

**MMF-US – E-NEWSLETTER / ANNOUNCEMENTS (July 2009) - *Extra MMF-US FEATURE***

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## **DFest – July 24-25, 2009 (Tulsa, Oklahoma) MMF registration discount**

July 24-25, 2009, Tulsa Oklahoma  
Host Hotel: Crowne Plaza  
100 East Second Street  
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Visit [www.dfest.com](http://www.dfest.com) for more details on the conference. Full and complete schedule available as of July 1, 2009.

Offer to MMF-US Members:

Any member of MMF-US can buy any music conference related badge at the Early-Bird Discount Price by using the code **MMF-DF09** in the Coupon Code Field. Go to <http://www.ticketstorm.com/events/dfest2009/> to buy badges. MMF-US members have until July 23, 2009 to purchase badges at a discount.

Pricing:

Conference Badge + 2 Day Festival Pass  
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New for managers this year will be three special sessions hosted by MMF-US, a comprehensive manager's panel, a Meet n' Greet with the MMF-US (Music Managers Forum) Board Of Directors mixer (including President Barry Bergman, Craig Hyman, Steve Garvan, Mike Gormley and Jason Seidenberg), and then a special Managers' Peer Group Session.

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## **Music Labels Reach Online Royalty Deal**

By CLAIRE CAIN MILLER for the New York Times

Published: July 7, 2009

Internet radio, once on its deathbed, is likely to survive after all.

On Tuesday, after a two-year battle, record labels and online radio stations agreed on new royalty rates that cover music streaming. Many of the music sites had argued that the old rates were so high that they were being forced out of business. That could have come back to haunt the record labels, since for many people the sites are becoming a useful way to discover music.

“This is definitely the agreement that we’ve been waiting for,” said Tim Westergren, the founder of [Pandora](#), one of the most popular Internet radio sites with 30 million registered users.

In 2007 a federal royalty board ruled that all so-called webcasters needed to pay a fee, set to increase to 0.19 cent a song next year, each time they streamed a song for a listener. Webcasters said the fees would eat up most of their revenue, which generally comes from advertising on their sites and in their music streams, as well as from subscriptions and fees they earn when a listener clicks to buy a song from a digital music store. The sites in question often provide customized music streams, but listeners do not get to directly choose which songs they hear, and they are not permitted to store the music on their computers. For example, on Pandora users type in the name of an artist they like, and the service begins playing music with similar characteristics.

The new agreement treats sites differently depending on their size and business model. It applies to companies that make most of their money from streaming music, so webcasters like [CBS Radio](#), which runs online music services for [AOL](#) and [Yahoo](#), are not part of it. It covers the period from 2006 through 2015 for big sites and through 2014 for small sites. Webcasters with significant advertising revenue, like Pandora or [Slacker](#), will pay the greater of 25 percent of revenue or a fee each time a listener hears a song, starting at .08 cent for songs streamed in 2006 and increasing to .14 cent in 2015. Pandora had \$19 million in revenue last year and expects that to rise to \$40 million this year. Small sites with less than \$1.25 million in revenue, like [AccuRadio](#), [Digitally Imported](#) and [RadioIO](#), will pay 12 to 14 percent of it in royalties. All stations will be required to pay an annual minimum fee of \$25,000, which they can apply to their royalty payments. Webcasters also agreed to give more detailed information about the songs they play and how many people listen to them to SoundExchange, the nonprofit organization that collects and distributes digital royalties on behalf of artists and labels.

In a statement, John Simson, the executive director of SoundExchange, said that the original, disputed rates had been “appropriate and fair,” but he called the agreement “an experimental approach” that will give “webcasters the opportunity to flesh out various business models and the creators of music the opportunity to share in the success their recordings generate.” Tim Bajarin, president of Creative Strategies, a technology research and consulting firm, said the music labels had been overly rigid when dealing with radio sites like Pandora. “They clearly didn’t understand the potential of the medium and its reach,” Mr. Bajarin said. “From the beginning they should have been very flexible and realized that this was an opportunity for them to gain even broader audiences.”

With the audience for old-fashioned broadcast radio shrinking, online listening has become an increasingly valuable outlet for music companies and artists. Internet radio services can appeal to niche audiences by tailoring individual streams, and they feature independent artists who might never get played on broadcast stations. Such services “have been very important for us to find an audience, because we’re an independent band and we don’t have the reach, advertising-wise, that other bands have,” said Nils Erickson, the guitarist for 20 Minute Loop, a San Francisco band.

Other kinds of streaming sites will pay different rates. Under an agreement reached in January, the Corporation for Public Broadcasting made a single royalty payment of \$1.85 million to cover the online streams of the nation’s public radio stations through 2010.

Many of the streaming music sites had argued that all sites should pay a percentage of revenue rather than a per-song fee. They added that satellite radio stations pay a cut of their revenue, while broadcast stations pay nothing to artists and labels. Under the new agreement, though, almost all Internet radio stations will pay the new, lower fee for each song, because that will be more than 25 percent of revenue. “Under the circumstances, my clients are satisfied with this deal,” said David D. Oxenford, a lawyer at Davis Wright Tremaine in Washington, who represents a group of small Internet radio stations. “It’s better than the alternative that was on the table.”

Kurt Hanson, founder of AccuRadio, said he hoped that Congress would eventually change the law so that all forms of radio pay the same royalty rates. “Internet radio is one of the few bright spots in the music industry, giving airplay to dozens of genres and thousands of artists that never received airplay before,” Mr. Hanson said. Webcasters, he said, make it easier for listeners to buy music than any other form of radio does.

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## **Bertelsmann Re-enters Music World With K.K.R.**

By CARTER DOUGHERTY for the New York Times  
Published: July 8, 2009

FRANKFURT — Less than a year after [Bertelsmann](#), the German media giant, exited the music business, it is taking a novel approach to get back in. The company said Wednesday that it would form a joint venture with the private equity firm [Kohlberg Kravis Roberts & Company](#) to license and administer music rights. The new company will combine Bertelsmann’s existing BMG Rights Management unit with the financial muscle of K.K.R., which will own 51 percent of the joint venture, with Bertelsmann holding the rest.

And while BMG’s indirect competitors will be the music publishing titans of the world, like EMI, Warner Music, Universal and [Sony](#) — companies that market the immense catalogs they own — BMG is counting on signing artists who are seeking someone who will administer their intellectual property without actually owning it. “Our financial strength combined with BMG’s sector expertise will create a unique platform for building up a global music-rights management business,” Johannes P. Huth, the European head of K.K.R., [said in a statement](#).

In August, Bertelsmann sold its stake in the music company SonyBMG to Sony for \$900 million. As part of the deal, it retained the rights to 200 European artists, who, with 100 signed since October, form the core of BMG Rights Management, which is based in Berlin. Founded last October, BMG Rights Management is a relatively new business that acts as an agent for artists whose intellectual property can be licensed for uses outside of traditional recording. For example, the music can be broadcast through various media or used in movie productions. Its stable of artists includes Toby Gad, a German songwriter living in New York who has worked with artists including Beyoncé and Hannah Montana, and 2Raumwohnung, a popular German group.

K.K.R. will put 50 million euros up front into the new company, drawing on its European investment funds, and another 200 million euros over five years as investment opportunities arise, according to Philipp Freise, a director of K.K.R. in Europe and member of its global media team. “We both want to

broaden BMG's global reach faster than originally anticipated," Thomas Rabe, Bertelsmann's chief financial officer, said. Hartwig Masuch, BMG's chief executive and a veteran of its music publishing business, will keep that title in the new company. BMG has offices in six European countries, including Germany, Britain and Italy, and is now turning its gaze across the Atlantic to begin signing artists there. "With this joint venture, the main point now is to get active in the United States," said Tobias Riepe, a Bertelsmann spokesman. Though its first priority is acquiring a stable of artists, another possibility for expansion would be for BMG to acquire control of music catalogs in its own right from other owners, or artists who sell them, Mr. Riepe said.

The music world, for example, is now abuzz with speculation about what will happen to the catalogs controlled by heirs of Michael Jackson. The recently deceased pop superstar had his own music catalog, and a 50 percent interest in the Sony/ATV collection, which includes songs from The Beatles — assets the family could try to sell.

Bertelsmann is heavily indebted — to the amount of 6.7 billion euros (\$9.4 billion) — as a result of the decision by its controlling family, the Mohns, to buy out Albert Frère, a major shareholder, in 2006. Though it has been able to refinance its debts despite the financial crisis, it is searching for ways to raise revenues without major investments, leading it to a focus on services like BMG, rather traditional publishing.

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## Proxy Statement Reveals Details Of Merger Deal

June 26, 2009

By ELES (CelebrityAccess MediaWire) -- Live Nation and Ticketmaster have released a joint proxy statement to shareholders, ahead of their hoped-for merger, providing insight into the details of the plan.

While no date beyond a nebulous 2009 is specified for the shareholder meeting, the proxy form does shed some light on what the post-merger company, Live Nation Entertainment, will look like.

If the merger is approved, the board at the new company will be composed of 14 members, seven directors drawn from Live Nation and seven from Ticketmaster Entertainment, including two from Liberty Media. Live Nation

to tap current CEO Michael Rapino while Ticketmaster expects to designate current chairman Barry Diller, unsurprisingly, current CEO Irving Azoff.

posed deal, first announced on February 10, has roots in late 2008 when Ticketmaster's newly-touted board, started looking at options for strategic acquisitions or partnerships in the live entertainment space. In early December, Messrs. Azoff met with Rapino and Live Nation's to discuss a possible deal while Diller held similar meetings with Randall Mays and by December 18th, due diligence on a possible deal and confidentiality agreements had been signed.

The timeline for the deal is intriguing as Live Nation's in-house ticketing system didn't go online until early 2009 but shows that Live Nation and Ticketmaster were in negotiations well before that date. The company, which launched in a partnership with Live Nation and European ticketing firm CTS Eventim, didn't have a press release about the company has been less than forthcoming about the future of their contract with CTS since the deal came to light.

The company's statement did make one reference to the CTS Eventim deal and stipulated that the agreement may require Live Nation to "take actions, or incur expenses that could limit the ability of Live Nation and TME to fully operate their businesses successfully." If this is a suggestion that Live Nation would take a financial hit to break the deal with CTS is unclear.

The company's statement also discusses AEG's threat to discontinue using Ticketmaster for ticketing services and that the agreement between Ticketmaster and Live Nation would open the door to a discontinuation of contracts with AEG and Ticketmaster, a move that would be a blow to Ticketmaster Entertainment's bottom line.

The report also covers compensation, including descriptions of a number of Mr. Azoff's family members who are currently on Ticketmaster's payroll. Azoff's son, daughter, and son-in-law all collect a paycheck from Ticketmaster, with daughter Allison netting more than 200,000 a year. Azoff's air transport company ATC also collected fees of nearly \$230,000 last year when Azoff used its services for business purposes.

Live Nation's compensation will see him collect 1,500,000 in salary, with the potential for 300,000 in bonuses and 1,000,000 of stock options while Mr. Azoff will net \$2,000,000 in annual salary, plus a \$2,000,000 annual bonus along with generous dollops of stock options and other assorted benefits.

Whether or not, all of this is dependent on the deal clearing the numerous regulatory and legal hurdles that it currently faces. Dealmakers on both sides are still working on closing the merger, with an eye towards completing in the near future. - CelebrityAccess Staff Writers

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## **Sony Music Entertainment and IODA Partner to Create Leading Digital Distribution and Services Network for Independent Rights Holders**

### **Partnership to Leverage Combined Global Online Retail Distribution Network And Complementary Technologies**

New York, New York — July 1, 2009 — Sony Music Entertainment (SME) today announced that it has entered into a global partnership with IODA (who has a favorable digital distribution business

**relationship IMMF/MMF-available to ANY of our members) -** to create a new leading distribution and services network for independent rights holders. As part of the partnership, Sony Music has made a strategic investment in IODA, a leader in digital distribution, marketing, and technology solutions for the independent music industry. Additional terms of the deal were not disclosed.

This agreement underscores Sony Music's commitment to expanding its service capabilities to the independent label community. With its independent distribution subsidiary RED, Sony Music currently provides award winning sales and marketing services to independent labels and artists. IODA now brings its proven digital distribution platform for the independent sector into the Sony Music network. With distinct areas of expertise and market focus, RED and IODA will build on their complementary technologies and increase the scope of sales and promotional opportunities that each currently offers its existing and growing customer base worldwide. Both companies will also leverage the global marketing and financial strength of Sony Music to continue expanding their businesses and providing best in class service.

“Sony Music is committed to offering independent labels and distributors the most compelling package of distribution services in the industry,” said Thomas Hesse, President, Global Digital Business, U.S. Sales and Corporate Strategy, Sony Music Entertainment. “IODA has proven it has the expertise and ability to lead the independent market with groundbreaking digital solutions. We look forward to collaborating with Kevin and his team on this strategic partnership to develop new and innovative ways to help our respective clients grow their businesses.”

In just six years, IODA has emerged as a leader in digital distribution for the independent music and video community. With a catalog of almost two million tracks from thousands of labels from over 50 countries, IODA represents a diverse catalog of music spanning all styles, including rock, electronic, hip-hop, metal, punk, indie, world, latin, jazz and classical. IODA's robust systems for managing the technical complexities of digital distribution and marketing continue to set the standard for the way independent rights holders do business in the digital age.

“Sony really impressed us with their respect for, and understanding of the needs of the independent community,” said Kevin Arnold, Founder and CEO of IODA. “We remain, as we always have, fully dedicated to helping independent content owners succeed in the digital world. This alliance will greatly enhance IODA's ability to continue delivering effective solutions for Independents.”

#### **About IODA**

IODA, the Independent Online Distribution Alliance, is the industry-leading digital distribution company for the global independent music community. IODA provides comprehensive services to record labels, physical distributors, and artists, including license negotiations; media encoding and metadata management; and royalty payment administration and reporting. The company also offers promotional support through a dedicated marketing division and through IODA Promonet ([www.iodapromonet.com](http://www.iodapromonet.com)). A promotional distribution network, IODA Promonet provides qualified podcasts, blogs, and other music sites with access to pre-cleared, legal music and other promotional assets from IODA's labels. Founded in 2003, IODA represents a rapidly expanding roster of nearly two million tracks that is licensed to more than 400 digital storefronts worldwide. IODA also distributes independent film and video content for over 2000 titles. IODA's retail partner network includes all major digital music services like iTunes®, Amazon MP3 and MySpace Music and mobile carriers and outlets such as Verizon Wireless, Sprint and Nokia. The company's website is [www.iodalliance.com](http://www.iodalliance.com).

#### **About Sony Music Entertainment**

Sony Music Entertainment is a global recorded music company with a roster of current artists that includes a broad array of both local artists and international superstars. The company boasts a vast catalog that comprises some of the most important recordings in history. It is home to premier record labels representing music from every genre, including American Recordings, Arista Nashville, Arista Records, Aware, Battery Records, Beach Street Records, Black Seal, BNA Records, Cinematic, Columbia Nashville, Columbia Records, Epic

Records, Essential Records, Flicker Records, Fo-Yo Soul, GospoCentric, Hitz Committee Entertainment, J Records, Jive Records, LaFace Records, Legacy Recordings, Masterworks, Polo Grounds, RCA Records, RCA Nashville, RCA Red Seal, RCA Victor, Reunion Records, Slightly Dangerous, Sony Classical, Sony Music Latin, Star Time International, Verity Records, and Volcano Entertainment. Sony Music Entertainment is a wholly owned subsidiary of Sony Corporation of America. For more information, visit [www.sonymusic.com](http://www.sonymusic.com)

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## **FM - London Music event coming to NYC**



For those of you that don't know, FM is a music industry social networking night. Or if you want the less stuffy description, drinks in a pub.

We've been running the nights in London since March 2007 in response to the overwhelming amount of 'social networking' that seems done online. Social Networking to me has always been having an actual conversation with a real person in a proper venue. The age of online seems to mean this happens less often.

FM Stands for First Monday - so everyone knows exactly when it is (although people do sometimes still ask when the next FM is).

It's not stuffy in any way; no badges or bossy organisers – if it was like that, we wouldn't come!!

FM is a very relaxed get together with people from the industry, in a bar, all there to meet other people in the industry and possibly do business. And it's totally free.

This autumn, FM will kick off in Liverpool in the UK and having met so many industry people on my last 3 trips to New York, felt that the time might be right for FM in the big apple.

I have emailed those of you I know who live/work there and of the 15 of you, there are agents, artists, photographers, magazines, management companies, PR's and trade bodies. If you all felt you'd be up for getting an FM going on the first Monday of each month, it would be a great way for some of you to hook up and perhaps bring 2 or 3 other people who work in the industry.

All it takes is for one person to agree to find a venue (could be the same one each month) and get them to allocate you a reserved area. Then it's a question of us mailing out and letting people know where and when and the rest is up to you all.



As of June 2009, we have 630 people on the mailing list and generally the events attract between 10-40 people in London. It's all about making connections and the quality of the people that turn up.

So much business is now done by email and online, we wanted to do things on a more personal level. There area also a number of new businesses of 1 or 2 people setting up who enjoy the chance to meet other people from the industry.

We don't bombard you with endless emails - apart from anything we don't have the time! FM starts in London from 6.30pm and runs until people go home - not always early... You can arrive early then go off to a gig or come along after - you don't need to RSVP - just turn up.

People who come are; MANAGEMENT - LABELS - ARTISTS - PROMOTORS - PUBLISHERS - PRODUCERS - LAWYERS - ACCOUNTANTS - PR's - PHOTOGRAPHERS - VIDEO PRODUCERS - CHARITIES - TRADE BODIES SUCH AS MMF, BPI, AIM, MPA ETC, UKI TRADE AND INVESTMENT AS WELL AS STUDENTS LOOKING FOR INTERNSHIPS

We take a break in January and August.

If you are interested and haven't yet got in touch, please do let me know.

It would be great to have the first one in September after the traditionally quiet August.

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**Special thanks for contributions by:**

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