaction, email signup, and site visit produces first-party data: who reads what, in which formats, at what price points, and in response to which messages. Over a decade, that data compounds into the publisher's richest marketing asset. It makes paid media more efficient, makes backlist promotion targetable, tells the audio program which titles to convert next, and gives the licensing team evidence of audience demand. Privacy regulation and the decline of third-party tracking make consent-based, first-party data more valuable every year, not less.

A practical scope for a settlement-funded build includes: a modern commerce platform integrated with fulfillment; a CRM and email system with proper consent management; analytics that connect marketing spend to title-level sales; and a content program (newsletters, sampling, community) that gives readers a reason to connect with your publishing house. Staffing can stay lean if systems are chosen well. The capital can go into the build, not a standing department.

Priority 4: Audio Expansion

Audio has been the fastest-growing consumer format in publishing for a decade, and the growth has been constrained less by demand than by production economics: full-cast or single-narrator studio production has historically made sense only for titles with substantial expected sales. That constraint is breaking. Falling studio costs and the emergence of high-quality AI-assisted narration have collapsed per-title production costs, bringing midlist and backlist titles into economic range for the first time.

For a publisher with a claimed settlement list, this is a direct opportunity: hundreds or thousands of owned titles with no audio edition, each now convertible at a fraction of historical cost, each creating a new earning asset in the format where new listeners are arriving. A structured program would tier the catalog with human narration for lead titles where performance is the product and AI-assisted narration for deep backlist where availability is the product, then route the resulting editions through both retail audio channels and the publisher's own direct channel.

Two governance notes belong in any audio program. First, verify audio rights title by title before conversion — another dividend of the rights cleanup in Priority 1. Second, set a clear house policy on AI narration, including author consultation and listener disclosure where appropriate; format expansion should strengthen author relationships, not strain them.

Beyond audiobooks proper, the same catalog preparation opens adjacent format opportunities, such as podcast adaptation, audio-first original programming, and licensing into audio platforms. These all convert one investment in production capability into multiple income lines.

Priority 5: Royalty and Financial Operations Modernization

Every priority above eventually lands in the same place: the royalty ledger. More backlist activity, more licensing deals, more formats, and more sales channels all multiply the number of contracts, statements, payments, and reports a publisher must process. A house that manages royalties in spreadsheets or aging systems will find that its growth investments manufacture administrative burden at exactly the moment finance teams are least able to absorb it.

Modernizing royalty and financial operations is not just back-office housekeeping, but the enabling infrastructure for everything else in this paper. The case rests on four returns:

- **Permanent time and effort reduction.** Automated royalty calculation and statement generation eliminates recurring manual effort every period, forever.
- **Error and compliance risk.** Manual royalty processes produce miscalculations, missed escalators, and audit exposure. As licensing income grows more complex with multi-party splits, AI licensing pools, territory-specific deals, etc., the cost of error grows with it.
- **Author and agent trust.** Accurate, timely, transparent statements are among the most tangible expressions of a publisher's reliability. In a decade when authors have more publishing options than ever, royalty experience is a relationship issue.
- **Decision-grade data.** A modern royalty system is also a dataset: which titles, authors, formats, and channels actually earn. That intelligence should feed backlist ranking, audio tiering, and licensing strategy.

The settlement itself made the case concretely. Publishers with organized contract and royalty data could identify eligible works, file claims, and model author shares in days; publishers without it spent months reconstructing records under deadline. The next such fire drill — an audit, a licensing opportunity, a rights dispute — is likely just around the corner.

Sequencing the Investments

Few publishers will fund all five priorities at once, and the right sequence depends on where a house is weakest. Two rules of thumb apply broadly. First, information infrastructure precedes monetization: rights cleanup (Priority 1) and royalty modernization (Priority 5) are the foundation layers that determine how fast and how safely the revenue-facing investments can move, and they are also the most bounded, estimable projects on the list. Second, match monetization investments to existing strengths: a publisher with strong reader communities should accelerate D2C; one with licensable category depth should build the rights operation; one with a narrative-heavy catalog should lead with audio.

A useful discipline is to write down, before spending begins, what each funded initiative is expected to return and when it will be reviewed. Windfalls have a way of dissolving into general operations. The first step towards developing a concrete program can be a simple investment memo per initiative, including cost, expected return, owner, and review date.

Conclusion

The Anthropic settlement will be remembered as a landmark in the relationship between publishing and artificial intelligence. For individual publishers, its more immediate significance is simpler: a rare, unencumbered capital event arriving at a moment when the industry's next decade is being shaped by exactly the capabilities this paper describes: documented rights, licensable content, direct reader relationships, format breadth, and modern financial operations.

The checks will be modest for some houses and substantial for others. Either way, the strategic question is the same. Capital that will not recur should build a revenue pipeline that will.

About MetaComet Systems

MetaComet Systems has helped publishers and other royalty-paying organizations simplify rights and royalty management for more than 25 years. Its solutions — Royalty Tracker for royalty accounting and MetaComet Rights for subsidiary rights and licensing management — automate royalty calculation, statement generation, and rights tracking so publishers can pay authors accurately, license confidently, and spend their time developing their book businesses. MetaComet is SOC 2 Type II certified.

Capital that won't recur should build assets that will. Schedule a demo at metacomet.com/demo to see how publishers turn one investment in Royalty Tracker and MetaComet Rights into faster statements, cleaner rights data, and licensing readiness — with implementation included free.

Note: *This paper offers general business perspective, not legal, tax, or financial advice. Publishers should consult their own counsel and advisors regarding their specific circumstances.*