Music Rights Update

Helping advertisers keep up to speed with the music rights landscape

Presented by Richard Kirstein
Founding Partner, Resilient Music LLP
• Introduction to Resilient
• Why no standard music rate card?
• Why is Music so complex?
• Who do we need to pay?
• Cost Drivers & Management
• Risk & Management
• 4 Take-Aways
What does Resilient do?

We help advertisers navigate the uncertain world of Music Rights
Music Buying:
Why isn’t there a standard rate card?
Commoditised
Production Library

Work For Hire
Bespoke Score

Free Market
Commercial Catalogue

LOW COMPLEXITY

Licence-based
Single Rights Owner
Pre-Cleared
Predictable Cost
Low Risk

MID COMPLEXITY

Assignment-based
Single Rights Owner
IP Transfer
Predictable Cost
Low to Medium Risk

HIGH COMPLEXITY

Licence-based
Multiple Rights Owners
Prior Consent
Highly Variable Cost
High Risk

© 2015 Resilient Music LLP
Why is music so complex?
Who do we need to pay?
<table>
<thead>
<tr>
<th>Songwriters</th>
<th>Featured Artist</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Synchronisation Right</strong></td>
<td></td>
</tr>
<tr>
<td>Kobalt</td>
<td>Song licensed by music publishers</td>
</tr>
<tr>
<td>Kobalt</td>
<td>Paid by Brand or Agency</td>
</tr>
<tr>
<td>Sony/ATV</td>
<td>Recording licensed by record label</td>
</tr>
<tr>
<td>Kobalt</td>
<td>Paid by Brand or Agency</td>
</tr>
<tr>
<td><strong>Non-featured Artist</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Synchronisation Right</strong></td>
<td></td>
</tr>
<tr>
<td>Recording licensed by Performers Union</td>
<td></td>
</tr>
</tbody>
</table>
| }
Cost Drivers

What’s changing in the licence fee landscape?
Online Geo-locking
Online component of multichannel campaign

2013 Default Online Licence
Worldwide

2015 Default Online Licence
Locked to ATL markets

© 2015 Resilient Music LLP
Cost Management

Preventative Measures
Price is Relative ....
It’s not just about the artist & recording
... and exclusivity costs even more!
(during Licence Term)

% Uplift on non-exclusive licence fee

- Direct Competitors
  - Single Category
- Indirect Competitors
  - Multiple Categories
- All Brands

© 2015 Resilient Music LLP
**Time**

- **Urgency**
  - Low
  - High

- **Licence Fees**
  - Low
  - High

**Competition**

- **Track Contenders**
  - Low
  - High

- **One Agency Recommendation**
  - Low
  - High

- **Choice**

© 2015 Resilient Music LLP
Licence Options: Your quick win

High Licence Fees:
- Options Included in Original Licence
- Renegotiated fees for extra usage

Low Licence Fees:
- Pre-agreed fees for extra usage
- Options NOT Included in Original Licence

Pre-agreed fees for extra usage

Renegotiated fees for extra usage
Why wouldn’t you use competitive tendering?

Creative Requirement
- Emotional Objective
- Music Brief

Business Requirement
- Budget & Usage
- Commercial Terms Brief

Music Sourcing Tender
- Music Rights Owners
- Track Submissions

Track Shortlist
- Hero Tracks & Back-ups
Improve Your Bargaining Position

Simultaneous Shortlist Research

Negotiate from Position of Strength

Secure Multiple Approvals

Final Choice

Best Value Outcome
Start Earlier

Many tracks

One track

Final Campaign Execution

Creative Development

Script Approval

Pre-Production

Production

Post-Production

Campaign Launch

© 2015 Resilient Music LLP
Starting earlier reduces costs ... this is why!

License Request : Outbound Process

<table>
<thead>
<tr>
<th>Brand (or agency)</th>
<th>UK Publisher(s)</th>
<th>Ex UK Publisher(s)</th>
<th>Manager(s)</th>
<th>Songwriter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UK Record Label</td>
<td>Ex UK Record Label</td>
<td>Manager</td>
<td>Artist</td>
</tr>
</tbody>
</table>

From 3-5 days to 1-2 weeks

Approval or Denial : Inbound Process

<table>
<thead>
<tr>
<th>Songwriter(s)</th>
<th>Manager(s)</th>
<th>Ex UK Publisher(s)</th>
<th>UK Publisher(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artist</td>
<td>Manager</td>
<td>Ex UK Record Label</td>
<td>UK Record Label</td>
</tr>
</tbody>
</table>

| Brand (or agency) |
|-------------------|------------|--------------------|-----------------|

From 3-5 days to 1-2 weeks

© 2015 Resilient Music LLP
Risk

What’s changing in the rights landscape?
Greater Vigilance
by rights owners
Stronger Enforcement
Take Down: 1 Video

Music Publishers

Record Labels

© 2015 Resilient Music LLP
Take Down : Whole Channel
Three Strikes Rule

This video is no longer available because the YouTube account associated with this video has been terminated due to multiple third-party notifications of copyright infringement.

Sorry about that.
Risk Management

Preventative Measures
Problem

No Licence: Copyright Infringement

Use outside licence: Breach of Licence

Solution

Align
Problem

Copy Composition: Copyright Infringement

Copy Recording: Passing Off

Solution

Prohibit Intent

Written Briefs
Case Studies
Peroni Nastro Azzurro

Storie Di Stile
Composer
“Publishing Rights”
“Poverty”

Artist
“Master Rights”
“Poverty”

Ennio Morricone

Music Publisher
100% Share

Ennio Morricone

Record Label
DISCORD

© 2015 Resilient Music LLP
“Always Something There To Remind Me”

**Songwriters**

“Publishing Rights”

- **Burt Bacharach** Composer
- **Hal David** Lyricist

50% Share

**Music Publisher**

**Record Label**

- Warner Bros.
- Universal

**Featured Artist**

- Sandie Shaw

41 Session Musicians

Licensed by Musicians Union

**Artist**

“Master Rights”

50% Share

**Non-Featured Artists**

1964 UK Studio Recording

© 2015 Resilient Music LLP
Jaguar XF
How Alive Are You?
**Songwriter**
“Publishing Rights”

“A Little Less Conversation”

- **Billy Strange**
- **Scott Davis**

**Music Publisher**

100% Share

**Artist**
“Master Rights”

“A Little Less Conversation”

- **Ninjatune**
  - Master Sync Licence
  - Artist Waiver

- **The Heavy**
  - Re-record Agreement

**Record Label**

**The Heavy**
4 Take-Aways
to action for next campaign
4 Take-Aways

1. Start earlier with music

2. Clarify usage & don’t change it

3. Establish all the rights owners

4. Have back-up tracks & licence options
Thank You

Richard Kirstein
richard@resilientmusic.com
07976 202705
020 3137 0324