

## **From Pleasure Chest to Treasure Chest: How EJ James is Turning EVERYONE ON** *(Abridged Version)*

The new Treasure Trove of Hollywood Content is Fan Fiction, thanks to the unexpected arrival of EL James, the fanfiction equivalent of dynamite to a traditional publishing levy. Most people know Fanfiction as self-published original stories based on pre-existing characters, commonly traded online at no cost. While some people, namely, Hollywood Studio executives know Fanfiction to represent what Marvel once meant to Disney, a content rich library of intellectual property and consumer data, well worth the 4 Billion Dollar acquisition price tag. Just like the acquisition of Marvel is paying dividends with tentpoles like “The Avengers” “Spider Man” “Iron Man” and “Wolverine,” studios are now calculating the upside to acquiring companies like self-publishing platform Smashwords, before the publishing giants do.

With up to half of the New York Times top- 25 list of best selling e-books represented by self-published and fan fiction books, Smashwords represents El Dorado. It portends a library of currently undervalued intellectual property with a built in portable fan base faithful to a pre-existing cult genre. Not only that, Smashwords represents further added value with its vast consumer data ideal for serving as consumer indicators for any company that acquires it, thus helping guide the development of derivative creative offshoots for titles acquired in the deal.

Where once Fifty Shades of Grey was a pet project sexualizing the exploits of Twilight’s Edward and Bella, it has now sold an astounding 40 million copies worldwide, been translated into over 30 languages, with book rights having been sold in 37 countries, setting the fastest-selling paperback record of all time, surpassing even the Harry Potter series. Moreover, its movie rights sold to Universal and Focus Features for \$5,000,000 after turning down third party offers as high as \$7,000,000. Just as importantly, why couldn’t this happen for “Gabriel’s Inferno,” written by an anonymous author initially published for free online at Twighlighted.net, later selling only 4,000 copies by Omnific, a small e-book publisher started by the founder of Twighlighted.net and picked up by Berkley Books for a reported seven figure sum. So if this could happen again (and again), what does that mean for other obscure, self-published fiction or fan-fiction authors aspiring to come out of the shadows and into the Twilight? It means big business. And what does that mean for publishing and filmmaking stalwarts, like behemoth publishing houses and the Hollywood studios? It means the land grab is on, to stake claim in as much of this new intellectual property frontier as possible before anyone else does.

On a macro industry level, the mad dash has already begun with the October 29<sup>th</sup> merger of Random House and Penguin, creating the world's largest publishing company. This was after NewsCorp.-owned HarperCollins made a bid at Penguin for a reported \$1.6 billion, but it was too late, and Penguin Random House was already born. Interestingly, the tail that may have wagged the dog in that deal is the fact that the 'Fifty Shades of Grey' trilogy is published by Random House, of which Penguin now has a piece (specifically, 47% of the new mega company). Penguin Random House represents about 25% of the worldwide consumer publishing market with over \$4 billion Dollars in revenues, and has publically stated that it intends to head more aggressively into the digital publishing space. Meanwhile, media mogul Barry Diller and screen and stage producer Scott Rudin have recently announced their own new digital book company.

We are yet to see what impact these new players will have on consolidating the self-publishing or fan-fiction market, but if a previously obscure, initially self-published fan fiction writer like EL James can single-handedly drag publishing giants into the digital age, yet not need them to keep selling her Shades to millions of consumers, then the genie appears to be out of the bottle.