

## **MPA AGM, 24 June 2008**

### **Introduction**

Today the 24 June, and not the 21 June is Midsummer

Don't you feel the magic in the air? Today is the ancient solstice and the feast day of St John the Baptist and you are at the MPA AGM.

Midsummer dew has special significance for music publishers – if you had got up early this morning as dawn was breaking you may have seen publishers skipping gaily through the morning dew across Hampstead Heath thus ensuring fertility and profitability for the coming year. **Herbs**, especially St. John's Wort, gathered on Midsummer's Day and burnt on bonfires will keep composers and songwriters healthy and creative for without them a publisher is nothing.

On AGM day, the pain and pleasure, the honour and responsibility of heading up a trade association is an exceptionally exquisite experience. Humbly borrowing from Sir Isaac Newton, on your, my members' giant shoulders I stand, and from that point of vantage and like some watcher of the skies you permit me to peer into the gloom of the future whilst being grounded and without losing sight of the here and now.

The anniversary that is an AGM also coincides with some significant developments within the MPA – the passing on to what some mean spirits call the dark side of Paul Curran, the anointment of Nigel Elderton as our new Chairman, and Chris Butler as our Deputy Chairman but also our small but perfectly formed team at the MPA is now up to full strength which will enable us to engage even more effectively with the four (4) communities of which I spoke last year:

Members

Users of music

Public and government

Music industry

In an industry peculiarly infected with trade associations we have to ensure that we remain primus inter pares and rest assured that the strengths and weaknesses of our internal organisation is something that we keep under constant review.

What the AGM gives me is a platform to bitch berate, SWOT and praise our great profession of music publishing in a public sort of way.

Part of the thinking behind our game play coming up Playing out the Future is to stimulate debate about the changes in the music industry. We need to thrust ourselves naked onto a wintery mountain in Sparta and challenge ourselves to survive. Publishers will survive. Like the resourceful cockroach that they say will survive the nuclear winter, if our industry collapses around us, if the copyright regime comes tumbling down, and writers and performers walk Tin Pan Alley abandoned forlorn and penniless, the fruits of their creativity pulped into binary briquettes and packets

by the enormous appetite of the internet , they would be given succour, not by the priest, or the Levite but by the Samaritan publisher.

But on this Midsummer day, there is madness in the air , I sense revolution and change for good and bad – possibly the best of times, the worst of times – relationships with ISPs, our beautiful daughter BMR is now pregnant with quintuplets, what extraordinary forces are at work across the collection society network of Europe, and what is the future for our favourite son MCPS, what are the consequences of the concentration of market share.

To settle the stomach perhaps a quick SWOT/MOT test for our industry:

### **Strengths**

1 Unity of purpose in the promotion and commercialisation of music, underpinned by copyright

2 Fundamental partnership with composers and writers. I have to believe that 95% of the time writers and publishers share a common interest and we must not become morbid, sullen and defensive about the 5%.

3 A business model equally suited to the digital age as the analogue world based upon the principle of the licensing of rights – publishers have a 360 degree focus, whether mechanical, performing or the use of lyrics on merchandise for example.

4 Early adoption of the principle of Collective licensing and here I will pause and praise the Alliance and congratulate it on its 10<sup>th</sup> Anniversary.

Once again we are grateful to Steve and the Alliance for the opportunity to hold our AGM in the Alliance Boardroom. Steve will tell us more about the performance of the Alliance in 2007 and the early part of 2008 - another excellent year for the Alliance. One feature that I would highlight now is that broadcast and online revenues have now exceeded mechanicals for the first time.

What makes me weep and rejoice in equal measure is that our Alliance management and board has been incredibly proactive in preparing for the change:

They were the first movers in the option 3 marketplace

They have appreciated that a common back office architecture is a necessity, not a luxury and we welcome therefore the Ice JV with STIM. This should be the standard for all societies

Reform of the governance of the Alliance. Data management and Licensing should be carried out by professional management acting pursuant to specific mandate rather than forever subject to the whim of the parliamentary style of the joint board, a by product of which is the pernicious perpetuation of the cracked tune that all publishers are bastards.

5 Everybody wants and needs music – that is the magic potion that we drip into the bloodstream of life We are part of the Alchemical formula that enables our writers to turn base sound into music and mere words into lyrical poetry.

6 All of our members whether majors or small independents run very lean and tightly managed businesses fit for purpose and fit for change.

One of the strengths of your MPA that I would mention here is the On Line catalogue of printed music. This is a resource that is essential for publishers of printed music and music retailers. We grasped the opportunity of the recent inaugural and excellent London International Music Show to promote our catalogue and I would like to thank David Butler in particular for all the hard work that he has put in not only in connection with the Show but over the past months.

### **Weaknesses**

1 Fragmentation of the music industry – but we are doing something about this – and I will come to this in a moment.

2 Chronic dependence on a copyright system controlled by the state and its many representatives

3 Changing business environment - Slowness to react to change

4 Infrastructural weaknesses - the fitness for purpose of the collection society network. Members rely to a greater or lesser extent on the collection society for their back office.

### **Opportunities**

I say again – there is no time like the present to be a music publisher. The tectonic plates that have traditionally upset our playing field are auspiciously aligned on this Midsummer's day.

1 Industry unity – there is a feeling across our industry that we must work together. We have been amicably toiling in the smithy at the foot of Mount Parnassus through the Music Business Forum and latterly the Music Business Group and have hammered out of burnished steel an industry proposal for a licence for format shifting but now the time has come to move on up the mountain and I shall say more of this later.

2 Government – who knows where Gordon will lead us and what next after him? But in the meantime, Blessed Charlie McCreevy EU Commissioner has become a double champion –

- (1) a champion of the extension of term in rights in performances and recordings. We will see shortly however whether the EC as a whole is minded to move forward with the extension.
- (2) and a champion of the right to be paid for private copying and he has urged European collection societies and electronic manufacturers to establish a forum to thrash out the issues around private copying.

3 Value recognition – as we create the colourful patchwork quilt of licenses that enable 2.0, one piece is missing and that is the area of file sharing that is facilitated via networks. We are, directly and indirectly, working with ISPs to find acceptable business models and in this we have been helped by the encouragement of Government who have formally indicated that they will implement legislation by April 2009 if rightsholders and ISPs cannot come to suitable commercial arrangements.

One of the many fascinating revelations from the BMR/University of Hertfordshire music survey report is that 80% of those who admit to illegally file sharing are prepared to engage with a legal file sharing service and place a monetary value on it.

## **Threats**

1 Ceasing to be relevant – losing our self confidence, forgetting what the key requirements of being a good publisher are:

Professional talent development, investment, promotion, the publishing of printed music, management, collection, accounting, protection of the rights, passionate and dynamic partnership.

2 Erosion of the value of music and we must challenge the assumption that music must be available at the turn of a tap. Again the BMR/UH survey indicates that fans still want to have a physical connection with music – primarily the live experience but also the ownership of a CD for example and its attendant parts – artwork, sleeve design, lyrics

3 Business model blindness – let us not kid ourselves that there are innumerable models out there waiting to be discovered if only we would open our eyes. There are basically three models:

3.1 We either give music away or somebody nicks it

3.2 The consumer pays – for a cd, for a download, or a subscription

3.3 The user pays out of another pot – share of ad revenue, share of the equity in the business.

4 Civil war within the collection society network in Europe. Ramifications of the Statement of Objections Decision; PEL – can we expect a great leap forward now that the last of the majors has decided on their choice of Collective rights manager? Universal have been pretty open as to why they have given notice of termination of the Cannes Agreement or as some call it the can of worms agreement.

As the licensing world moves from the territorial to the global, from the terrestrial to multi platform on demand, the old order of collection societies has to change. In Europe we cannot have a situation where 27 societies are all using our writers' money to defend their existence. Bismarck united the German confederation, Cavour the

Italian city states, can and ought publishers provide the leadership to ensure that pan territorial music licensing becomes a reality whereby the value of rights and rightsholder is maintained rather than schlocked off by a dodgy second hand rights dealer in a souk in Salonica.

Can and will the publishing community work together to agree a common global strategy let alone a European one for the benefit of all publishers and their writers? Where is our Metternich where will our Congress of Vienna take place?

## 5 Erosion of copyright

The government wants to allow private copying what they call Format shifting – we say, Europe says creators need to be compensated. Government says no. We and I mean the whole industry have worked together to put a proposal to government whereby we accept the exception to copyright but subject to the industry granting a licence to manufacturers of copying equipment. I challenged Andy Burnham at the PPL AGM the other day – Government officials talk defensively of the need for balance. Well our industry has achieved a united balance in proposing a licensing scheme, why do you not adopt the aspect of the tiger Charlie McCreevy and counterbalance with passion and support. We await his call.

## 6 Economic climate

Our industry is not an island, they say that in times of trouble people turn to music for comfort. But higher interest charges, and greater regulation could hit our members hard, and may discourage or postpone investment in musical talent. Even more reason therefore for the Government to look kindly upon our arguments that the Enterprise Investment scheme should be made more easily available to publishers and in particular to publishers working in the classical/serious new music sector at a time when constant cuts in funding of organisations like the Arts Council mean that great new and original British music may never be performed and see the light of day. We responded last week to HM Treasury's consultation on the Enterprise Investment Scheme and in this we are being supported by the CBI.

## Lyrics

But enough of SWOT, I want to return to magic and I would like to say a few words about lyrics, after all arguably 50% of any popular song.

I am very exercised about lyrics. I am very perturbed that we do not sufficiently protect the poetical gems that are incorporated with song. We should do more and who knows we might inspire respect and generate a little revenue for our writers. Our responsibility in this area has been made clear to me as we continue, in conjunction with Music Sales and Faber Music in particular and our international partners, to challenge those websites that make money without our licence out of tabulature, lyrics and sheet music.

The liberty that the internet has unleashed to empower the exchange of information should not mean the taking of liberties.

Coincidentally how enjoyable it is to read the correct lyrics of Dylan and Springsteen in the Observer and Guardian, and if the Professor of Poetry at Cambridge can see fit to invite his final year English literature students to compare the work of Sir Walter Raleigh to the lyrics of Love is a Losing Game by Amy Winehouse published by EMI Music then we should take note..

In the freedom of information on the internet debate the poet Wendy Cope shines out who with her breastplate of words and humour challenges the Google dragon. I invited her here today to read one of her poems but sadly as she told me she was visiting a school but she asked me to read in her stead and I would like to read her poem:

### **The Law of Copyright**

(after Kipling)

by Wendy Cope

(reproduced by kind permission of Wendy Cope)

Now this is the Law of Copyright – good subject for Poetry Day.  
If you keep it, some poets may prosper, in a modest and limited way.

And some of the people who break it have little idea of the wrong  
They do to the indigent author who dreamed up the poem or song

That they put into print without asking, or perform in a theatre or hall  
With the audience paying good money, while the writer gets nothing at all,

Or offer the world on their websites, assuming that poems are free.  
They are shocked when you mention permission, aghast if there's talk of a fee.

This is the law: the creator has rights that you can't overlook.  
It isn't OK to make copies – you have to fork out for the book.

It isn't OK to use poems on posters or cards or in show  
Unless you have asked for permission. You may have to pay through the nose

But not necessarily. Try it. It you're a good cause, or you're poor  
And unlikely to make any profit, the cost of obeying the law

May be negligible, may be nothing. It's one thing to ask for a gift  
And another to take without asking, and we call that other thing theft.

And poets they need to eat supper, and poets they need to wear shoes  
And you'll seldom encounter a poet enjoying a luxury cruise.

So remember the Law of Copyright, and make sure you do as you ought,  
And if you read this and ignore it, I bloody well hope you get caught.

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**People**

And staying with magic, I would like to pay respect to the people who, through their passion and energy make things happen:

For example

Impact magazine – we have had 3 editions so far and each one impresses me more, If there are still people, maybe living in remote areas of the globe, who ask – what do publishers do, I say to them look at our website and read Impact, and you will know my son. For this I must thank the Impact team - Emmanuel/Greg Parmley/ Chris Prosser but also our own Will Lines who because of his great work with Impact and our in house Compact and working with external media richly deserves the soubriquet Lines of Communication.

BMR 2.0 – you will know that we are taking the chassis of BMR and building on it a body work to represent the commercial part of our industry to the government and to the world and the two tinsmiths who are welding together this powerful vehicle are of course Andy Heath and Feargal Sharkey and I will repeat here what I said in the press release:

“A 720-degree dream team. Feargal - artist, performer, songwriter, publisher, record company exec, consigliere to Whitehall, fisherman; Andy - publisher, label bigwig, manager, digital distributor, music entrepreneur, pan industry visionary, reasonable golfer. Both furnish'd and burnish'd by a lifetime's passion for music and the business of music.”

Licensing for record companies – I worked for BMG the record label in 1998. BMG was part of the Bertelsmann group. The internet was happening and already the McKinsey trained jeunesse doree, the new digital natives in the Bertelsmann hauptstadt Gutersloh were forecasting the bit torrent to come which would hasten the demise of the physical copy and the business model that it sustained BUT the person who most influenced me as to the future of the record industry was in fact the boss of BMG Music Publishing – Paul Curran who advocated that the future was in licensing, in participating rather than in preventing. It will be fascinating to see how he can influence change now that he is at Sony BMG

**ICMP** – We publishers need strong leadership at an international level to deal with an array of issues – the bag of ferrets that is the European collection society network, the brute force of the telecoms lobby. It has taken us time to reorganise and reform our International organisation but we believe we are getting there in particular with the appointment of Ger Hatton as our new Secretary General.

**Education and training** – what links our induction courses, MPA/ MMF training courses, linkage with Business link and Own it, exceptional events such as our recent synch seminar, and the Richard Toeman Scholarship? Answer - a thread of gold spun by Jenny Goodwin.

**Alliance**

We and the Alliance share key challenges – would anybody bet on the shape of the collection society map in 5 years? But business has to go on – there have been a

series of issues over the year where we have had to challenge and collaborate with Steve's team – Pan European Licensing of course, the quality of member services, asserting, defining and valuing the sync right in the context of UGC and general entertainment licensing.

Thinking of the cruel and shallow money **trench** that Hunter S Thompson calls the Music business, if I had to stand to in the trench, my EC recommended weapon in my hand, in the middle of the night during the great collection society war waiting for the Greek or Polish collection society to attack then I would wish to stand side by side with 5 people who stand out for me for their intelligence and perceptiveness (in stark contrast to my own), but also their unfailing courtesy and attention – Jo Prowse, Sarah Faulder, Karen Buse, Andrew Shaw, and the Publisher's friend himself Jeremy Fabinyi.

And if ever there were an example of how this sceptred isle is enriched by foreign blood then I give you two – Cathy Koester and Florian Koempl.

### **Academy**

I wanted to mention Chris Green again and sadly for the last time. I won't read out what I said about him in Impact magazine (and by the way you can go to our website and download the magazine) save my final line – "I love him".

### **Music Business Group**

I won't mention members of the body, I shall mention the esprit de corps that I believe we have built over the year with our industry colleagues which I hope can be transplanted without rejection to the new BMR 2.0

### **MPA**

Thank you to the MPA team – Jenny, Will, David, Beth (who will be moving on in due course to continue her education) and a welcome to our latest recruit, Sue Hantsch, whom I hope will drive our member services to new heights of value and excellence. Where is Sue so that you may know her ?

Thank you members and Board and committee members, on whose shoulders and without whom .....and in particular Nicholas Riddle

And distinguished guests, thank you too by the way.

**And to end (in particular addressed to our members) with the magic of Shakespeare and Puck's closing words in Midsummer Night's dream**

**[imagine if you will the music of Mendelssohn playing in the background]**

Gentles, do not reprehend

If you pardon, we will mend

And, as I am an honest Puck  
If we have unearned luck  
Now to scape the serpent 's tongue,  
We will make amends ere long  
Else the Puck a liar call  
So, good night unto you all  
Give me your hands, if we be friends,  
And the MPA shall restore amends.

*Stephen Navin, 24 June 2008.*