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In my introduction to Liberating Creativity, UK Music’s manifesto for the 2010 election, I stated that the music industry is a global and, increasingly, digital business of multi-territorial and multi-platform deals. I also highlighted that our new partners are tech, hardware and media companies, and that these partners are innovative, cash-poor start-ups to multinational, corporate giants.

The music industry continues to respond to this evolving environment and it is welcome that the Coalition Government has taken considerable interest in these developments.

The gauntlet thrown down by Professor Ian Hargreaves in his Review of Intellectual Property and Growth presented many challenges to the way the licensing of music operates. But we must not ignore some of the opportunities this exercise also presented.

Stemming from the Hargreaves Review, Richard Hooper’s diagnostic examination of a digital copyright exchange and the development of a copyright hub have been both embraced and supported by our industry. We are pleased with the progress that has been made and look forward to shaping how these initiatives continue to unfold.

UK Music, which I am proud to Chair, has seen fit to commit to report on the progress made by the music industry in its licensing arrangements and I am delighted by the cooperation, insights and contributions all the actors of our diverse and wonderful industry has provided.

This report, I believe, represents a unique snapshot of where music licensing is in 2012/2013 and will add considerably to opinion formers and decision maker’s knowledge and the fundamental components which underpin our business.

Having worked in the industry for almost 50 years I am continually amazed by the way licensing has adapted to new innovations. I look forward to reading similar reports of this kind in the years ahead.

Andy Heath
Chairman, UK Music
September 2013
Music licensing is working. The licensing of music rights to digital services and digital distributors is growing new markets. Licensing has given the music industry greater access to fans and consumers. Through licensing, music lovers can be secure in knowing digital services offer them the best music in the world.

In Richard Hooper’s 2012 paper Copyright Works: Streamlining Copyright Licensing for the Digital Age, UK Music committed to producing a report to Secretary of State for Business, Innovation and Skills, Rt Hon Vince Cable MP, detailing the progress made on music licensing. This report demonstrates to Government how far record labels, music publishers and collective management organisations have travelled in developing innovative licences.

It also includes an update on the joint work undertaken by PRS for Music and PPL. The music industry wants to make clear to Government that it is harnessing its rights to digital technology in pioneering ways while engaging more directly with its fan base.

The report provides a “map” illustrating the ecosystem of direct and collective licensing which underpins all new digital development. UK Music was specifically tasked by Hooper to think about how music licensing could be more streamlined. His request corresponded to work already being carried out by our Licensing Solutions Committee (Annex 1).

This Committee is made up of commercial rights holders and collective management organisations and is a regular forum for high level information on approaches to licensing solutions for specific uses of music. Over the last 12 months, two facts have emerged:

- The music sector is licensing services very well, whether that is by collective or direct negotiation or both; and
- The music industry needs to showcase and signpost its innovative licensing solutions more effectively. Much of the good practice can go unnoticed by those outside the industry.

UK Music’s members (Annex 2) work extremely hard to help steer potential users through the process to the right licences. Yet the persistent perception of music licensing is that it is not aligned with the innovation that defines our daily business. In many instances the industry creates licences for potential users that never reach the market. Yet the need for innovation is just the same in licensing as it is in digital service development.

To compliment the work undertaken by industry we ask that Government gives in return a regulatory framework offering music businesses confidence to invest and innovate.

This regulatory framework must protect and promote IP rights rather than undermine them through the introduction of poorly-designed exceptions to copyright law.

Nothing seems clearer to our sector that the introduction of unfair and potentially unlawful exceptions to copyright undermines the licensing model that must surely define our digital future.

It is a complex task producing investment plans for new services while the digital market continues to be riddled with online infringement. This task will be made infinitely harder if proposed changes to British copyright law are taken to their conclusion.

Licensing is the solution as Richard Hooper has acknowledged.

If Government and industry get it right, Britain’s competitive advantage as a global leader in the production of creative content, and in the digital services that are built around them can be maintained.

UK Music and the wider music industry thank Richard Hooper, Ros Lynch and James Lancaster for their enthusiastic work on the copyright licensing project and we pledge support for the work going forward.

Jo Dipple
CEO, UK Music
September 2013
This section documents the role that music licensing is playing in the fast-developing online market globally. It focuses on the dynamics driving the growth of the online market, and considers how the UK can increase its share of that global growth.

MUSIC – A MAGNET FOR CONSUMERS TO ENGAGE WITH THE ONLINE MARKET

Music is a magnet, drawing an ever increasingly number of consumers from around the globe to participate in the online marketplace. Once the pipes and cables are in place, music is fuelling the excitement and interest in the online platforms and services that they enable.

- Music is the most searched-for art form on the internet
- Nine in 10 of the most ‘liked’ people on Facebook are musicians
- Seven of the ten most followed people on Twitter are musicians
- 9 out of 10 of the most popular videos on YouTube are music related.
- Specialised music video services, VEVO and WarnerMusicSound, are two of the top three channels on YouTube
- Five leading artists (Bruno Mars, Justin Bieber, Katy Perry, One Direction, and PSY) were responsible for driving more than 170 million digital interactions in a week
- Music is far more popular as a topic in social network discussions than sport, politics, or community issues.

As the IFPI Digital Music Report observes, businesses target these large audiences, setting up channels, feeds and profiles to engage with customers. Music is a huge asset for them.

THE UNIQUE APPEAL OF BRITISH MUSIC IN THE WORLD

If music is fuelling ever greater levels of engagement with the online market, the question is, how can the UK reap the benefits of this growing market?

The UK continues to punch far above its weight in terms of its global appeal. Our nation’s reputation as a creator and producer of music that the world loves is already of enormous value and has the potential to generate far more wealth for the UK in the future.

An incredible 5 of the 10 best selling global albums in 2012 were by UK artists. Adele’s 21 was the number one global top selling album last year. One Direction’s Up All Night album took the number 3 place while their Take Me Home album was the fourth global top selling album of 2012. In number 7 was Rod Stewart’s Merry Christmas, Baby, while Mumford & Son’s Babel claimed the number 9 spot.

Turning this global passion for British music into pounds and pence is the challenge for the UK music industry. It should be a goal shared by UK policy-makers intent on tapping into the UK’s competitive advantage to secure higher levels of growth.

Music licensing is key to this.

GENERATING VALUE FROM MUSIC IN THE ONLINE MARKET

Licensing the use of music converts the global passion for music into pounds and pence. Licensing is the foundation for the commerce of creativity. Its importance cannot be underestimated.
Once licences are in place, growth can follow.

Globalisation is opening new markets, enabling music to generate a return from some territories for the very first time. The IFPI digital report states that the largest licensed digital services such as iTunes and Spotify were present in just over 20 countries two years ago. Today, they are in more than 100. Kenya, Sri Lanka, and Vietnam saw their first digital music service open in 2012.

PRS for Music has seen royalties from overseas more than double since 2004. There is no reason why these levels of growth cannot continue or even accelerate, providing that right infrastructures are put in place.

To take just a few examples, Brazil has a growing economy and expanding middle class. Sales of smartphones and internet access are growing rapidly. iTunes launched in Brazil at the end of 2011. In just one year, revenue from music downloads in Brazil nearly doubled.

Russia is ranked 7th in the world in terms of GDP, and 10th in the world in terms of internet users. Russia has the largest online population in Europe. If that huge online population can be persuaded to migrate from unlicensed sites to licensed services to access music, the positive impact for music, and many other legitimate online services, could be massive.

China, too, is potentially a huge market with its growing economy and billions of potential consumers. If China develops a stronger infrastructure for copyright licensing, collection, distribution and protection, the economic benefits could be staggering.

The digital market in Europe is expanding rapidly. Start-ups such as Deezer, JUKE, Spotify, and WIMP compete with established tech giants such as Apple and Amazon. At least four major digital music services, in addition to many small players, are present in all EU member states.

How music is accessed, and the features and functions that prove most popular, is changing, all the time, in ways that cannot always be anticipated. The growth potential, even in the most mature music markets, is strongly evident.

- Amazon, Apple, Google and Microsoft have all enhanced their music services with cloud-based features.
- Internet radio is hugely popular in the USA, the world's biggest music market.
- Music subscription is booming. The number of global subscribers to music services crossed the 20 million threshold in 2012, an increase of 44% on 2011. The share of revenue from subscription services is highest in Europe.
- Spotify is a growing international brand with more than 5 million paying subscribers globally, up from 3 million in 2011.

This growing market has been driven by progressive licensing on the part of rights holders. Consumer satisfaction and confidence in licensed digital products continues to grow too. For example, in 2012 the UK digital revenues grew by 17%. Downloads continue to account for 81% of such revenues. Subscription services are growing by 69%, accounting for 12% of revenues.
Music at the forefront of licensing solutions

A virtuous cycle is at play here. The music industry licences services. People flock to these services to access the music they love. The services grow and expand. New entrants emerge, with new innovations and propositions. We licence them. With any luck, they grow.

The music industry has shown itself to be ahead of the other content industries in working to successfully establish major digital business models:

- A-la-carte pay per track/album: iTunes; Amazon; 7 Digital; Google Play
- On demand streaming subscription: Spotify; Deezer; Rdio et al
- Digital locker: Google Play; iTunes; Amazon

There are other successful models - still expanding - which branch off these including:

- Multi-format lockers - such as Amazon’s ‘Auto-rip’
- Advertising funded radio - such as iRadio

Music licensing represents a maturity not yet enjoyed by other media sectors. For example, digital platform TV is establishing a subscription streaming model (e.g. SkyGo) but has yet to develop a ‘pay per play’ / a la carte equivalent (e.g. NowTV). There is a similar scenario for digital newspapers which have subscribers (e.g. FT.com) but no established ‘pay wall’ or ‘micropayments’ model (e.g. per day, per article) as yet.

UK deals include the licensing of O2 Tracks and Bloom. These represent low cost entry routes into music subscription. The Vtech e-commerce environment is newly licensed.

Music can be downloaded onto a number of Vtech devices which are primarily pre-school products. Rough Trade, the download store associated with the physical retailer, has been licensed.

As well as the individual licences that the music industry has with the largest tech companies like Google and Apple, the growing range of collective licences offered by PPL and PRS, and the joint licences in development, the music industry is continually innovating and experimenting with new licensing propositions.

Aggregators and white label services, licensed by the majority of music-rights holders, are providing an onward service to smaller players and new entrants and in effect, act as their sub-contractor for the rights clearance process and backroom rights administration. For example, digital rights aggregator IMI Mobile powers a further 13 separately brand music services, including Orange, Tesco, Virgin Mobile, and Chilli Digital Europe.

This is the future, one of rights holders innovating, and working in partnership with the tech sector to enable the development of a mass of new services.

IN CONCLUSION

The online market is a market awash with innovation, change, and creativity. Music is an integral part of it all, and music licensing is the switch that converts the passion for music into pounds and pence. This in turn sparks a virtuous cycle of growth and expansion, reinvestment, and replenishing the supply of indigenous musical talent that is the beating heart of the whole edifice.
There is a great desire in the music industry to support new services and new types of service. This desire for powering innovation and growth is balanced by content owners negotiating to ensure that services seeking licences are paying a fair value to creators and rights holders, that they pay consistent amounts and do not view licensing costs as their only flexible variant when they are trying to undercut rival services.

There are many ways in which the industry is working to facilitate innovation. There are sandboxes which we go into more detail on in this chapter, but also blanket licences, aggregators and white label services. Blanket licences are available from PRS for Music and PPL for many limited types of exploitation. For example, PRS for Music in 2013 introduced a new blanket licensing schemes for on demand audio-visual services and increased a new higher value tier to its automated low value licence.

In addition to these changes in consumer access, there are already several aggregators in the market, such as CueSongs http://www.cuesongs.com, who can provide access to licences for limited exploitation across repertoires owned by multiple rights owners. These will continue to grow in response to market demands.

The online market continues to change apace, with the major services evolving into broader platforms which each support licensed access to music via 'widgets' / API (Application Programming Interface) across a vast range of individual websites and social media pages. Youtube, Spotify, 7digital or Omnifone, Rara and many others are offering and/or developing these services and these dramatically broaden the scope / access to legal music without the need for each individual user to obtain licensing.

Lastly, white label services such as 7digital (http://www.7digital.com) or Omnifone (http://www.omnifone.com) can deliver music company administration to third parties through the licences they have themselves secured from content owners. White label services are a way of offering the back office functionality of a well established provider of technical and administrative services like, say, 7digital or Omnifone - to third party companies which can then be branded by the third parties under their own brands. These services would include rights delivery, payment and invoicing services.

**SANDBOXES**

This report sets out a number of Technology Strategy Board initiatives aimed particularly at enabling start-up companies and app developers to experiment with different ways of using music in their services. These include "sandboxes", emulating the OpenEMI developer initiative and Music Techpitch 4.5, under the name of "Open Music UK" and a "licence to innovate" initiative.

The industry feels strongly that it is a false economy to give “free” or discounted licences to new services without additional mentoring support. This could lead to a Beta version success which is not sustainable upon launch. The industry has identified the need to offer mentoring from industry professionals, and is working to provide this alongside rights. Given writer and performer approval issues the rights and repertoire available may be limited at first but will be sufficient for services to “play in the Sandbox”. The industry is committed to deliver more and more rights into these Sandboxes as time goes by. Success breeds success.
The music industry has been looking to emulate the model of the Universal Music owned OpenEMI developer initiative to include a wider range of repertoire owners, including both record labels and music publishers. This project, which is being called “Open Music UK”, would have the following main purposes:

- Act as a ‘Gateway’ into the music licensing arena - thereby incentivising new services to engage with the industry under fair rules of trade, rather than via building a user base from serving unlicensed content and using this as a lever for negotiation with the industry later

- Data and Business Model analysis platform - whereby the industry can properly and jointly with partners, assess the likely potential and impact of a new service model, based on actual user data.

- Establish the UK as a ‘hub’ whereby start-ups can gain access to a pro-active network of key executives working across the industry to actively sponsor and support new innovations

Open EMI was launched in 2011 as a developer platform, a strategy increasingly being adopted throughout the media, technology and telecom industries. Other examples would include Nokia Developer, Built for Blackberry, Telefonica Digital and Netflix developer programmes.

The principle is to offer content in ‘sandboxes’, making the content (music tracks, label copy, images, video and other artist related media) available to developers to feature in the apps they build. These apps are widely tested with real consumers and, subject to a simple EMI approval process, subsequently published on the available apps platforms such as Apple IOS and Google Android. The idea is a streamlined route to market for developers and start-ups, to the benefit of all industry players and consumers.

The success so far of Open EMI has been achieved through:

- Working with developers as ‘customers’ - engaging with them at events and providing a clear website with sandbox access, SDK’s (software developer kits) and customer insights on the artists available in the sandbox suite

- Commitment to developers to clear rights and provide marketing support

- Obtaining buy-in from managers & publishers to place artist assets into the sandboxes

The industry will continue to work together with a view to eventually offering a ‘licence to innovate’ for developers and start-ups consisting of:

- Access to a complete music catalogue ‘sandbox’, facilitated through a white label service with experience and infrastructure for developers.

- Access to a network of industry ‘sponsors’ and champions and professional business case and data analytics support to help develop viable new business models.

- We acknowledge that music innovation is global - but by making the UK a centre for progressive industry partnerships - make the UK a preferred base for music start-ups from anywhere in the world.
As part of the work of the Copyright Licensing Steering Group, music collecting societies PRS for Music and PPL produced a report to update the joint work they have undertaken over the past year. The report from Peter Leathem (CEO, PPL) and Robert Ashcroft (CEO, PRS for Music) is reproduced throughout this chapter.

1. INTRODUCTION

1.1 PRS for Music and PPL have prepared this Joint Music Licensing Update for the Copyright Licensing Steering Group (CLSG), as an update on joint music licensing activities to form part of the wider CLSG report to Government regarding progress across all six CLSG work streams.

1.2 In the Briefing Note submitted by PPL and PRS for Music to Richard Hooper and Dr Ros Lynch, and annexed to their independent report to Government in July 2012 (“Copyright Works: Streamlining Copyright Licensing for the Digital Age”), we restated our commitment to joint working:

“Hundreds of thousands of businesses across the country, large and small, need licences from both PRS for Music and PPL. Collective licensing already simplifies the licensing process for music, by providing blanket access to millions of different compositions and recordings, and the Phase 1 report acknowledges that each of PPL and PRS for Music is efficient in its own right. However, both organisations recognise the value, to music users and rights owners alike, in finding ways for PRS for Music and PPL to work more closely together.”

1.3 We went on to set out a summary of existing joint music licensing activity and the next steps we planned to take on the journey to extend our joint working:

– Joint licensing solutions for small workplaces and amateur sports clubs;

and

– Other joint activity, such as joint marketing/awareness work and opportunities to collaborate on other operational matters supporting the licensing process.

1.4 We were pleased that the “Copyright Works” report recognised that “The reality is that the music industry has made significant strides to streamline copyright licensing” and supported what it described as “the efforts being made by the two music collecting societies, PPL and PRS for Music, to strengthen joint working arrangements thus enabling more joint licensing in the future especially for the smaller business users and making licensing easier”.

1.5 Over the last year, as we have continued to work hard to develop our existing activities and deliver the next stages of our joint working plans, we have actively participated in the CLSG, with Peter Leathem (PPL CEO) and Robert Ashcroft (PRS for Music CEO) being the work stream leaders for Joint Music Licensing. In this Update, we report on the progress we have been making and our plans to continue this further.
2. EXECUTIVE SUMMARY

We have continued to operate our five existing joint licensing solutions (see 3.1 below), and work is significantly advanced on our two new joint licensing solutions for amateur sports clubs and small workplaces (planned to launch in Q4 2013).

We remain committed to exploring further joint licensing opportunities where of benefit and interest to licensees, under the framework of a staged and managed process so as to ensure the effectiveness of joint licensing for music users and music rightholders alike.

Over the last 12 months we have continued to work together on marketing and raising awareness activities, and expanding our joint MusicWorks research into the value of music to businesses.

We are also actively exploring other opportunities to work more closely together at an operational level, as part of streamlining the end-to-end music licensing process for the benefit of our licensees and our members. These opportunities include ways for our respective field forces to work more closely together and the potential for greater use of the same outsourcing partners in respect of those areas of our licensing and collections that we already respectively outsource.

3. UPDATE ON JOINT LICENSING SOLUTIONS

3.1 Existing joint licensing solutions

We have continued to operate our five existing joint licensing solutions, covering the following areas:

- Community Buildings (public performance of music);
- Schools (non-curricular public performance of music);
- Churches (public performance of music);
- ProDub (copying music from e.g. CDs to laptop, in order to provide professional / semi-professional services such as DJ-ing);
- Limited Manufacture Licence (making low volumes of recordings including music, e.g. recordings of amateur dramatic productions).

The newest of these, our joint licensing solution for Community Buildings (administered by PRS for Music) has now been successfully operating since January 2012. As at June 2013, we have licensed 7,640 premises under this joint solution, with 88% of existing PRS for Music licensees transferring to the joint licence.

3.2 NEW JOINT LICENSING SOLUTIONS

Work is significantly advanced on our planned joint licensing solutions for amateur sports clubs and small workplaces, both of which remain on track for launching later this year:
Amateur sports clubs

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<th>Scope</th>
<th>Joint licensing solution for the public performance of music (as background music, specially featured entertainment or accompaniment to fitness classes) by amateur sports clubs.</th>
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<tr>
<td>Launch Administration</td>
<td>Planned for Q4 2013. Administration To be administered by PPL.</td>
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Small workplaces

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<th>Scope</th>
<th>Joint licensing solution for the public performance of music (as background music) in offices, factories and garages where the music is audible to four or fewer workers.</th>
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</thead>
<tbody>
<tr>
<td>Launch Administration</td>
<td>Planned for Q4 2013. To be administered by PRS for Music.</td>
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It is a guiding principle for PPL and PRS for Music that any joint licensing solution needs to be developed and implemented in a carefully managed way so as to ensure a high-quality customer experience for the licensee and a smooth and efficient end-to-end licensing process. The preparatory work involved in this development and implementation includes:

- Tariff development activity (to set the joint licensing tariffs, including whatever is fair, reasonable and proportionate as regards negotiation and consultation with representative bodies and licensees; there may also be procedural requirements involving the Copyright Tribunal if the joint licensing solution involves changes to a Tribunal-set tariff, even where those changes are designed to benefit licensees - this is indeed the case with the planned joint licensing solution for amateur sports clubs, where PRS for Music has needed to apply to the Copyright Tribunal for approval);

- IT development activity (to build the joint licensing tariffs in the licensing system of whichever party is to administer the joint solution, and provide transparent financial and operational reporting back to the other party);

- Business process activity (to devise how the joint licensing solution will operate in practice, addressing considerations such as how best to migrate affected existing licensees of either party onto the joint licence);

- Marketing/communications activity (to ensure that affected businesses receive clear and timely notification of the introduction of the joint licensing solution and assistance with migrating to the joint licence); and
Training activity (so that PPL and PRS for Music staff can provide the best possible customer service to those businesses covered by the joint licence).

Our current focus is on finalising the preparations for the launch of our planned joint licensing solutions for amateur sports clubs and small workplaces, and overseeing their successful implementation.

Following launch, as with any joint licensing initiative, the first full year of operation will then be an important transition period in which we will monitor carefully how the joint licensing solutions are working in practice. Looking further ahead, we remain committed to exploring further joint licensing opportunities, under the framework of a staged and managed process so as to ensure the effectiveness of joint licensing for music users and music rightholders alike.

4. UPDATE ON OTHER JOINT ACTIVITIES

4.1 Joint marketing/awareness activity

(a) Joint marketing

PPL and PRS for Music have continued to collaborate on joint marketing activities, designed to help businesses across the UK to understand music licensing requirements and put the appropriate licences in place where these are needed. We have had a joint presence at more trade events across the UK than ever before, with shared PPL/PRS stands at:

- Richmond Business Expo April 2013
- Let’s Do Business, Brighton May 2013
- South East Business Show May 2013
- The Welsh Business Show May 2013
- Bromley Business Expo June 2013
- The National Business Show June 2013

We have run a joint advertising campaign in various Chamber of Commerce titles and now share the same advertising placement agency to help with co-ordination and alignment of our marketing efforts. We will continue to work together on marketing and awareness-raising activities, whether that is in the form of joint activity or through the role that each of PRS for Music and PPL can play to raise awareness of the other (we have reviewed our advertisements to help ensure that the potential need for both licences is clear, and will continue to focus on this important point in our literature and on our websites).

We recognise that not all businesses have heard of PPL and PRS for Music, and we place considerable importance on raising awareness within the business community of the requirements of copyright licensing and, above all, the value of music.

(b) MusicWorks

Following last year’s successful re-launch of MusicWorks (our joint music research campaign and website), which gained extensive national press coverage, we have commissioned new research to develop this further. This next phase of research is planned to focus on the value of music to businesses in different regions across the UK, with a view to achieving local press coverage in those regions as a springboard for raising music licensing awareness within the local business community.
The first instalment of this new research looks at how businesses benefit from music in Birmingham and the West Midlands and was published in July 2013 (showing, amongst other findings, that 91% of business owners in the region believe that playing music makes staff and customers happier).

4.2 Other opportunities for collaboration

Joint licensing solutions and marketing / awareness activity are key elements of our vision for streamlined music licensing but we also recognise other potential opportunities for streamlining within the end-to-end music licensing process, for the benefit of music users and also for PRS for Music and PPL members (a great many of whom are individuals or small businesses).

We are therefore actively exploring how else PPL and PRS for Music might work more closely together at an operational level, with a view to simplifying the licensing experience for customers and increasing the overall efficiency of the licensing process. To support this, PPL and PRS for Music jointly commissioned the leading consultancy firm Deloitte to conduct a range of activities with the two organisations’ licensing teams over a number of months, including detailed data analysis, to help identify further opportunities for collaboration and lay the foundations for progressing these.

The retail data sharing trial is just one example of a theme which is at the heart of all of our joint music licensing activities and which will continue to drive forward our work together: delivering a simple and efficient licensing process which makes it easier for businesses to enjoy the commercial benefits of using music, whilst knowing that they are doing so legally and, at the same time, enabling songwriters, composers, authors, record companies and performers to receive a fair payment for the use of their work.

Against that backdrop, and building on the months of exploratory work with Deloitte, PPL and PRS for Music are now looking at a wide range of options for further joint working at operational level. Areas currently under discussion include ways for our respective field forces to work more closely together, and the potential for greater use of the same outsourcing partners in respect of those areas of our licensing and collections that we already respectively outsource. We are also looking at how best to develop our sharing of licensing data with each other in respect of other business sectors.

To keep up the momentum established over the last year, we have jointly recruited a dedicated full-time programme manager and set up an appropriate governance structure (including a Steering Board to review and direct matters, upon which the CEOs of both PPL and PRS for Music sit). Both organisations remain firmly committed to joint working and we look forward to continuing to make progress.

Case study: data sharing

An example of one of the early outcomes from this focus on operational joint working has been a successful trial whereby PPL and PRS for Music were able to share licensing data with each other, in relation to businesses which one organisation licenses but the other does not.

Many businesses using recorded music need both a PPL licence and a PRS for Music licence, but do not necessarily have both licences in place. Whilst our on-going awareness work should help to address these licensing gaps over time, PPL and PRS for Music have also been exploring potentially more cost-effective ways of identifying such businesses (as an alternative to each purchasing business directory information from third parties). By sharing licensing data (under an appropriate legal framework and always mindful of our data protection responsibilities), we have been able to reach out to such businesses and (where applicable) help them put the “missing” licence in place.

2 Subject to Copyright Tribunal approval, as this joint licensing solution necessitates changes to the existing PRS for Music tariff for Members' Clubs; an application has been made to the Tribunal by PRS for Music and the decision is awaited.
Music and tech companies have been pushing at the frontier of digital innovation for more than a decade. Throughout this period, music rights holders have licensed - directly and collectively - a vast range of online platforms, applications and services.

Because of these efforts to develop new and legitimate ways to engage consumers through music, there now exists a vast "licensed infrastructure" in the online market. Major online platforms such as YouTube, iTunes and Spotify are available in many countries throughout the world. These online platforms are licensed by the majority of music rights holders. As a result of having secured these music licences, the online platforms are authorised to use a huge catalogue of sound recordings and musical works in different ways, for example, to stream music or download on demand.

These licensed platforms in the online market act as a sort of superhighway infrastructure, and provide slip roads for new entrants to integrate their own novel applications and services into the licensed superhighway.

The new entrants will often not need to obtain the full range of licences from music rights holders themselves, because they can embed into the existing licensing agreements and infrastructure already established by the likes of Spotify and YouTube.

Another option for new entrants is to access pre-cleared music rights easily through digital rights aggregators, who are authorised by rights holders to act as middlemen.

White label services are another option, enabling new digital businesses to set up their own branded music service, using the white label service to handle all of the backroom copyright clearance and administration.

These licensing developments are a great spur to innovation. For example, new music apps are being developed and launched through Spotify, and new music ‘channels’ are being launched through YouTube.

In addition, some tech entrepreneurs want to distinguish themselves with a unique music service and will work with rights-holders to acquire their own bespoke music licences.

Meanwhile, many artists are seizing the latest technologies and online applications to interact with fans in novel ways, showcase their material and announce new work. This urge to innovate is creating the opportunity for individual artists and rights holders to forge new partnerships and licensing arrangements with tech companies on very personalised and unique music initiatives.

All of these developments in the online market are enabling people to connect more, share more, communicate more, and participate more than ever before.

This chapter highlights just a few examples of artists in the music industry who are innovating online in close partnership with tech entrepreneurs. The rich “licensed landscape” developed over the past decade is the great enabler, providing an underlying infrastructure of licensed services upon which to launch highly creative and unique digital marketing initiatives.
We also highlight some novel licensing initiatives launched by the rights-holders designed specifically to encourage innovation around the use of music usage online, often involving multiple repertoires.

New ways of innovating with the licensed infrastructure are continually being unearthed. New services are being launched all the time, and often at differing stages of development. This means the chronology of using the licensed infrastructure does not happen in a standard way. Innovations can throw up unique situations concerning rights. The examples in this report should be read with this in mind and considered purely as an illustrative guide.

As the licensed infrastructure in the online market becomes stronger and wider, with more fully licensed platforms emerging, we can expect to see an even greater acceleration in creative and digital innovation. We urge Government to support us in this goal.
Blur Live Twitter Performance Example provided by EMI

Description of the initiative
Blur debuted new material (two songs) by performing live in the first ever full video stream on Twitter - a world first. This was the first public performance of the songs, filmed in a secret location. The event was streamed live in an expanded Tweet using the new Twitter Cards. Both songs were available for download immediately afterwards. 75,000 people watched the live stream across 10 minutes of the performance. The stream was viewed 1.2 million times in the first 24 hours with 3 global trends on Twitter in 24 hours. This initiative drove 57,000 ‘clicks’ to purchase the songs, using links to take fans to music download retailers.

The underlying licensing relationships
Licences granted for this initiative by EMI - performance licence granted to Twitter. Delivered by Streaming Tank Licences acquired for this initiative by EMI - none. This initiative was integrated with the following online services/platforms already licensed - YouTube

Other tech companies and partners involved
- Streamed live via Twitter using Streaming Tank
- Archived on YouTube - already licensed
The XX

Example provided by Beggars

Description of the initiative
Coexist album stream:

Going into the xx's second album release we wanted to do something that would highlight its impending availability, and an album stream seemed like the perfect way of doing it.

One of the key things about the first record was that it was a genuine word of mouth success, and that's something we wanted to touch on the second time around. Thus we hit upon the idea of visualising how the album stream spread from one person to the next.

We partnered with Microsoft to build a site - http://coexist.thexx.info - that took that idea and using a whole bunch of HTML5 cleverness created a world map that plotted in real time where people were listening to the album, and also how they shared it - so if someone from London sent a link via email to someone in NYC, they would be a line plotted on the map, and likewise via Twitter, Facebook or an embeddable widget. The visualiser could also be adjusted so you could look at a specific time, enabling the user to see how it spread around the globe.

The site was also fully optimised for phones and tablets with touch gestures and HTML5-based audio.
The xx mobile app: http://thexx.info/app

To tie some of the concepts and ideas that have run throughout the xx’s second album campaign we decided to make a mobile app for the album that worked across iPhone, iPad and Android. It incorporates the interactive x as seen on the website, but incorporates several additions specific to mobile – using touch to control the oil within the x, and also the accelerometer to make the oil flow if the device is at an angle, and also to effect the light source making the x lighter and darker depending on how you hold it.

Features include an interactive version of the coexist artwork which reacts to your touch, movement and environment; exclusive HD visualiser videos for every track on coexist based on the source videos for the album’s artwork, if you own the album digitally (if they don’t they get a 30second sample and are then prompted to buy the track from iTunes; news, notifications and messages direct from the band; watch all of the xx’s official music videos; see all the tour dates and buy tickets; access the band’s online store with exclusive official merchandise.

The underlying licensing relationships
A publishing licence was acquired to cover the on-demand streaming of tracks.

This initiative was integrated with the following online services/platforms already licensed: iTunes & YouTube

Other tech companies and partners involved
The app was developed by Universal Everything, and also integrates with Crowdsurge for Tour Date listings.
When double number 1, multi-platinum, Brit nominated, acoustic guitar virtuoso Newton Faulkner was ready to record his fourth album ‘Studio Zoo’ we decided to make history and document the whole process live online, 24/7 for 5 weeks - like The Truman Show, but this time for real!

His home studio in East London was set up with 4 cameras, to follow every detail of the ups, downs, dramas and laughs of recording an album - and as with his renowned live performances, this was truly a one-man-show, with no producer or engineer, just Newton, a bunch of guitars, plus a few special surprise guests.

Working closely with Powster and Livestream, RCA launched the campaign early in June 2013 through a bespoke website: studiozoo.newtonfaulkner.com.

Collaborating closely with Powster and Livestream to make this a reality RCA pulled together a intensive social media campaign that encompassed Facebook, Twitter, YouTube, Snapchat, Vine and Instagram to keep the fans engaged.

The technical side created some interesting challenges and constant tweaks to ensure the balance of getting an album made and sustaining fan engagement and interest along the way provided a steep learning curve.
Stats
In 5 weeks we had the following results:
Unique visitors to the Livestream – 52,534
Page views to the Livestream – 505,822
Average Visit Duration - 11:14 minutes
Returning users - 70%
6.15% of unique visitors clicked to buy from the site
Facebook Likes Increase - + 3,412
Twitter Followers Increase – 2,120
On the last day we put on a farewell party and stats for that 24hours were 30k page views and an average of 15 minutes visit duration
10,000 tweets

The underlying licensing relationships
We had to work closely with the Business Affairs department to ensure that all publishing clearances had been given by Newton’s publishers to play his songs on a Livestream.

Other tech companies and partners involved
- Powster built the studiozoo.newtonfaulkner.com site.
- The live-stream was facilitated by Livestream who helped set up the cameras and gave advise on how to approach bandwidth and broadcasting tips.
The Orchestra
Example provided by Music Sales

Description of the initiative
Music Sales calls it a ‘ground-breaking iPad app, giving unprecedented interactive exploration of orchestral music and instruments. The experience is delivered by Esa-Pekka Salonen, Principal Conductor of the Philharmonia Orchestra, members of the Philharmonia Orchestra and Mark Swed, Chief Music Critic for the Los Angeles Times.

Performances
The Orchestra presents eight high quality filmed extracts of orchestral music providing a pathway for the user through music from the mid 18th Century to the present day. The following major works are featured:

- Haydn Symphony No 6
- Beethoven Symphony No 5
- Berlioz Symphonie fantastique
- Debussy Prélude à l'après-midi d'un faune
- Mahler Symphony No 6
- Stravinsky The Firebird
- Lutosławski Concerto for Orchestra
- Salonen Violin Concerto, soloist Leila Josefowicz

Salonen guides you through the app:
http://vimeo.com/54960867

Video
Performances are captured from several angles giving the user the option of looking at the conductor, a choice of two views showing the active sections of the orchestra or a collage of all three.

There is also a visual “Beat Map” diagram of the orchestra showing individual sections and the movement of music between them. Each work is supported by a film in which Esa-Pekka Salonen describes conducting the music.

Salonen on his Violin Concerto:
http://vimeo.com/49459749

Scores
Each of the filmed performances are synchronised with the conductor’s score. Three different views are available: full score; short score curated by Salonen and simplified score.

Audio
The music is best listened to over headphones and is of the highest recorded quality. The user has the option to switch between spoken and/or subtitle commentaries on each piece from Salonen or from the Philharmonia musicians.

Text
Each of the eight performances is supported by text about the work and about the composer, written by Mark Swed.
Lesson Plan
A free model lesson plan has been developed by music teacher Jane Werry, showing how The Orchestra might be used with A Level music students to analyse the featured Debussy work.

Language
The Orchestra is currently available in English, French, German and Japanese.

The underlying licensing relationships:
Our vision for The Orchestra was to make it available in multiple markets initially across the EU, USA and other English speaking territories and Japan where demand was likely to be greatest.

We also planned to feature a range of musical works, including non-Anglo / American repertoire, and works where Music Sales was not the publisher in certain territories.

To fulfil this vision, we needed to obtain multi-territorial licences from the composers whose rights were administered by other licensing authorities in other countries.

We needed to go to just three European copyright licensing hubs (Sacem, Zaiks and Teosto) and one publisher, who together were able to give us permission to licence all of the works in the app for different types of exploitation: public performance, mechanical, and synchronisation.

These copyright licensing hubs simplified the process significantly. It meant we did not have to licence all of the rights on a territory by territory basis. Instead, we licensed all the necessary rights worldwide in 4 simple agreements.

This was an innovative approach to multi-territory licensing. At the time, the copyright licensing hubs did not have template agreements. They therefore needed bespoke drafting. However this was not overly problematic and now the Sacem licence is the basis of the template we are using to licence other works on the same basis, which has speeded up the licensing process considerably.

Partners Involved
Music Sales is an international family of wholly owned companies with interests in music copyrights, printed music, book publishing, digital publishing and music retail. The music publishing companies, including Chester Music, form the world’s largest independent holdings of classical music. Chester Music publishes the music of Esa-Pekka Salonen alongside other great composers of the 20th and 21st centuries including Stravinsky, Barber, Lutoslawski, de Falla and Tavener.

Touch Press are the leading developers of iPad Apps. To date their output has included interactive guides and experiences including Shakespeare’s Sonnets, The Periodic Table, The Solar System and War Horse. Books are one of the defining inventions of the civilisation – and today they are poised for a revolution. Touch Press’ aim is to create a new kind of book that makes use of emerging technology to redefine the book, reinvent publishing, and forever transform the act of reading.

Rite Digital is a digital media production company, specialising in film, websites, installations and live production, in particular for arts organisations. Using skills and expertise built up by the Philharmonia Orchestra’s digital department over a number of years, they create engaging and innovative projects using performance and technology.

Apple: The App requires the sophistication of the IOS 6 operating system. The partnership has a strong relationship with Apple resulting in the inclusion of The Orchestra in worldwide billboard and television advertising. Sales in the first five months in the market place have returned over 50% of the partnership’s investment.
EAGLE-i MUSIC APP

Eagle-i Music App
Example provided by Eagle-i, via MPA

Description of the initiative
The Eagle-i Music App offers the TV, film, advertising and gaming industries instant access to the music publisher’s entire catalogue via their mobile phone or tablet. With audio streaming, a visual rendering of the songs waveform and the ability to search by genre, beats per minute, lyrics, keywords, etc, the App is designed to help the user find the perfect song for their project whether at their desk or on the move.

Uniquely the App allows the user to create their own project files through which Eagle-i Music can interact with them allowing us the flexibility to upload songs which suit the brief but don’t match exactly their search criteria.

We are currently working with our Tech partners to provide functionality that will give the user the ability to upload a video and then synch & edit it with any one of our music files to see exactly how the audio will marry with the visual in real-time.

The underlying licensing relationships:

- Publishing & Master Rights: On behalf of our clients we administer the copyright inherent in the musical composition but for the majority of our catalogue Eagle-i Music also controls, or has permission to clear, the Rights in the Master Recording making the App a ‘one-stop shop’ for music licensing.

Other tech partners:

- Developed in conjunction with KODIME.
- Facebook & regular Twitter feeds keep our registered users up to date with the latest songs to be added to the Eagle-i catalogue and improvements in the Apps functionality.
E-Partners Scheme
Example provided by Faber Music

Description of the initiative
Faber Music generates copyright licensing income in a number of different ways—collecting live and recorded performance income; licensing the use of copyright protected musical works to third parties for print and synchronisation purposes; producing and selling printed music publications—and in all cases paying a share of the proceeds on to the original composers and/or publishers.

This example focuses on how Faber Music is addressing the issue of illegal websites which offer unauthorised sheet music downloads for musical works which are protected by copyright. Faber Music has developed the ‘E-Partners Scheme’ which approaches this problem with creativity and imagination and provides an effective, commercially viable, digital licensing solution.

The E-Partners Scheme was established in order to enable skilled musicians to create and sell digital sheet music with full authority from the original publishers.

Previously, this process was notoriously difficult. Disturbed by the highly publicised dissemination of unlicensed audio on the Internet, many print rights holders simply refused to grant licences for digital sheet music and talented musicians seeking permission were turned away.

Meanwhile the internet became saturated with unlicensed products.

Faber Music decided to establish a brand new service in order to tackle the problem head on: a secure control centre or ‘hub’ where musicians would come to obtain digital print licences, and where publishers could rest assured their rights were being sub-licensed through a water-tight system, and only to licensees creating top-quality content for digital distribution.

The underlying licensing relationships:
Faber Music has secured non-exclusive digital rights deals with some of the UK’s most prominent publishers, including Universal, Warner/Chappell, EMI, Kobalt, Peer music, Boosey & Hawkes and Edition Peters.

The rights within these catalogues are sublicensed to a growing collection of content generators: from composers, professional and amateur music arrangers, music teachers, instrumentalists, and choir leaders to print publishers, music venues, traditional high street music shops, start-up Websites and even rock groups (see logos of members attached). The result is an ever-increasing network of niche, "boutique" E-tailers which provide a high-quality, value-for-money, LEGAL alternative to the unauthorised and largely inaccurate sheet music available from unlicensed Websites.
Under the E-Partners Scheme Faber Music operates as:

– a licensing and royalties agent, clearing rights and ensuring the relative rights holders receive royalties produced through digital sales by all E-Partners signed up to the scheme;

– a content creator and aggregator, uploading all of its own digital content into the hub for E-Partners to re-sell, and running quality control check on content uploaded by other E-Partners; and

– a technology provider, building e-commerce Websites for E-Partners who do not have access to such resources.

Successes to date...

– Launched in January 2010, the E-Partners Scheme now includes more than 50 organisations primarily from the UK and Europe.

– The ‘hub’ now contains 17,000+ individual sheet music files, all of which are 100% licensed for digital sales.

– The E-Partners sites have now received over 1 million visits worldwide.

– The total number of digital products purchased through the scheme since launch in January 2010 exceeds 76,000.

– The average growth in revenues generated is 18.5% per month.

Future Plans

This year the E-Partners scheme will be extended to incorporate digital content delivery: i) through Apps and E-Books for mobile devices in addition to PCs, and audio and video content in addition to sheet music; and ii) into wider territories.
ONLINE MUSIC LICENSING MAP

1. There are two main classes of music rights-holders:
   - **sound recordings** (performers or record companies)
   - **songs (music and lyrics)** (composers, publishers etc.)

2. The law gives all rights-holders the right to be paid when their music is used.

3. Rights-holders licence the use of music to third parties:
   - **PRS for Music** licenses the use of music collectively on behalf of the rights holders of songs (music and lyrics).
   - **PPL** licenses the use of music collectively on behalf of the rights holders of sound recordings.
   - Rights holders licence other uses of music directly.

4. Licensing music rights to third parties has always acted as a spur to innovation and growth in the wider economy:
   - fashion
   - radio
   - film & TV

5. This B2B licensing relationship is the foundation for the commerce of creativity.

6. The online market is no different in that respect. Artists and the music industry have driven the growth of online communities and the value of the online market.

7. However, the online market opened up wholly new scenarios which demand new types of licences and licensing relationships:
   - What is the value of a wholly new, untimed and unlimited service?
   - How can music usage be properly reported, so that income can be fairly distributed back to rights-holders?
   - What about online services that span different territories across the world?

8. The music industry is the most advanced content sector in devising new licensing solutions for the online market.

9. The market is always developing and there is always more to do:
   - online aggregation
   - white-label services
   - copyright licensing hubs

10. **Government must recognise the importance that copyright licensing plays, especially in the global online market.**

   The B2B licensing relationship provides the foundation for a sustainable global digital marketplace, whereby creativity and technological innovation advance together.

   **Licensing copyright is, by nature, complex.** The music industry is working hard to remove unnecessary complexity.

   However, it is neither feasible nor desirable to impose a uniform licensing model. Flexibility is as important as simplicity.

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Image supplied by Audencenet
Richard Hooper recommended: “That the UK music industry working with the appropriate European organisations continues to pioneer easier ways of licensing across the single European market reducing the number of licensors wherever possible that prospective licensees have to deal with, thus helping to create a true single market across Europe for music.”

The context of this recommendation was that there was significant evolution in music licensing in Europe. There are market developments in licensing and investments being made in key building blocks for developing new licensing models. These include the developments of hubs for shared front and back office services for collective management and licensing and the development of the Global Repertoire Database as a single authoritative database for rights ownership and licensing contact information in respect of musical works.

Evidence shows the growth in the European Market

There are over 250 licenced music digital services in the EU, as well as many 1000s of smaller websites licensed for their music use. This figure continues to grow. Over 30 million tracks are available to all European customers. Major services such as iTunes, Deezer and 7digital are available across European Union member states. Other major services are available in most member states, such as Spotify, and others continue to expand, such as GooglePlay. The European digital music market has grown considerably in the past few years (from €200 million in 2004 to €1.2 billion in 2012), and has increased significantly in its variety. The UK is the global leader with over 70 licenced major digital music services.

Licensing across Europe

The music industry offers multi-territorial licences which match the needs of services that want to operate across Europe and beyond.

Dr Alice Enders report of 15th-16th May 2013, Progress Towards Digital Europe, provided evidence that progress towards the digital agenda for Europe, which includes the simplification of pan-European licensing for online exploitation, relies to a considerable extent on decisions made by the likes of Apple, Google and Amazon. These decisions include issues such as investment levels, target markets, contractual arrangements, pricing, payment systems and territorial restrictions on customer purchases.

In every piece of recorded music there are three copyright protected assets, the musical work (ie the composition) the sound recording and the performance embodied in the sound recording. Each is protected by law in different ways and commercially administered separately on a pan-European basis.

Pan-European licences for the online exploitation of musical works were developed in reliance upon a recommendation from the European Commission in 2005. The Commission affirmed the right holders’ right to direct licence or partner with societies to licence on a multi-territorial basis. Societies were encouraged to compete for repertoire on the basis of efficiency. For example, PRS for Music and GEMA formed CELAS as a joint venture which attracted the EMI Anglo-American repertoire.
Authorised online usages within the scope of these multi-territorial licences of musical works include download on demand, streaming on demand and pre listening preview on demand, as well as subscription services and cloud services providing remote server backup and access. There is a great diversity in the number of legitimate offerings available. This diversity enables the industry to meet the needs of different end users.

With respect to the online exploitation of sound recordings, rights mandated to the collective music licensing companies have been readily available for pan-European licensing for many years under an IFPI sponsored reciprocal agreement whereby each licensing company can licence the territorial rights controlled by all other signatories to the IFPI reciprocal agreement.

Other online rights in sound recordings are directly controlled by the rights holders, usually on a pan-European or global basis. Large record companies negotiate pan-European or global agreements themselves direct with users, whilst many smaller record companies licence such rights collectively on a pan-European or global basis via Merlin, a company established specifically for this purpose. The number of deals a new digital service would have to conclude in order to offer the vast majority of the world’s sound recordings can be counted on one hand.

Aside from the music television channels operated by MTV, few traditional broadcasters operate on a multi-territory basis. MTV is licensed on a global basis by the large record companies and MTV Networks Europe (comprising over 50 channels broadcast in 48 territories) is collectively licensed for its use of music videos by Video Performance Limited on behalf of small labels which are members of VPL or any of nineteen other music licensing societies from across Europe.

Progress over the past year

1. Shared back office facilities for collective management organisations for musical works

In order to simplify the administrative process and remove duplication of effort and unnecessary costs, collective management organisations have invested in consolidated shared facilities, such as International Copyright Enterprise (ICE). Originally built by the UK and Swedish collecting societies PRS for Music and STIM, announcements were made in June 2013 that the German society GEMA would join ICE and in August 2013 BUMA/STEMRA (the Dutch collecting society) also announced that it had joined ICE.

ICE recently announced it will extend its current copyright repertoire management services to include the processing of transactional licences to digital music services, both for its shareholder societies and for other society customers. In due course ICE will also create an audio visual database for film and television music processing.

2. Global Repertoire Database

It has become apparent that the national only databases operated by musical works collecting societies are not capable of supporting multi-territorial/reertoire specific licensing. The need has been identified for one authoritative source for multi-territory rights ownership and licensing contact information. To this end, the Global Repertoire Database is being developed to meet this need and provide a single database with a global view of rights ownership for the world’s musical works.
the Global Repertoire Database is being developed to meet this need and provide a single database with a global view of rights ownership for the world’s musical works.

The Global Repertoire Database will deal with data registration, data management, counterclaim resolution support, data dissemination, data access and reporting. It won’t deal with disputes, distribution shares, licensing, invoicing, member services or usage.

It is expected to launch in 2015. It was announced this year that London will be its Headquarters and Berlin its operations centre.

As reported in Copyright Works last year, record companies and the performers in the UK committed to a similar database project for sound recordings at their music licensing company PPL, which resulted in the development of the world’s leading sound recording repertoire database. PPL has details of over six million sound recordings in its repertoire database and these relate to recordings from all over the world that have been released in the UK. In the past year, on average, PPL’s members delivered details of 20,000 new recordings each week.

3. Hubs

Considerable progress has been made in development of Hubs between societies managing musical works. In parallel to the shared back office work involving PRS for Music, GEMA and STIM, these three collective management organisations will establish a licensing hub that will combine the mandated national repertoires of all three as well as providing licensing services to other holders of multi-territorial European online rights. The combined repertoire available to licence through the new hub will be amongst the largest of its kind in Europe. PRS for Music also licences rights for the IMPEL group of publishers.

Armonia, an initiative from the French, Spanish and Italian societies, SACEM, SGAE and SIAE for a pan-European hub for licensing of online services, is live and announced a licence with Google in 2013. Also announced this year was the Amsterdam initiative of 14 other societies in Europe.

The proposed joint venture between PRS for Music, GEMA and STIM will use the strong copyright and online processing services from ICE, which in turn will work in tandem with the Global Repertoire Database (GRD) and deliver benefits that include:

- Faster and more accurate invoicing and royalty payments, aiding both creators and music users.
- Significantly fewer licensing negotiations for digital music services operating and launching across Europe.
- A reduction in processing costs and an increase in accuracy as duplicate systems and processes are combined.
- The ability to include other societies repertoires on an equal basis expanding licensing capability and bringing cultural diversity to European digital music services.
CHAPTER FIVE

4. CRM Directive

UK collective management organisations have welcomed the proposal for a European Directive on the Collective Management of Rights. It sets standards for collective management organisations to meet for multi-territorial licences of musical works. Collective management organisations will have to comply with minimum quality standards in electronic data handling in terms of identifying repertoire, invoicing and paying rights holders on time. Annual transparency reports have been proposed.

The Directive will help to create the conditions for aggregation of repertoire for multi-territory licensing by ensuring that collective management organisations that are granting multi-territorial multi-repertoire licences accept representation of the repertoire of other collective management organisations for the purpose of multi-territorial licensing (known as tag-on). In this way the repertoire of smaller societies can be made available for multi-territorial licensing. It will also ensure that there is more efficient accurate licensing and processing of cross border licences.

The Directive will be a full harmonisation of rules for multi-territory licensing, avoiding multiple different national regulatory rules applying to cross border licensing.

5. Licences for Europe
Stakeholder dialogue

Aside from rapidly growing numbers of legal services gaining wider coverage and some significant developments for the Global Repertoire Database and how collecting societies have been operating across the EU, much of the past year has focused on the “Licences for Europe” stakeholder dialogue in the European Commission. In particular, the cross-border access and portability of services working group has the following remit:

“The Commission’s objective is to foster cross-border on-line access and "portability" across borders of content. To benefit from new developments, like cloud-computing, cross-border legal access to cloud-stored content and services should also be facilitated. Service providers interested in providing their services to consumers across the EU need to ensure that they have secured all the necessary rights in the Member State in which they wish to provide services. Both multi-territory and single territory licensing is possible, depending on the sector, the service provider and the rights holder. However, distribution of content is often limited to one or a few Member States (e.g. using geo-blocking), with service providers (online platforms) or rights holders electing to impose cross-border sales restrictions.

The Group should take stock of current industry initiatives and deliver practical solutions to promote multi-territory access”

The UK music industry is optimistic of the progress that can be achieved through this stakeholder dialogue. We have been engaged with it and closely monitoring its progress. The development of a sub-group on music has helped focus the discussions even further. We believe the strong presence from the UK representatives during the meetings that have taken place demonstrates our commitment to working out some of the issues set out in Copyright Works last year.
Presentations to the working group have demonstrated that portability is provided by online services when travelling or residing abroad, including downloading an MP3 on any device, cloud storage and streaming. The discussions have also proven that when there are limitations to cross-border access, this is the result of operational needs and local markets. The main music services have virtually all international and local repertoires.

We look forward to the next stage of this process and the specific deliverables.

The UK music industry has also been involved in the second working group on User generated Content and Licensing of Smaller Services, showcasing licensing solutions that exist in each case.

PRS for Music was one of a number of bodies to present to this group, showcasing the broad range of scalable licensing solutions available to cater for all major types of digital music use.

Whilst the concept of these working groups is to be welcomed, for progress to be made it requires all stakeholders to actively participate and this has proved challenging. In the case of the second working group, very few digital services have been involved and hence whilst the rightsholder community has engaged positively, securing meaningful progress has been difficult.
ANNEX 1

Attendees are listed under the correct titles for when they attended the meetings

Andy Heath Chairman, UK Music/Director Beggars Group
Ben Jones National Organiser, Recording & Broadcasting, MU
Benjamin McEwen Head of Online, PRS for Music
Cathy Koester Senior Policy Advisor, UK Music
Charlie Lexton Head of Business Affairs & General Counsel, Merlin
Charlie Phillips Head of Legal and Commercial Affairs, AIM
Chris Ancill General Counsel, International, Warner Music
Florian Koempel Legal Consultant, UK Music
Frances Lowe Head of Regulatory & Corporate Affairs, PRS for Music
Geoff Taylor Chief Executive, BPI
Horace Trubridge Assistant General Secretary, MU
Ian Moss Director, Public Affairs, BPI
Jackie Alway Vice President, International Legal and Industry Affairs, Universal Music Publishing International
James Mullan SVP & Head of Legal & Business Affairs, EMI (until July 2013)
James Radice SVP & Director Polydor Legal & Business Affairs, Universal
Jane Dyball SVP International Legal and Business Affairs, Warner Chappell Music (until June 2013)
Jo Dipple Chief Executive, UK Music
Jon Webster Chief Executive, MMF
Jonathan Cross Vice President Business Affairs, Warner Music
Julian French Legal Consultant
Lestyn David Head of Radio Licensing, PPL
Nigel Gilroy Senior Counsel, Music Sales
Sarah Osborn General Manager, MPA
Simon Wheeler Director of Beggars Group Digital, Beggars
Stephen Nadin Chief Executive, MPA (until June 2013)
Tom Kiehl Director of Government & Public Affairs, UK Music
Tony Clark Director of Licensing, PPL
William Booth Deputy Managing Director, Sony ATV
Oliver Tuercke PEL Key Account Manager, PRS for Music

MEMBERSHIP OF UK MUSIC LICENSING SOLUTIONS COMMITTEE

UK Music’s Licensing Solutions Committee has met seven times since the publication of Richard Hooper’s Report on 31 July 2012 “Copyright works: streamlining copyright licensing for the digital age”.

1. 22nd October ’12
2. 10th December ’12
3. 14th January ’13
4. 25th February ’13
5. 8th April ’13
6. 20th May ’13
7. 1st July ’13

MEMBERSHIP AND ATTENDEES OF OPEN EMI/OPEN MUSIC UK

Alexandre Lanev VP, Universal Publishing
Jane Dyball SVP, Warner Chappell
Antony Bebawi Sony ATV
Melanie Johnson Sony ATV
Simon Mortimer VP Universal Publishing
Paul Smernicki Head of Digital, Universal UK
Leanne Sharman Warner Music
Nick Allum Warner Music
Fred Bolza Sony Music
Sam Sawyer Sony Music
Scott Cohen The Orchard
UK Music is a campaigning and lobbying group which represents every part of the recorded and live music industry. We develop key policies needed to ensure the music industry’s ongoing commercial success and communicate them to Westminster, senior corporate leaders and the media.

UK Music promotes the interests of record labels, songwriters, musicians, managers, publishers, producers, promoters and collecting societies through high profile campaigns and events.

It develops policy for issues that impact on the industry, engages in high level political lobbying to ensure any new legislation benefits its members and undertakes extensive research to track market trends and forecast future business opportunities.

UK Music’s membership comprises of:

- **AIM** - Association of Independent Music - representing over 850 small and medium sized independent music companies

- **BASCA** - British Academy of Songwriters, Composers and Authors - with over 2,000 members, BASCA is the professional association for music writers and exists to support and protect the artistic, professional, commercial and copyright interests of songwriters, lyricists and composers of all genres of music and to celebrate and encourage excellence in British music writing.

- **The BPI** is the trade body of the recorded music industry representing 3 major record labels and over 300 independent record labels.

- **MMF** - Music Managers Forum - representing 425 managers throughout the music industry

- **MPG** - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music - including producers, engineers, mixers, re-mixers, programmers and mastering engineers

- **MPA** - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues from all genres of music

- **Musicians’ Union** representing 30,000 musicians

- **PPL** is the music licensing company which, on behalf of over 75,000 members (65,000 performer members and 10,000 recording right holder members), licences the use of recorded music in the UK

- **PRS for Music** is responsible for the collective licensing of rights in the musical works of 100,000 composers, songwriters and publishers and an international repertoire of 10 million songs

- **UK Live Music** represents the main trade associations and representative bodies of the live music sector.