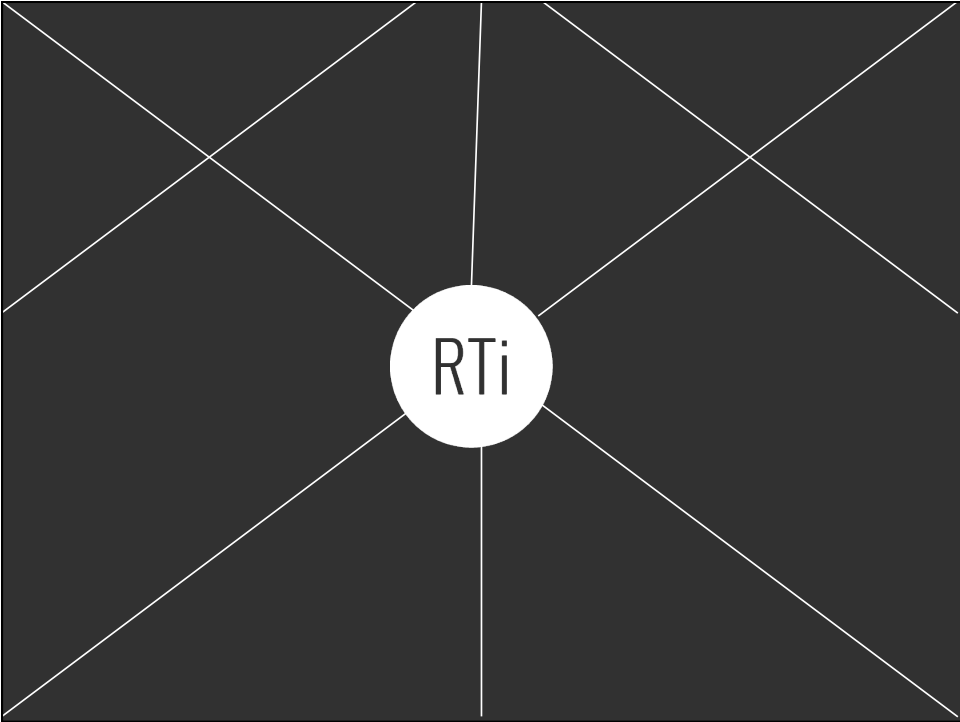


Thursday October 2nd 2014

**Vienna
Music
Business
Research
Days**

The Future of Monetising Music-
The Kristiansand Roundtable
initiative 2025 for the Music
Business

Peter Jenner & Dennis Collopy
University of Hertfordshire



RTi Mission Statement

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To provide international evidence-based solutions which will drive systemic and structural change for governments, enterprises and service providers.
To inform the relationship between legal/business structures and the creative economy.

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Lefsetz on the Future

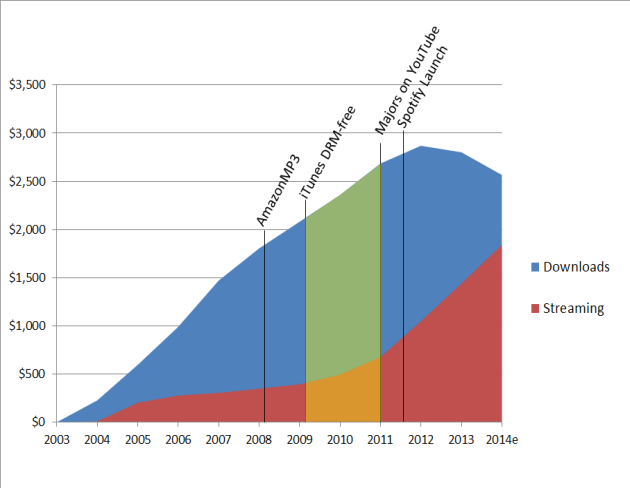
- ❑ "You've got to admit the game is different.
- ❑ The paradigm has shifted. It's about plays as opposed to buys..
- ❑ the truth is the business model has been changed not by the techies or the labels but the consumer."



"Good news—I fear the paradigm is shifting."

26th September 2014

Bill Rosenblatt on the Future



Source: Copyright & Technology

Bill Rosenblatt on the Future

- ❑ “Vinyl album sales should reach about \$340 million this year. That takes the resurgence of vinyl from a mildly curious hipster phenomenon to almost 5% of total music revenue.
- ❑ For comparison purposes, it makes vinyl almost as valuable as ad-supported on-demand streaming and puts it on track to exceed that segment in 2015.”

28th September 2014

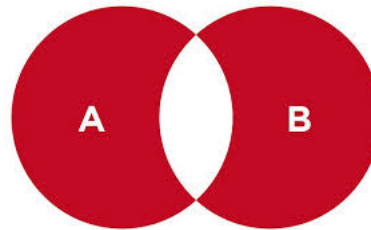


Source: Copyright & Technology

Liminality and the Digital Age

Anthropologists Arnold van Gennep and later Victor Turner)

- ⊙ At the liminal stage, participants "stand at the threshold" between their previous and new ways
- ⊙ In liminal periods of all kinds, social hierarchies may be reversed or temporarily dissolved, continuity of tradition may become uncertain, and future outcomes once taken for granted may be thrown into doubt.
- ⊙ The dissolution of order during liminality creates a fluid, malleable situation that enables new institutions and customs to become established
- ⊙ This concept has echoes of Schumpeter's "Creative Destruction" when applied to business structures



RTI 2025 Initiative

- ⊙ Analogue system – national and local license
- ⊙ Digital system – international licensing needed
 - But digital compensation schemes must remain local
 - Regulation is required – voluntary schemes at first but compulsory if that fails
 - Sample of pirated material

Regulation

- ① © Reform
- ② Competition Law
- ③ Need to deal with consequences of convergence



Compensation

- Remuneration schemes



Licensing System issues and concerns

- Transparency
- NDA's & MFN's
- Moral Rights
- Cut and Paste
- Metadata
- Need strengthen Collective Licensing but must be regulated
- US system needs to be overhauled – remove ability of minor cmo's to unfairly gain advantage
- Collapsed Copyrights – bring recordings and musical works together
- Needs equitable distribution between two sides
- Remove distinction between mechanicals and performing rights



The Manifesto

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Manifesto

We need to work out what all the different parties in the licensing ecosystem actually want

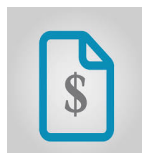
This includes everyone from the end users to telcos to the actual creators

The Manifesto's aim is to achieve a balanced and fair new music industry by 2025. To enable this we need to

- SIMPLIFY THE LICENSING SYSTEM
- REDUCE FRICTION TO INCREASE EFFICIENCY AND REDUCE COSTS
- REWARD CREATORS EQUITABLY
- REWARD END USERS
- ENABLE PROPERLY REGULATED COLLECTIVE LICENSING TO PROVIDE CERTAINTY IN THE MARKET FOR BOTH USERS AND CREATORS

Potential solution

THE ACCESS CHARGE:
70 MILLION ACTIVE USERS AT £1 PER MONTH
WOULD GENERATE £840 MILLION



The Manifesto issues and stakeholders to be considered

- ① Content delivery
- ② Utility Distribution models
- ③ Standing charge
- ④ Content service and content free service



- ① Telcos
- ② Artist / Creators
- ③ Labels/Rightholders
- ④ Radio/Broadcasters
- ⑤ Curation
- ⑥ Changing markets
 - ① China
 - ② Middle East
 - ③ South Asia
 - ④ Latin America
- ⑦ Mobility of populations
- ⑧ Tech Firms – Do Google etc. pay for broadband
- ⑨ Creators v Distributors

RTi 2025 PLANS & TIMEFRAMES



Dennis Collopy October 2014