Content Or Access?
How To Get The Best Deal

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DO YOU REALLY NEED CONTENT?
OR DO YOU REALLY NEED ACCESS?
IF THE ANSWER IS CONTENT, CAN YOU AFFORD IT?

- Expensive
- Time Consuming
- Frustrating
- Maze of Rights Owners
YOU HAVE COMPETITION:

- Apple Music
- Spotify
- Pandora
- Amazon MP3
- YouTube
- Deezer
- Xbox Music
- Tidal
- Radio Plus
- Google Play Music
- Vevo
STILL NEED CONTENT?
OK, LET’S MAKE A DEAL ...
LET’S ASK SOME QUESTIONS:

- What **problem** are you solving for?
- Who are your **target users**?
- How will the content be **used**?
- How **much** content do you need (e.g. some or whole catalog)?
- Who are you main **competitors** and how will you **differentiate**?
- What **platforms** or **technologies** have you built or can you leverage others?
- Do you have a working **prototype** and a **white paper**?
- What **territory** or territories will you launch in?
- How are you **funded**?
- What are your **marketing plans**?
- How robust are your **reporting** capabilities?
- Will you **ingest** the content directly or will you use a third party aggregator (e.g. 7 Digital, Omnifone, MediaNet)?
- What are your financial **forecasts**?
- Will you **distribute** directly, through a channel partner or bundle?
DEPENDING ON WHAT TYPE OF CONTENT YOU WANT TO USE AND HOW YOU WANT TO USE IT, YOU MAY NOT NEED A DIRECT DEAL WITH THE LABELS ...
DOZENS OF MODELS IN THE MARKET

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<th>Business Model</th>
<th>Usage Rules</th>
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Many companies have multiple asset types, business models and varying usage rules as part of their deal.
DO WE EVEN NEED A DIRECT DEAL?

- Depends on how content is used - DMCA compliance vs Interactive
- Aggregator Partners are a great alternative
  - For Cookie cutter deals, recommend white label aggregator partners such as MediaNet or 7 Digital for streaming and a la carte downloads. Pump Audio and others for production music
  - **Pro:** Time and cost savings, easy approval process with labels
  - **Con:** No direct relationship with labels
- Free Music Archive (archive.org, Creative commons.org)
- Indie artists who own their own recordings and publishing
- Music Industry Sources
  - Music Business Association
  - A2iM
  - Merlin
NEED A DIRECT DEAL?
DO YOU HAVE AN EXTRA MILLION LYING AROUND?
KEY DIRECT DEAL TERMS:

- **Term** - how long will you need the content?
- **Territory** - what countries will you be launching in?
- **Economics** - what will you pay the content owner?
- **Financial Commitments** (Fees, Advances, MRGs) - How much will you need to commit to? Will you need to submit to a financial review?
- **Equity grants** - Will you have to give a piece of your company away?
- **Marketing** - Will you have to commit to promotional and marketing commitments? IF so, will they be based on marketshare?
- **Security** - How will the content be protected (if at all)
- **Reporting** - Will you be able to comply with the requirements of the content owners?
PROCESS:

- **Initial Contact/Screening** - Approach Business Development and/or Business Affairs to discuss your company and model
- **Credit Check** - Financial due diligence, vetting process
- **Technical Due Diligence** - Security/Content Protection, usage rules, model
- **Term Sheet** - Key terms memorialized in 3-4 page MOU
- **Approval** - Internal conceptual and formal approval process
- **Draft Agreement** - Term Sheet is converted into a Long Form Agreement
- **Agreement Execution** - Once all terms have been agreed, draft agreement is executed
- **Content Delivery** - Content delivery begins

This process can take anywhere from 3-9 months depending on deal
GLOBAL SOCIAL SUPERSTARS
LET’S TALK
ACCESS
NEED A GLOBAL SUPERSTAR TO ACHIEVE SUCCESS?
IT’S GONNA COST YA

Cash or equity (likely both)
NEED HUNDREDS OF DEVELOPING AND MID-TIER ARTISTS TO BUY IN TO ACHIEVE SUCCESS?
IT'S GOING TO TAKE A LOT OF TIME, A CREDIBLE VISION, AND ASPIRATIONAL MISSION TO GET THEM ONBOARD.
SOFTWARE ALONE WON’T CUT IT

Product

It starts with a killer product that solves a need state and makes a unique contribution to your audience, to creators, the biz partners, and to brands. Starting with a remarkable product is expected... it's like showing up to work on time wearing clothing.

Brand

What does your brand stand for? What do you believe in? How do consumers and biz partners fall in love with you? How do they remain loyal? Why should we care? Are you thoughtful about creative? about language, about design. What is your brand's personality? Content strategy? How well you nail brand will be hugely influential in your success.

Team +

The team your assemble and/or your advisors must be smart, believable, and connected. Your business canvass and modelling must be thoughtful, credible, and both aspirational yet pragmatic. What's the plan for growth? Marketing? Acquisition? Expansion? Do not expect artist X social graph to drive all your success.

Validation

Can you execute? Have you executed before? Start on a street corner and validate then scale to a block, then a city, then a region and then conquer the world. Prove that you can actually execute this and that your target audience actually cares.
THOSE WHO WALK IN OFFERING VALUE WILL STAND APART
THE ARC OF THE DEAL - 101

- the right balance of enough sizzle and substantial steak
- ABH / ABC
- create concise, clear, professional, gorgeous pitch materials
- clearly identify your unique contribution.
- show validation there is demand for your business notion
- what value do you drive to the other side of the table?
- do your research and walk in with empathy: what is the buy side’s primary motivators?
- speak honestly about your current reality and the state of the competitive set.
- drive the win for your partner and they want you to win
- be thoughtful to pitch on brand to protect your brand - no grasping at straws - don’t ask your partners to get involved if it does not make sense
- get the best advisory board you can to open doors
- If you need more connections, find the $$ to hire the right consultant to open doors & teach you the ropes. set deliverables & a timeline for success.
- do you really have the ability to change behavior? consumer, biz partners, brands, etc
- sustainability is driving increased happiness among all constituents
“I’ve finally decided to take my rightful place as King!”

Kayne West