

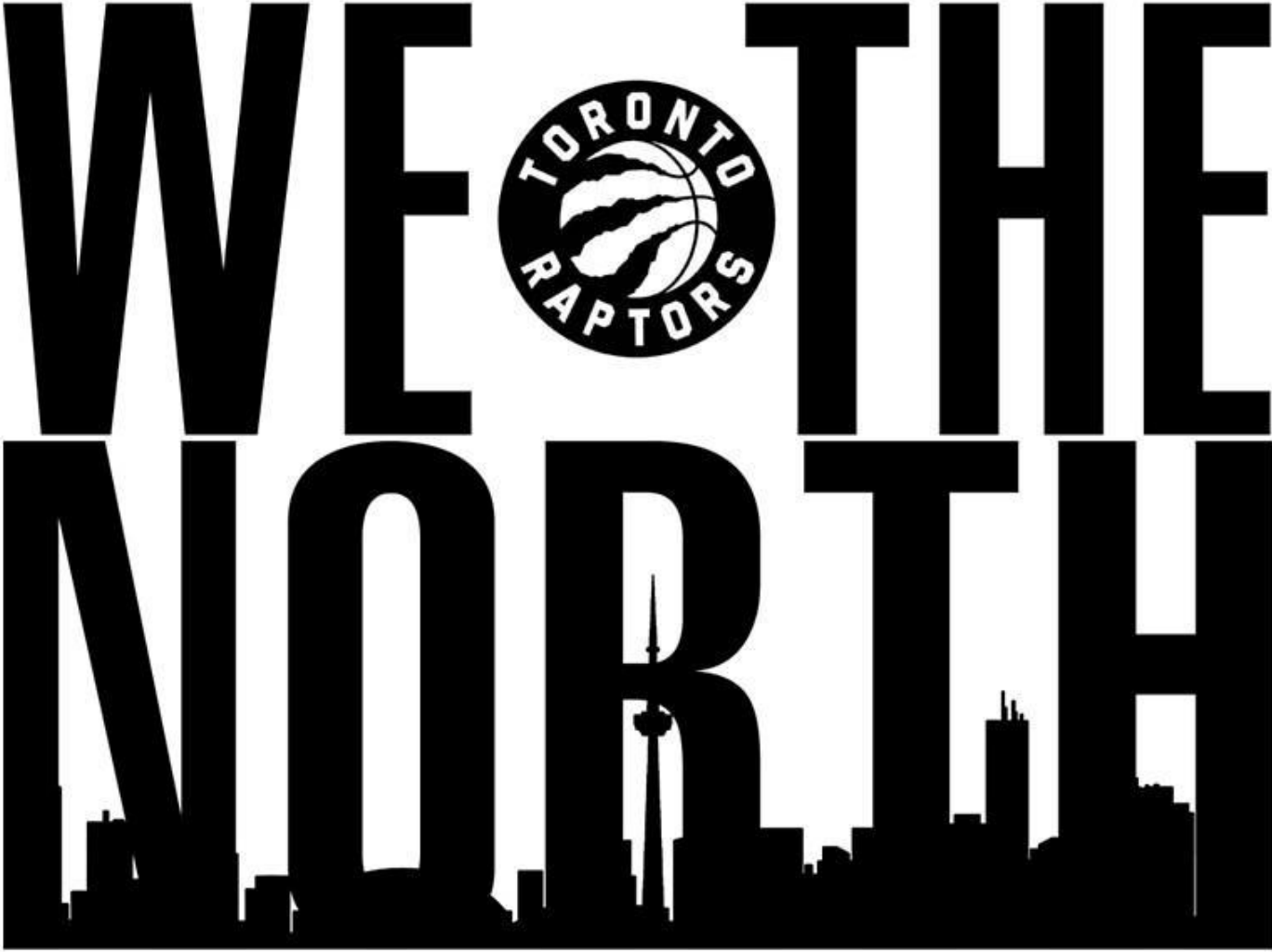
The Royalty Conundrum

Digital Payments: Vinyl System

Jeff King - COO

Michael McCarty - Chief Membership Officer

Who We Are



Ask Billboard: Canadians Control the Hot 100 With 7 of the Top 10

12/6/2015 by Gary Trust



Who We Are

SOCAN

- Member owned
- 130,000 members
- 2015 Record financials
 - Gross revenue - \$310 million
 - Corporate net expense ratio - 9%
 - Royalty distributions + 15%

Why We are Here

- We want to help lead the global transformation in the management of music rights
- To ensure our members continue to be paid when their music is played, everywhere
 - Songwriters, AV composers, music publishers
- Ecosystem needs to be updated for the digital world
- We are here to learn & discuss

Digital Music Challenge

- Streaming taking over
- Royalty transactions exploding
- Multiple orders of magnitude increase in performances vs radio
- PROs tracking billions and billions of performances
- Papered over analog cracks revealed
- Kobalt stat: One hit song = 700,000 royalty events

Digital Music Challenge

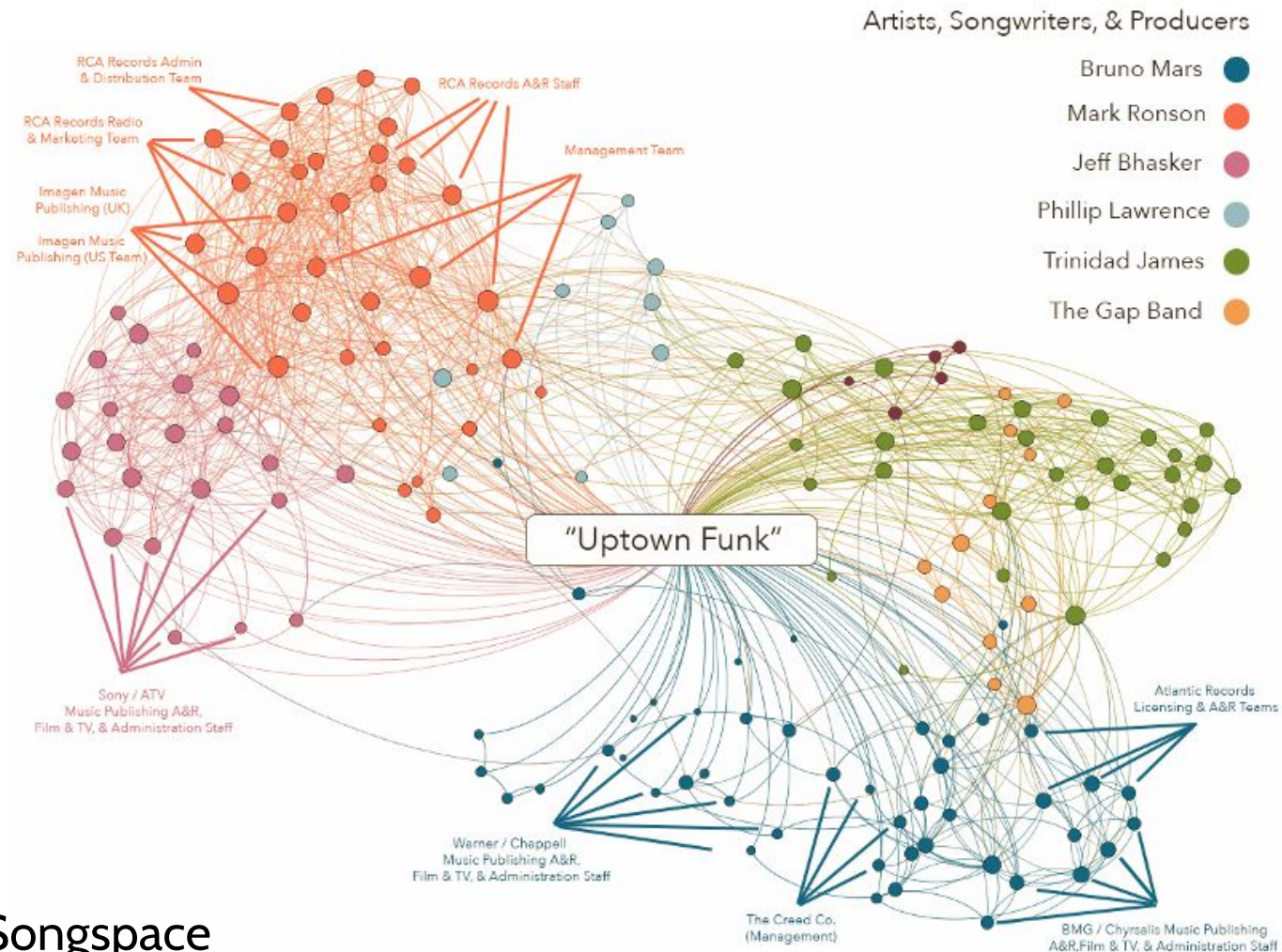


Image courtesy of Songspace

New Expectations

- It's digital! It's just data!
- Everything can be tracked granularly
 - Concerts, DJ mixes, user gen and other derivative works
- Transparency
 - who did what
 - when
 - where is my \$?

The Five Stages of DSP Royalty Grief

- Denial
- Anger
- Bargaining
- Depression
- Acceptance

What's The Problem?

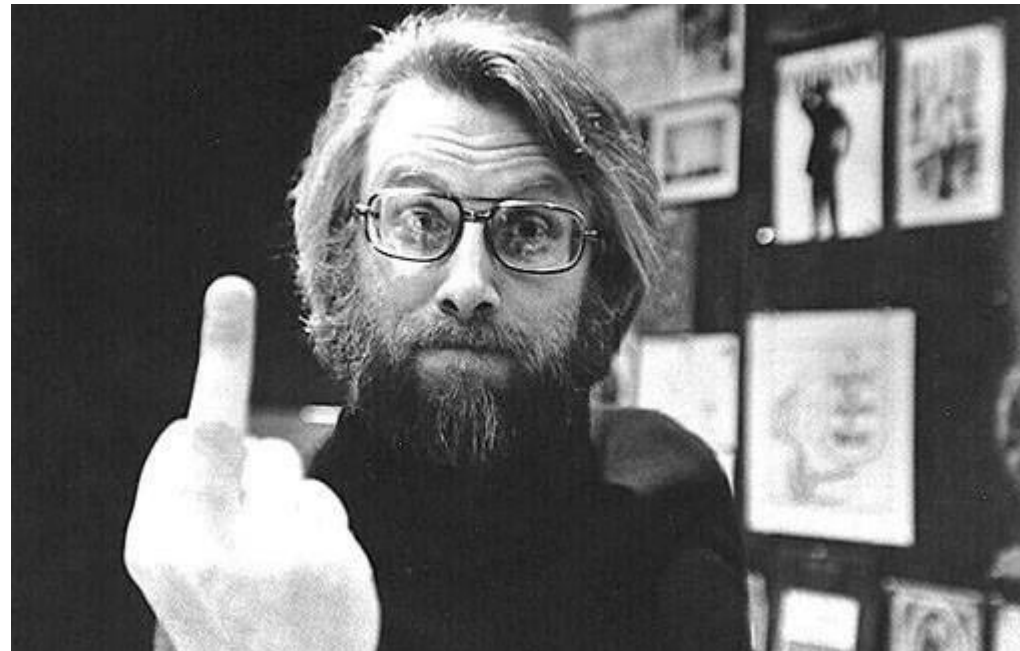
- After acceptance comes Scrutinizing the Pipes
- DSPs look under the hood and say WTF?
 - Who owns this stuff?
- Rights owners look at what's going on at the DSPs and say WTF?
 - Where's my \$?

The Old System is Overwhelmed

- 100 year old industry
- Origins in the piano roll era - *mechanicals*
- Built for the vinyl era *when bits were expensive*
- Culture valued stability not innovation
- Culture resistant/hostile to tech

The Old System is Overwhelmed

Stan Cornyn, legendary Warner Records exec in the '60s and '70s



The Old System is Overwhelmed

“When it comes to racing into any new technology, the record business finishes just ahead of the Amish”

..... Stan Cornyn

How It's Supposed to Work

- Identify the recording being used/streamed/downloaded
- Match the recording to the correct composition
- Match the composition to the correct rights owners/administrators

Matching: Secret Sauce

- Matching essentially relies on T&T “titles & triangulation”
- Poor standardization of metadata
- Few connections between recordings and compositions
- There are 5,000 unique “Hold On” copyrights marked payable in our database

ALABAMA SHAKES LYRICS - Hold On - A-Z Lyrics

www.azlyrics.com/lyrics/alabamashakes/holdon.html ▼

There must be someone up above sayin', ... So, bless my heart and bless yours too. ... So, bless my heart and bless my mind.

WILSON PHILLIPS LYRICS - Hold On - A-Z Lyrics

www.azlyrics.com/lyrics/wilsonphillips/holdon.html ▼

Lyrics to "Hold On" song by WILSON PHILLIPS: I know this pain Why do lock yourself up in these chains? No one can change your life except for y...

DRAKE LYRICS - Hold On We're Going Home - A-Z Lyrics

www.azlyrics.com/lyrics/drake/holdonweweregoinghome.html ▼

Lyrics to "Hold On We're Going Home" song by DRAKE: I got my eyes on you You're everything that I see I want your high love and emotion endlessly I can't...

TOM WAITS LYRICS - Hold On - A-Z Lyrics

www.azlyrics.com/lyrics/tomwaits/holdon.html ▼

Lyrics to "Hold On" song by TOM WAITS: They hung a sign up in our town "if you live it up, you won't live it down" So, she left Monte Rio,...

Hold On Lyrics - Wilson Phillips

[www.lyricsfreak.com > Wilson Phillips](http://www.lyricsfreak.com/Wilson+Phillips) ▼

Lyrics to Hold On by Wilson Phillips: I know there's pain / Why do lock yourself up in these chains? / No one can change your life except.

Jonas Brothers - Hold On Lyrics | MetroLyrics

www.metrolyrics.com/hold-on-lyrics-jonas-brothers.html ▼ MetroLyrics ▼

'Cause an empty room can be so loud. ... When you love someone, and they break your heart. Don't give up on love have faith to restart.

Wilson Phillips - Hold On Lyrics | MetroLyrics

www.metrolyrics.com/hold-on-lyrics-wilson-phillips.html ▼ MetroLyrics ▼

Lyrics to 'Hold On' by Wilson Phillips. I know there's pain / Why do lock yourself up in these chains? / No one can change your life except for you / Don't ever.

Michael Buble - Hold On Lyrics | MetroLyrics

www.metrolyrics.com/hold-on-lyrics-michael-buble.html ▼ MetroLyrics ▼

Matching: Secret Sauce

- No “garbage in” filter = GIGO
- Conflicting, wrong, and missing information
- Human error – typos, short forms, punctuation
- Fragmentation of ownership and administration
- Change of ownership or control
- Change of mind

Digital Amplifies Matching Headaches

- 50 million commercially released digital audio tracks in circulation vs limited radio universe
- A good PRO has a 95% + radio match rate
- Low digital automatch rates = manual effort for micro-pennies
- Remixes, user gen, etc.

Good News: RightsTech Revolution

Vibrant marketplace springing up to attack the issues

- Workflow
- Identification
- Matching at PROs
- Matching at DSPs
- Data acquisition

Workflow

- GIGO problem begins during the song writing & recording workflow process
- Workflow solutions are here and developing rapidly
 - Integrate organically with work flow to harvest meta data
 - Encourage/force behaviour change
 - Roadrunner Method

Workflow

Sample companies in the Workflow space

- Song Splits
- TGiT
- Auddly
- Songspace
- LANDR
- Songistry
- Universal Records (internal tools)

Identification

- Need to up game due to increasingly complex re-mix, DJ, UGC landscape
- Increased use of fingerprints
- Renewed interest in watermarking
- Focus on metadata completeness + embedding with audio

Matching at PROs

- New methods of triangulation, bread crumbs
- 360⁰ view of the metadata
- ISRC + ISWC codes + audio fingerprints + audio files + ???

Matching at DSPs

- Motivated by liability concerns + altruistic values
- Looking at build/buy
- Leaders are outsourcing matching/admin/royalty payment to qualified services

What SOCAN is Doing

- Becoming a data and technology company
- Ramping up capabilities to create 360⁰ view of meta data
 - Code Name “Operation **Dark Matter**”
 - MediaNet acquisition
 - Block chain
 - Artificial Intelligence
 - Alternative licensing models

What SOCAN is Doing

- Workflow Solution
 - Introducing APIs – work registration and concert notification
 - Enables companies in the workflow space to send reconciled registrations directly to SOCAN
 - Our first partners

Songsplits

 songsplits *beta*

songsplits.com

The world's first cloud-based split sheet.
Start managing your copyrights
for FREE!

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Sign Up

SOCAN

TGiT



TGiT



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TAG YOUR MUSIC NOW!

MUSIC MUST BE PROPERLY TAGGED WITH METADATA TO THRIVE ON-LINE. AVOID THE VOID, USE TGIT.

GET STARTED FOR FREE

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SOCAN APIs

Connecting music people
through technology.

Build applications that help
music creators get paid.



Learn

Learn how to work with our APIs - [read the documentation.](#)

Sign Up!

Get started building applications - [register for an account.](#)

<https://developer.socan.ca>

Vision: The World in 2020

- Real time data and near instantaneous royalty payment
- Clean On Ramp: All new songs entering the system are reconciled, minimum data standards
- Instantaneous global population of ownership/split/metadata changes
- Total transparency

Digital Payments: ~~Vinyl~~ Digital System

One More Thing

- What about cue sheets?
- Even more outdated than song system
- 1935 detective methods
- One of the biggest commercial opportunities for RightsTech industry
- SOCAN determined to lead the transformation of this area on behalf of AV composers and publishers

Thank You

