

A Breakthrough in the Music Royalty Value Chain?



A Presentation at the NEC 2015

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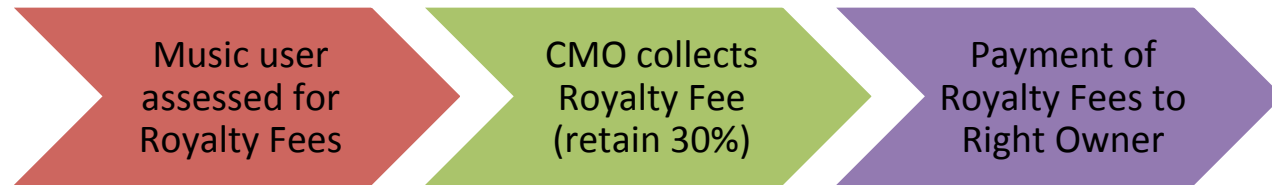
Nigerian Entertainment Conference 2015

Eko Hotel & Suited, Victoria Isl. Lagos

22 April 2015

Current Situation

Lack of transparency & accountability across the music royalty value chain in Nigeria.....

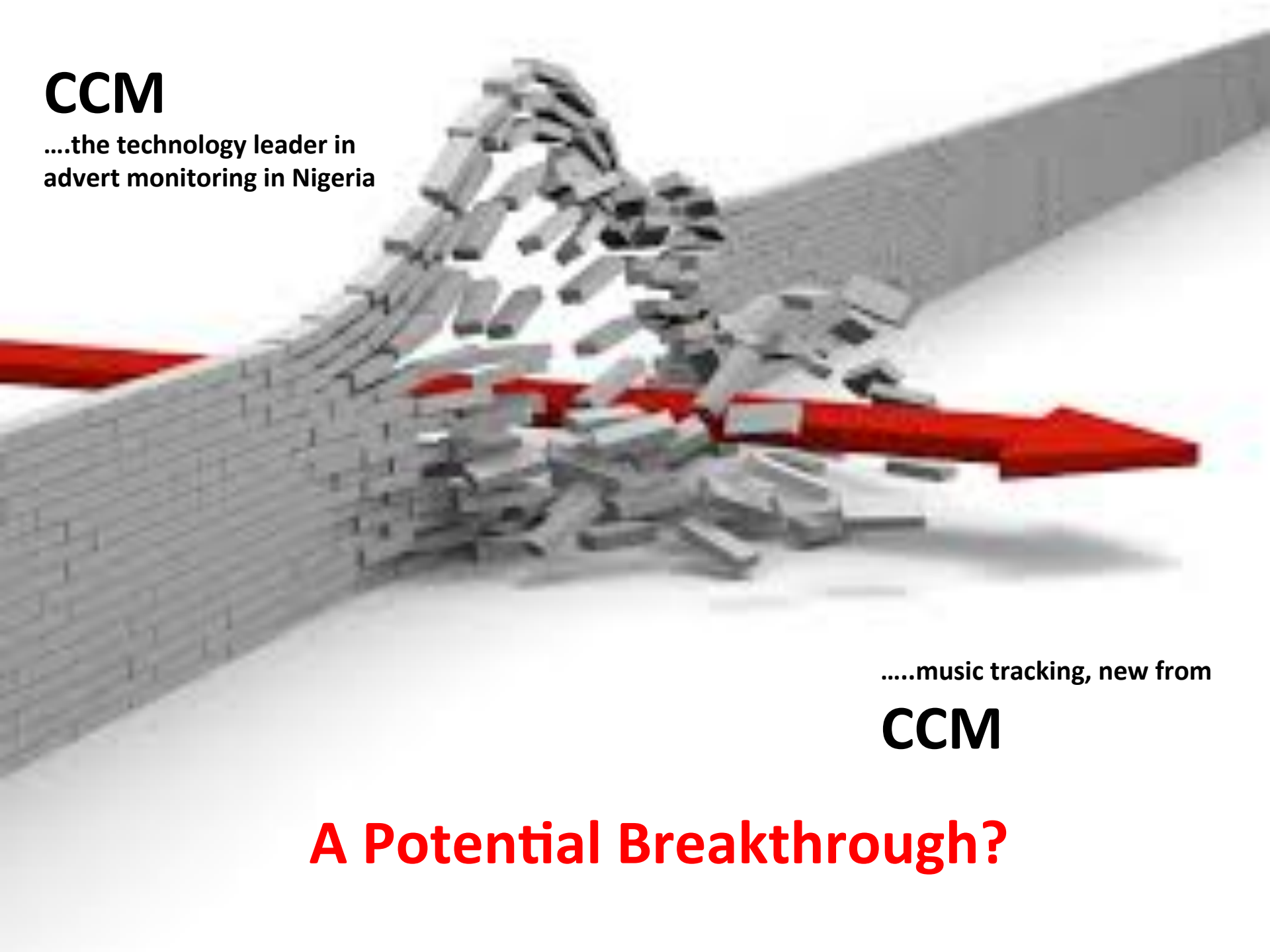


1. Lack of accurate & verifiable data for assessment of collectable royalty fees
2. Arbitrary levy of music royalty fees on broadcast organizations by CMOs
3. Acrimonious relations: CMO vs CMO CMO vs NCC Artistes vs CMO

.....the ultimate loser being the right owners.....the artistes?

CCM

...the technology leader in
advert monitoring in Nigeria



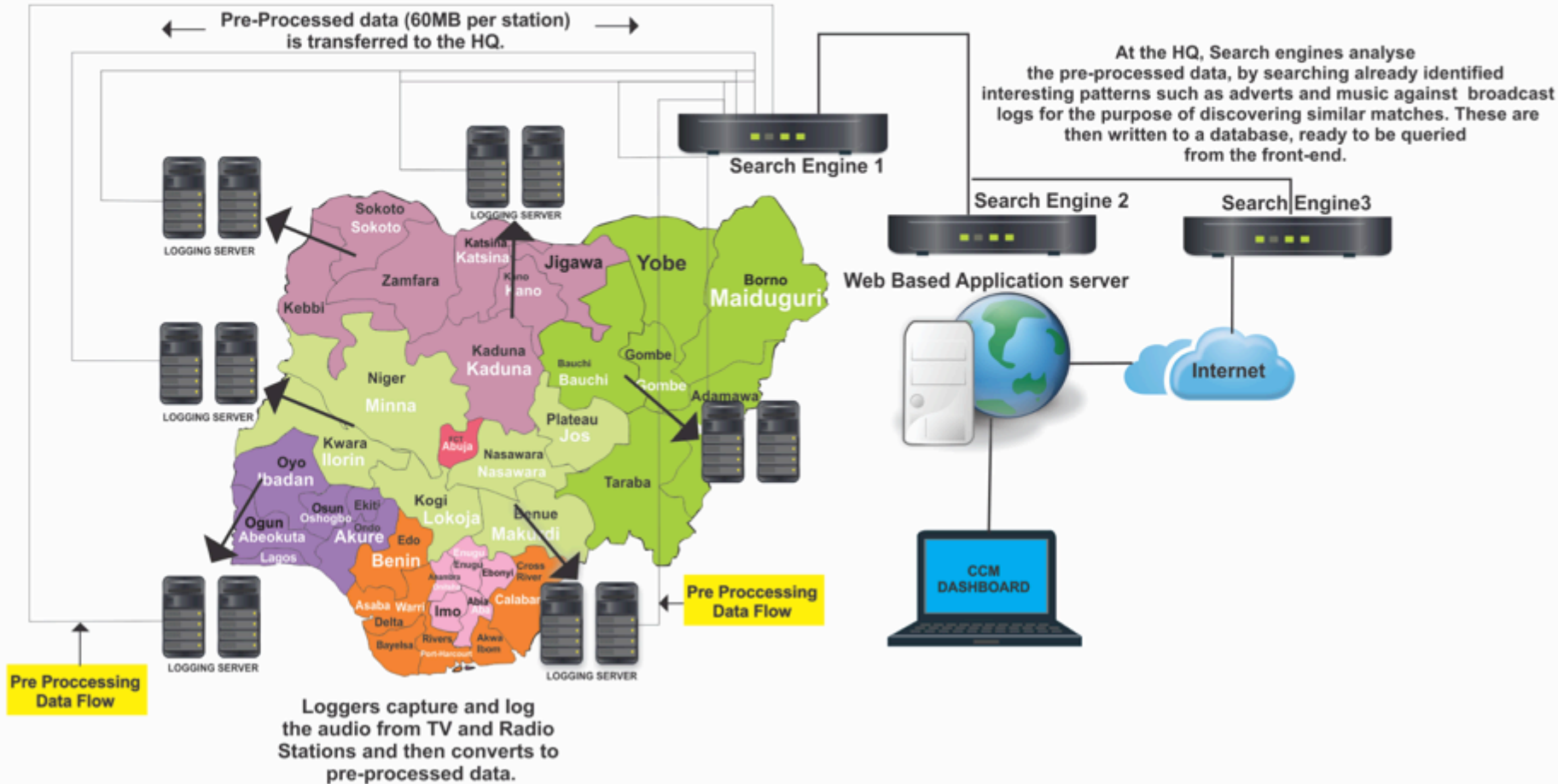
.....music tracking, new from

CCM

A Potential Breakthrough?

THE PROCESS

The whole process from data detection to report generation is fully automated.



24/7 recording of 260 terrestrial Radio & Television stations from 29 GSM co-locations nationwide

www.musiktrak.com

A detection of an audio file that has been fingerprinted in the database during a system search

- CCM www.musiktrak.com B2C portal goes live
- Vital stats in Jan-Dec 2014 musiktrak database
 - 1,718,395 matches across 248 stations in 31 states
 - 23,502 songs from 1,076 artistes under 435 labels
 - 7,404 songs with x1 version vs 15 songs with x6 versions
 - Dorobucci is Top of Chart with total duration of song plays of 21:12:55 on 128 radio stations nationwide in wk 24-30 Aug



Vision

- A far more harmonious relationship across the music royalty value chain to benefit of artistes
 - ✓ **Attractive** new income stream for all artistes with airplay of songs on all broadcast stations in Nigeria
 - ✓ Broadcast organizations agree in principle to pay music royalty fees for song plays & it is **affordable**
 - ✓ Transparency & accountability for **viable CMO model**
 - ✓ Emergence of NCC as a **more progressive regulator**

Attractive new income stream for artistes.....

Total duration of song play (hr:min:sec) and royalty fee (Naira) payable to artiste

Period (x1 Week only)

- Sun 24 Aug – Sat 30 Aug 2014

of Radio Stations Tracked Nationwide

- 128



	Duration	Royalty Fee Est (@70%)**		Comments
	Week	Week	Year*	
Artiste: Marvin Crew Song: Dorobucci	21:12:55	N855,400	N44.5m	* Pro-rata from weekly • Excluding TV • Dorobucci was #1 • Oleku was #10
Artiste: Ice Prince Song: Oleku	1:28:55	N59,752	N3.11m	

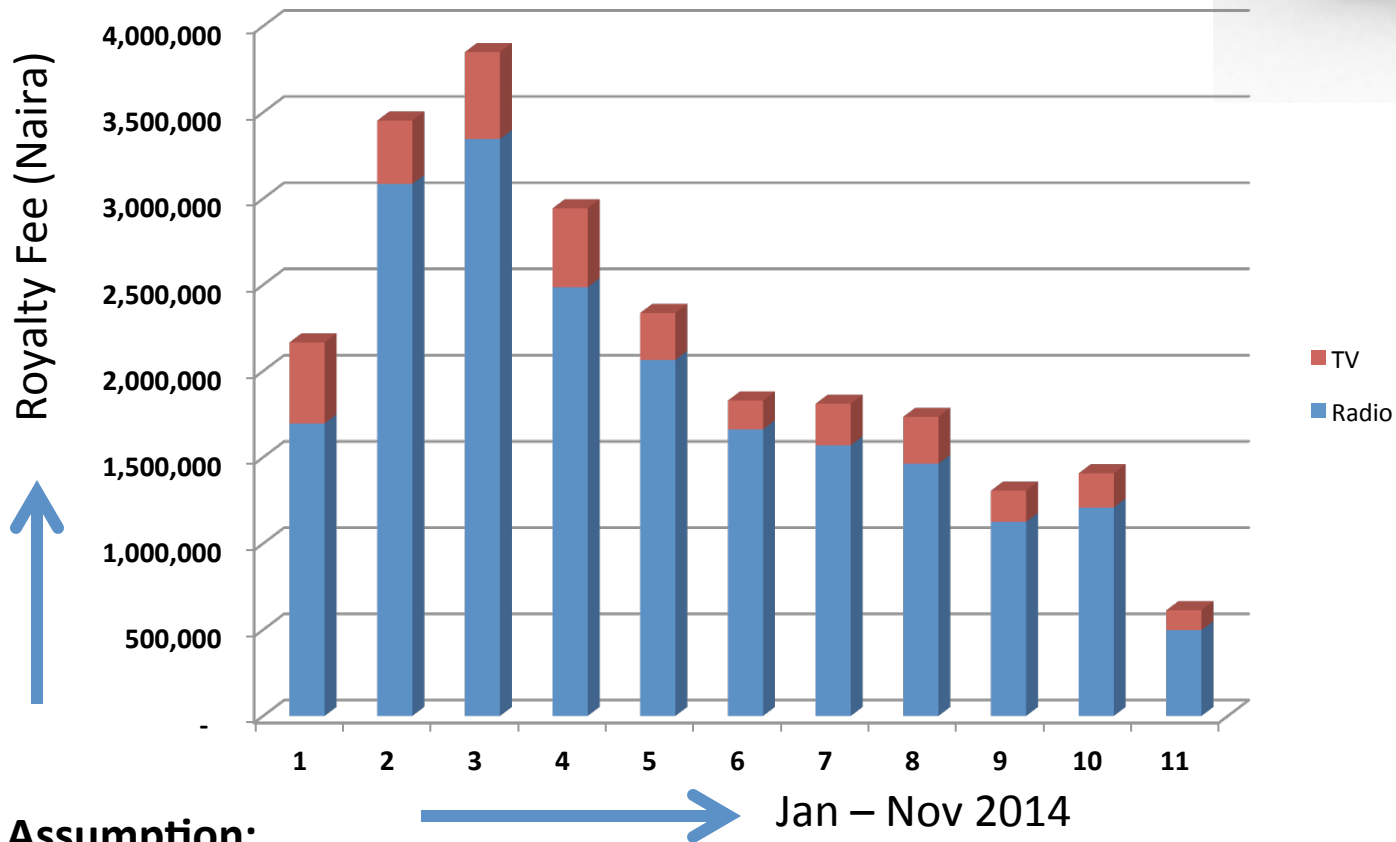
Assumption:

** US\$0.08 (equiv N16.00) per sec of song play on Radio & TV stations

Attractive new income stream for artistes.....

Royalty Fees per Month (70%)

- Davido: Aye, Dami Duro & Skelewu
- Jan – Nov 2014



Assumption:

** US\$0.08 (equiv N16.00) per sec of song play on Radio & TV stations

Affordable to broadcast organizations.....

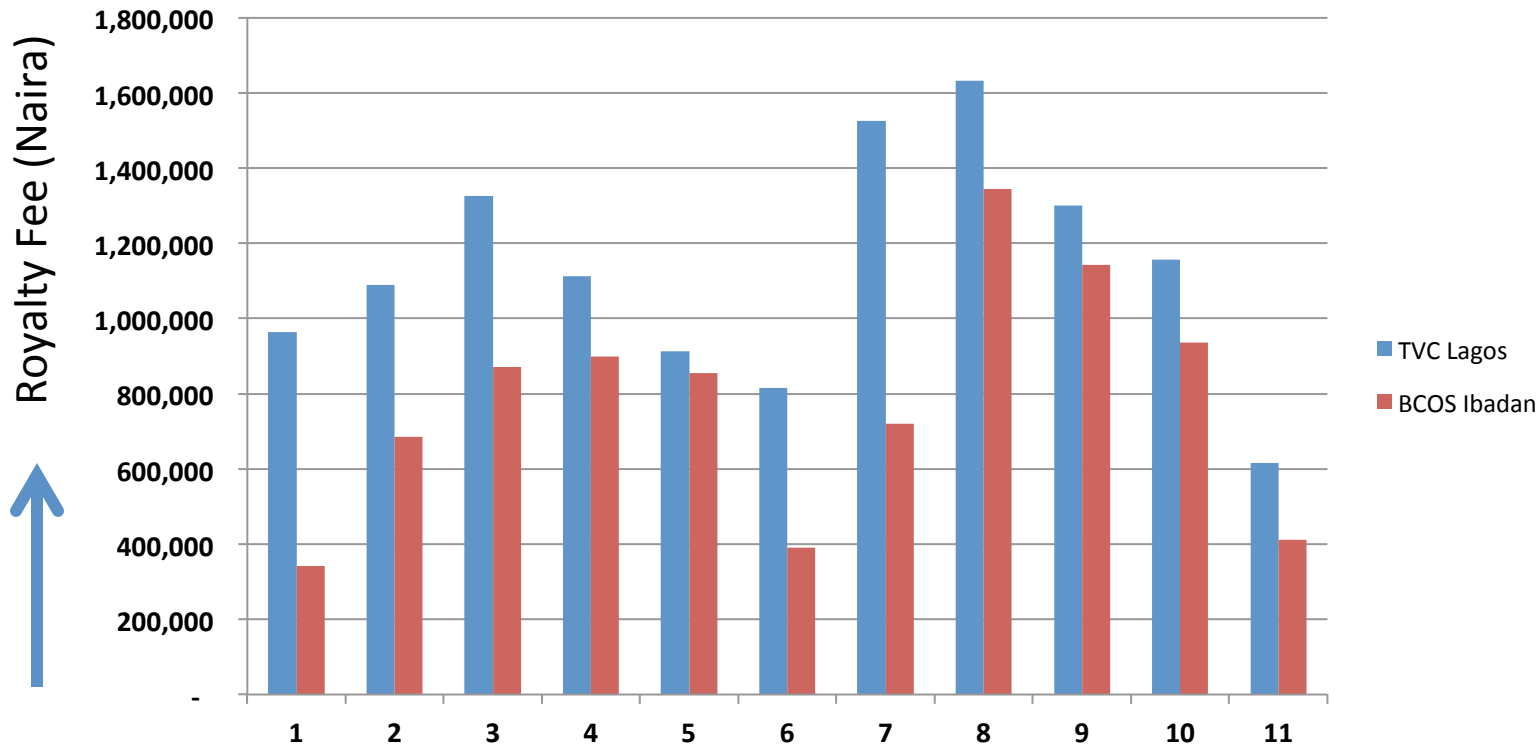


affordable

Television

Royalty Fee payable by Stations in 2014 – 100% (N)

- TV Commercial Lagos & BCOS Ibadan
- Jan – Nov 2014



Assumption:

- US\$0.08 (equiv N16.00) per sec of song play on Radio & TV stations

Jan – Nov 2014

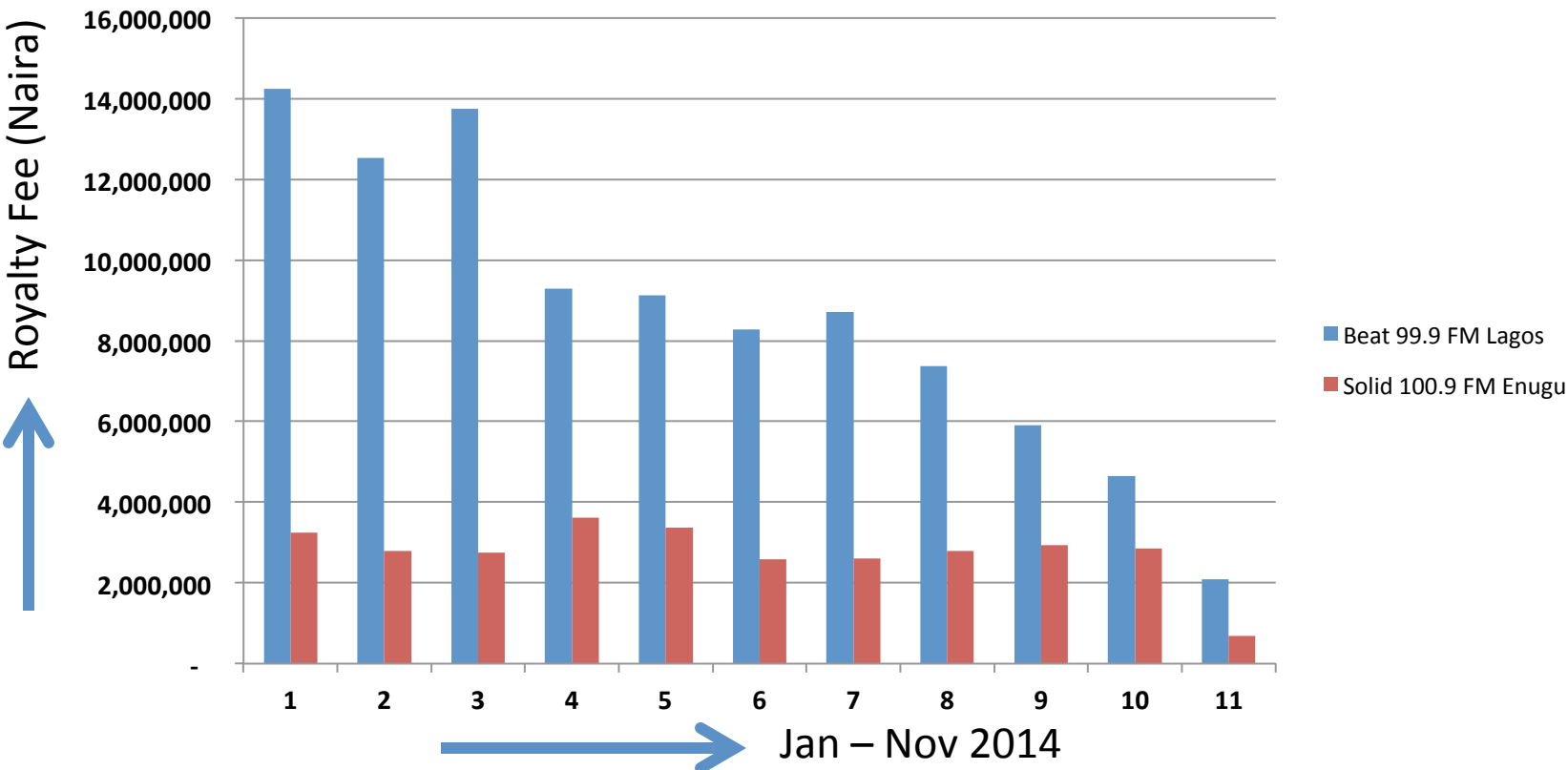
Affordable to broadcast organizations.....



Radio

Royalty Fee payable by Stations in 2014 – 100% (N)

- Beat 99.9FM Lagos & 100.9FM Enugu
- Jan – Nov 2014



Assumption:

- US\$0.08 (equiv N16.00) per sec of song play on Radio & TV stations

Affordable to broadcast organizations.....



Comparison of Est Station Advert Revenue (Naira) to Music Royalty Fee Payable by Stations (Naira)

•_Advert Revenue is based on # of advert spots at gross media rate

			Sept (N)	Oct (N)	%
Radio	Beat 99.9 FM Lagos	Advert Rev (Est)	76,540,665	74,527,221	
		Royalty Payable (Est)	5,914,592	4,647,008	7.0%
	Solid 100.9 FM Enugu	Advert Rev (Est)	6,496,310	6,960,280	
		Royalty Payable (Est)	2,938,640	2,842,784	43.0%
Television	TV Commercial Lagos	Advert Rev (Est)	85,406,800	100,557,300	
		Royalty Payable (Est)	1,300,736	1,155,968	1.3%
	BCOS Ibadan	Advert Rev (Est)	17,560,500	19,259,500	
		Royalty Payable (Est)	1,143,472	935,824	5.6%

Assumption:

• US\$0.08 (equiv N16.00) per sec of song play on Radio & TV stations

A more viable CMO business model



CMO Royalty Collectable (Naira) & Income (Naira)

	Month	FY Projection	Comments
CMOs <ul style="list-style-type: none">• Collectable Royalty Fees• Income (at 30%)	N807m N242m	N9,684m N2,905m	Based on the average for Radio & TV for Sept & Oct 2014 as projected for 260 Radio & TV stations nationwide

Comments

Month estimate and full year projection of collectable royalty fees is based on 2014 data but a word of caution – actual cash collections may vary considerably from collectable royalty

Assumption:

- US\$0.08 (equiv N16.00) per sec of song play on Radio & TV stations

A more progressive NCC
as regulator.....



- NCC sets a new standard for Africa.....
 - CMOs with the capacity to transparently & accountably collect royalty from all music users & pay artistes as due
 - Music Users: Broadcasters, Hotels, Restaurants, Night Clubs etc
 - Regulate CMOs for strictly ultimate benefit of artistes
 - Determination & enforcement of Registration & Royalty Fee rates, collections & prompt payment to all artistes individually
 - Oversight benefit schemes for artistes eg annuities, insurance funded from HORENC registration & undisbursable royalty fees
 - Go from gatekeeper to a honest broker & facilitator keen to protect & propagate best interest of music creators
 - The growth & development of music industry in NCC purpose



Concentrate all your thoughts about the work at hand. The sun's rays do not burn until brought to a focus.....Alexander Graham Bell