Synchtank®

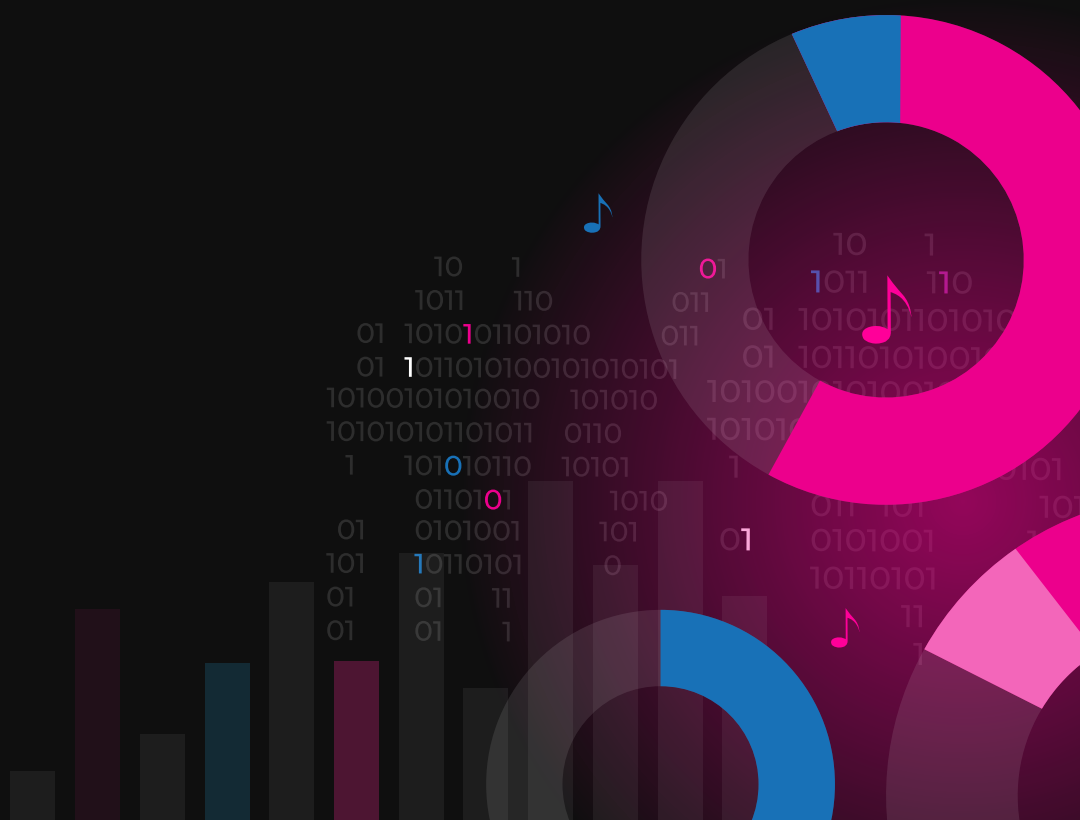
2021 Round Up

Featuring:

Synchtank company highlights

The best Synchblog content

Drowning in Data report takeaways



Introduction

Chris Cass

Chief Business Officer
Synchtank

Despite considered as still being significantly undervalued, revenues associated with the use of music IP continue to skyrocket. With the arrival of giant institutional investors, copyrights look like they will be even more rigorously defended too, and, as we highlighted in our 2021 Drowning in Data report, there has been an explosion of income sources together with an explosion in consumption.

However, such growth will not continue without companies managing their assets and optimizing their value, ensuring they are equipped to deal with the challenges that face the modern media company of today.

This is where Synchtank's software comes to the forefront.

Synchtank's mission has always been about increasing the efficiencies between those who own and create music and those who use music in their media. Our original core platform, designed for rights owners, is a system to centralize media, rights, and metadata for the organizing, tracking and licensing out of repertoire. In 2021, we added a few extra features such as ingesting music and metadata direct from the studio and integrating with various standalone players in the fingerprinting, watermarking and sonic similarity space.

We were also pleased to roll out IRIS, a complimentary royalty platform fully integrated with our Synchtank systems, which enables the registration of copyrights with societies and service providers, the collection of income, and the calculation of royalties owed to all parties owning any part of a song.

Simply put, the Synchtank system is for licensing out repertoire, whereas our IRIS platform is for collecting income owed (and not just for sync, but from digital services such as Spotify).

Looking forward, we are teeing up some exciting solutions with our broadcaster partners, mostly focused on workflows around licensing in repertoire as well as all that good stuff that helps creators get paid quicker such as cue sheets and reporting. We have a few other announcements we can't wait to share, but those are for another day.

"Synchtank's mission has always been about increasing the efficiencies between those who own and create music and those who use music in their media."

However, of course, the biggest news of the year for Synchtank was our announcement on 23 November that we had completed a $5.8 million Series A investment round. With these funds Synchtank is seriously ramping up its team, improving and expanding upon existing services and features, and growing its global footprint. We have an extensive product roadmap that we are dedicated to accelerate and who knows, maybe some surprises as to how we will be making improvements in completely new areas to help both rights owners and rights users in these exciting times.

We'd also like to take this opportunity to thank our customers and partners, both old and new, for their ongoing support and we look forward to continuing to work with some of the most innovative music and media companies in 2022 and beyond.

Merry Christmas and a Happy New Year!

About Synchtank

Synchtank®

Synchtank offers a range of cloud-based SaaS solutions for managing digital entertainment assets, intellectual property, metadata and royalties.

Asset, rights and metadata management

Synchtank provides a platform for rights owners and rights users to organize assets, manage complex rights and metadata, and exploit IP on a global scale.

Copyright registration, royalty collection and accounting

Synchtank's royalty accounting platform IRIS is a powerful global solution that maximizes automation and unlocks real value for rights holders and administrators in the digital age.

Find out more at synchtank.com
or get in touch at enquiries@synchtank.com

Company Highlights 2021

Commercial release of our IRIS platform

With the commercial release of royalty accounting platform IRIS at the beginning of 2021, we now offer an end-to-end solution, from asset, metadata, and rights management to copyright registration, income collection and royalty calculation.

Developed over 10 years by some of the world's largest publishers, IRIS offers a new standard in royalty processing for both publishing and label royalties. Based on a cloud implementation with a high-speed processing engine, it is built for ultra large data statements without breaking a sweat.

Having hosted millions of copyrights in the system and processing over $1bn of revenue to date, this is a system that has been tried and tested.

Extensive product development

We have made extensive updates to our core platform this year including the ability to ingest multiple libraries, the ability to ingest music and metadata direct from the studio, and integrations with various fingerprinting, watermarking and sonic similarity services.

We have also developed exciting solutions with our broadcaster partners, from licensing and clearance workflows to cue sheet generation, compilation and reporting.

Our IRIS platform, having been commercialised in 2021, has an exciting range of releases due this coming year. Watch this space for more developments across our rights management and royalty platforms...

$5.8m Series A funding round

We were delighted to announce the completion of our Series A investment round, led by Octopus Group and with participation from existing management and shareholders, in November 2021.

As our product set evolves, we are seeing increasing demand for further feature development and ever-growing service delivery in both its core music and media segments.

With significant opportunities growing in these sectors, plus new emerging sectors, the company is looking to strengthen its team, improve and expand upon existing services and features, and grow its customer footprint beyond North America and Europe. We are excited to continue to work with Octopus moving forward.

Company Highlights 2021

Drowning in Data industry report

In April of 2021 we released *Drowning in Data: Royalty Accounting and Systems in the Digital Age*, a comprehensive industry report that examines the challenges associated with publishing rights, royalties, and payments.

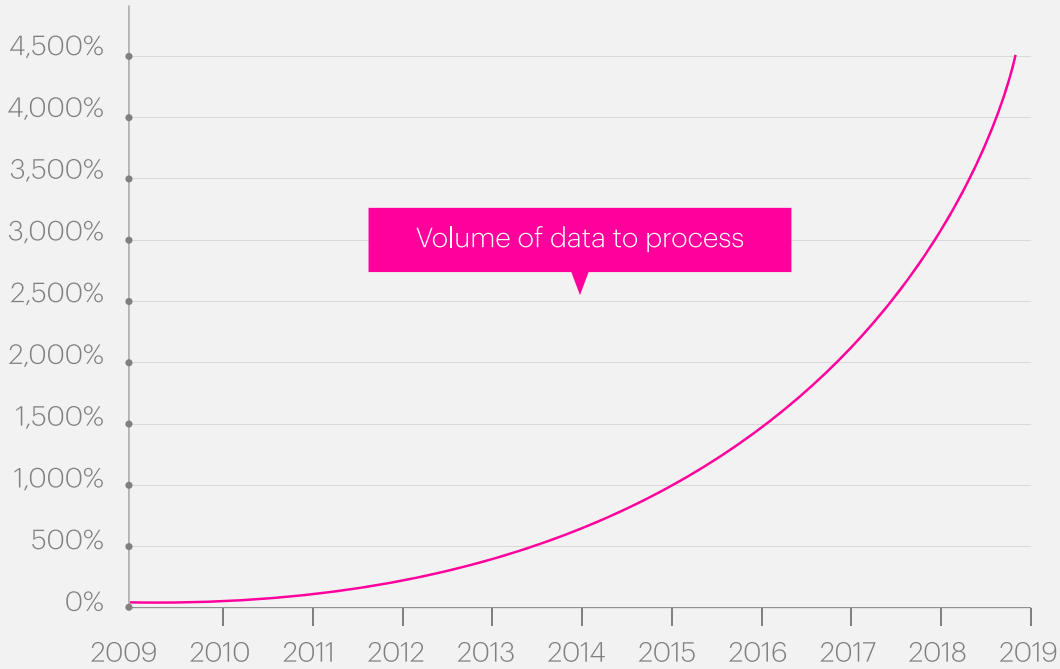
Download the full report

Key takeaways

1. Ever-rising data volumes are creating unprecedented challenges. One music publisher saw the volume of data it had to process increase by 4,500% over the past decade.
2. While music publishing revenue is forecast for a 5-10% CAGR over the next decade, the volume of data that publishers will have to process will grow at 20-30% or more p.a.
3. The industry is potentially losing out on billions of dollars in revenue due to poor data management and inefficient, siloed technology systems.
4. All these challenges highlight the industry-wide need for robust technology solutions and integrated, scalable royalty systems.

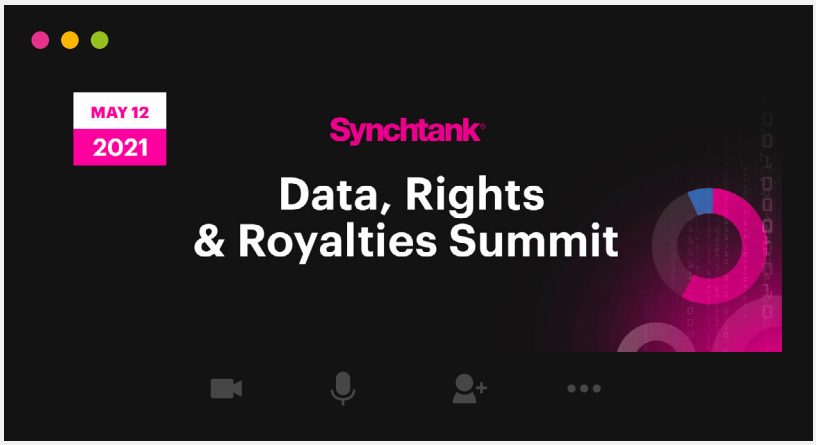
Music publisher growth

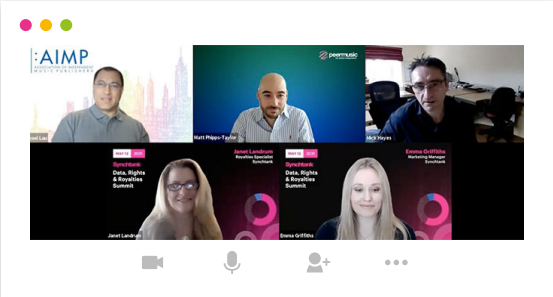
One music publisher saw the volume of data it had to process increase by 4,500% over a decade.

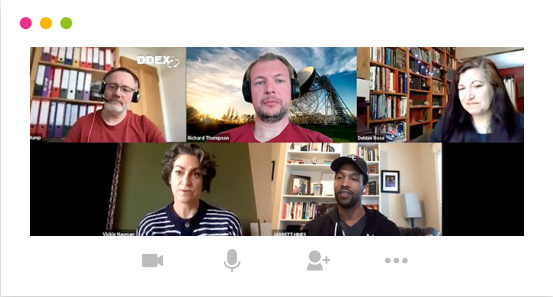


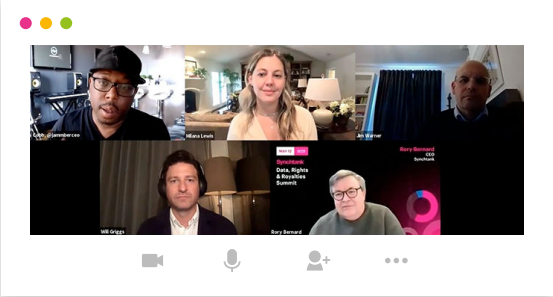
Source: Established independent music publisher

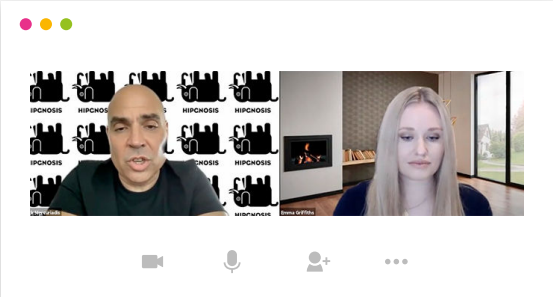
Company Highlights 2021











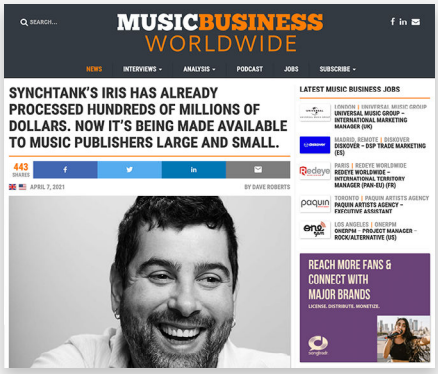
Data, Rights & Royalties Summit

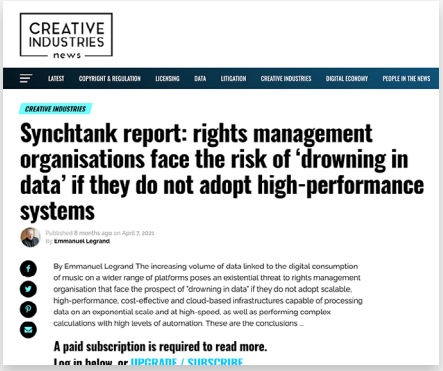
To mark the launch of our report we hosted our first virtual summit, bringing together industry leaders to discuss critical issues surrounding music rights, royalties and payments.

Speakers included Merck Mercuriadis (Hipgnosis), Milana Lewis (Stem), Michael Lau (AIMP), Vickie Nauman (CrossBorderWorks), Richard Thompson (The MLC), Mick Hayes (ICE), Niels Rump (DDEX), and Matt Phipps-Taylor (peermusic).

Catch up on all the panels

Synchtank in the press





Synchblog Highlights

Synchblog®

From interviews with leading executives to in-depth analysis and coverage of industry trends, we've put together some of the best Synchblog content of 2021 for you to enjoy.

synchtank.com/blog

Rights & royalties

Drowning in data: a wake-up call for the music industry

Written by Eamonn Forde

April 6, 2021

This is the first in a series where we highlight some of the key issues addressed in Synchtank's new Drowning in Data report. The report examines the challenges music publishers are facing with regards to rights, royalties and payments in the digital age.

Data is commonly referred to in the music business as "the new oil". It is a neat analogy to a point – explaining its huge value as well as the fact that it ensures the industry machine keeps running smoothly and does not rust up. But data, just like oil, needs to be controlled when a new source is struck otherwise it becomes a blowout, pumping out in huge plumes. In the oil industry, such uncontrolled/uncontrollable gushers are referred to as "wild wells".

The music business, in an age where billions of streaming micropayments are being generated every day, cannot afford to leave wild wells unattended and untamed.

Streaming by the numbers	2020	2030
% of global recorded music revenue	56.1%	86%
Paid streaming subscribers (global)	443M	1.22B
- of which came from emerging markets	38%*	67%

* 2019 figure
Source: IFPI, Goldman Sachs

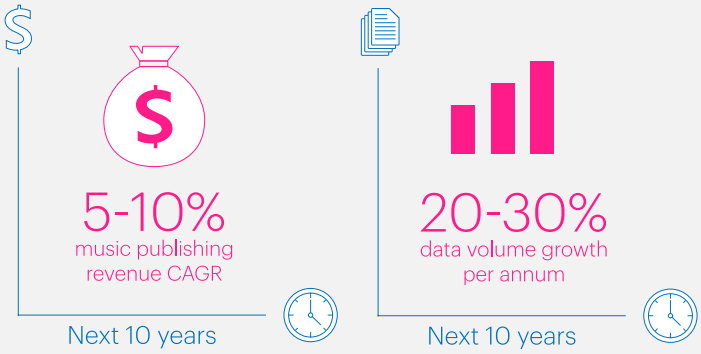
In the US alone in 2020 there were 872.6 billion audio streams of music according to MRC Data. That was an increase of 17% from 2019. Streaming made up 61.2% of record label revenues globally last year according to the IFPI's numbers, a jump of 19.9% from 2019.

Michael Lau is the former COO and CTO at Round Hill and now president of the Association of Independent Music Publishers New York Chapter (as well as operations committee member at the Mechanical Licensing Collective). He believes there will continue to be large-scale growth into the foreseeable future.

"As music publishers and labels strive to clean up their data – as well as communicate it to other related parties, streaming platforms et cetera – this will be the icing on the cake relating to the increasing amount of data generated by the licensees," he says. "In addition, the surge of data will be enhanced by the appetite for the additional data users are looking for such as credit details surround producer, instrumentalists and others, including writer and publisher data."

Even so, an eventual plateauing will not necessarily mean the dissolving of all data management challenges.

"At some point the expansion of the major streaming services will slow as they approach saturation, but whether that slows the overall growth of data volumes remains to be seen," suggests Matt Phipps-Taylor, chief information officer at peermusic. "It may be that the success of licensed music on social media and other new digital services becomes the next driver of data growth."



Source: Goldman Sachs, J.P. Morgan, Morgan Stanley, Synchtank

The IFPI's report coincided with Spotify announcing it was launching in a staggering 85 new markets, bringing the total number of countries it is available in to 178. It effectively doubled its number of active markets in one fell swoop.

That's just one streaming service. Add in YouTube, Apple Music, SoundCloud, Amazon Music, Gaana, JioSaavn, Joox, QQ Music, Kugou Music, Kuwo Music, Melon, Anghami and Boomplay. Then add in music-adjacent platforms like TikTok/Douyin and Triller as well as gaming platforms like Twitch.

The data points keep shooting upwards.

Then there is the nascent AR and VR sector where music is used as well as the phenomenal uptick in livestreaming (on platforms like Facebook, YouTube and Instagram as well as via dedicated platforms like Driift and Dice) driven in a large part by lockdown and the need to meet both artist and audience demand for live performance.

And not to forget social media platforms where music is used like Facebook, Twitter, Instagram, NetEase and more. Up and up they shoot.

Some of the music in certain use cases on social platforms is fully licensed (e.g. Instagram has the option of using clips of music in posts), but a significant amount is UGC. Pex, in a study from August 2020, estimated that 49% of Facebook videos in 2019 contained at least 10 seconds of music and these videos accounted for 77% of all views.

Meanwhile, 58% of Instagram videos in the same year contained at least 10 seconds of music and accounted for 44% of total views. And finally music made up 30% of YouTube videos that had between 10 million and 100 million views and made up 57% of those with between 100 million to 1 billion views.

These are all uses of music and (for the most part) sources of revenue that need to be tracked, collected and accounted for.

Then there is use of music in podcasting – with Spotify's ownership of Anchor helping to ease this process and track usage – as well as music in fitness platforms (notably Peloton) as well as non-traditional outlets like meditation apps such as Calm and Headspace.

More services launching (or expanding globally) and more markets opening up at speed present huge revenue opportunities but also existential challenges around data gathering, processing and dissecting. Even if developed markets (Europe, North America, parts of Asia such as South Korea) start to hit saturation point in terms of streaming (and subscription streaming) adoption, huge individual markets like China, India, Russia and Japan (where physical sales still have a strong market share) and entire regions – notably South America and Africa – embrace streaming, the overall global data output (and the need to handle it cleanly and quickly at increasing scale) is not slowing down any time soon.

"As music publishers and labels strive to clean up their data – as well as communicate it to other related parties, streaming platforms et cetera – this will be the icing on the cake relating to the increasing amount of data generated by the licensees."

– Michael Lau, AIMP

Read the full article

Rights & royalties

BMG's Ben Katovsky on the DCMS streaming inquiry and the future of music publishing

Written by Eamonn Forde

September 1, 2021

In a new series on Synchtank, we speak to key figures in and around the music publishing world about the issues shaping their part of the business. Here we speak to Ben Katovsky, COO of BMG, about where growth lies for music publishers, what the DCMS got right in its assessment of the streaming economy, why wiping of unrecouped balances has become an "arms race of fairness" and why publishers should "chase the big money here today rather than daydreaming about the future".

Where are you seeing real growth in income and opportunities outside of the traditional areas? What platforms (be they social, UGC or even broadcast) are you most excited about in terms of their (and your) growth potential?

There's no getting away from the fact that the past year has been a shock to the system with the impact of Covid on live revenues in particular. But even amidst that we are seeing good growth from UGC and social and have recently struck a host of new deals with a range of services from short video to fitness.

We're certainly seeing the growing impact of SVOD [subscription video on demand] services in our work administering the Netflix catalogue. In the wake of the pandemic, it's important to focus on the big-ticket items. The temptation for companies seeking to impress investors is always to divert attention to the latest exotic new revenue stream.

Realistically, when songwriters are hurting the way they have been, it is important for publishers to chase the big money here today rather than daydreaming about the future.

Where do you think publishers are still leaving money on the table when it comes to new platforms and music uses?

Across the industry countless millions are still left on the table because of poor or non-existent registration or income tracking.

Just last week we pitched our YouTube optimisation service to one writer and found that, of his top 30 videos on the platform, just three were properly claimed. This is not unusual.

For us, a really exciting area is deploying the expertise we have gained in our recordings business in publishing. In a digital world publishers can now influence the fortunes of songs more directly and cost-effectively than ever before.

Increasingly these kinds of services will be seen by writers not as an add-on but a must-have from their publisher.

BMG was one of the few music companies to explicitly come out in support of many of the recommendations of the DCMS inquiry into streaming economics. What specifically do you think they got right?

The MPs on the Select Committee should be congratulated on getting to the nub of the matter – the fact that the biggest problem with streaming is nothing to do with the services: it's a music industry problem, the industry's failure to modernise its practices to take account of streaming.

That's not to say there aren't things that couldn't be improved on the services' side – that's a piece in itself – but the biggest single issue is the distribution of the near 70% of the proceeds which goes to the music. Sunlight really is the best disinfectant and by airing these issues publicly we are hopeful the debate can move on.

BMG publishing client AJ Tracey

What did they miss or underestimate here?

Overall, their analysis was spot-on. Naturally, as politicians, their conclusion was that the answer is to have legislation or regulatory intervention. Equally naturally, as a business, we would rather that did not happen.

Ultimately that is in the hands of the bigger companies. If they do not blink, they run the risk of bringing legislation down on everyone: who knows where that might end?

There is growing artist activism around streaming income (#BrokenRecord and Justice At Spotify to name just two campaigns). How should (or even will) the industry respond to this and make things more equitable?

There are two fundamental principles which govern our view of the streaming world: first, that there needs to be re-evaluation of the value we put on songs as opposed to recordings (songs deserve better); and second that there needs to be re-evaluation of share of revenue from recordings that goes to artists as opposed to labels (i.e. artists deserve better).

The first step on the road to progress is that music companies recognise that artists and songwriters are increasingly unhappy about being shoehorned into an early 20th century business model.

BMG said in its statement: "The committee has called for regulatory action. We hope that will not be necessary, but executives and shareholders alike need to accept that they cannot continue as before." Is the threat (or reality) of regulatory action really the only way to achieve this?

You would hope not, but on the evidence of recent history, yes.

The traditional music industry view is that "what's mine is mine and what's yours is mine" – and clearly there's a strong financial incentive for them to stick to their guns.

> *"In a digital world publishers can now influence the fortunes of songs more directly and cost-effectively than ever before."*

BMG also said: "The world has changed and, as in so many areas, exploitative behaviour is no longer acceptable." What specifically is it doing to erase these old exploitative approaches and attitudes?

In a whole series of measures over the past years we have demonstrated our commitment to being part of the solution, pioneering revenue share deals which give artists the lion's share of income, abandoning packaging deductions, getting rid of the controlled composition deduction, examining historic catalogues for signs of racial disadvantage, accelerating payments to songwriters.

All of these measures come at a cost, but we believe it is the right thing to do. Sometimes people say we do these things for competitive advantage, and to a degree that's true; but we see the empowerment of artists and songwriters to be an inevitable side effect of the switch to streaming and, if so, better to be ahead of the curve than behind it.

As the fourth biggest player in the market, there is a limit to what we can do unilaterally, but we're going to keep at it.

Read the full article

Finance & investment

Sherrese Clarke Soares on the enduring value of entertainment IP and investment with a conscience

Written by Emma Griffiths

April 15, 2021

In our Money Moves series we speak to the movers and shakers of the music finance industry. Next up is Sherrese Clarke Soares, former CEO of Tempo Music.

Sherrese Clarke Soares is a long-term believer in the value of Entertainment IP.

A seasoned financial services executive, she spent over 10 years at Morgan Stanley where she founded and led, globally, the Entertainment, Media, and Sports Structured Solutions platform.

Most recently, she served as the CEO of Tempo Music, a music rights acquisition platform formed by Providence Equity Partners in partnership with Warner Music Group, until departing earlier this year to launch her own venture.

We caught up with Sherrese to discuss entertainment IP as an asset class, the value of thinking differently, and putting diversity and inclusion at the forefront of any culture she creates.

You mentioned that for your next move you are looking to build an investment platform that will culminate the learnings and values that you've gained over your career. Could you talk through some of those?

Over the last 20 years I have made a career in the financial services industry in and around media and entertainment. For a long time, institutional investors did not broadly accept entertainment IP as an attractive asset class. Part of it was simply a lack of awareness. As an early investor in the space, it's definitely been an education process over the course of my career and as I move forward, I will continue to bring awareness to the asset class.

For investors who might be looking at the space for the first time, part of that educational process will be to find where it fits into their portfolio and how the return meets their objectives. For some, this area might fall into a more opportunistic sleeve. For others, it might be part of a systematic, long-duration yield portfolio.

I believe in the asset class deeply for a few reasons. I really believe that content, whether film or TV, is a vessel for change and communication. It travels to places that you and I can't get to and it educates us about other cultures, other people, other spaces. I really believe in the long tenured duration of content and the impact it can have on communities and the world. It's always been a place where I felt there was enduring value, not just as an investor but also just as a human. That will be core to how I build out my investment theses.

In terms of values – there are several. The first and most important thing, for me, is having a true sense of purpose for myself and my team, with a deep desire to leave a positive imprint on the world. Additionally, I think my superpower is seeing things that others don't necessarily see.

> *"I've always seen the value in the unconventional and pushed the envelope to create investment opportunities around things that people have long pushed back on."*

"There's a huge opportunity to bring local perspectives to global markets."

I've always seen the value in the unconventional and pushed the envelope to create investment opportunities around things that people have long pushed back on. I think that really lends itself to having a culture and team that is intellectually curious. It makes you a better investor and opens up opportunities one may not have previously considered.

The other thing that's super important for me in any culture I build is inclusivity. In a similar vein to investing, my strategy for attracting talent is to defy convention – deviating from traditional pipelines for private equity / asset management talent. I seek to find talent where others don't typically look. As a result, every team I have led throughout my career has been incredibly diverse and authentically so. It is important to me to allow room for everyone to be seen and have a voice. It makes us all better investors.

What does 'entertainment IP' cover? Are you looking to invest outside of music as well in your new venture?

I am still formulating my strategy on my new venture. That said, I'm very focused on investing in asset classes that I know well. I know the music business very well, but I also know the film and television space well, and I have a background in sports and sports related investment opportunities. In the future, you will see me involved in things in and around a variety spaces – anywhere where intellectual property is at the core. I view intellectual property in the media space as anything that touches the creation of content.

What has been your experience as a Black female leader in a sector that is so lacking in diversity?

First of all, I feel a huge sense of responsibility to do this not just for myself but also for the community that I represent, whether it's women or women of color, or Black women specifically.

My intention is to be a beacon of light for others who want to come behind me or alongside me, because there aren't many people like me in C-Suite roles in these spaces. I had the benefit of being on Wall Street for 20-plus years and I've been fortunate to have mentor and peer networks to support me through those environments, but the ranks are very thin when it comes women, women of color, and BIPOC professionals.

I think it's one of the reasons why my strength became having this deep intellectual curiosity. I had to make space where space didn't exist. When you yourself represent something that is different than the norm, I think it makes it easier for you to see things that are different. Again, I think it makes me a better investor. I've always tried to turn it into a strength, but it's definitely hard. I think the way I've sustained and thrived is because of community, peer networks and senior mentors, and this idea of finding not being afraid of the uncharted path.

You were recently named as one of Billboard's Change Agents. What are the changes that you want to see?

That's a big question. There are so many places where one could look to find opportunities for progress and change. I'm under no illusion that I can change the world myself, but I'm happy to be part of it. I care deeply about giving back and anything I do will have an element of being present in our communities. As it relates to what could change specifically in private equity or in music, we need to find ways to have more differentiated voices at the leadership table. I'd love to see more founders and CEOs that are women and women of color, or people of color in general.

"We need to find ways to have more differentiated voices at the leadership table. I'd love to see more founders and CEOs that are women and women of color, or people of color in general."

Read the full article

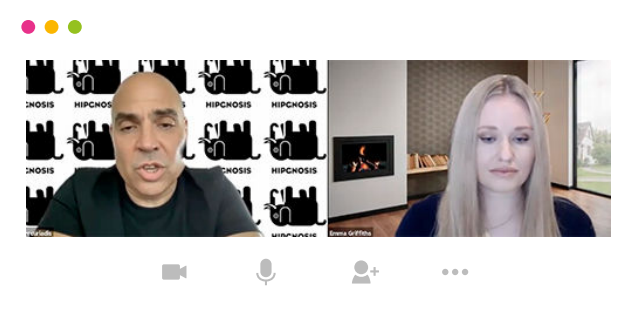
Finance & investment

Merck Mercuriadis on rewriting the rules of the songs business

Written by Emma Griffiths

June 4, 2021

As the Founder and CEO of Hipgnosis, Merck Mercuriadis has led the way in establishing music rights as an asset class. At last month's Data, Rights & Royalties Summit, Synchtank's Emma Griffiths caught up with Mercuriadis to discuss his mission to revolutionize music publishing and change where the songwriter sits in the economic equation.



How has 2021 been for Hipgnosis so far?

It's been a fantastic year.

When we came to market, we had three goals. One was to establish songs as an asset class that could rival gold and oil, the second was to use the leverage of our fund and our success to change where the songwriter sits in the economic equation, and the third was to take what I think is a broken traditional publishing model and to replace it with song management.

Within all of that I had to get the support of the financial community, and what I'm particularly proud of is that everything we've ever told the investment community, from the first meeting more than four years ago through to today, has either come true or been exceeded.

That's been very good in the establishment of songs as an asset class which is great for Hipgnosis, but it's great for all songwriters and rights owners as well.

You mentioned your mission to improve where the songwriter sits in the economic equation. From the DCMS' inquiry into the economics of streaming to campaigns like #BrokenRecord, what are your thoughts on the recent discussions around streaming?

I'm very grateful to the DCMS in the UK for holding these parliamentary hearings that we've given written evidence to. I'm very hopeful that we'll see strong results from them.

If you asked me three years ago when Hipgnosis got off the ground, I would have told you that I expected that this part of the mission [to change where the songwriter sits in the economic equation] would have taken as many as 10 years to come to fruition. I now think that it's more like seven years, and I mean seven years in total. So I expect to see results in the next two, three, four, five years.

When you look at the economics of streaming, for every £1 of income, 30p is going to Apple or Spotify and 55p is going to the record label. They're paying most artists on a sale rather than on a license, so instead of splitting that money with the artists, they're taking the vast majority of it. Then the remaining 15p is being shared amongst four or five songwriters and their publishers.

That crazy disparity is only down to the fact that the three biggest recorded music companies in the world own and control the three biggest publishing companies.

"I think it's now more evident than ever, even in the major record companies, that the songwriter is the most important person in the room."

We're in a paradigm today where almost every record that is successful has an outside songwriter on it, and these people need to be rewarded properly. My mission is to work on behalf of the songwriting community and the artist community to ensure that they get their fair share of the pie.

And it's not just the majors, there's also reform that has to take place amongst the performing rights societies as well. Numbers have come out from PRS where as much as a third of songwriter income that's coming into a not-for-profit organization is being paid out in salaries and overheads, which is ridiculous.

Can you tell us about the songwriters Guild that you plan on launching?

This is an important part of holding everyone's feet to the fire. I'm forming a songwriters Guild that will be manned by the most important songwriters in the world. It'll be announced during the course of this summer and the goal is very simple, which is to ensure that any discussion that takes place going forward that affects how a songwriter is paid is one that has songwriters at the table that are expressing views and towing a line that the songwriting community has agreed.

I think it's now more evident than ever, even in the major record companies, that the songwriter is the most important person in the room.

I'm not anti majors. I recognize that there are amazing people that work in these companies. The problem is that they're working under a paradigm that doesn't reflect the role of the songwriter in today's business. That paradigm is not their fault, but they have to be part of the solution, not part of the problem.

My prediction is that once Universal floats and that Lucian [Grainge] and co have established themselves not only as the 900 pound gorilla in the music business, but as what I believe will be a hundred billion dollar, if not a hundred billion Euro company, everyone will recognize that there's plenty of money to go around for the songwriter.

Artist services companies have gained huge amounts of traction and power in recent years. How, in your opinion, will this affect how the industry operates?

What I love about label services is that they are giving the artist an opportunity to release records with a powerful infrastructure behind them and, at the same time, be in a position where they own those records. That's very powerful and I applaud it.

I also believe that it's forcing the majors and record companies in general to change their model. If you were to take your record to Universal or Warner or Sony, and say, listen, you can be my partner in this. I'm going to lease you my music. I, the artist, am going to pay you a very strong fee for delivering your infrastructure and working on behalf of my record. But this is my record.

Maybe on day one, when you're making the capital investment, you're getting 80% of that pool and I'm getting 20% of it. But then the more and more the record becomes successful, the more it shifts to the other direction where I'm eventually getting 80% and you're eventually getting 20%.

It's going to gradually change to the point where I'm just paying you a fee to be a part of my team. I'm not a part of your team. You're not lending me money to build a house that I then pay back out of one fifth of the money and that you end up owning. I own this house from day one.

"There's no question that the label services companies are forcing the hand of the majors to change the way that they do business."

Read the full article

International

What is driving the formidable potential of China's digital music business?

Written by Ben Gilbert

August 9, 2021

Described as "arguably the most exciting starting point for an industry...of any in the world", this vast land mass boasts twice as many internet users as the US has people. Ben Gilbert assesses the present and future of its comparatively untapped entertainment sector.

Like the title of her BRIT and Grammy-winning second album, Dua Lipa could be forgiven for rushes of future nostalgia at the point of its release in March 2020. This, should anyone have forgotten, was the near exact moment that COVID-19's blackened cloud began to scud into view across the skies of global society. With the entire world battening down its hatches in recognition of a truly frightening, uncharted present, the singer's upcoming promotional roadmap suddenly started to look rather different.

"We still thought we'd be playing Glastonbury! As the reality dawned, the temptation to put it back was massive," Joe Kentish, head of A&R at Warner Records UK said in an interview published in 2021's IFPI Global Music Report. Rather than retreat, however, the 25-year-old performer's team redrew plans for a now cancelled world tour into a variety of marketing initiatives, centred around November's Studio 2054 livestream show. It was an outrageous success, grossing approximately $20m and pulling in more than five million views, including almost two million unique logins from China.

Warner's ambitious intent to use "massive amounts of promotion in every significant territory" paid off. With a population of 1.4 billion, the Chinese audience was like a stationary target. The latest CISAC Global Collections Report recently found that during the first half of 2020, box office revenues in the region fell 98.3% year-on-year. What were the lockdown masses doing instead of going to the cinema? Well, clearly some of them were watching the Dua Lipa concert.

There are a range of formidable numbers that make this vast but comparatively untapped land mass distinctly attractive for Western audiences, including consumers and industry figures. In a blog for Harris Bricken, the Beijing-based attorney Mathew Alderson, who specialises in the entertainment, technology and creative industries, described China as "arguably the most exciting starting point for an industry – and we are just at the start – of any in the world."

China has approximately 630 million mobile digital music consumers

With pinpoint clarity, he commented: "China is digital. Its music market is almost entirely digital. Physical sales here comprise only about 20% of the total market. China has more than twice as many internet users as the US has people. There are about 900 million mobile internet users here, 70% of whom consume music online. That means there are around 630 million mobile digital music consumers.

"With mobile payment penetration at about 85%, there are around 540 million consumers in China who can easily buy music on their phones.

They may only be spending ¥10 ($1.45) a month for a premium service, or to download an album, but Chinese audiences are being conditioned to pay for their digital music and that is a big development that has taken a long time," explained Alderson.

Equally, this also amplifies the excitement that greeted news of New York-based independent music company Reservoir's deal with Outdustry, headquartered in China, to take a minority share in the company. As part of the agreement, which cements an ongoing business relationship inked in June 2020, they have also formed a joint venture to sign and develop Chinese artists and songwriters, including the acquisition of local music catalogues.

"Reservoir's investment in Outdustry will enable the companies to capture more value from high-growth territories by building on Outdustry's capabilities in directly monetising music markets as well as its A&R and marketing work. It has direct deals at all major Chinese music services as well as relationships with the local talent industry, and the infrastructure to administer rights themselves," explained a piece in Music Week.

Reservoir's investment in Outdustry is "a huge moment"

In an interview with Synchtank, Outdustry's Head of International Alex Taggart described the expansion of their collaboration as "a huge moment". He continued: "We've been close partners with Reservoir for a few years now, so deepening our partnership with them feels like a very natural thing to do. We're so excited about the next chapter." Meanwhile, Spek, EVP of International and Emerging Markets at Reservoir, was equally enthusiastic about establishing a firmer foothold in China, citing the Music in the Air report from Goldman Sachs, which projects a $130 billion valuation of the domestic streaming market by 2030.

"Outdustry have built their business by on the one hand, focusing on addressing obstacles to monetisation of music rights in the eco-system, whilst on the other hand providing services like A&R and marketing to artists and labels to create domestic hits. With our support and resources behind them, we recognize the opportunity for our artists and songwriters to have boots on the ground to navigate these markets, while there is also a tremendous opportunity in investing in local content as streaming takes hold in the region," he told Synchtank.

Tempering expectations, Taggart was also keen to point out that, as a market in its infancy, caution remains essential for Western companies seeking to hack into this momentum. "I would say to take your time and assess your options very carefully before diving in. Especially now, with the world's attention on the Chinese music industry, there's a perception that it's a bit of a gold rush. But being locked into a bad deal can mean that you're unable to maximise your potential in the market – we've seen a lot of companies who have taken what seemed like big-money no-brainer deals, only to find themselves regretting it very soon after when they can't get anyone to respond," he commented.

Indeed, there is considerable local market complexity to consider here. As Alderson points out, the domestic music industry is "beset by systemic royalty accounting problems". He suggests these are founded upon inadequate metadata, unreliable copyright collections and a reliance on exclusive deals and big advances, whereby "minimum guarantees have been paid instead of royalty income based on actual transactions". This is a fundamental issue that Taggart has a clear sight on.

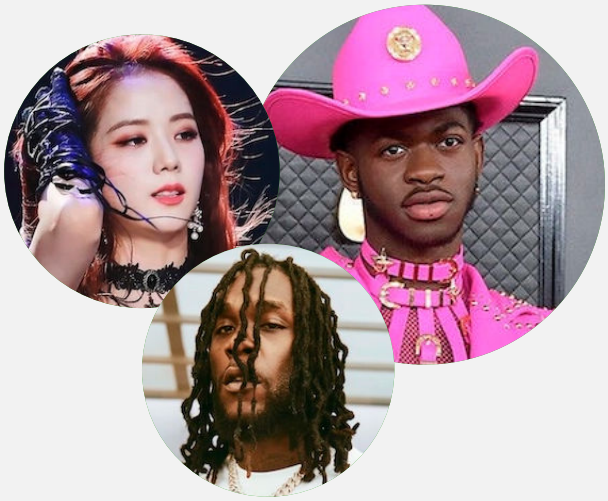
"I would say to take your time and assess your options very carefully before diving in. Especially now, with the world's attention on the Chinese music industry, there's a perception that it's a bit of a gold rush."

– Alex Taggart, Outdustry

Read the full article

International

The emergent power of intellectual property is transforming the global music industry



Written by Ben Gilbert

May 16, 2021

The opportunities to tweak the DNA that runs through existing recordings across an interconnected media landscape are distinct and interrelated, explains Ben Gilbert.

What connects ABC, Frankie Goes To Hollywood, Pet Shop Boys, Spandau Ballet and Grace Jones? They are all, of course, acts from the 1980s who enjoyed a pre-eminent phase of success during this era. But there is another defining thread: the production work of Trevor Horn. In fact, so acclaimed was he across the decade that it's credible to compare the inescapable studio influence of Horn, a three-time Best British Producer BRIT winner, to Phil Spector 20 years earlier, as ZTT Records co-founder Paul Morley attests.

"If in the 60s, Phil Spector created a wall of sound, by the middle of the 80s Horn had already established his sound, a whole room of sound, the walls, floors, ceilings, doors, windows, decorated with absolute flourish," he said in an online post. This lavish description might also explain why Horn, with eccentricities of his own, is reported to have produced more than 70 versions of 'Slave To The Rhythm' when working with Jones on her 1985 album of the same name.

Some 35 years later, this epic recalibration of one individual track actually doesn't seem quite so hair-brained, particularly as we survey a music industry landscape that is increasingly interconnected, merging cultures and breaking the borders that link music consumers. Take, for example, rapper SpotemGottem's 'Beat Box', which came out 12 months ago and recently sired, after multiple previous reworkings, 'Beat Box 5', featuring Polo G.

The song, which has achieved millions of streams across platforms such as Spotify and YouTube, narrowly failed to break the Billboard Hot 100 Top 10 in April. There has been a comparable level of success for Lil Nas X's 'Montero (Call Me By Your Name)', which made number one around the world, in part thanks to the array of versions, which included extended, instrumental, lo-fi and a cappella mixes.

> *"I think there is definitely an opportunity in interpolating Western music to new markets. However, I think the bigger opportunity may be in the reverse: making local content and taking it global."*
>
> *– Spek, PopArabia*

As The New York Times reported: "Both 'Beat Box' and 'Montero' are case studies in how to extract maximum value from a single song, a strategy that – as the internet and streaming services push artists away from albums and toward songs (or, sometimes, snippets of songs) – is emerging as an elegant promotional solution: If people decide they want to listen to your song, simply give them more of it."

> *"Five years ago, Afrobeats or K-pop was not as ubiquitous as it is today. Now it's everywhere. There's a huge opportunity to bring local perspectives to global markets."*
>
> *– Sherrese Clarke Soares*

At the centre of this exchange is Intellectual Property (IP) and the ability to remake and remodel the intrinsic DNA that runs through existing recordings for domestic and global markets, in a world where these boundaries feel increasingly transparent. The opportunities here are distinct and interrelated, as evidenced by Synchtank's recent Drowning In Data report and its analysis of emerging markets.

In fact, it's clear just how lucrative and impactful worldwide economic contributions are becoming to the music business. The International Federation of the Phonographic Industry (IFPI) recently released their 2021 Global Music Report, which found that, even in a calendar year defined by COVID-19, global recorded music revenues grew by 7.4% to $21.6b.

Investment, innovation and technology fuels music industry growth

Despite the near total shutdown of live music, IFPI Chief Executive Frances Moore believes technology has been instrumental in delivering continued financial progress: "Fuelled by record companies' ongoing investment in artists and their careers, along with innovative efforts to help artists bring music to fans in new ways, recorded music revenues grew globally for the sixth consecutive year, driven by subscription streaming," she explained.

Highlighting tangible increases in emerging destinations, there are trailblazing examples to explain this burgeoning evolution. Latin America retains its position as the fastest-growing region, accounting for more than 5% of the overall US market.

Reggaeton sits centrally within this narrative, which has been in motion since Justin Bieber decided to remix Luis Fonsi's 'Despacito' in 2017 after reportedly hearing it in a Colombian nightclub. The original version topped the Hot 100 for a record-equalling 16 weeks.

With growth of almost 10%, according to the IFPI report, there has also been increased focus on Asia. During this period, BTS, who recently made almost $20m in ticket sales for their record-breaking 'Bang Bang Con' show, and Blackpink were "arguably, the biggest boy band and biggest girl group on the planet". Their success helped South Korea become 2020's sixth largest music market with a $160m surplus in cultural and arts IP-related assets trade.

What can we learn from markets in Latin America, Asia and Africa?

But this is a very different environment and one with particular nuance and character. What can the broader music industry learn from markets such as Asia, in terms of imitating their successes and importing these acts? Speaking to Music Ally, Shin Cho, senior international marketing manager and head of K-pop and J-pop at Warner Music, cites the specific promotional tactics of "building a community of superfans and turning them into advocates and influencers for the artist".

Bernie Cho, owner/founder of Seoul-based artist and label services agency DFSB Kollective, says there are also important structural differences in the way the respective industries operate. "The fully integrated, full-stack business model in South Korea – where artist management companies also wear record label and talent agency hats – works extremely well in Latin America and parts of Western Europe. In the US, you rarely see this type of streamlined, synergised setup," explained Cho, pinpointing how agile this allows such entertainment companies to be.

In an interview with Synchtank, Spek from PopArabia, the Middle East's leading music publisher, outlined some of the possibilities and challenges of repurposing music IP in Asian markets.

Read the full article

Industry trends

Selling music rights as NFTs: fad or future?

Written by Eamonn Forde

July 7, 2021

As more artists explore the sale of their music rights and royalty streams as NFTs, Eamonn Forde examines the potential benefits and current limitations of the space.

At the very start of 2021, few people in the music business knew what NFTs (non-fungible tokens) were; but blockbuster NFT sales by acts like Grimes, 3LAU, Steve Aoki, The Weeknd, ODESZA and more in the first half of this year showed that there were phenomenal sums of money to be made here as artwork, music rights and "experiences" were all bundled up and sold.

Everyone now, it seems, has an NFT strategy.

Inevitably concerns grew about just how, where and if music rights (or shares of music rights (or shares of the earnings from music rights)) could be sold as NFTs.

In a piece I wrote for The Guardian in April, one songwriter told me how they had been fobbed off with the offer of a cash gift when an album they had written on was sold as part of an NFT package for a, frankly, jaw-dropping amount of money. What they were being offered worked out at 0.07% of the reported money the NFT sale raised. They were also told that, in accepting the "gift", they waived the right to a claim on any future earnings if the NFT was re-sold.

"I haven't had much work for the past year [due to the pandemic] and this felt like the universe finally delivering something," they said of the original offer when it came through. "There are people, who are naive or new to the industry, who would sign immediately. The sellers are playing on that mentality – that they just need to sign this bit of paper to get paid."

This uncertainty was compounded even further in recent weeks with an (attempted) NFT sale and the rights issues fallout that stemmed from it.

Damon Dash trying to sell a portion of the copyright to Reasonable Doubt, Jay-Z's 1996 debut album, but Roc-A-Fella Records moved to block him and the matter is currently ping-ponging between the lawyers amid lawsuits and the filing of temporary restraining orders. Depending on how this plays out and the way in which it is resolved, it could make many people incredibly nervous about taking their first big step into selling rights or royalty shares as NFTs.

> *"The problem is that the collecting societies do not operate in the world of blockchain; therefore to have an NFT for music royalties is still early days."*
>
> *– Edvin Pauza, Royalty.Finance*

While there is great excitement around music and NFTs, Karl Fowlkes, entertainment and business attorney and founder of The Fowlkes Firm, warns that IP and copyright laws still have to be respected. It might be a new world, but it should not follow we scrap all the old rules of doing business and controlling/protecting rights.

"If bigger institutions and royalty distributors adopt blockchain and crypto infrastructure, it could be a game changer."

– Karl Fowlkes, The Fowlkes Firm

"Although this is a new space, the issues feel quite the same as it relates to copyright and selling music rights," he says. "NFTs aren't and shouldn't be used as a way to shirk copyright law. You have to make sure you actually have the ability to sell the music rights and royalty shares that you are looking to sell. It's also important to monitor how labels will react to third parties receiving royalties who are not in contractual privity to them."

The fact that the new rules of engagement here have still to be defined is taken by some as a green light to race in and carve out a bold new future; but it is taken by others as an amber or red light where extreme caution needs to be exercised.

On the effusive side is music producer Yuri Beats who is auctioning off some of the publishing rights to the Lil Dicky track 'Molly', which he produced.

"The NFT will be presented to the winner of the auction and this share of royalties will be distributed to the owner of the NFT," he says of the sales process here and how speed bumps will be navigated. "There's a lot of this transaction that must happen off-chain; there is publishing admin that will occur in the traditional ways publishing admin always has. This makes it even more important that I partner with a group that has experience with publishing admin and crypto auctions. That makes the Royalty Exchange an ideal partner here."

He adds, "The world of publishing admin can handle a handful of writers on a track and the way that the royalty distribution is structured will make the transfer of my share seamless. If anything, increasing the number of stakeholders around this asset has the potential to have more invested parties pitching it for commercials or trying to help it sync, so I really see expanding the stakeholders as a positive."

On the more circumspect side is Edvin Pauza, the founder and MD of Royalty.Finance.

"The problem is that the collecting societies do not operate in the world of blockchain; therefore to have an NFT for music royalties is still early days and it does not function on blockchain as a transaction of every stream which is registered and paid to the royalties NFT owner," he says. "All the current platforms are centralised and take in data from collecting societies and other channels globally. While some do a better job than others, and some are a lot more sophisticated and digital than their analogue predecessors, the whole industry requires a new infrastructure."

Fowlkes, for now at least, argues against selling music rights or royalty shares as NFTs.

"Quite frankly, there really isn't any tangible benefit at this point in time," he says. "It doesn't speed up payment or make the accounting process better. It really just creates a chain of ownership. It's something to monitor, though; if bigger institutions and royalty distributors adopt blockchain and crypto infrastructure, it could be a game changer."

Part of this hesitation is down to the fact that the NFTs live on-chain (i.e. on the blockchain) whereas the royalty administration and payment processes are, out of necessity, happening off-chain.

"That disconnect makes a lot of music NFTs fairly useless at this point," says Fowlkes.

Things are, however, changing significantly here in order to migrate the royalty payment processes onto the blockchain so the whole thing – from sale to rights allocations and accounting – can happen on-chain.

"The NFT functions as a bridge between the old world of publishing admin and the new world of crypto."

– Yuri Beats, music producer

Read the full article

Industry trends

Will the next phase of the music industry take place inside the Metaverse?

Written by Ben Gilbert

September 20, 2021

Record companies, artists, fans and perhaps the entire entertainment business are being readied to experience immersive digital environments that take us beyond the universe. Is this the future or a marketing-led tech fantasy? Ben Gilbert investigates.

For Radiohead, innovation seems as central to their music as amplification. A rabid determination to pioneer and take risks has been apparent since the release of 'OK Computer' in 1997. This spirit seems to feed into everything they do – across music, visuals, technology, industry and activism – and frames a contemporary rock group pretty much unlike any other in 2021. For illustration, check out the band's most recent venture: the "upside-down digital/analogue universe" of the Kid A Mnesia Exhibition.

While the group would perhaps baulk at the connection, this upcoming collaboration with Epic Games can probably be catalogued within the metaverse, a catch-all buzzword that is likely to gather further momentum in popular culture across the coming months. Timed to coincide with the band's reissues of their 'Kid A' and 'Amnesiac' albums, this virtual experience will be available to check out on PS5 consoles, PCs and Macs in November.

Featuring contributions from frontman Thom Yorke and visual artist Stanley Donwood, alongside the audio design of producer Nigel Godrich, the trailer suggests a 3D visualisation akin to entering a dystopian netherworld of doom, much like many of the most successful video games of the modern era. While little more is known about the project, there is a tangible sense of excitement, particularly after the 2020 launch of the Radiohead Public Library, which configured a more static and content-based, but no less ambitious, elaboration of their digital presence.

Commenting on the news, Music Ally suggested such tie-ins bode well for the realisation of other, similarly styled environments across the music sector: "It's a curveball partnership for a company whose flagship Fortnite concerts have been with Marshmello, Travis Scott and Ariana Grande. If Kid A Mnesia Exhibition is a hit, it may encourage a wider range of artists to explore these kinds of projects, whether with companies like Epic Games or independently," they wrote.

Travis Scott's Astronomical Fortnite show earned him $20m

Listed in their report are some of the big names already at home in the metaverse – a term coined by writer Neal Stephenson in his 1992 novel Snow Crash and defined as "an immersive digital environment where people interact as avatars. The prefix 'meta' means beyond and 'verse' refers to the universe" – as both tech companies and artists. For example, Scott and Grande are two of the most high-profile performers with connections to this world.

The US rapper's Astronomical Fortnite performance in April 2020 earned him approximately $20m, despite lasting less than 10 mins.

"I think the [Travis] Scott collaboration in particular is responsible for the music industry starting to take video games more seriously."

– Matt Ombler, journalist

Meanwhile, last month's three-day 'Rift Tour' on the same gaming platform was described as being "like surfing through Ariana Grande's personal universe". Jon Vlassopulos, the global head of music for video game developer Roblox, who hosted Lil Nas X for a similar concert experience in November, agrees that the possibilities here are unmatched.

"Limits are non-existent in the metaverse," he told The Guardian. "Artists can perform in an infinite venue that they dream up and perform for millions of fans in a single night, instead of having to fly around the world for 18 months on a physical tour," he explained. No lesser figure than Mark Zuckerberg believes this is set to be the next phase for digital entertainment and, by association, the music business, and has spoken about establishing Facebook as a "metaverse company".

While striking a more cautious tone, music industry commentator David Turner is among the figures to join the debate. In his most recent Penny Fractions newsletter, Turner wrote: "While this may be a marketing ploy, it's one the record industry is prepared to strap itself right alongside. Facebook and other tech firms may talk about AR and VR most often, but the widest and most successful implementation of those technologies is seen in video games."

Roblox partners with Lil Nas X, Zara Larsson and Royal Blood

Mat Ombler, a journalist with a focus on music found in the gaming sphere, feels similarly engaged by these possibilities, which he feels were brilliantly realised by last year's Scott performance.

"Not only did it set the bar high, it showed how profitable collaborations between the video game and music industries can be when they understand each other.

"I think the Scott collaboration in particular is responsible for the music industry starting to take video games more seriously. I'd never seen such a massive turn of heads from the music industry in response to how successful it was. Collaborations such as these are resulting in million-dollar sales of in-game cosmetic items and I've noted a huge spike in streams on Spotify for artists in the period shortly after these metaverse performances," he told Synchtank.

Roblox are another major player here. With approximately 42m daily active users, artists including Zara Larsson, Royal Blood and Why Don't We have partnered with the platform, alongside brands like Gucci and entertainment franchises such as Stranger Things. Meanwhile, Lil Nas X's aforementioned show, the first virtual concert on Roblox, saw the star wear a motion-capture suit to debut his new single 'Holiday' to an audience of more than 30m in total.

Achieving an exponential progression across the pandemic, when live shows were replaced by virtual events and online concerts reportedly reached 327m streams across 2020, has not been without its hurdles and the sort of legal challenges that seem inevitable when tech and UGC form digital alliances in the social space. In June, the National Music Publishers' Association issued a lawsuit seeking $200m in damages, accusing the company of copyright infringement by allowing gamers to utilise unlicensed music as part of their experience.

"We exist to champion our artists and their music, to connect them with fans and help them create cultural moments that'll have a huge impact."

– Scott Cohen, Warner Music Group

Read the full article

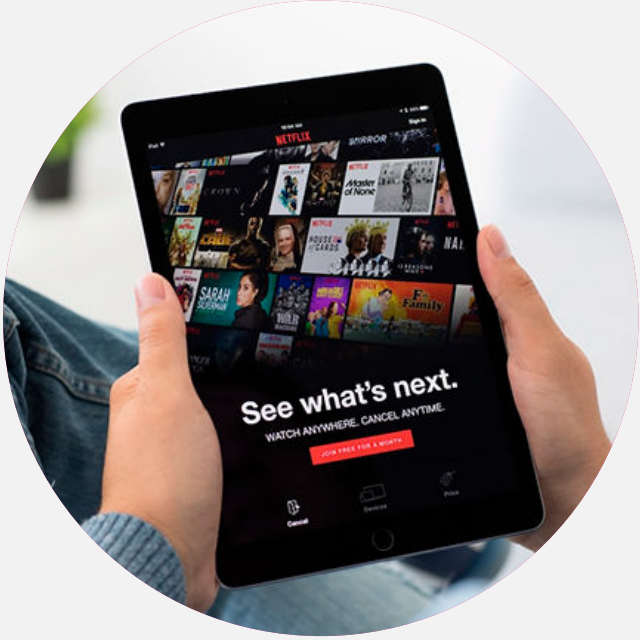
Sync licensing

Who wins in the future of sync?

Written by Nick Bennett

October 19, 2021

With a plethora of both new and established players taking advantage of a booming sync market, Nick Bennett examines the opportunities and challenges ahead.



It is an uncontroversial statement to say that the sync market is exploding at the moment. There are more companies offering sync than ever before and seemingly all of them are having the time of their lives.

Over the last few decades, the decreasing cost of content creation has directly caused the volume of video being uploaded to the internet to increase exponentially. Even just looking at YouTube, the amount of videos being uploaded every minute has grown from 6 hours in 2007 to 500 hours in 2020. These will be a mix of user-generated content, brand-generated content, and more traditional entertainment content.

If we extrapolate that to every social media platform, every traditional television channel launching an SVOD service, and every owned website then we land on a hell of a lot of music that will be needed to accompany those videos.

To match this demand there has been a huge range of music strategies from those bigger players creating the video content and also a range of interesting corporate strategies from those sync companies looking to provide the music.

Will the future growth of the industry sustain the current crop of companies? Will it allow for more new entrants? Will there be consolidation? How will sync-first companies fare against labels and publishers? To answer these questions we must first look at the past.

We can think about this from the demand side in three different categories, long-form entertainment content, advertising content, and user-generated content.

Long-Form Entertainment Content

Without trying to develop categories within categories, music in long-form content has been dictated mostly by three different factors; budget size, rights negotiations, and distribution.

High-end dramas always get to take their pick of composers, making a programme for the right channel or broadcaster will get you access to a wider range of pre-cleared music but having a too demanding list of distribution terms could put you back at square one.

The trend that picked up ahead of steam in previous years, especially in the US, was broadcasters building out their own catalogs. The stark realisation of how much they were spending on music led them to try and capture an opportunity to create their own composed music but also leverage the opportunity to bring down their royalty payments over the long term.

The challenge this mostly saw was when you create something specifically for one programme, it isn't always that useful for anything else. What music libraries had made look easy became a challenge for broadcasters to execute. The big advantage they had over the music libraries is they were able to mandate the use of specific music, however, this caused issues if there wasn't the right catalog.

This pattern continued with broadcasters seeking ways to reduce or recoup their music payments, including wholesale switching away from PRO registered music, offering incentives to individual libraries, and other tactics.

The big challenge for library music comes as the cord-cutting continues. With 30% of US consumers planning to transfer to SVOD by the end of 2021, how will those back-end royalties be replaced?

This library section of long-form entertainment saw the most transition, in contrast with the composed and commercial music used in high-end programming, which saw fairly steady usage.

With the increase in SVOD and AVOD platforms, there is a new challenge that is yet to become totally clear. The category leader Netflix's business model dictates it should pay high upfront fees and low or non-existent ongoing payments. This is in contrast to the traditional TV model. Most broadcasters and production companies pay smaller upfront fees to license the music (outside of the US) but then the broadcasters have to continue to make ongoing royalty payments when content is shown.

This clash has become evident with Netflix preferring to work more directly with composers on their original shows and buying out all of the rights, however, the back catalog they also host featuring commercial music and traditional library music means they will have an ongoing commitment to the PROs for the foreseeable future.

With many other SVOD platforms facing this dilemma and the PROs failing to negotiate the same on-demand rates they had for linear TV, there is a collision on the horizon.

The challenge for commercial music and composers is mostly around pricing pressure on sync, however, the challenge in the library music space is a different one entirely. This same pricing pressure has been evident for some time in library music with a large number of sync rights being given over free of charge in exchange for the promise of large back-end royalties. The big challenge for library music comes as the cord-cutting continues. With 30% of US consumers planning to transfer to SVOD by the end of 2021, how will those back-end royalties be replaced?

It could be obvious to state that those with the most flexibility are likely to win (perhaps this goes some way to explain Epidemic's valuation), especially with the variety of business models emerging in this space, however, you'd be betting against the PROs working a way through this.

Equally, broadcasters and media companies have always preferred the partnership approach with music companies providing an array of services from admin publishing, music supervision, bespoke composition and even white-label platforms. This array of high touch services is likely something that anyone planning to scale to Epidemic's size is unlikely to want to take on. Therefore, the opportunity is to either compete on flexibility or move to the other end of the spectrum and provide an array of music services that many of the industry have only dabbled in over the years.

The questions to pose are what services will transfer the relationship from a simple supplier/customer arrangement to a long-term partnership that will incur significant switching costs for the broadcaster and a defensible moat for the music company.

Advertising Content

Where the focus for broadcasters and entertainment companies has been on building up their own catalogs or owning the music outright, advertisers and brands have mostly focused on getting the best deal possible on the best music on an ad hoc basis. The US has seen a long-term trend of in-house music teams such as at Droga5, Grey, and McCann, however, this approach has fluctuated in and out of favour in Europe.

Whereas previously commercial music was seen as the remit of those major labels, the huge expansion of the independent sector and companies to help deliver that music in a similar approach could see increased competition.

Read the full article

Sync licensing

"We're always launching new series" - NBCUniversal's Alicen Schneider on an explosion in sync opportunities & new licensing challenges

Written by Emma Griffiths

September 8, 2021

Alicen Schneider heads up the creative music division and West Coast music operations for NBCUniversal Television, overseeing a vast number of productions for the network as well as the major streaming platforms. We recently caught up with Schneider to discuss the ongoing explosion in program making and what it means for music rights holders, how budgets for music are evolving, and the challenges associated with licensing and clearance today.

What's the current state of production now? Are you seeing many delays?

Things are looking really good. The production halts are becoming less impactful. We had more lengthy halts last year, but now everyone has learned how to do production in a pandemic and how to isolate and test regularly. It's been pretty good.

We've seen an explosion in program-making and SVOD platforms launching, as well as a greater demand for content than ever before during the pandemic. Do you think this means that sync opportunities are going to explode?

I do. When you look at the massive quantity of production that's out there, there are so many more opportunities. We're all really accustomed now to consuming huge amounts of entertainment and we're all trying to keep up with that demand. I don't see that audience waning, even when the pandemic's over. Everybody's watched everything, so we've got to keep creating content.

Would you say you're making more programming than ever before?

Oh God yeah. We are making so much that I can't even keep track of everything! And we don't just produce for our networks and our streamer, but we also produce for Netflix, Amazon, Apple, Hulu, and everyone else.

We don't have seasons anymore. We're always in pilot season, we're always launching new series.

What are the most challenging aspects of licensing and clearance in today's world?

The biggest challenge right now is that the quantity of content that's out there is inundating our licensors. It's trying to get things cleared within our timeframe because they're not any more staffed than they were prior to the pandemic. They're struggling to keep up with the demand and that definitely impacts us.

> *"The biggest challenge right now is that the quantity of content that's out there is inundating our licensors."*

As far as licensing, we're finding that there's probably a life for things that maybe wouldn't have had a life a few years ago because there are so many platforms looking for content. If it doesn't work on one network, we have an opportunity to see if someone else would like to pick it up. So, when we're licensing, we really have to pay close attention to what the response is and if we think it's going to have a second life.

"I haven't seen it [music budgets] impacted by COVID, I've seen it getting better and better."

Rights are becoming more and more fragmented and we're seeing more and more co-writers and parties involved in ownership and clearance. Is that affecting what you do?

We are noticing it. It used to be in the hip hop world you would see a lot of that, but it does seem to be in the pop realm as well. I don't know if it's coming from more proactive writing camps or songwriters getting teamed up, but it's not uncommon now to have a pop song with seven or eight writers whereas back in the day the average was two or three.

That does obviously complicate things and it takes a lot longer to get something cleared. It also means that they don't necessarily have all the percentages accounted for so we might be missing 2%. Usually it's on the other end – we had something the other day where it equaled 101.5%.

And increasing acquisitions means rights are changing hands all the time now.

And every time a company acquires another company, it takes them a bit of time to figure out what it is that they just acquired and to transfer all the information into their databases.

It really does create a lapse in time while people are trying to catch up. Sometimes you lose a lot of opportunities because we don't have time, especially in TV.

Are you tapping into more commercial music and/or doing more direct deals with labels and publishers?

I think because of the volume of shows that we have, we're tapping into everything. You could say we're using more production music, but you could also say we're licensing more. I would say it's pretty balanced.

As far as direct deals, we would do that if it was a situation where we knew that a particular label or publisher was going to be our main supplier for a project. Let's say it was a period piece and they were specific to that genre. But otherwise I think we're pretty status quo on doing business the way we've always done business.

Are you noticing any licensing trends?

The trends come and go. One trend I've noticed is that shows aren't necessarily worried about staying contemporary in what they're pulling from. I'm watching Ted Lasso right now and I've noticed that everything's from the eighties.

I don't feel like creators are siloing themselves to particular genres. I just see them drawing upon whatever resonates with them most.

There's been a lot of controversy over artists licensing music for free as well as royalty-free music and buyouts. Are you seeing anything that concerns you in terms of upholding the value of music?

I've always tried to uphold the value of music. It feels like it's gone in the right direction a little bit more. A few years ago, there were production libraries and a lot of indie artists giving music away for free, but I think enough of us have held the line and tried to educate people to value their art form.

I don't think it's occurring as much anymore. We strive to compensate all creatives fairly.

"There is constant innovation occurring cross production that requires either re-inventing the wheel or establishing new protocols."

Read the full article

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