



SIPX Corporate Overview

SIPX (pronounced “sip-ex”) is a **new web-based service, created to manage copyrights and deliver digital documents for the higher-education marketplace**. The SIPX solution is seamless, comprehensive, easy-to-use and cost-effective for universities, publishers, instructors and students alike. Building on research conducted by the Stanford Center for Legal Informatics (CodeX), the SIPX team is dedicated to supporting the growing use of digital course materials in today’s rapidly changing higher-education environment.

The Problem

Managing copyrights is hard and expensive, with increasingly complex legal and regulatory constraints.

For many years, the owners of digital content have faced piracy—unauthorized sharing and distribution of copyrighted material. Content consumers have clearly expressed a willingness to pay a fair price for the content they want when they can do so easily. Often they prefer a single article rather than an entire journal or periodical – but they face long delays, high transaction costs, uncertain rules, and difficulty in finding copyright owners and obtaining permissions appropriate for their intended use.

These issues are especially relevant in the realm of higher education, where an increasing amount of course content is delivered and consumed digitally. The trend toward digital course material places burdens on numerous players. The instructor must aggregate the information and ensure appropriate licensing amidst a copyright permissions maze. The university or similar organization needs to confirm whether or not a license exists (license filtering), and if not, acquire one, for what could be thousands of documents, often relying on a painstaking and expensive manual clearance process. The student/user, with a limited budget, prefers to access all course material in one location, and pay the lowest possible price. The publisher (or copyright owner) seeks wide distribution, fair compensation and understanding of how its content is being consumed.

The SIPX service resolves the complex problems of all these constituencies *today*.

SIPX History, Research and Testing

The research leading to the launch of the SIPX solution was conceived in 2005, when scholars at Stanford University studied copyright issues within the overall realm of internet law. Over the next several years, both CodeX (Stanford’s Center for Legal Informatics) and MediaX, a related Stanford research center, evaluated the challenges and opportunities for creating a marketplace for digital documents, with a particular focus on higher education. With funding from a corporate grant, the research team formed the Stanford Intellectual Property Exchange. The CodeX researchers deployed this system in the spring of 2011, by recruiting a small group of pilot Stanford professors. This proof-of-concept launch was successful, as measured by ease-of-use and cost reductions for all parties.

Spurred by this early success, additional courses and students were added in each of the subsequent pilot deployments over the next six academic quarters.

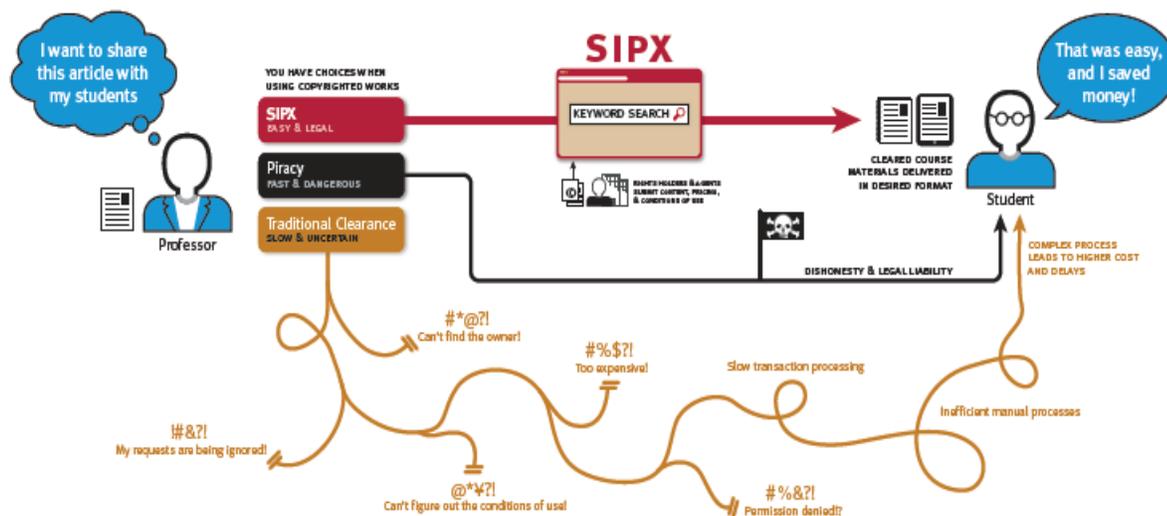
How the SIPX Service Works

The SIPX service provides an elegant solution to a complex problem.

To participate in the system, **content owners** register their content on the SIPX system, and set access restrictions and pricing rules. There is no requirement to deliver and store content on the SIPX system itself, as long as a secure and reliable download location is provided. **University libraries** participate by providing SIPX with access to their institutional holdings catalogs. SIPX also connects to royalty-free and public domain content, thereby providing easy access to, and assured clearance of, a wide variety of documents within a single “one-stop shopping” user experience. All together, this complete system allows rapid copyright clearance and license filtering. Where real-time use-license pricing is not automatically and instantly available through the SIPX system, SIPX completes the picture by providing manual clearance support.

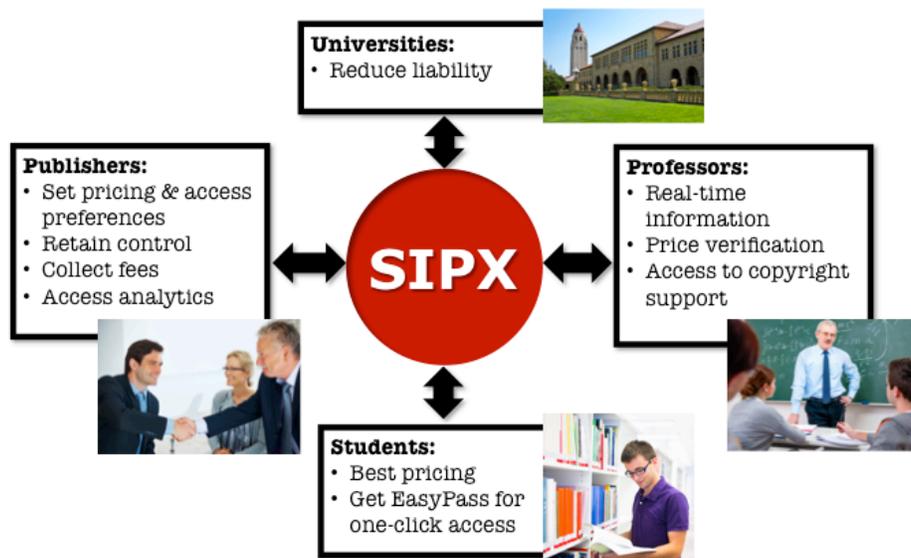
A **professor** finds articles or other documents through a simple keyword search on the school’s web platform or directly on SIPX, and embeds links to those articles in the course syllabus, typically hosted on the university’s learning management system (LMS). A **student**, who clicks on such a link, is authenticated for applicable discounts, pays any necessary royalties, and then accesses the digital content for electronic reading, printing or both, all in a single, seamless user experience. This comprehensive system ensures that content owners receive royalty payments and increases transparency to all sides with accurate usage analytics.

The illustration below highlights the simplicity of the SIPX system compared to existing methods of distributing digital course material.



Benefits of the SIPX Approach

The SIPX approach provides benefits to all parties in the higher-education course material marketplace.



With the SIPX system, content owners and publishers can set (and re-set) pricing as they choose. These policy rules can control both pricing and access rights for different types of users on the basis of many factors, such as institutional affiliation or geography. Unlike traditional rights management approaches, where clearance hurdles are high, SIPX allows content owners/publishers to monetize requests for individual articles, for example, from institutions that do not have the budgets to purchase a full subscription to a particular publication. Through the analytics SIPX will provide, publishers can see how content is used in course material from both the professor and student (purchaser) perspective. Publishers can see both what is selling and what is not. Instructors can learn how best to select course materials for the student.

For professors, the benefits of the SIPX solution are clear: an easier and faster way to create digital course reading lists, that is less costly for the student (by integrating knowledge of the university's library holdings) and for the school itself (by reducing the liability from unauthorized use of material). Professors will avoid the copyright permissions maze by using the SIPX system, and will also have access to analytics highlighting which readings were purchased and downloaded. Students will appreciate the SIPX system, because all their course documents will be available in one location, for download on whatever device(s) they choose, with a seamless handoff to their school's print-on-demand service should the student want a hard-copy course pack. Perhaps most importantly, by getting the full benefit of their student status and university affiliation, students will experience significantly lower course material costs: in the early Stanford pilots, this reduction was between 25% and 78% per course.

Finally, for universities and their libraries, SIPX provides a content distribution process that ensures they distribute legal content to their clients, at a lower cost than before, and with higher visibility and full credit for the services they provide. In addition, the libraries will be able to access analytics about which materials are used for which courses, and at what price and frequency of download and printing.

Ready for MOOCs

SIPX believes in the potential of online education to reach previously inaccessible students and locations. SIPX is ready to support MOOCs (massive open online courses), whether from an independent company, or an affiliate of a well-known university. Using the SIPX cloud-based system, MOOC providers can enrich the student experience with a variety of readings that are otherwise difficult to clear for copyright and purchase beyond the “walled garden” of a traditional school, without taking on undue liability. For publishers, participating in a MOOC using the SIPX platform offers the opportunity to reach non-affiliated, non-institutional purchasers and a completely new international marketplace. In the first SIPX pilot with Coursera, a well-known MOOC provider, SIPX supported thousands of new accounts with users from over 90 ninety countries.

Getting Started

For universities and MOOC providers interested in bringing the SIPX platform to their student body, SIPX offers an easy on-ramp. An initial pilot requires limited effort and will rapidly demonstrate the benefits of deploying the SIPX solution. After that, the school can migrate through higher levels of functionality to match its needs and implementation capacity, including integrating with learning management systems and class websites, and with printing services providing hard-copy course packs. With deeper integration, the benefits of SIPX become even more evident, bringing the greatest value from subscription licenses, maximizing student savings, providing usage data and analytics for libraries, and enhancing outreach through differential pricing possibilities for affiliated segments such as alumni.

SIPX, Inc.

In 2012, Stanford University and the CodeX team recognized the potential of bringing this new platform to the broader higher-education market, and took steps to launch SIPX, Inc. as an independent company. The Company recruited a top-tier management team of technology industry veterans as well as publishing and copyright experts; signed an exclusive patent-licensing agreement with Stanford University covering the core patents developed in the years leading up to the Company’s formation; and attracted Board members well-versed in the distribution of digital content. In October 2012, the Company closed its Series A funding in excess of \$2.4 million, led by XSeed Capital, with participation from Mohr Davidow Ventures, Ulu Ventures, Konica-Minolta, Stanford University and leading individual investors.

SIPX is currently running its sixth release at Stanford as well as its initial implementation for Coursera, a leading MOOC provider, and will be broadening its educational and publishing partners and customers in 2013.

For Further Information

Contact info@sipx.com to arrange a conversation with a SIPX team member.

The SIPX team thanks Stanford University, CodeX, MediaX and other Stanford affiliates, faculty and staff for their support, funding and feedback during the launch of SIPX, Inc.

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