

MUSICBUSINESSUSA

A network diagram with fingerprint nodes and connecting lines. The nodes are represented by fingerprints, and the lines represent connections between them. The network is dense and interconnected, forming a complex web of relationships.

**"IT'S GREAT THE
INDUSTRY IS MAKING
MORE MONEY – BUT
THAT'S NOT THE
ONLY THING THAT
MATTERS. HUMAN
CONNECTIONS
MATTER."**

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Contributors

ALEX ROBBINS



Alex Robbins is an illustrator whose work has previously appeared in the likes of the New Yorker, Time Out, Wired, TIME and i-D. He created our cover image, based on a quote from our lead interview with UMPG's Jody Gerson: *"It's great the industry is making more money – but that's not the only thing that matters. Human connections matter."*

GOLNAR KHOSROWSHAHI



Golnar Khosrowshahi is the founder and CEO of Reservoir, an independent music company established in 2007. Based in New York with operations in Los Angeles, Nashville, Toronto, and London, Reservoir owns and administers over 110,000 copyrights. Khosrowshahi is also President of Silkroad, a non-profit organization founded by the cellist Yo-Yo Ma.

JUSTIN KALIFOWITZ



Justin Kalifowitz is the founder and CEO of Downtown Music Holdings, a provider of end-to-end services to artists, songwriters, labels, music publishers and other rights-holders. Established in 2007, Downtown's global offices include those in New York, Amsterdam, London, Los Angeles and Nashville. Downtown recently acquired CD Baby's parent company, AVL.

MARK MULLIGAN



Mark Mulligan is the founder of UK-based MIDiA Research, and one of the most respected, and widely-read, analysts working in the global business. A technology and entertainment expert, Mulligan has been covering the digital music business for over a decade. In this issue, he focuses on evolving fan consumption habits.

RHIAN JONES



Rhian Jones is a respected freelance journalist who often focuses on the music industry. In addition to writing for *Music Business USA* and *Hits Daily Double*, she is a Contributing Editor for *Music Business Worldwide* and is currently writing a book on mental health in the music space. In this issue, Rhian interviews Colleen Theis, the COO of Sony's The Orchard.

ZENA WHITE



Zena White is the Managing Director of Partisan Records, the Brooklyn-born indie label which is home to artists as diverse as Cigarettes After Sex, Fela Kuti, IDLES and Fontaines D.C. Previously, White was the MD at London-based independent label services company The Other Hand, where she played a key role in breaking several North American artists in Europe.

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EDITOR'S LETTER

Greetings from overseas.

For those of you that didn't know, *Music Business Worldwide* – the ever-reporting progenitor of *Music Business USA* – is, to all intents and purposes, London-based.

So when we announced that we were launching a magazine specifically about the US marketplace earlier this year, it attracted the same few questions. They included: Why not launch a magazine about the UK market first? (We did: it's called *Music Business UK*, it comes out quarterly, it's really rather good, and if you subscribe to this publication, you'll get it through the post soon enough.)

Yet the most frequent query in reaction to our headfirst dive into the States was this: Why, when the music business is more global than ever, when the likes of China and India are providing huge conversational and strategic fodder for the music business, when *MBW* has 'Worldwide' proudly planted in its own brand name, would you launch a magazine specifically covering the audio entertainment industry of the United States?

The answer, crudely enough, is money. If you took a look back over the global sales of the record business in the past few years, what would you expect to find? Perhaps the escalating importance of territories which once lagged behind in the worldwide industry due to rampant piracy? Tick. As rightfully noted by LionFish's Rebeca León in our profile (page 24), some of the most striking examples of this have occurred in Latin America – with Brazil, for one, increasing its annual revenues paid out to the record industry by 31% in the five years between 2013 (\$228m) and 2018 (\$299m).

But check this out: in 2013, according to IFPI data, consumers in the United States contributed \$4.47bn to the record business – worth **29.8%** of the worldwide industry's revenue total at the time.

Tim Ingham



“The USA is going through a new golden era as the epicenter of the global industry.”

Five years on, would you expect the United States' proportion of global industry revenues to have grown or shrunk? Correct answer: it grew – and significantly so.

Last year, shows IFPI data, the USA market generated \$6.64bn in trade revenues, amid a total global market worth \$19.1bn.

The US's contribution, then, equated to **34.8%** of worldwide industry revenues in 2018 – comfortably more than a third. If you roll the years back a decade, as far as 2008, the USA claimed a far smaller proportion of worldwide trade sales, at **27.0%**.

It's understandably topical to talk about the surging importance of international territories around the world right now – and ex-US markets do, for sure, offer the brightest hope of continued recovery for the music business in the decades ahead. But today, driven by the proliferation of streaming, the United States is going through a new golden era as the epicenter of the worldwide record industry. That ain't ol' fashioned Hollywood hyperbole; them's the facts.

So that, in a nutshell, is one key reason we launched this magazine. The other key reason, obviously enough, is the people. The United States contains the majority of the global music business's biggest influencers and decision-makers – many of whom have smart opinions, cracking back-stories and a fair idea what the future of this industry may entail.

We're delighted that we've managed to capture a bundle of that wisdom within the 104 pages presented here. From UMPG boss Jody Gerson discussing the role of songwriters in tomorrow's industry paradigm, through to Kevin Liles on diversity, Mike Caren on A&R, Ethiopia Habtemariam on hip-hop, Willard Ahdriz on music's value and much more besides, we hope you find plenty to educate, to inspire – and to challenge your preconceptions.

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‘I HAVE TO TELL MY STORY AUTHENTICALLY’

Jody Gerson has transformed Universal Music Publishing Group. But who is the woman behind the billion-dollar publisher?

“I can’t believe you haven’t heard about celery juice yet...” Jody Gerson is tipping us on the next big thing. Bearing in mind she’s been ahead of the curve on everyone from Billie Eilish to SZA, Post Malone and Alicia Keys during her career, we’re listening. (The radiance of our skin, we’re promised, will thank us for doing so.)

Philadelphia-born Gerson, a mother of two teenagers and one older son, thinks a lot about making the most of every hour.

She wakes at 5.30 am each morning “just to have some time to myself” – an indicative trait of someone who says she was never in the top 10 smartest girls at her school, but who keenly studied her way to over-achievement.

Whatever Gerson’s secret is (and we’ll wager there’s a lot more to it than celery juice) it’s working. Since she took over as Chairman and CEO of Universal Music Publishing Group in January 2015, the company’s annual revenues have grown by some 40%, surpassing a major milestone last year by topping \$1 billion for the first time.

Gerson’s professional highlights over the past four years have included signing of some of the biggest new talent such as Eilish, Halsey, Post Malone, SZA, Rosalía and Quavo, plus Tobias Jesso Jr, Shawn Mendes and Ariana Grande – in addition to deals for established acts like Prince, Elton John, Barry Gibb, Paul Simon, Randy Newman, Carly Simon, Bruce Springsteen and Jack White.

Despite her history in A&R, Gerson is at pains to note that UMPG shouldn’t only be judged by its active roster: she is particularly proud of the company’s technology advancements, for one thing. “When I first took the job, there was a distrust between songwriters and publishers here, so we made sure our system was completely transparent,” she says.

UMPG has also doubled down on film and TV music under Gerson’s leadership, via deals with the likes of Lionsgate, Paramount, Disney Europe (and numerous other territories), Universal Pictures, Warner Bros. Pictures, MGM, HBO, Amazon and more – steady income sources which Gerson says provide “cover” for A&R risk-taking at the company.

Ultimately, though, Gerson says the biggest strides at UMPG under her leadership have been made by “betting on talent and





Billie Eilish

betting on songs” and “running this company with integrity – people out there believe us.”

Having graduated from Northwestern University, Gerson began her career at Chappell Music in New York in an entry-level position. After rising to A&R and song plugger, she then bagged a job at EMI Music Publishing where she stayed for 17 years, serving as head of the company’s east coast publishing division and then revitalizing and leading its west coast division. At EMI, she signed Dallas Austin, Jermaine Dupri, Alicia Keys, Norah Jones and Enrique Iglesias, among others. Gerson then moved to Sony/ATV for the next seven years of her career, where she rose to co-President and signed Lady Gaga, Mac Miller, Pitbull and more.

This all meant that, for close to quarter of a century, Gerson worked under Martin Bandier, before she left in 2015 to join Sir Lucian Grainge at Universal Music Group – where Gerson also sits on the executive board.

MBUSA recently sat down in Gerson’s Santa Monica office to dig into her life, her motivations, and her determination to make a material difference in the lives of songwriters...

You’re the first female boss of a multinational music company in history. What do you think about that fact?

I’m proud to be the first, but it’s part of my mission not to be the only one. I vacillate between [liking] being thought of as a ‘female Chairman’ and just a ‘Chairman’, but at the end of the day, I’m both. I feel a great responsibility to do right by other women. That’s why, last year after the Grammys and with the Annenberg Inclusion Initiative [which showed how poorly women are represented in music], we created She Is The Music, a nonprofit to increase the number of women working in [the industry].

I feel like I have to give back to the business, and I feel that I also have to tell my story authentically. Everything that I went through to get me here is an experience that other women could have, or that they could learn from.

It’s important to me to help push women into senior positions. It’s very natural for women to say to themselves, ‘Wait, how am I gonna do this? I have three kids at home and I’m divorced. I’m this and that – how am I gonna manage it?’ You kind of have to go, ‘Yes, you can do this.’ After five years in this job, I feel very comfortable and very competent.

You haven’t always felt that level of comfort as a Chairman?

When I took this job, I had to step into my power; I had to kind of fake it until I really felt it. Five years later, I am *in* my power – because the proof [of UMPG’s success] is there to see.

I’m very proud of what I do. I took my mom with me to see Elton John recently. And she said to me, ‘It’s so nice that you’re treated kindly – people hug you!’ She was a stay-at-home mom

who, for my entire life, had this idea that I was something special. Now she gets to see me in action. I love that so much.

Your mom always thought you were something special: was that an uplifting gift or pressurizing?

It wasn’t pressurizing in the way my kids are pressured today, that’s for sure. I grew up with my parents in the suburbs of Philadelphia. My mother got married when she was 19 and had me when she was 20. My dad was 25. My mom went to one semester at Temple University and worked in a department store for, like, two days, but then married my dad and he supported her from there. Generationally, that’s kind of the way it was.

I was precocious in that I was very tuned-in to my surroundings from when I was really young.

We led a funny life, because much of it was very suburban: we lived on a cul-de-sac, were close to our neighbors, and yet my dad and my grandfather owned a nightclub [The Latin Casino] over the bridge in Cherry Hill, New Jersey. And every Sunday night, my brother and I would go to a matinée show, and see everyone from Frank Sinatra to Richard Pryor to The Supremes to The Temptations to every comedian you could ever imagine.

I always thought that it was my dad that really gave me my confidence – but now I’m realizing more that it was my mother. My dad gave me this sense that life is held in the balance. He was this larger-than-life, fun character, and my mom was fully dependent upon him. From a young age, I felt that I needed to be in control – that somebody had to be the grownup in the household, and that was me.

What were you like when you were younger?

I was very ambitious. The idea of having a successful career was important to me. That wasn’t a rebellion against my mom staying at home – it came from this appreciation that someone had to take care of things. My mother saw something in me; she took me out of public school and put me in an all-girls private school. It was a great, great education. I was the first person in my family who went to college. I was an overachiever but I knew my standing: I could still name you 10 girls at school who were way smarter than me. I wasn’t in the 10 that didn’t have to study to succeed.

Did you get in trouble?

So as long as I beat my father home at night, I wouldn’t get into trouble. The advice that my father gave me was: ‘I care about smart or dumb; I don’t care about legal or illegal. If you’re dumb enough to get caught, shame on you.’ I wasn’t a goody two-shoes; I just never got caught.

How much uncertainty was there in your father’s business?

It was a purely cash business, so I always knew there was danger. I

With SZA



With Justin Bieber



Signing Post
Malone in 2015



remember when his accountant came for my dad to pay taxes; he would literally have to chase my father down. It's funny because in some ways, maybe that's why I work for a company and never started my own business. My dad was always juggling. I don't want to juggle; I like stability.

What I didn't predict was that it would all go away, which it ultimately did. When they legalized gambling in Atlantic City, they had to close the nightclub. My dad made it a disco for a couple years, but really, [my parents] lost all their money. Maybe I was always waiting for that other shoe to drop.

Going to the nightclub, seeing those artists, geniuses like Richard Pryor, did that have an impact on you?

Mm-hmm. I saw some of the greatest entertainers of the time. But what was actually more profound for me was being backstage, observing what makes artists tick, how you [encourage] them to go on stage when right before the show they're having a panic attack or freaking out. It all made me acutely aware of anxiety and acutely aware of fame, and what fame does to a person. I knew very early on I wasn't going to be a performer, but I was always fascinated by talent.

And the unstable nature of talent...

I really understand that well. There was this unspoken darkness

lurking backstage, something I never really understood as a child. I was this young girl who had free rein around a nightclub – I mean, total free rein. I can still visualize the whole backstage area, running around with my brother, but we always knew that if you knocked on the wrong door, there could be danger waiting behind it. It prepared me well, in a way, for being a woman in this business.

Have you seen motivations in other highly successful people in the music business that concern you?

That is very creative wording! I will say that ego is a dangerous thing. When someone starts to buy into the idea of 'power' it can be quite dangerous, and that's why I think I protected myself early on in this job. My definition of power was always the ability to empower others and run a company where I am not sitting in my ivory tower.

Let's talk about the modern industry. What are the biggest challenges currently facing songwriters and publishers?

Fair pay. On digital platforms, songwriters and publishers must find the right balance between wanting to be on the front of the platforms' billboards, on one hand, and making sure that songwriters and publishers are also getting the pay they are due. A really big challenge today is educating songwriters so that

they don't just settle for the billboard as opposed to the pay. It's dangerous to simply allow certain companies, who are building their platforms off songs and music, to lessen music's value. Another really big challenge today is how to ensure that what you might call the 'middle class' of songwriters make a good living. That's really important to me. I take on that responsibility daily – including not only new music, but also by making sure that legacy songs and legacy talent keep being introduced to new audiences.

What are your thoughts on the recent appeal against the new CRB rates from the likes of Spotify, Amazon and others?

It is critical that innovation be completely interlocked with fair compensation for songwriters.

It's a symbiotic relationship; it should work for everyone. We want the streaming platforms to be successful. They should want songwriters to be successful, too. Together, we all benefit.

The DSPs have gained tremendous value from music. These are businesses that are built on songs and would not exist without them. Without question, they owe their success to songwriters.

Do I wish these platforms accepted the new, better rates for

songwriters? Of course. Would that have been the right thing to do? Absolutely. By appealing the ruling, they fail to acknowledge that songwriters need to be paid fairly. I applaud how both publishers and songwriters are rallying behind such a critical cause. This is something that we do every day at UMPG: fight for songwriters' rights. It's one of our central missions and we stand with songwriters who are taking action and speaking out.

Once that issue is put to bed, are you optimistic the writer rates will continue to climb as the decades roll on?

I am. There's still so much to do, but songwriters were galvanized into action last year on the [Music Modernization Act] – that process really pulled the whole music

community together. One of the things I saw before I got here is that we were airing our dirty laundry out for everybody to see, and the tech companies were so well lawyered-up that they saw it and took advantage of the little cracks.

What little cracks?

Across the business, publishing companies need to work together

“It was profound for me seeing what made artists tick.”

with the labels. I've been very conscious since becoming Chairman here that we increase the pie for everyone, as opposed to taking from others' slices. Good for the labels that they get to negotiate [their streaming rates] in a free market. We don't, so I just hope that the pie just continues to increase.

The oft-spun story by independent publishers is that someone like Sir Lucian Grainge, or his business affairs team, will go into negotiating with Spotify as one entity – UMG's publishing and records together – and that publishing will always come off worse in that scenario, because there's less money in it.

Lucian just wouldn't do that. He always says to me, 'I've been in your shoes' – he started off as a publisher, remember? He would never, ever ask me to compromise our value or do anything that would be detrimental to our songwriters or our catalog. We wouldn't be where we are in terms of our revenue and our profitability if at any time, he had asked me to compromise.

What's he like as a boss?

Lucian has been an incredible boss to me. He believed that I could be Chairman of this company before I believed I could be Chairman of this company. I guess that's a silly thing to say because – and you can quote this – a guy would never say it. But it's true.

Lucian took a shot with me and gave me complete autonomy, but he also offered cover. On every deal that I've wanted to make, Lucian and Vivendi have supported me.

He is really open to my ideas; I'm on the board of the record company [at Universal Music Group]. I really enjoy him as a boss and I like him as a person. His mind works so fast, and he doesn't waste words.

One of your biggest rivals today is the man who just took over at Sony/ATV, Jon Platt – who you hired in his first job way back at EMI Music Publishing. Do you ever kick yourself for taking that meeting?

No! I'm so happy for Jon. I was Head of West Coast for EMI Music Publishing and there was a guy named Steve Prudholme, who was a creative executive. Steve went to a conference where he met Jon, who was the manager of a production group called Madukey – and we signed them. Jon used to drive up from Denver in this maroon car, and park himself in our conference room.

Steve-o got a job at Epic Records, so there was a job opening, and Jon wanted the job. I'm like, 'Jon, you have zero experience. So I'm going to interview everyone who's appropriate for the job and after I've interviewed everyone, we can have an interview.' He waited it out and then I had a meeting with him, and he said, 'You've just got to give me a shot. I don't care what you pay me because you're gonna want to pay me more in six months.' He was

relentless, and I gave him the job.

I am incredibly proud of his journey. We're competitors, but I really like him, and I admire him. We both figured this business out in different ways. I'm happy for him and I'm especially happy that he gets to go back to EMI [via] Sony/ATV and represent that catalog.

You made the decision to leave Sony/ATV in 2014, after so long with the same boss in Martin Bandier. When you look back now, what are your immediate memories of your exit?

Just how nervous I was to hurt Marty's feelings. I had worked for him for over 20 years. It was a big breakup; that's how I remember it. When you work for someone for that long, there's a relationship there to deal with.

But when I decided that I had to leave, it was empowering. I knew I had to go, and fortunately Lucian had an idea for me which meant there wasn't a better job for me. It was a tremendous, tremendous opportunity, but making the break was emotionally difficult. I knew I could do [the UMPG job] and I could do it well. And I knew that I couldn't stay and then complain about the same things that I would have been complaining about.

What does it tell us about you that you were nervous to go?

That I'm a human being; I'm a human being who cares as much about people as I do about the game and about the job.

I had an exchange with a manager recently of an artist we've had tremendous success with. It was an email, I guess we were talking about renegotiating something, and he said, 'What I want to do is keep [this deal] open to find out what the value is on the open market. I'm sure you would do the same.' And I thought, 'Personally, I wouldn't – because I value relationships and people and good work.'

What is the value you're looking for there? Somebody else is going to pay you more money than me? That's not always what I call value. I can't separate the personal from [commercial relationships]. Yes, it's a business and it's great that [the industry is] making more money now – but that's not the only thing that matters. Human connections matter.

Has Marty forgiven you for leaving Sony/ATV?

Yes. I'm very close with Marty. As a matter of fact, I don't think Marty's done in this business and I would love to do something with him again. I have nothing but good feelings for him.

Which personal experiences have had the most profound effect on your approach to business?

Growing up around talent taught me a lot. I am very clear that the reward [when working in publishing] is your own success; you can't expect the reward, necessarily, to involve getting anything

“Lucian believed I could be Chairman before I believed I could be Chairman.”



With Billie Eilish at the 2019 ASCAP Pop Music Awards

back personally from an artist.

I have a full life. I have a family, I have friends. My role is to support artists – their role isn't to support me. My role is to take care of them – their role is not to take care of me.

I hope that doesn't read badly, because it's really not a bitter thing. It's accepting the fact that everything that I've ever done positively for an artist has furthered my own career. It's furthered their career too, but I get a reward for it, we all do in this business, and it's a lie to pretend otherwise.

It was profound for me to realize that [with each deal, executives] pay to have the privilege of a relationship with talent. They don't have to pay us. It's a very different dynamic.

Talking of talent, certain people around the business were starting to write off one of your biggest career signings, Lady Gaga, before she shot back with a Star Is Born. Did you always believe in her?

When I went to Sony/ATV, I left a tremendous amount of successful artists behind at EMI. They were so successful that when I went to Sony, it was like, "Will I ever be able to replicate that?"

She was the first big signing [at Sony/ATV], and I have to say, I for one will never, ever underestimate her. I remember a couple of years ago, she was having a little lull and there was a question as to whether she should do a song at MusiCares for Carole King. She was anxious about it, but she fucking killed it. It was an incredible moment and just I knew she could do it.

You know what? Artists have ups and downs. What I tell artists when I'm meeting with them for the first time is that you have to surround yourself with people who will be there for you on the down times, because it's so easy to be there during the up times. [Gaga's] extraordinary and I am so happy for her because she is so multifaceted in her talent. I wish I was still representing her. Whenever I see her, I love her. I hope that she remembers that I feel privileged to have played a small role in her career.

Do you think the modern industry making any mistakes in the development of artists?

I think it's unfortunate that people don't always have the time to develop into greatness. Everything is just that much faster. One big difference today is that the industry has bought into this idea that we have to keep on feeding and feeding distribution and the [streaming] platforms. But there is only so much music that can be brilliant.

I'm glad that brilliant stuff does still gleam through, though; look at Billie Eilish. It's happening fast, but look at that body of work – God, it's brilliant. It restores my hope.

Generally speaking – and everyone will have bugbears – but are you feeling positive about the future?



I'm feeling very positive. There's been major growth, especially for the labels, and in order to maintain that growth we have to focus on getting emerging markets to where they can be – getting the licensing done right and developing them into healthy, robust territories for music.

Music companies like ours have become entertainment and media companies. There's so much more than just streaming, and that forces us all to think outside the box, which is exciting. And obviously, as businesses that utilize music grow, my hope is that songwriters pay increases alongside that success.

It all still starts with a song but look what can you do with that song now: you can have a stream, release a video, create a movie, create a Broadway show, the list goes on. Some companies might call it IP, or 'content'; I call it a song.

Have you got any personal ambitions left?

Yes, a lot. I don't know what all of them are yet. I just want to stay open to the possibilities. ■

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KEY SONGS IN THE LIFE OF...
Ryan Press

The Philadelphia-born publishing supremo picks out the tracks that have had the most impact on his time on earth so far...

Ryan Press has music in his blood. The Warner Chappell Music executive's father, Ron Tyson, has been a member of The Temptations for the past three decades – and was previously the lead singer of local Philadelphia legends, The Ethics. Los Angeles-based Press has some impressive music industry credentials all of his own, of course – having been promoted earlier this year to President of A&R at Chappell, with responsibility for

all activity and genres outside of Nashville. Press, who joined Warner Chappell in 2009, has worked with an array of acclaimed writers and producers during his recent career, including Rihanna, Rae Sremmurd, DJ Khaled, Wiz Khalifa, Meek Mill, T-Minus, Tayla Parx, Gucci Mane, Mike Elizondo, Aloe Blacc and The-Dream. Prior to joining Warner Music Group, Press founded Press Conference Management, an artist, songwriter, and

producer management firm, and worked as a Creative Consultant at Notting Hill Music Publishing. He started his industry career serving in a co-management capacity at the J. Erving Group, where he assisted in day-to-day operations and management, as well as being a producer at Day One Productions. Before all of that, however, Press grew up in Philly – surrounded, as he explains here, by an intoxicating cocktail of forward-thinking hip-hop and sweet soul music....



VARIOUS - PUFF DADDY
My biggest inspiration came from the sound of Puff Daddy and the Hitmen, worked on from '93 to '00. I loved the way the music made me feel. It was rooted in R&B but had big pop melodies. Puff set the bar and helped bring us so many legendary artists like Jodeci, Mary J. Blige, Notorious B.I.G., Mase, 112, Total, Faith Evans, and Lil Kim.



JUST MY IMAGINATION - THE TEMPTATIONS
My father, Ron Tyson, is the first tenor in The Temptations. His consistent work ethic is extraordinary. He's never been late once, never took a day off, never got addicted to drugs, and set a positive example for me to follow in the business. One big highlight was the time he took me to Monte Carlo. It was my first time overseas, and to witness the crowds that were lined up for The Temptations was amazing. Seeing how sharp they ran things made me want to be in the music business. Experiencing how music could touch people all over the world changed my life.



BREAK UP TO MAKE UP - THE STYLISTICS & WHAT WE DO - FREEWAY
I grew up in Philly and it's too hard to choose one song from there. Break Up to Make Up is one of the most amazing songs, by one of my favorite songwriters of all time, Linda Creed, who wrote it with Thom Bell and Kenny Gamble. Linda died at just 37, and was an incredible talent. The hook is so simple but complex all in

one and sums up so much. What We Do is just a hip-hop classic and captures the essence of what it's like growing up in the inner city of Philadelphia. It's a raw, real story that you feel in your gut every time it comes on. Wherever I am in the world, that song takes me back to Philly.



IF I DIE YOUNG - THE BAND PERRY & FAST CAR - TRACY CHAPMAN
It might surprise some people but these are two of my favorite songs of all time. I'm always listening to them. They show the art of songwriting at its best – telling compelling, authentic stories that pull on your heartstrings. They're both deceptively simple on the surface, but with narrative lyrics that are deep and poignant. Kimberly Perry wrote If I Die Young, and of course, Tracy wrote Fast Car. Two gifted songwriters who tap into universal truths.



WHERE I'M FROM - JAY-Z
This was on the first album that Jay-Z put out after Biggie died, and he used a lot of the same producers that Bad Boy was using at the time. This song made me feel like I was in Brooklyn's Marcy Projects, while also getting some of the essence of what I loved about Biggie. Once again, it's just raw storytelling at its best. I don't think it gets more real in the hip-hop world than this song.



NO BETTER LOVE - YOUNG GUNZ
No Better Love was the first hit I was involved with, in 2003. I co-

produced it with my best friend Chad Wes. My first hit on the publishing side was Hustlin' By Rick Ross in 2005. I signed The Runners, the production team that produced it. And I was managing Frankie Storm in 2006 when she co-wrote Don't Stop The Music for Rihanna, which was produced by StarGate. Those are my first taste of hits.



SUNFLOWER - POST MALONE & SWAE LEE
The real story behind this song is that Post Malone was making a

bunch of hits, but we didn't publish him, so I was trying to figure out how I could work with him. He and Swae Lee are two of the most creative people in the world right now, and I thought together they'd make a ton of sense creatively. So I called Austin Rosen, Swae's manager, and we set it up. One night, I took Swae to the studio to work with Post. We sat around joking for a half hour or so, and then they went into the booth and did both Sunflower and Spoil My Night in about 30 minutes. Spoil My Night came out on Post Malone's album and, a month or so later, Dre London, Post's manager, called me and said, "We're about to have the biggest record in the world... I just played Sunflower for the Spider-Man team, and they love it!" The rest is history.



HAPPIER - MARSHMELLO & BASTILLE
He isn't signed to us, but Dan Smith is one of the most dynamic songwriters in the

world. I feel this song in my soul. It does that amazing thing – to say exactly what I've wanted to say at so many important points in my life. It speaks for me, and that's the power of songwriting right there.



‘FOR ME, EMPOWERMENT IS NOT ABOUT PROTECTION – IT’S ABOUT RESILIENCE’

Lionfish Entertainment CEO, Rebeca León, is fast emerging as one of the world’s smartest artist managers. Now, she’s setting her sights on accelerating Latin culture globally...

As we all know, the blockbuster US music business isn’t exactly adverse to hot air. In reality, not every artist can be The Next Big Thing, and not every new song is A Guaranteed Smash – but magically attune your ear to the litany of record label meetings taking place in Los Angeles as you read these words, and you might be forgiven for assuming otherwise.

One maxim about the modern industry, however, needs no such false hype: Latin music is exploding into the mainstream.

The numbers just don’t lie. Last year, according to the RIAA, the US-based Latin recorded music business grew 18% to \$413m – a significantly sharper rise than the wider Stateside industry, which grew 12%. And here comes the ‘whoa’ stat: some 93% of US revenues generated by Latin records in 2018 came from streaming platforms – highlighting the music’s deep pertinence amongst a young audience.

Rebeca León operates at the heart of this booming cultural movement. For one thing, she’s the manager of J Balvin, the Colombian streaming sensation who shook the Grammys earlier this year when he teamed up with Camila Cabello for the show’s Technicolor opening performance, and who boasts more than 48m monthly listeners on Spotify – where he became the world’s most popular artist in summer 2018.

León is CEO of Lionfish Entertainment – which she runs with business partner, Latin superstar Juanes.

Lionfish also manages Spanish singer/songwriter Rosalía, who tore up Coachella 2019, cementing her status as true Latin pop royalty-in-waiting. A priority act for Columbia (and its head honcho Ron Perry), Rosalía has already collaborated with the likes of James Blake, J Balvin

and Pharrell Williams, while racking up more than 300 million Spotify streams in her own right. (Juanes introduced León to J.Balvin and Rosalía – with, says León, “emphatic endorsements that they were both going to change the world”. She adds: “Juanes believed in me as a manager before anybody else; he asked me to manage him, and offered to help me build Lionfish.”)

León started her career as an assistant at Sony Music during the first wave of modern Latin pop success in the late ‘90s, before joining EMI at the turn of the Millennium – where she fought the headwinds of a business being rapidly devoured by piracy.

From there, she ended up at AEG in Los Angeles as a promoter, where she spent 11

“Juanes believed in me as a manager before anybody else.”

years as part of the company’s subsidiary Goldenvoice – building her reputation as an ahead-of-the-curve expert on new and established Latin artists. She left her role as SVP, Latin Talent at AEG in 2017 to fully commit to Lionfish.

All of which makes León, without question, one of the world’s most influential artist managers right now. Yet ask the Miami-born exec where on the timeline she sees Latin music’s trajectory today, and she’ll answer very clearly: you ain’t seen nothing yet...

When did you first decide that you wanted to work with artists for a living?

I don’t know that I ever made a decision to work with artists; I made a decision

to work in music. When I moved back to Miami after college, all these record labels had set up which had not been there before. I didn’t really speak Spanish that well; I spoke it like typical Miami girl – my parents are Cuban. So, the idea of working at a Latin label was a little foreign. But I really wanted to be in music. I was like, ‘Just get me in the door.’

I got my first job at Sony, then called Sony Discos, as an assistant. I harassed the [Sony] receptionist to give me the name of their temp agency, and got the job through them. I was there for the absolute glory of what we can call the Ricky Martin era – the Grammys and *La Copa de la Vida*, *Livin’ La Vida Loca*, all these amazing things. Labels were making crazy money. And then Napster started to happen.

Oh...

I remember them calling us all into the conference room at Sony in January 2000. They’re like, ‘So... listen. Things are going to change.’ You just knew this was going to get ugly. And that summer, they started firing everybody.

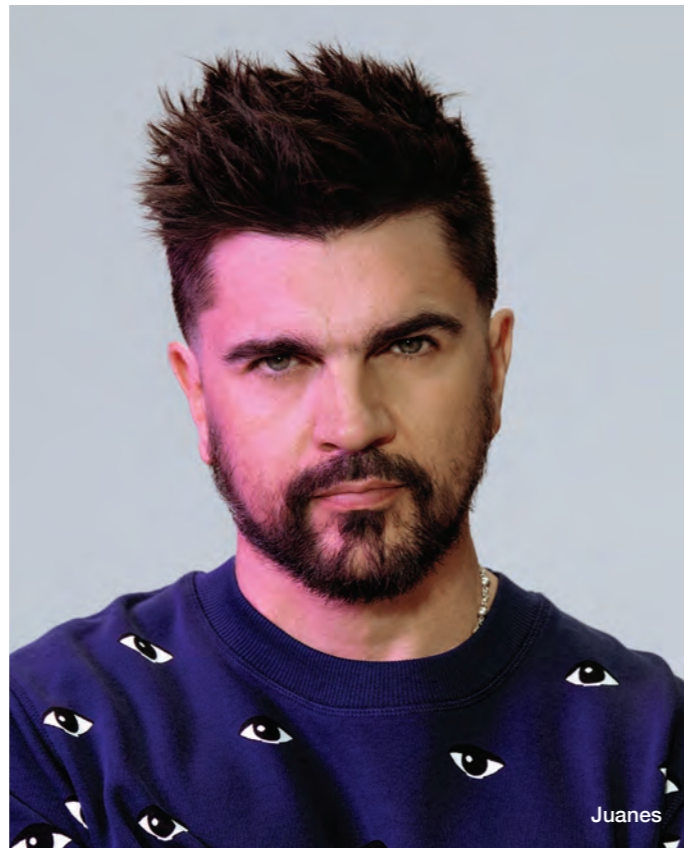
I was excelling in my career, but it was a very difficult time to be at a label. Every day you’d get to work, despite working so hard, it had gotten worse. We couldn’t put the genie back in the bottle. I left and joined EMI, where I was for three years. And as much as I had some success, it was very demotivating to work in a place when you knew the business was shrinking everyday.

Did you leave EMI for AEG right away?

Not initially. I left to go manage a young artist I had signed; I wanted to take my chances. I did that for a couple of years and then AEG called me. They were like, ‘Hey,



J Balvin



Juanes

we've got this job for you in L.A., booking a theater. You know everybody and we can teach you the rest.' And I was like, 'Okay!'

They were really, really good to me and let me grow; my role turned into almost a global position because I was involved in South America as well as the US at the end, [as part of the booking team for] the Stones, the Black Eyed Peas and all those big tours. We broke records at Staples Center, Madison Square Garden – really seeing the rise of the Latin concert business.

We took chances too; we were the first people to really tour reggaeton. We took [reggaeton] into arenas and really legitimized the genre in the industry, because before that people assumed reggaeton didn't sell.

That's how I met J Balvin, because I was looking for somebody to open for Enrique [Iglesias] and Pit[bull] and he was so obviously the right guy.

What was the biggest lesson you learned

during your first stint as an artist manager?

The most important thing is relationships. I wouldn't have been able to do that job if I didn't have amazing people supporting me. None of us have a crystal ball; we're all going out there on a prayer, believing our

"If you have the right attitude in this business, people don't fuck with you so much."

artist is really going to connect with people the way they connect with us. To achieve that, you need allies.

You have to plant seeds for your future; not everything you do now pays off right away, but it does pay off eventually. So many people have helped me achieve things for the artists I work with because

they believe in me. It feels good to know that those relationships you foster have come from a genuine place.

Where was the Latin market during its last commercial wave versus today?

The numbers don't lie; it's a real market today, and it's only getting bigger. The rise of the streaming platforms has changed the dynamic for Latin music. Managing a Latin artist now is not what it was ten years ago; the world is listening and receptive. There are big TV opportunities left and right. Before, [Latin] clients would do the Today Show or the Tonight Show and people were like, 'Oh my God, this is the biggest deal!' Now, it's normal.

Ten years ago piracy made it impossible to quantify consumption in Latin territories, but now with the [streaming] platforms, we can see that there is hyper-consumption in the region. That has really created a paradigm shift in power for the

entire music culture. What we have to do now is take advantage of all of this attention and follow it up with great music and other great content, so that it's not just a 'moment'. I'm passionate and committed to making sure that this 'moment' turns into a lifetime movement – [that] this kind of positioning in the world for Latin culture lasts.

The hyper-consumption from Latinos is changing the global status of the whole culture. It's providing so much power. Interscope has just hired the former head of Sony Music Latin [Nir Seroussi] because they know there's a real business here. Capitol is doing more [with Latin]; Columbia is all in on Rosalía [as a priority]. That's different – it wasn't like that [with frontline US major labels prioritizing Latin music] even two years ago. It's so healthy and it's so exciting to see.

You co-manage J. Balvin with Universal Music Group. How is that dynamic?

Like I said earlier, this industry is all about partnerships and relationships. Universal has been so good to my artists, a truly great partner. The results speak for themselves – it works.

I'm a huge believer in building strong teams around each artist, and that everybody needs to be incentivized. In the end, if [the Universal partnership] helps us build [Balvin's] business, there's no reason why we shouldn't do it.

How close do you work with Universal Music Latin boss Jesús López? What are his best attributes as an executive?

We talk several times a week. I love him. All I need to say is that his commitment to the artist is real. He picks up the phone. He helps resolve things. He's a true partner.

We're both constantly dealing with each other's opinions but we always do so in a spirit of what's the best thing for the artist. There's no problem that you can't fix as long as everybody is on the same page in terms of their intention and their agenda.

How far away are we from the commercial peak of Latin music? Does it still have space to grow?

It's definitely going to grow much more. Imagine when Latin artists start collaborating with Indian artists. We're already starting to get real interest in Asia. We haven't even tipped the scale yet. There's a lot of world to conquer before we can say that we've peaked.

I feel like this is a time for us: given the explosion of Latin music, there now has to be an even bigger explosion of Latin culture. We have to follow this up with really great movies and really great TV shows. That's one of the things we've been focused on for the last year; [Lionfish] has seven film and TV projects that we're working on. Some of them star Juanes and Balvin, some of them don't. I'm super focused on moving forward beyond music. Look out for increasing crossover between the movie industry and the [Latin] music culture, because it's coming.

Latin music needs more platforms, such as movies and films, to grow. It can't only exist on radio and music services.

What advice would you give a young manager today?

Number one, I'd say try to spend a week with a manager before you decide you want to *be* a manager. This job is really, really hard and it requires a lot of personal sacrifice. It can be amazing, but it can also be very thankless sometimes. If something succeeds, it's never because of you; if something fails, it's always your fault!

What's the proudest moment of your career so far?

It's the little things that end up being the big things. It's starting to work with an artist and getting them out of a horrible record deal that really changes their future; when they were going to die of hunger in that deal, or be lost in irrelevancy. When you can fix that for them and you know that it's a game-changer in their lives, that makes me so happy.

Or when you take an artist from absolute obscurity to getting on to the main global stage, it's like, wow. None of this comes out of ego for me. [I'm driven] by how happy it

Rosalía





makes me to think we changed a talented person's life. There are so many millions of artists that never make it; they just stand in front of their mirrors singing. So when you can illuminate someone's talent and the world notices, oh my God, it's a gift. It's beautiful.

What's been the biggest challenge of your career so far?

Dealing with so many assholes [laughs]! It's true – honest to God! The music business is a really tough business; not everybody is always honest and sincere. You have to listen to your inner voice and trust your instincts – but you also have to learn to speak up and deal with challenging people who are not part of the team around you that support you.

That's why it's so important to have good people in your corner, to have allies, because you're going to find people who do not want you or your artist to succeed.

Has the music business made you a tougher person?

I'm really obsessed with sharks, as well as dolphins and whales. I once saw this amazing documentary about how the orcas in New Zealand and Australia have figured out that if they come up from underneath a Great White [shark] – if they bump its

“None of this comes out of ego for me... I've learned to flip the shark.”

belly, then they flip it – it goes into a coma. Then they can eat it for lunch.

What's that got to do with the music business?

I have learned to flip the shark.

You're a rarity, unfortunately: a female manager of truly blockbuster artists.

Yes, that is unfortunate. First of all, it is changing, and I'm so happy about that. The last year, we've seen a big shift in awakening consciousness, like, 'Hey, this needs to change.' And I feel like the industry has been super receptive to that.

I'm on the board for She Is The Music with Alicia Keys, Sam Kirby Yoh, Jody Gerson and everyone, and it's definitely a huge objective. Girls need to see more examples of women who have done it, so that they can grow up and go, 'Oh, I want to be like that.' I am also part of the Grammys Task Force, led by Tina Tchen, in an effort to

create a more level playing field for women and minorities.

When I was last honored by Billboard Women in Music, one of the things that they asked me was, 'Who is your female icon [in the music biz]?' I couldn't think of

one person. I didn't have a woman in music that I was like 'I grew up thinking I wanted to be just like her.'

I grew up in the business really admiring people like Jerry Weintraub or Jimmy Iovine or David Geffen – these guys that pushed and pushed and built something humongous on their ideas and their passion. Just regular guys that came out of regular families; nobody gave them a break, nobody did them a favor. They just had ideas and they hustled. That always inspires me so much.

Where is the female who can fit in that group? I'm sure she exists, but I don't know her – and that's why we need to talk more about women who succeed. We need to do that with executives, as well as, especially, female producers, female songwriters and female engineers.

Your professional talent aside, what's enabled you to succeed as a high profile female artist manager?

My dad, when I was a little kid, used to ask me almost every day: 'What do you want to do when you grow up?' It was a constant thing I had to know.

I remember one day, I said to him, 'Can I be President of the United States?' And he was like, 'Yup, you can. You should know no girl has ever grown up to be President. So you're gonna have to work extra hard, maybe skip out on having a social life and make a lot of sacrifices...'

Then, when I was eight years old, because I had a heart surgery as a baby, I was like, 'Can I be a pediatric cardiac surgeon?' And he was like, 'Listen,' because my dad is a pediatrician, 'You have to go to college, then medical school, then [study] your specialties. You'll have 12 years of school and you won't start practice until you're about 32 years old. But if you're good with all that sacrifice, then yes, you can.'

And then I was like, 'Okay. Hey dad, can I be a singer?' And he was like, 'Absolutely not.' [Laughs]

Seriously, here's what's important about that: if everybody has somebody in their life who just told them now and again that



they can do whatever they want, we would all achieve so much more.

Has that been especially true for you as a woman in business?

I've always just worked really, really hard, taken no bullshit and been really clear about what I want. You can't get to where you want to go if you don't *know* where you want to go.

If we can just teach girls to think like they're capable and that they can do anything, we're going to see the [gender balance] shift so fast. It needs to start when they're in school, when they're at home.

If you teach girls to have the right attitude, so many situations will improve.

For me, empowerment is not about protection – it's about resilience and dealing with tough situations. I was watching this documentary recently with this insane, amazing woman who dives with sharks; as I mentioned, I'm obsessed with them. Will Smith went to the Bahamas to dive with [her], and in the episode he's like, 'I'm

so scared – but, you know, if you act like food, you're going to be food.'

That's the point. If you have the right attitude in this business, people don't fuck with you so much.

If I could give you a magic wand right now to change one thing about the modern music industry, what would it be and why?

Oh my God: I would stop with the collaborations. It's getting ridiculous. It's like nobody can put a song out by themselves now!

What happened to artists standing on their own two feet? What happened to building a career on your own shit?

It's just getting so diluted. I feel like we need to go back to artists being themselves, rather than this whole marketing machine of chasing streams. That's super unhealthy.

Right now, people out there are looking for real music. Getting masses of streams cannot be the only way we measure every artist. There's much more to it than that. ■

A man with a shaved head, wearing a grey long-sleeved shirt, stands with his arms crossed in a dimly lit recording studio. To his left is a large, multi-tiered keyboard instrument, possibly a Wurlitzer. In the background, there are various pieces of studio equipment, including a desk with a computer monitor, a microphone on a stand, and a lamp. The room has a modern, professional feel with dark walls and horizontal slats on the back wall.

‘For artists, work ethic and intelligence are just as important as talent’

What does the future of the recorded music business look like – and what role will labels play in its evolution? Mike Caren, one of the standout A&R minds in the US industry, gives his view...

Scroll through the blue-ticked Instagram accounts of most major-league US music executives, and you’ll tend to find the same old schtick: images of their artists playing career-boosting stages; flattering snaps of their newly decked-out office; a smattering of vacation/weekend shots accidentally-on-purpose showcasing that sleek second home in the Hills.

Mike Caren’s Insta feed, however, offers a little something more – a little something indicative of the inquisitive mind of the man himself. A swift perusal of Caren’s page throws up graphs, charts and textual provocations covering themes like ‘10 trends that will reshape the music industry’, how fast TV watching is declining amongst Millennials, the average ages of social media use in 2019, and the ‘share of ear’ that radio claims amongst US consumers over 13.

This all fits because Caren, as well as being obsessive about the A&R process, is also obsessive about media trends, and how consumption of everything from HBO to Fortnite and Instagram are munching into the daily music habits of today’s teenagers.

Such compulsive attention to detail is serving Caren’s businesses

well. The Beverly Hills-raised exec founded Artist Publishing Group back in 2006, followed by the launch of Artist Partner Group in 2013. Warner Music Group and Atlantic Records, with whom Caren has worked for more than 20 years, injected a multi-million dollar investment into APG three years ago. Since then, APG, which now employs more than 40 staff, has developed and broken stars including Bazzi, Charlie Puth, Kehlani, Kevin Gates and NBA Youngboy, as well as an electric array of songwriters such as Hitmaka, Yung Berg, Amy Allen and Madison Love.

Most recently, Los Angeles-based APG unleashed Ava Max, who hit No.1 in many territories this year including the UK, Sweden, and Germany with international smash “Sweet But Psycho”.

Caren began his career aged 17 with Atlantic Records, and later served as Co-President – alongside John Janick – of the relaunched Elektra Records (Bruno Mars, Ed Sheeran, Cee Lo Green) between 2009 and 2012. *MBUSA* recently sat down with Caren within APG’s Fairfax studio complex to ask him all about his A&R philosophy, and where he sees the future of multimedia going in the next few years...

Tell us a truism about the music industry.

So much of what moves the needle in this business is just about listening – really listening. When a label or publishing exec has a 60 minute meeting with a producer or songwriter, once you’ve caught up with each other, you’re already 30 minutes into it, and only then do you start listening to music.

That leaves you 25 minutes to listen, and consider eight to 10 ideas. Then the meeting is over – and you haven’t even cracked the surface. If you’d allowed for 90 minutes of music, you would probably have found something really special. So for that last 20 minutes, I might ask you to [hand over] everything you haven’t played me – whether you think I might or might not like it. Then I’m actually going to listen to it all and hear the stuff that other people don’t get to.

You employ more than 40 people at APG, and you’re expanding. Can you actively keep the roster here capped at certain size?

Yes. We started in the publishing world, where I felt that one A&R executive couldn’t really have a high impact on every one of their writers unless they were limited to approximately 10 writers. I noticed that at most of the major publishing companies, when I talked to executives, their personal roster would be over 50 writers. I found it hard to believe that they would be able to deliver something significant for every writer with that roster size. Records is about a smaller amount of artists, but it’s also about building teams. People with different perspectives, different skill sets all working together, learning from each other and bringing different things to the table. I work with people that have so much passion and intelligence and determination. This company is a sum of those parts. There’s 40 people here that have the impact of 150.

What would you say is the defining A&R philosophy of APG?

We believe that work ethic and intelligence are just as important as talent. A smart and hardworking creative will keep improving whereas someone without that work ethic or vision might creatively just tread water, or even decline in their quality.

The biggest thing is getting to know writers and artists personally. We work with them for days, weeks or even months before we sign a deal. We will often lose a deal because somebody – after working with APG – is rushed elsewhere in the industry by a bidding war or whatever. And if that happens, it’s okay. It wasn’t meant to be.

Why is getting to know artists properly so important to you?

Ideally, you want to enter a relationship that’s a decade or decades-long. You can marry the first person you kiss, but I think it’s better to go on more dates and ask a lot of questions to see if your vision of the future is aligned. When you have tough conversations upfront, it leads to better conversations for years to come.

Give us an example of a tough conversation with an artist.

Those conversations revolve around expectations, timeline, patience, vision. I love artists that have huge goals and who know several moves they want to make to get there – who aren’t expecting to make it all in one single play. I love songwriters turning into artists too, because they’ve had this passenger seat in other artists’ careers to which they’ve contributed. The writer-turned-artist has seen other artists making tough decisions, and what the results were, which helps them avoid their own mistakes and pitfalls.

APG is the best at amplifying, investing in and turbo-charging artists who have a lot of ideas. And the best ideas always come from artists. It’s always better to let an artist make a mistake, because when a smart artist makes a mistake, they learn from it. If you just try to protect artists from making those mistakes, it doesn’t help, because when they become very successful, they will ultimately take all the big decisions; your job is to prepare them to make great ones. You can’t shelter talent early on, then expect people to act like an experienced artists when they’re successful.

How do you feel about the number of songwriters behind the majority of hits today?

The other day somebody sent me a video with Bob Marley, One Love and said, ‘What an incredible song and songwriter.’ I said, ‘Yeah, Curtis Mayfield was a fricking genius.’ They said, ‘Are you kidding? That song was written by Bob Marley!’ It’s a co-write. Curtis Mayfield and Bob Marley. And if Bob Marley can co-

write, anyone can co-write.

One defining modern A&R trend is that of collaboration. Two people from largely different genres cross-pollinating fan bases. What do you make of that trend, and does it ever concern you?

I saw an exhibit of Picasso and Matisse years ago. They were friends and they did interpretive pieces of each other’s work. Their artistry was so clear when they did so. Anything that allows someone to demonstrate creativity and originality is an amazing vehicle – but the song [has to be] organic and creative.

Why did you started APG in the first place?

First, I had been working as an A&R person at Atlantic for 10 years. Having been in one company for so long, I wanted a different experience and I wanted an entrepreneurial experience. I built a lot of trust at Atlantic, so they allowed me to create a partnership venture with them. But I operated it independently, and I love to experiment. Every session is an experiment; every marketing idea is an experiment; every day here is about experimentation.

And second, I had this philosophy, this is 15 years ago, that songwriters and producers are artists in their own right – and that a publisher could publish their songs and get them paid, but could also treat them as an artist and A&R them in that way,

“You can’t shelter talent early on, then expect people to act like experienced artists.”



Ava Max

Kevin Gates

Charlie Puth



providing the introductions, the insights, and the resources that labels provide to artists. It was a learning process because I didn't know about publishing, and I didn't have the budget to chase hits, so we had to be bold.

Why is so much A&R focused entirely on the new – the thrill of 'breaking' something?

Out of anything in this business, I get the most satisfaction from seeing other people with their first big successes: their first hit song; their first platinum record; their first sold out tour; their first song on the radio.

Every time a new artist, a new writer has an experience like that, it's contagious. To me, that's more powerful than congratulating someone on their fifth or sixth platinum album. It's an honor to make music – it's exciting and it's an adventure.

I'm really proud of the artists and writers that have been successful, but I'm just as proud of the executives. That goes for the team here, but also people that have previously worked or interned here and moved on. I root for their success.

Right now, I'm in awe of A&R moves from Miles Beard, Jeff Vaughn, Tizita Makuria, Eli Picarretta, Edgar Machuca, Matt MacFarlane, Lisa Mottahedeh, David Phung, and Dan Snyder, all of whom landed their first A&R roles here – several starting

as interns or assistants – and all of whom have signed Gold or Platinum artists or writers, or had hits this year. But I'm also thrilled to see fast career growth and broadening responsibility from vets that joined us such as Elyse Rogers, Angie Pagano, Mike Mathewson, Olly Sheppard, Jessica Kelm, and the list can go on. Fifteen years in, I look around and see our team members thriving, and people who've cut their teeth with us at pretty much every label, from A&R Executive to Chairman.

APG takes a white label approach with its artists – your brand is kept on the sidelines. Why?

We're too broad to create a single, forward-facing brand. The great labels that I love had, and continue to have today, sonic consistency. They had a cultural voice and a specific niche, with a sound or a through line. I lean in to creative people; we're not going to not sign an artist just because they don't fit in with other artists on our roster, or not work with an executive because they're a certain type. There are no rules and no limitations to who APG works with. We just want to work with people for whom we can deliver more than anyone else out there.

Also, I love our entrepreneurial artists and I don't want to take away from their opportunity to build their brand – both their artist brand and their company brand. I love it when an artist's

dreams include everything from festivals to clothing to charitable organizations. If I can help build an artist's brand, it's one more resource that we're providing that I don't think many others offer.

What makes a good artist manager?

One, they have to have enough experience to know that everything changes every year. Two, they have to listen to their artist but also speak the truth to them. And, of course, work ethic and intelligence are so important – especially the work ethic, because managers have to provide an example for their artist. Great managers are also great communicators; people who bring people together.

It's a weird time for the music business because there's so much opportunity now. But there's also this 'Napster Gap', as I call it, 2002 to 2014, where only a few people invested into the business, and only a few people got hired – so there was not as much opportunity for mentorship for a lot of people versus what had come before. There are some incredible managers out there who are just so smart, and had to learn the game on their own.

The head of Netflix, Reed Hastings, said earlier this year that Fortnite was a bigger competitor to his company than traditional rivals like HBO. What do you make of the idea that other media is stealing attention from artists and music?

It's something I think about a lot. I heard about something recently that said that Americans have over 11 hours a day of media consumption because of how much multitasking they do – like how they will play video games while listening to music. Their consumption is literally doubling.

I see incredible opportunity there, because if you work in the music business and you've never played Fortnite, you're going to fall a few steps behind.

How Fortnite makes its money is worth thinking about: the short windows of items being for sale; the opening for other platforms [as the game can be played across different devices]; the live events; how [Epic Games] updates and changes the game's dynamic to keep things so exciting. There are so many amazing things to learn from it.

As far as competing in media, there's going to be huge L.A. production competition. You have Netflix, Apple, Amazon, Hulu, Spotify and a bunch of other companies with endless amounts of money going to go into content production. It's going to mean a whole new competition for creative talent, and it will be interesting. It could be incredible for talent – and it will definitely fortify L.A. as the creative capital of the world.

There's a strong narrative out there about independent artists. How do you counter that with the value of labels?

There's no one-size-fits-all, right? Some people love business. Some

people love managing people and administration. Some people love to be creative. Some people can do all of those things together. And there are some people who are just true artists who want to color outside the lines and break rules. They don't want any of the administrative burden. They don't want to reconcile tours, or deal with Social Security or 401ks, you know?

Some of that's to do with different points in your life. You may be young; you may want to have fun and be creative and break the rules and not deal with turnover and all of these things. And later in your life, you may want to be more stationary and operate a company and a business. People just need to know what things entail.

There are an increasing number of artist managers who now say that running an independent operation for an artist isn't 'management' – it's a business partnership, so it shouldn't be 15 or 20% commission, it should be 50% across everything, including touring. And that all depends on how much of an artist's business is just music – whether they need a manager who's just doing music, or managing several businesses.

Staying independent is probably the right thing for a lot of artists and it's probably the wrong thing for a lot of artists. It all has to do with individual ambition, and how you actually want your 16 to 20 waking hours to be spent.

In an age awash with A&R data, how do you feel about the

reduction in signings based purely on based on gut instinct?

I love data... partly because so much of the major label business is focused on it, which leaves all this open territory for us. But, also, I will say data can definitely show more than just momentum, it can reveal a pool of artists who didn't wait for anyone to move their career forward, who got out of bed every day and worked hard to move the needle. Somebody can tell me they're going to work hard all day long, but an artist that had no resources that went out and built some fans? That's someone you know wants it. I'll never discount that, as work ethic is so essential.

Where do you get your work ethic from?

My mom's creative. My dad's organized. I love this job – this isn't work, look how soft my hands are! The worst part of my job is sitting waiting for someone to show up who's late. That's it! And nowadays, I can always fill those hours by listening to music anyway.

I'm very sure you could have capably run an established major label group. Contemporaries like John Janick are doing it...

He's awesome.

Why did you choose to build something from scratch, rather than run a big frontline label during this period of your career?



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Photo: Arturo Torres

I don't think anyone ever offered me a job that had the freedom that I now enjoy as an entrepreneur. As an industry, we need to empower people and trust them. There's always a lot of oversight and structure in majors – and it's probably needed. But now, we're facing an ever-evolving future, we have to experiment and to do R&D.

Change is inevitable. Change is good. But you have to try things in order to figure out what works with change. It's inevitable that artists are going to change the way they make music and market music – and anyone who clings on to the past will get left behind. I love nostalgia like anyone else; we can still tell great stories of the good old days, but we have to be open to try new things all the time.

Let's talk about the future, then. What are you excited about?

We are a very de-centralized company; I'm trying my absolute best to build the most entrepreneurial organization possible. I want

everyone here to think like entrepreneurs, and to make decisions. I choose to run this company differently from, say, the way the legendary Clive Davis ran Arista. He's incredible, but I hear he personally approved every piece of art and every mix. Again, just like the artists here, everyone should be making decisions, seeing the results and learning from them. I want every executive I work

with to feel that their career grew twice as fast in this organization than it did anywhere else.

What's going to change at APG over the next five years?

We're trying to reorganize the entire approach to being a global company. Many major labels don't seem like singular global companies; they're a

bunch of companies, around the world, that license to each other. Spotify is a global company; they have editors in different offices, but they are a global company. That's something we're a couple of steps ahead on and I don't think it will take five years. I think it will happen way before then. ■

“We’re facing an ever-evolving future [so] we have to experiment and do R&D.”

‘THIS BUSINESS IS CHANGING – IF YOU’RE NOT WILLING TO INNOVATE, YOU’RE GONNA BE LEFT IN THE DUST...’

Imagine running Motown. Imagine coming in every day, seeing that logo, feeling the eyes of history upon you. Ethiopia Habtemariam does just that – and she’s smashing it....

Ethiopia Habtemariam remembers well when hip-hop wasn’t hot. In fact, she doesn’t have to try very hard at all.

The night before we sit down with Habtemariam in her office in the Capitol Tower, Hollywood, we share dinner with a fellow high-flying exec in the US business, who delivers a jaw-dropping stat. “You want to know how much this business has changed in the past five years?” he asks. “Everyone’s hip-hop, hip-hop, hip-hop now – but check the record: in 2013, there wasn’t a single black [lead] artist at No.1 on the Billboard Hot 100 all year.”

We checked the record. Unbelievably, it’s true.

For Berkeley, CA-born, Atlanta-raised Habtemariam, this period is still very much fresh in the memory. The exec was promoted to President of Motown Records in 2014, after three years as its EVP.

At the same time, Universal Music Group boss Sir Lucian Grainge announced that Motown would be moving back to Los Angeles as part of the rejuvenated Capitol Music Group (CMG). As Motown President, Habtemariam initially continued in a dual role – also holding the position of Head of Urban Music at Universal Music Publishing Group – before leaving that gig behind to focus fully on Motown and a larger executive role within CMG.

At UMPG, where she’d worked since 2003, Habtemariam signed the likes of Ludacris, Justin Bieber, J. Cole, Chris Brown, Ester Dean, Hit Boi and Miguel, playing an instrumental role in the increasing influence of hip-hop on mainstream US pop hits.

But when it came to running a record label, she found a very different creative ecosystem at play.

“I’m not going to lie: my first year as President here was tough,” she says today. “Streaming hadn’t kicked in, and we had these fantastic artists, but I just couldn’t get any momentum.”

“Even having a No.1 record at Urban Radio didn’t equate into any kind of real sales. There’d be that quarterly [corporate] check-in, and you were looking at your P&L, thinking ‘f*ck’, knowing you’d be held accountable.”

“The value of a record label comes down to its ideas.”

You already know the rest of the story. Habtemariam wasn’t out of step with public trends – the music business was.

As streaming exploded in the United States, so hip-hop became the biggest genre in the land, claiming, according to BuzzAngle, over a quarter of all on-demand audio streams in the States last year.

Now firmly established as a jewel in the Capitol Music Group setup, Motown is a key player in both CMG’s resurgence and the blockbuster success of modern US hip-hop. Habtemariam, alongside CMG topper Steve Barnett, led a transformative partnership with Atlanta-



With two heroes: Berry Gordy and Clarence Avant

based Quality Control back in 2015, which has reaped huge dividends via releases from Migos, Lil Baby, City Girls and Lil Yachty, to name a few. Motown’s own roster today also includes priority acts like BJ The Chicago Kid, Chaz French and James Davis.

Habtemariam’s certainly come a long way from the start of her career, interning at Elektra in her teenage hometown of Atlanta, having been inspired to enter the record business by LaFace Records’ head of promotion, Shanti Das...

You’re fighting a fervent independent artist scene out there. What’s the value of a major record company in 2019?

Good question: I remember when I was just working in publishing, before I made the transition into a label, I even questioned this notion a bit myself.

During my time as a publisher, I also did some management for Keri Hilson, who I signed as a writer, and I had some frustrations with the label system not moving quickly enough.

I’ve since learned that the value of a record label honestly comes down to its ideas and a team around the world that can execute your vision. With Migos, for instance; since we stepped in, what

we’ve been able to do for them and their positioning, working with QC, has been game-changing. Our brands team here is incredible. We get to strategize and really figure out how to grow them and take things to the next level.

A big part of that is global. We’re always thinking about streaming, how it connects the world; how people in Africa are listening to the same music we are the moment it drops here. These kids, worldwide, are on the same wavelength – we have to strategize around that.

Are artists noticing the value that major labels bring?

There’s power in being signed today. And I’m feeling it more now than ever, because even some of these big artists who had the ‘f*ck major labels’ attitude for a minute are coming back now – because they appreciate the power and expertise that is here: the offices in all the markets, the intricate planning, the timeline of execution, and the artist development – knowing who the right people to connect you with are, creatively and business-wise.

You say you had frustrations with major labels not moving quickly enough in the past. What did that teach you?

That getting past those frustrations is all a matter of communication. Almost everyone is working in music because they love it – at least the people I work with. If you can acknowledge that when communicating with whomever you’re dealing with, it helps them buy into your [project] and become advocates for it. And then you can execute a great plan.

You don’t hear things like ‘this is the precedent for how we do things’ [in major labels] so much anymore. This business is growing and changing all the time, and if you’re not willing to change and innovate on the way, you’re gonna be left in the dust.

The good thing about arriving here [Capitol Music Group] at the beginning of the rebuilding process [in 2014], was that we were all basically starting from scratch. Steve, Michelle [Jubelirer], myself; we were really given the opportunity to build something fresh, make new and innovative kinds of deals with artists, labels and other partners. It’s allowed us to be much more nimble, and do things differently.

That Hot 100 stat from 2013 – with zero lead black artists at No.1 in a year – is shocking and fascinating. Was the industry that much more controlled even that short time ago?



In a word: yes, but, I was having a lot of success as a music publisher at that time and was almost shielded from that reality.

I was working with some of music's most talented and successful writers and producers, black talent who were writing a lot of pop hits. So I never would have believed that black performers would be marginalized in that way. And then I started working on the label side and I got my first taste of, 'Oh no. This artist and that R&B or hip-hop record aren't going to get to No.1 without certain changes,' or, in the case of R&B, without a certain feature. It was almost as if there wasn't the confidence that black artists could get to the top. And if you don't believe it can happen, it's not going to happen.

Then, in my first year as President of Motown, it was getting to the point that I was struggling to justify the investment in the roster because it wasn't turning into anything immediately [lucrative]. But we always felt certain that, culturally, [urban] music was permeating and connecting to

people, whether it be through the mix tape circuit, or through platforms like My MixTapez, Audiomack, etc.

Then, when Spotify, Apple Music and the others really kicked in, we started to see the data coming in and found that black music had not only permeated globally, but that the demand was growing rapidly. That's when there was a real shift, when our industry realized that black artists could have massive success around the world. Look at what our partnership with QC has spawned globally: Three young artists from Atlanta – Migos – have become worldwide superstars and cultural influencers by staying completely true to themselves. Their success is not only a testament to their talent and charisma, but to our partnership with the QC team and all of our belief that this would happen.

It might seem obvious now, but we had to push through a lot of obstacles along the way, which is okay. I like proving naysayers wrong, and I'm unshakable when I believe in a particular artist and their music. That's

never going to change. I'm taking great pride in leading Motown at this particular time, as it reminds me of our history; how Motown started blazing this trail in the 1960s and has continued to do so in every decade since.

This year is our 60th Anniversary, and I've directed a re-branding of the label's image and messaging for the 21st century, reminding the world of Motown's tremendous legacy. I can't wait for everyone to see the incredible documentary – *Hitsville: The Making of Motown* – that's coming later this year. It's not only one of the greatest stories in music and culture, but there are so many parallels with what is going on today. There are a lot of lessons to be learned from the past when it comes to knowing what can be achieved.

Look at how these young black artists from Detroit created music that transcended so many barriers – racial, social, economic – and united people around the world while becoming superstars in the process.



How do you make the most of this moment, and prepare for the future?

Every [major label] should be signing diverse music. It shouldn't just be pop, or dance, or hip-hop, or R&B, or whatever the dominant genre is at the time. Even now, when people talk about hip-hop's dominance, I'm the one saying, 'Okay guys. Let's not act like there won't be some incredible alternative pop, or that the grunge sound might not come back.' At its core, music is about an emotional connection between an artist and the audience. I rarely hear artists and musicians label their music within a specific genre; they all create from a pure place of emotion and feel.

We have to recognize that genres are blending more than ever before; look at Halsey and how broad her palette is, or how a young British artist like Ella Mai creates an R&B record like *Boo'd Up* and has a huge pop success. As creative executives we have to remember that at its core, music is

about artistry and talent. We can't put it in a box. Musically, you don't always have to rely on a reference from the past to see what's possible in the future.

It's about having great A&R people that understand all kinds of music. That's the core of it. I hate that people today sometimes look at [genres] like trends, because it

"I'm unshakable when I believe in an artist and their music."

means that at some point, someone's gonna say, 'Oh, [that genre is] falling off.' That's not the reality of how humans experience music – which is affected by our mood and the reflection of the world around us, a million different things.

I've heard some backlash to the urban / hip-hop 'resurgence', like, 'Oh shit, there's

no room left for us now.' And I'm the one saying, 'No, that's not it at all.' But I can't deny that it's satisfying for me to say that those guys [who suppressed hip-hop], they neglected a space in music for a really long time. And they were wrong.

'Urban music' is a tricky term in the modern industry. What's your view of that debate?

I remember when I first got promoted to Head of Urban Music [at UMPG] and a few people called me. One said, 'Don't let them put that in your title. Everyone that you've signed and all your rising producers are writing the biggest pop hits.' And I was like, 'Damn. You're right!' But then I spoke to other people who said: 'E, what's so wrong with that title? If you don't embrace it, someone else will.'

So 'urban music' or 'black music', it's really not about the terminology we use. What's important is that there are opportunities for people in this industry

With Migos, Steve Barnett and QC's founders – Kevin 'Coach K' Lee and Pierre 'Pee' Thomas



who look like me, and that they aren't limited or marginalized in any way.

Who are your mentors?

The first person I have to mention is Clarence Avant, who I've been blessed to know. He's been like a second father to me. I met him when we administered his catalog [at UMPG]. When I transitioned into the label and I was having that tough time at first, I remember Clarence took me to lunch, and said: 'A legacy like Motown will always be tough. Don't compare yourself to the past. They tell you about all the great shit, but they don't tell you about the records that weren't hits.'

Shanti Das at LaFace Records changed the course of my life. She provided me with the opportunity to intern there and that changed everything. Another woman I owe a lot to is LaRonda Sutton, who created L.A. Reid's publishing company, Hitco, and introduced me to the world of music publishing. She noticed my talent early on and I learned so much from her on my

way up. And through my whole career, I've always looked up to Jon [Platt] and have so much respect and reverence for him and what he's achieved. Not just in his career, but the example he sets as a human being.

We're all blessed in this business to work with really talented people, but it's all of our responsibility to not get too lost or caught up in the power. You can't allow your ego to get out of control and forget what the purpose of your being here is.

Can you give more detail on why you found running the label tough in your early couple of years?

There was a lot of instability around Motown. There were so many different structures we had to work within, and, frankly, it wasn't getting the focus or support that it needed to succeed. Things really changed for the better when we relaunched Motown as a flagship label [at CMG]. I can't say enough about Steve [Barnett]'s support and commitment to Motown as a thriving and important front-

line label. It's made such a difference, not only to Motown, but to CMG's overall commitment to black music that hasn't existed at this level for decades.

Like all of us, I had my own personal experience with Motown. My parents are Ethiopian, and I'm first generation Ethiopian-American. My mom loved the Jackson Five, Marvin Gaye, Stevie Wonder and Lionel Richie and would play that music all the time. As I kid, for me, I was a huge fan of that Boyz II Men, Michael Bivins era of Motown. And you can't forget Rick James, Teena Marie and DeBarge.

Everyone has a certain Motown era that means so much to them. But people often have this picture of Motown that's rooted in the past. We certainly honor and treasure Motown's legacy, but my job is to also help the world experience Motown in the present and future.

Let's talk about Quality Control. Where are they going to sit as a brand in the history of the recording music business?

They are disruptors and innovators, people who have really changed the game and inspire so many young people. I think one of their long-term goals is to be remembered in the same way as a Def Jam, or a Motown, or a Capitol. It has been so rewarding and so much fun to work alongside them.

Pee and Coach love music, love their artists, have an incredible work ethic and are committed to greatness. They've forged their own paths and have created something special out of Atlanta. Their success proves that you can go and build your own thing without limits.

We are extremely focused on building out [QC] globally. We recently went on a roadshow around Europe and we could all see how potent Quality Control has become in these different markets.

Do you have any thoughts on how you break personalities, not just tracks, in this modern era?

It's a challenge, but it comes down to storytelling; how do we take advantage of all these different platforms to really tell the world who an artist is?

You need to be consistent with that story and tell it through your music and across all of the platforms and mediums we now have to connect with people. And the story has to be your truth. Now more than ever, we can feel when something's contrived and not authentic.

What were you like at school and how has your personality affected your career?

Have you ever done the exercise of going back and looking at photos of yourself when you were at school? I have, and it's like, 'Wow. I was fearless as f*ck!' Like, I had no fear – at all. Any idea I had, I followed through, and that's a quality I always draw upon in my adult life and career: Pursuing dreams and ideas that some people might think are out of the box.

Growing up as the daughter of African parents, specifically, they [typically] only want you to be a doctor or a scientist or a lawyer. My father, a scientist, has his PhD, my mom has her Masters. But I was like, 'I've found my passion and my love:

Attending the 2016 BMI R&B/Hip-Hop Awards in Atlanta



it's music.' It was a quite unique situation that my parents supported me in it. They saw how passionate I was and created some protection around it for me.

My parents are very kind, good human beings, and I'm an extension of them. It's tough to be that in this music business at certain times; kindness can be mistaken for weakness. But again, I think we all have an opportunity in how we live our lives to set a new example, perhaps as a positive reaction to things we may have seen ourselves over the years.

Have you ever felt that being a woman, and/or a woman of color, has resulted in you being treated unfairly?

Yes – I'm sure of it. I've learned a lot from those experiences, and I've decided not to let them hold me back from what I'm here to do. But it wasn't until later in my career that I understood that these barriers even existed.

When I was younger in my career, I was naïve to a lot of things. This probably

worked in my favor, because it allowed me to keep my head down and focus on the work. Also, growing up in Atlanta, I was able to see a lot of successful black people, so I never questioned the potential to achieve my dreams. There were so many great role models to inspire me, and I feel very fortunate to have grown up there.

I love being a woman. I love being a black woman. That's a big part of who I am, and I love that my personal life and career experiences inform my abilities and success in this business.

If we gave you a magic wand to change one thing about the music business today, what would it be and why?

Simple: for people to truly honor the music. I would immediately get rid of anyone that's only operating from a place of ego or with bad intentions; get out of the fucking way, you know? Music is the most powerful force we have in this world to bring us together, and that needs to be respected by all of us. ■

IF SONGS ARE MORE IMPORTANT THAN EVER, WHY DON'T MORE MUSIC PUBLISHERS ACT LIKE IT?

Songs are getting more valuable across all platforms, says Downtown CEO Justin Kalifowitz. He implores the industry to improve how songwriters are recognized...

In late February 2019, the season finale of *The Masked Singer* – a reality competition TV program that features celebrities performing popular songs in elaborate costumes concealing their identities – scored massive primetime ratings in the US for the FOX broadcast network. In fact, the entire first season was so successful, the network has already committed for two additional seasons. Originating in South Korea, the US edition is one of several versions from around the world, including China, Thailand, Vietnam, and Indonesia, with forthcoming franchises in France, Germany, Mexico, Spain, The Netherlands, and Portugal.

This is simply one recent example of the ways in which songs, distinct from any single recording, have regained a cultural prominence on a scale not seen since the early 1960s.

Yet despite this ‘song renaissance’, the indispensable contributions of songwriters continue to be obscured and largely undervalued. That’s why music publishers need to work together globally to champion the art of songwriting to ensure that creators are properly recognized, valued, and celebrated.

For more than a decade, traditional media has built international television franchises such as *The Voice* and *Idol* on the back of song copyrights. Film directors from Sophia Coppola and Martin Scorsese to Wes Anderson and The Coen Brothers often dedicate their soundtracks to reimagining songs from a bygone era.

Countless brands around the world, including car manufacturers, consumer goods, retail outlets, and technology companies, among others, have used cover songs in their advertising campaigns to connect with consumers. Digital platforms, like YouTube, Facebook, and TikTok, have built multi-billion dollar enterprises fueled by fan engagement with song copyrights – be



“Songs have gained a prominence not seen since the early 1960s.”

they cover recordings, lyric videos, instructional music performance, or personal user-generated content (UGC). In most cases, the songwriters whose work served as a foundational element to these businesses didn’t receive the recognition or even the income their contributions warranted.

Historically, songwriters have seen more than 75% of their income subject to a complex web of government regulation, thanks in large part to antiquated copyright laws. While local and regional advancements, such as the Music Modernization Act and the European Copyright Directive are steps in the right direction, addressing systemic challenges on a global scale will require the industry to educate and re-educate lawmakers, regulators, and judges, among others, on the foundational basics of how the music business works. But in the near term, music publishers should consider the options we have to elevate the art of songwriting in the public consciousness.

We can all agree that music award shows globally could use a rethink, and this presents an opportunity to increase the visibility of the craft of songwriting. Here in the US, we fragment industry-facing songwriter awards by collection society and genre to our detriment. Producing a single awards program to celebrate songwriters would not only be more comprehensive, but it would allow for more resources to support efforts like the National Music Publishers Association (NMPA) Gold and Platinum Awards and other initiatives that could more actively drive visibility among consumer audiences.

At a minimum, music publishers should support existing media that highlight the art of songwriting, such as this publication, *Rolling Stone* and of course, *American Songwriter*. But more broadly, music publishers should develop consumer-facing marketing and communications departments capable of sharing the stories of their songs and the craft of their songwriters far and wide. Consumer media outlets are already clued in to the growing interest in songs, with established columns and features like *The New York Times*’ ‘Diary of a Song’, the *Financial Times*’ ‘Life of a Song’, and *The Guardian*’s ‘How We Made’, all of which reach far wider audiences. NBC has perhaps taken the boldest step with the launch of *Songland*, a *Voice*-style competition show for which Downtown client Ryan Tedder serves as Executive Producer.

Music publishers should also be pushing for increased visibility as a standard point across contract negotiations. When licensing digital services, publishers should insist on the development of a ‘search by songwriter’ feature and facilitate this through better data exchanges across the value chain.

As labels and DSPs look to expand how they monetize music videos, publishers should negotiate for on-screen songwriter credit as an important element of these agreements. For services with artist and label portals, we should be working hand-in-hand to develop integrations that enable the distribution of lyrics, songwriter bios, photos, social media and other information that can be displayed in-app alongside corresponding recordings.

With news that *Billboard* is planning to recognize songwriters who contribute to the Hot 100, music publishers should take this moment to lobby for the creation of both



Downtown client
Ryan Tedder is Exec
Producer of new US
music show Songland

“Publishers should be pushing for increased visibility on digital services.”

national and global song charts. In an era where song copyrights are more important than ever, companies interested in measuring impact should consider not only the success of a single recording pushed by one particular label, but rather the extraordinary impact of hundreds (and sometimes thousands) of professional and UGC covers, foreign language adaptations, lyric videos and music instructionals that pay homage to our clients’ words and music. This collective global engagement would be a far more accurate measure of the most impactful song in the world.

This is by no means an exhaustive list; I’m sure if the broader industry prioritized promoting the art of songwriting, we’d unearth many more opportunities to celebrate the work of our creative partners. This recognition would not only bring them much deserved notoriety, but would meaningfully impact our legislative initiatives in Washington D.C. and Brussels (and maybe, one day, Beijing) to ultimately result in fair and just compensation for their extraordinary work.

After all, if those of us who have been entrusted by songwriters to protect their rights and develop new creative opportunities don’t vigilantly advocate alongside creators, who will?

‘CAN YOU HEAR US NOW?’

300 Entertainment is making its presence felt in the US record industry – under the direction of its fired-up leader...

Kevin Liles has got something to say. The Baltimore-raised exec knows full well that the music industry chatter machine hasn't stopped whirring since the sudden exit of two of 300 Entertainment's co-founders towards the end of 2016. Lyor Cohen, Liles' long-time Def Jam and Warner Music ally, left to become Global Head of Music at YouTube, while Todd Moscovitz jumped ship to launch his own label, Cold Heat Records (now Alamo Records) with Universal Music Group.

Liles stepped up to become CEO of New York-based 300 in the wake of Cohen's departure, but that didn't stop pessimistic music biz whisperers from speculating that the company's slimmed-down management team was a portent for the end of the independent label – which took on a multi-million dollar investment from Google Ventures in its early stages.

Today, Liles wants everyone to know that 300 was “never about one person. It's always been about our mission statement, the artists we represent, and the people in the building.”

Following the diamond-selling success of Fetty Wap in 2015, says Liles, 300 has become a Top 3 US indie label in just five years. Its hottest artists today include Megan Thee Stallion, Gunna, Tee Grizzley – whose Activated album went Top 10 on the Billboard 200 last year – and Young Thug, who not only featured on the Grammy-winning *This Is America* by Childish Gambino, but also had a star turn on Camila Cabello's *Havana*, officially the biggest-selling digital single of 2018 worldwide.

Liles is adamant, however, that, despite its closeness to “the culture”, 300 shouldn't be pigeon-holed as a hip-hop label – nor, for that matter, a US-centric one. Witness Drax Project, a four-piece New Zealand indie/pop band who have opened for Ed

Sheeran, Camila Cabello, and Lorde; Liles calls them “amazing”, and is tipping them for big things. 300 also boasts signings like Platinum-selling electronic trio Cheat Codes, plus LA-based singer/songwriter Maggie Lindemann and three time Grammy-nominated rock outfit, Highly Suspect.

However, Liles – who spent eight years as President of Def Jam and EVP of Island Def Jam – still has a proud affinity with his hip-hop roots. He speaks with particular energy about 300’s up-and-coming rap acts, such as Megan Thee Stallion (signed via Carl Crawford’s 1501 label) and Gunna (signed via Young Thug’s YSL, and who landed a No. 1 hip-hop album and No.3 US album with Drip Or Drown 2 in February).

There are, also, more disquieting topics on Liles’ mind: from the lack of racial and gender diversity at the top of entertainment’s biggest companies to the criminal justice system of the United States – which, he says, continues to systemically punish people of color to an outrageous degree – and a broken education system that needs a massive overhaul.

So, yes, Kevin Liles has something to say. Listen up...

You launched 300 just over five years ago. How should we think about the company today?

We wanted to build a disruptor, to say, ‘Let’s get rid of all the red tape.’ We didn’t even call ourselves a ‘label’ – we are a platform for entrepreneurs, for entertainers, for executives, for creators to partner and do great things.

As I reflect on it now, [the launch] was like a Bat Signal for freedom; freedom to do what we wanted when we wanted to do it, with the people we wanted to do it with. We are part of what I call the ‘New Independents’; it’s not the old way of thinking, it means being independent in partnership, independent in capitalization, and independent in collaboration.

There were question marks when Lyor left the company. What was the story behind that?

Lyor is a great friend and someone I speak to every day. There came a point in time when YouTube and Google – one of 300’s biggest investors – had a need. When you work in the business for over 30 years [like Lyor], you operate for the greater good. And the greater good was to say, ‘Let’s improve the conversation around what YouTube Music and Google Play, and streaming generally, mean to our industry.’

What better way to do that than to have one of us there? To have somebody that wasn’t afraid to have the hard conversations? We’re living our legacy now. Everything we do [should] make our culture better and provide more opportunities in the media and entertainment. When you operate for the greater good, some people might be shocked. But we just played the hand we were dealt and continue to push our culture forward.

So what’s happened at 300 after Lyor’s departure in 2016?

Well, I can only tell you we didn’t lose one employee. We didn’t lose one artist. We grew 72% that year. At the time [Lyor left], 300 [employed] 24 people, and now we have 42 people; at that time, it was 42 artists and now it’s 100 artists. We have a responsibility to all of these people. As for Lyor, I’m so happy – my main man is at YouTube and remains a partner in the platform we created.

Think about going to your investors and telling them about growing 72%. Those are happy conversations. We’re having a great time here, developing artists, executives, and building culture.

If you have a roster of 100 artists, you’re a significant independent label. What is it you want to achieve?

We are looking for cultural disruptors. People like Young Thug who expresses himself in ways that some people agree with, and some people don’t. I’m looking at people like Tee Grizzley who comes out and makes a record called First Day Out and sells five million single equivalents – and changes his family’s life, because he comes from a broken home, with a father who passed and a mom who is incarcerated.

As you know, our culture is exploding globally. Whether in France, in Germany, in the UK or Japan, it’s hip-hop right now. I want the world to know that we’re open for business, but that [to work with 300] you have to speak to the culture, and you have to [carry] the voice of young people. You can’t want to live off of what was done before. You have to make your own way and stand on your own.

In a nutshell, our company is the voice of the new independents.

Let’s have the independent artist discussion. Independent acts have more options for distribution than ever before; how do you separate yourselves from the other companies aimed at helping them?

First we’ve got to define: what is ‘independent’? I tell people, ‘Okay. If you’re putting up your own money, if you’re calling all the shots yourself, if you’re distributing your own record, if you’re shooting your own videos... that’s independent.’ And to be quite honest, out of every [artist] selling that dream, nobody’s actually doing it. Every one of these guys had someone to help. Whether you had a private funder, your friend shot your video, or your friends are posting on socials and doing your PR.

To me, independence is a mindset, but in order to build that into something special, it takes collaboration, it takes investment, it takes a value proposition.

I always tell artists, ‘Listen, we have to [demonstrate] value for you every day... we have to show that we are doing everything in our power, using every relationship, using every piece of capital that we have, to help you achieve your goal.’

It bugs me out when people act like success does not come

“We didn’t lose one employee, or one artist. We grew 72%. I’m so happy for Lyor.”



Megan Thee Stallion

Tee Grizzley



Gunna



Maggie Lindemann



Young Thug



Drax Project



without true partnership. Business is when two people come together – and then one plus one can equal three, five, or ten. If you and I walk into a room together, we gonna get more than you walking in the room by yourself. Or me by myself. Period. There's no question about that, and we are willing to prove it [at 300] every single day of our lives.

This is not a conversation about whether you own your master, or don't own your master. If one plus one can equal five, one plus one can equal ten, is that a good partnership?

The reality is that any small business which wants to grow takes on additional capital, collaborates more and brings in more partners. This is true of any business, not just the music business.

Why 300? Why our team? We have 42 people committed to showing their value proposition to you seven days a week, 365 days a year.

In that case, what differentiates you from the major, global record companies? If you're fighting to sign the same artist as a major label, you know that the major is saying: '300's just an independent. We have more global firepower than them.'

I love this conversation, because guess what? Major record

companies have systems that pre-date the streaming era, catalog and business systems that require a different type of infrastructure. We were born in the streaming era. We keep seeing executives leaving major companies to come here because they wanna be part of a company that has less red tape and more autonomy to make a personal difference.

Our mindset is that of an independent, but our muscle is that of a major. Are you worried about relationships? Who do you wanna call? Are you talking about capital? We are financed to do any deal that anyone else can do. Listen, we have enough capital [at 300] to make any kind of investment – big or small, but we instead choose to double down on building and partnering what's new; a new voice, a new

sound, a new movement. And in five years, we've amassed over 100 gold, platinum, multi platinum and diamond-certified singles.

And here's the good thing about it: when you're on the front line, it's okay to take some bullets. It's okay for a company to say they have more money than us or they could do this or that better than us.

As an architect and partner of several successful companies, I've heard that for the past three decades. I've been told 'no' my whole

“Executives keep leaving majors to come here. They want less red tape.”

life. I've been told, 'Get out of my radio station, rap is a fad.' So why would I sit and compare ourselves to the big organizations of the past? Those that can't change directions on a dime? Those that need so many approvals just to get one answer?

We were born to out-discover, out-sign, out- maneuver, out-build. That is just who we are.

One significant artist who has left 300, and signed a big major deal with QC/Capitol, is Migos. Their most recent album, Culture II, went double-platinum last year. Do you think things have been done for Migos' career since they left that 300 couldn't have provided?

I'm proud that we had the opportunity to work with QC and Migos. Together we partnered to deliver the biggest album of their career so far, Culture I. I encourage everyone to do what's best for them. I want to make this clear. We love QC, and we love Migos. QC will never tell you that we were not good for them.

As a matter of fact, we partnered [with QC] last year to distribute one of the biggest projects, Drip Too Hard by Gunna and Lil Baby. Gunna is ours through YSL, and Lil Baby is theirs. We've done so much great business that we use the same deal structure that has successfully worked with us in the past. Check out our many collaborations over the past few years: we work well together and will continue to do so.

What's the most exciting thing about 300 right now that people might not know about?

The week that Gunna came with his No.1 rap album, and No.3 [Billboard 200] album, that week alone we were 1.5% market share [in the US].

So one of the most exciting things to me is building this label with Young Thug, YSL, and Carl Crawford's 1501 and Rich The Kid's Rich Forever, because it reminds me of when we built Roc-A-Fella, Ruff Ryders, Murder Inc, Disturbing tha Peace, and Def Jam South – all under one logo. It reminds me of that entrepreneurial spirit, when everyone worked together to be great.

From a corporate standpoint, I have a very diverse [world view] based on my experiences. I can look around my office today and see real diversity – diversity of people, diversity of thought, diversity of conversation and diversity of opportunity.

Speaking of diversity, you are one of a handful of people of color running significant US music companies. Where are we at on the timeline of progression?

It's a big problem that we have the No.1 music [hip-hop] and yet the c-suite in our industry does not reflect where we are. Top Dawg, QC, Cash Money and others, keep putting numbers on the board, so that board should be as diverse as the music. We have a long way to go and I will always openly speak about it.

One reason why we are independent, the reason we choose to

do our own thing, is because there's a problem with the system – not just the music system, but the education system, and the justice reform system. This is life in the eyes of somebody who lives it every single day.

I have created a diverse executive team at 300 and challenge other companies to do the same.

Are you hopeful that Jon Platt's appointment as a multi-national CEO at Sony/ATV might change things in the corporate/c-suite world you reference?

Jon's a good friend and I believe in Jon. But I don't believe in Jon as just an African-American – I believe in him as one of the greatest executives to ever do publishing.

He's been given a great opportunity and I'm sure he'll do very well, but one person doesn't change the complexity or the sensitivity that I have around the issue of diversity and inclusion. There need to be more Jon Platts, Sylvia Rhones, and Julie Greenwalds in c-suite positions. I know they are all about the greater good.

What's so special is that there is so much entrepreneurialism in our culture out of necessity, and it has prepared us for any opportunity to have any seat at the table. With my success, there's a responsibility now for me to be outspoken, to help create change that's going to allow people to have even more opportunities than I have had.

You must remember gatekeepers stopping hip-hop from getting its commercial dues earlier in your career. People in radio, people in

retail, even people within labels. They look a bit silly now.

Listen, we got put out of so many radio stations. Literally put out. They wouldn't play our records, so we had to create other means. We decided to create such a demand and such a groundswell that radio had to give the people what they wanted.

You cannot stop a cultural movement.

I don't fault anybody, though. It's the same as people who said to African-Americans, 'You are not a human being.' It's the same as people who say, 'You shouldn't get a vote.'

Hip-hop and youth culture are constant agents of change. I went to college for electrical engineering, because I was told that you go to school, then you get a job, then you get your benefits. I'm glad I didn't end up just listening to that. I wanted more. I wanted to build something. I wanted to be an entrepreneur.

Most people are still stuck in the old system. Maybe everybody doesn't want me at the country club. Maybe I don't really give a fuck if I get invited to the White House right now or not.

I will always be a voice of change; and if change for the greater good offends you, then simply put, fuck it – you're offended.

What offends you?



Kevin Liles, shot in New York City, May 2019

Photo: Jason Goodrich

Double standards. A system that's rigged. Cheating the rising generation out of opportunity. Setting the music industry's issues aside, a good example in the news is the \$25m spent on wire fraud for privileged kids to get a better education [in the college admissions scandal]. We are fighting this every single day – privilege, entitlement, however you want to put it.

That's why what we need, right now more than ever, is diversity of leadership in all industries. People don't understand; when I saw Dick Parsons, Bob Johnson, and Cathy Hughes, I thought, 'I could be that.' We need those beacons of light and opportunity so much: 'You can be a female CEO. You can be an entrepreneur. You can be President of the United States.'

You said earlier that 300 is not for sale. Do you get phone calls from people who are interested?

I've been told not to answer that question [laughs]! Listen, if a major label can be valued at \$44 billion and [300 Entertainment] is at 1.5% US market share, you tell me if you think somebody would be calling me. But we are not for sale.

Eloquently answered – without answering! Hip-hop is booming, as you note. Not just in the US, but around the world in France, Germany, the UK... Can it get even bigger?

You haven't seen anything yet. I love Stormzy, I love AJ Tracey, I love what the Zanybros are doing out of South Korea.

We are collaborating with people all over the world because they believe in the cultural movement; not a colored movement, a *cultural* movement. This is not just in music. Look at the kids at Fieldston that just sat out in New York – they camped out for three days, and got their demands met. [Students at Fieldston, a private school, protested against an alleged racist culture in March, following the emergence of a video showing senior pupils using a racial epithet.] Other kids are fighting for justice reform. Racial profiling is at an all time high and the constant divisive rhetoric used by the current administration continues to deteriorate all of the hard work of our former leaders.

Young people today are fearless, and they're pushing for change. They are saying, 'We will not allow you to remove our voice anymore. Can you hear us now? Can you hear us now?' ■

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‘I THINK THIS IS THE MOST EXCITING TIME THE MUSIC BUSINESS HAS EVER SEEN’

Three Six Zero has made a real mark in the US over the past decade, not least thanks to star client Calvin Harris. The firm's founder and CEO, Mark Gillespie, looks forward...

Mark Gillespie grew up in Redditch, just south of Birmingham, England – where, as a teenager in the mid-'90s, he developed his passion for electronic music as a record collector and amateur DJ. From there, he met local promoter Eddie Boulton, who gave him a job handing out flyers for Birmingham's soon-to-launch legendary superclub Godskitchen.

Within a couple of years, Gillespie – deemed something of an internet-age whizkid within Godskitchen – was becoming an increasingly influential figure within the club, helping pick out emerging DJ talent, while also building websites, launching digital marketing campaigns and acting as a talent liaison.

This was a heady lifestyle for an 18-year-old dance music fanatic, which, by Gillespie's own admission, invited “all kinds of crazy shit” into his life. Including the fact that local gangs – particularly the notoriously violent Birmingham Zulus – liked to frequent the club.

“For quite a while, I wore a bulletproof vest to work,” says Gillespie, matter-of-factly. “That was just being sensible; there'd always be standoffs between various gangs over who was and wasn't allowed in the club. And then one night, this guy pulled a gun out and waved it right in my face.”

Funny thing is, Gillespie doesn't actually count this incident as his worst ever day at work. That came a couple of years before, when he considered turning his back on the music game for a ‘proper job’, by starting an engineering apprenticeship (similar to an internship) at UK car maker Rover.

“They were good people, but I hated it,” he says. “One day, I just stood up and walked out; I realized I had to make my music stuff work, otherwise I'd be at Rover for the rest of my days.”

Getting a gun thrust in his mush for



Mark Gillespie

Gillespie was, relatively speaking, still living the dream.

By 2003, Gillespie had progressed to booking the DJ's at Godskitchen and its related festivals, as well as processing payments for talent and managing project budgets.

If anyone ever tells you that learning on the job is somehow bested by an academic education, let's just run through the skills that Gillespie acquired within a few years of joining a nightclub as the flyer kid, aged 16: promotion, artist liaison, accounting, digital marketing, coding, talent booking,

self-preservation – not to mention one of the best contacts books in the world of electronic music. The next step was inevitable, wasn't it?

Godskitchen began releasing compilation albums through Sony Music, giving Gillespie a taste of how the wider record business worked.

Inspired by the likes of UK indie labels Defected, FFRR, and Toolroom, he hatched a plan to launch his own part-time record company – while still working at Godskitchen – and began scanning MySpace “for hours and hours most days,



Calvin Harris

just trying to find new music played by interesting people”.

Eventually, Gillespie landed on the MySpace page of Scottish producer/DJ, Calvin Harris. Gillespie hotfooted it up to Glasgow to meet him. Leaving the city deeply impressed, Gillespie made a life-changing decision. “I pivoted,” he says. “I decided I didn’t want to be Calvin’s label – I wanted to be his manager.”

This was the beginning of what would become globe-straddling artist management powerhouse, Three Six Zero.

Via his role at Godskitchen, Gillespie had become friendly with influential UK DJ and broadcaster Pete Tong and, in mid-2006, Gillespie passed Tong a CD with a bunch of Harris’s music on it. Tong played his track, *The Girls*, on his Friday night show on BBC Radio 1, and Gillespie’s cell phone began lighting up.

“I made the decision, right then, to quit my job and become a manager full time,”

says Gillespie. “Calvin said to me, ‘Are you sure you want to do this?’ Looking back now, leaving [Godskitchen] probably was a real leap of faith, but it didn’t feel like it at that moment.”

Before we come on to the status of Three Six Zero in 2019, it’s worth reiterating the enormity of Calvin Harris’s

“The potential scale in America is fascinating.”

worldwide success. He has sold 12 million records globally to date, including 44 million singles, and has had 14 UK No.1s. He has also amassed over 16 billion audio and video streams.

Originally signed by Mike Pickering at Columbia in the UK, Harris is one of Sony’s bestselling, and perennially prioritized, global artists. He’s worked with everyone

from Rihanna to Dua Lipa, Florence + The Machine, Sam Smith, Khalid, Pharrell Williams, Ariana Grande and Migos.

In tandem with Harris’s rise, Gillespie, alongside his former business partner Dean Wilson, has built Three Six Zero into a truly blockbuster player in the global music industry.

Based in Los Angeles, TSZ has one of the strongest rosters in dance music globally – with Harris, Tiësto and Disciples on its books, amongst others. It also reps leading lights in other genres like Louis Tomlinson, Kacy Hill and Grammy Award-winning producer Noah Goldstein.

Gillespie has an excellent story about his first foray into the United States with Three Six Zero: A major record label was interested in hiring the British exec to run a dance music-focused subsidiary. He took the meetings, and the paid flights to New York, gladly – but while in town, he was also meeting with Roc Nation’s Jay Brown, with whom Gillespie and Three

Six Zero ended up going into business with for almost a decade.

Today, after a transformational year, Three Six Zero is fully independent, and fully-owned by Gillespie. TSZ recently launched a new office in London, headed up by long-term friend of the company, Phil Sales.

Gillespie, a major movie buff, has also quietly made a name for Three Six Zero in the film world, managing the likes of feature-maker Brady Corbet, Shameik Moore – the lead actor in Academy Award-winning animated movie, *Spider-Man: Into The Spider-Verse* – and bestselling author/scriptwriter Bret Easton Ellis.

Three Six Zero’s ambitions in Hollywood moved up a couple of leagues earlier this year, when *Music Business Worldwide* broke the news that the firm had acquired Westbrook Entertainment. That firm’s on-screen talent – including Will Smith, Jada Pinkett Smith, Jaden Smith, Willow Smith, Kenna and Crespo – are all now integrated into the TSZ family.

What’s more, Three Six Zero launched its own first feature film – the acclaimed *Vox Lux*, starring Natalie Portman and Jude Law – at the end of last year. The soundtrack to the movie was released on Three Six Zero’s in-house record label, which Gillespie runs as a JV with Sony Music Entertainment.

MBUSA recently sat down with Gillespie over dinner in Los Angeles to map out Three Six Zero’s recent history, and to learn what the British entrepreneur has up his sleeve for the future...

You’re now flying solo as the head of an independent Three Six Zero – having always had business partners since you launched the company in 2007. What’s that like?

The idea of running this company solo used to terrify me. But now it’s different: I like the autonomy, and I like that you can craft decisions that are entirely yours. There isn’t any interruption in what you’re doing. In some ways, it’s more difficult, but in other ways it’s more enjoyable.

What are the best things about the music



Tiësto

business in the US?

I love the professionalism; people really take pride in what they do and that resonates with me. The level of execution that you see in the US business is very impressive – some of the festivals and the live touring setups in particular.

You regularly come across people that are prepared to push the envelope [in order] to be able to ensure that really great and interesting things happen.

The potential scale in America is fascinating – the business here really thinks about things on a global basis. I love working in America. I’m really proud of the fact that we’ve managed to handle our business over here, and I’m really grateful that we’ve been enabled to do that.

We all know that some people [from international territories] come to the US with an attitude that they’re going to tell people what to do – to me, that suggests those people believe it’s somehow easy to conduct business over here, and it’s really not. The flow of business and the way

that things are done is totally different to the UK but I love it, and I’m hugely passionate about it.

Can you talk about the transition from Calvin Harris the frontman to Calvin Harris the superstar DJ? Some people in the States might not know that he started out as a singer, very much in front of the decks – before embracing his kingmaking role as the architect behind the scenes....

It’s one of the smartest decisions that he made in his career – and it was all him. He used the live touring circuit in the early stages of his career to help establish his business and hone his identity. At that moment in time [indie/dance crossover acts with ‘frontmen’] was what was happening in the UK, but he saw what was coming and very intelligently saw that the world was turning in a slightly different direction. He also happened to write some of the greatest records ever released at the right time. That always helps.

How good is Calvin?

His successes broadly speak for themselves. I may seem biased but I think he's the best writer/producer of his generation.

I love him as an artist and a person. He's ridiculously hard working, always has been, and he's a huge a supporter of mine. His drive has definitely helped pushed me along over the years.

Other than Jay Brown and Roc Nation, who else has been mentor figures in the US for you?

Rob Stringer. He's really perceptive, and gave me some of the soundest advice in the early stages of my career. He's also helped guide me, on more than one occasion, through what can sometimes be quite a complicated and political business.

Then there's Michael Rapino – one of the smartest guys in the industry. He has a very direct, knowledge-based approach, which I respect him for. [That approach] is why, above anything else, I think he's so tremendously successful.

On the subject of mentors, no-one comes close to my mum. She was an entrepreneur and raised three kids on her own. We didn't have a lot, but she managed to get us into a place where we all had enough. Redditch is a very 'normal' place; part of it's really nice, part of it's shitty, and the town center is 'burger, fries and two black eyes'. It's not South Central, but it's not Kensington either. She's been an incredibly good example to me that if you work really hard, you can achieve important things.

Why have you got such a hunger to make motion pictures or audio/visual content?

Partly because I think that the world that we live in now requires the ability to work across multiple disciplines. And partly because I love film, and always have.

Film, TV, short-form digital content, music and socials all used to be very separate, different disciplines. But over the past few years, with the massive growth in streaming, they've all moved closer together – and I think they'll continue to move closer together.

A lot of people ask me whether I'm moving more towards film [at the expense of music] and I'm not. I work pretty much every moment that my eyes are open, and the film thing began as a hobby. I decided to do a few things that made us a bit more of a [Hollywood] entity, and which showed that we have reasonably good taste. We've had a few successes now, and I think that all of the practical lessons that we learn from the [film] business will be hugely beneficial to the music side of our business.

But, by no means, am I getting out of the music business. If anything, I'm more focused on music than I ever have been for my entire career; I think this is the most exciting time that the music business has ever seen.

Why?

There are fewer barriers. There is opportunity for all different types of music

“The biggest threat to today's music industry is decentralized networks.”

to be able to break through. Also, streaming is working, so there's the revenue there, if distributed correctly, for the industry to develop and build big artists.

Interesting things are happening in the music business on a daily basis. Since the start of my career, I've been hugely into technology, and hugely into music, and I feel like at this moment in time, I get to do a bit of both every single day.

Why did you start a label with Sony?

Three Six Zero has always run labels since the beginning of our business. [The company previously released albums from the likes of The Prodigy in the US via a JV deal with Warner Music Group and label-managed Mau5trap, Rising and Fly Eye Records.] Running a label helps define your level of taste as a company. It also means you can have different levels of

involvement in the careers of talent. The most enjoyable part of that is the ability to work with other managers, actually.

As for why Sony, part of it is because [via Calvin] I've spent eleven years getting to know everyone in that system; if I need to ask a question of somebody in Mexico, I know who to pick the phone up to. I know all the label heads in all the major markets, and there's some really great people there. Sony's a really good company at the moment with a great perspective.

You've had some big characters as clients down the years, including Travis Scott, Morrissey and Frank Ocean. One of the most notorious moments involved Frank and the release of Blonde, where he completed his album deal with Universal with a video-LP, Endless, then independently released what appeared to be his 'real' album within days. How did that situation come about?

Frank is a private guy, and that's part of what makes him so great. So if that story is ever to be told, he should be the one telling it.

What do you think is going to be the next major technological sea change in the music industry?

The business needs to find a new format, in order to protect itself. The biggest threat to the music business right now is decentralized networks. Thanks to Daniel [Ek] and Spotify, a new economy has been created in the business from streaming, but decentralization is a potential threat to that.

Decentralization [i.e. blockchain technology] is something that was super buzzy for a year or two, and has gone away a bit, but I think it will swing back around at great pace in the next five years, and could be potentially devastating for the entire entertainment content business.

What happens after streaming is something that we need to focus on. The good news is that there are people within the major record companies and major publishers that are a hell of a lot more technologically savvy than they were when Napster hit.



Natalie Portman in Vox Lux

One other thing is that I think other streaming platforms, from outside music, will want to get into music. That's going to make things interesting but it's potentially a threat as well – making sure that music is valued at the correct amount when that happens.

What's next for Three Six Zero?

We're in a place where we can largely do what we want, which is interesting. Over the last eighteen months, I've spent a lot of time reconnecting with my British roots, and I've come to the conclusion that, if everything came to an end tomorrow, I'd like to be seen as the guy who took some good British stuff to America and made it successful.

I hope for us to do more of that, which means spending a bit more time back in London, re-establishing the business there.

I love seeing some of the new, young managers from the UK having a go at moving out [to L.A.] and getting stuck in.

And obviously I'm really excited to see what we can achieve with Will [Smith], Miguel [Melendez] and the Westbrook guys. I've known them for seven or eight years, we all share a similar philosophy, and they're very smart and innovative people. There is a real opportunity to work with them to grow our intellectual property [portfolio] while expanding our entertainment management business.

What's happening with Three Six Zero UK? Last we heard it was being closed but now it's back.

It would be impossible for us to be champions of British talent and not have an office in London. Phil [Sales] is our head in London; we're partners in the UK

business and we're building it around him. He's very direct, he's honest, he truly loves music, and he's incredibly passionate about what he does. I'm seeing lots of great things happening in the UK, musically. The British business seemed to get very locked off [outside the US] for about a year and a half, but that seems to be changing now.

What size do you want Three Six Zero to become as an independent company?

I'm definitely not looking for mass scale – I'm not trying to be the biggest anything ever again. That's one of the most important lessons I've learned in my career so far; being the biggest is not necessarily being the best.

Continually re-assessing what success means to you – especially after you have prolonged success – is the most difficult bit of running a business, but it's essential. ■

THE MUSIC MARKETING TIPPING POINT

How are the tastes of the global recorded music audience going to change – and how will American music fare? MIDiA Research MD Mark Mulligan gives his view...

We are approaching a tipping point for streaming curation and music marketing. What was just a few isolated critiques is beginning to acquire momentum, with more and more people beginning to feel that streaming discovery is not delivering on its promise. There are two inter-related meta themes that are having most impact:

- 1. Discovery falling short
- 2. Curation losing touch

Discovery falling short

Hearing new music is not shorthand for discovery. There is a big, big difference between hearing new music and actual music discovery. For all its decline, radio is still the No.1 way people discover new music.

57% of all US consumers state radio is the main way they discover music, followed by YouTube on 37%, with streaming a very distant fourth on 23% – behind hearing music on TV, movies and games (25%). Even among US music streamers, streaming is third on 43% behind radio (59%) and YouTube (54%). This points to a crucial distinction: hearing new music does not intrinsically mean discovery.

When it is stripped of context and repeated rotations, a new song is just three minutes out of a cascading flow of background music. Having a playlist hit is often very different from having an actual hit. With the excessive volume and velocity of new music, tracks struggle to break through the clutter. Ironically, radio DJs are needed more now than they ever were to help audiences fall in love with songs. Streaming is putting lots of new music in listeners’ ears, but it is doing far less to drive genuine discovery.

Curation losing touch

Human curation adds fuel to the fire. Spotify curation in particular. While Spotify’s hard power is still comparatively small (it is still only around a quarter of all US recorded music



“Having a playlist hit is often very different from having an actual hit.”

revenue) its soft power is far greater.

Spotify playlisting is often the central component of an artist marketing campaign, and success on Spotify playlists opens up avenues such as radio support and TV appearances. The music industry too often sees the world through a Spotify lens. Little wonder, then, that A&R strategies pay close attention to what performs well on Spotify. And because Spotify’s curation teams pay close attention to what labels are prioritizing, we end up with a self-affirming echo chamber. The risk is that the decisions being made by industry insiders may not always be well aligned with what audiences want.

US hip-hop’s meteoric rise hints at the challenge. In 2018, Spotify’s three most streamed tracks globally were by North American hip-hop artists. For Apple Music it was the entire top



Spotify and Apple Music’s biggest song globally last year was by Drake – God’s Plan

seven. These are the environments where human editorial and label influence play a major role. On YouTube though, a service where the prime focus is using algorithms to follow human taste and behaviour, hip-hop is a much more minor player, accounting for just 7% of the 139 music videos which boast one billion or more streams.

Demographics and geography play influential roles on YouTube, but not as much as the human touch on audio streaming services. The labels have more influence on Spotify’s and Apple Music’s programming and also focus intense efforts on influencing their curated playlists, Spotify especially. Because hip-hop is the priority genre for the labels, Apple Music and Spotify – both as an indirect and direct consequence – arguably end up with a stronger hip-hop skew.

YouTube, however, is less directly influenced by labels and relies more heavily on algorithms, rather than programming, to surface content for its users. YouTube’s genre mix thus more closely follows the tastes of its users, while Apple and Spotify’s more closely follow the priorities of the labels and pervading taste trends among taste makers.

One additional factor at play may be that hip-hop tracks do not have the same

“On YouTube, hip-hop is a more minor player than on Spotify or Apple Music.”

degree of ‘repeatability’ to listeners on YouTube, with audiences spending fewer times listening to any single track than for other genres such as Latin and Pop.

Even with all the caveats considered, there is clearly something going on here, with audio streaming at one end of the spectrum and YouTube at the other. Maybe the truth lies somewhere in between.

A new music marketing rulebook is needed

With such immense volumes of music being released, it is becoming increasingly difficult for marketing campaigns to cut through the clutter. The signal-to-noise ratio has never been so low. The last set of marketing discipline that was created during the rise of social marketing is not sufficient for this new phase of streaming behaviour and consumption.

The new rules will require sustained experimentation and innovation, but there should be one overriding imperative: in on-demand environments, audiences expect to listen to what they want to listen to, not what others decide they should listen to.

In the radio era, audiences accepted that lack of control was inherent. On streaming platforms, fandom must be sought, not bought.

‘WOMEN ARE SOMETIMES EMBARRASSED TO BE AMBITIOUS. I’M CERTAINLY NOT’

When Michelle Jubelirer was growing up in Pennsylvania, she knew she loved music, and she knew she wanted to be somebody. Following a successful career as an artist lawyer, those factors have combined to make her one of Capitol Music Group’s highest-ranking execs...

“This business is built on passion. I wholeheartedly believe that if you’re not truly passionate about music, you shouldn’t be in it.”

There’s no doubting Michelle Jubelirer’s passion for artists. Probe her about Halsey, Migos, Fletcher, Paul McCartney, Lil Baby, Beck, Maggie Rogers, Vince Staples or a bundle of other Capitol Music Group-affiliated acts, and she’ll speak in remarkably animated, passionate tones about each of them in kind. The same goes for Frank Ocean, Odd Future, Pharrell, Ke\$ha, M.I.A and others she represented earlier in her career as a partner at law firm King, Holmes, Paterno & Berliner, where she spent eight years before joining CMG in January 2013 as Executive Vice President.

Pennsylvania-raised Jubelirer stepped up to Chief Operating Officer at Capitol in 2015, as a clear No.2 to the label group’s Chairman & CEO, and the individual who hired her, Steve Barnett. Yet to give the impression of a frictionless journey to the top of the music industry would do Jubelirer’s ascent a disservice: as she explains in this interview, her life has thrown up the kind of obstacles, setbacks and misfortune you wouldn’t wish on your worst enemy – and she’s come through it all, flourishing (not least thanks to some very sound advice from her mother).

Although Jubelirer has concerns about the modern industry – and its audiences’ propensity to remember single tracks over the artists who make them – she is generally positive about music’s future, especially at CMG, which she believes is completely unique in the modern business for the broadness of its tastes and the vastness of its ability to promote artists. (CMG’s

portfolio of US labels, to remind you, includes Capitol, Astralwerks, Motown, Capitol Christian Music Group and Blue Note, amongst others, plus services and distribution powerhouse Caroline.)

Jubelirer began her career as an M&A attorney in New York before joining Sony Music in 2003. Today, with an office on the executive floor of the iconic Capitol Tower in Hollywood, there’s no doubting that she’s made it to the top – literally. Yet, she says, there’s still plenty more she wants to achieve on behalf of talented people...

In 2013 you left a very successful career as an artist lawyer to join Capitol Music Group. Why?

“I wanted to bring true artist advocacy to the table.”

I put a lot of thought into that decision. I loved my clients; I was incredibly fortunate to have such successful and forward-thinking clients who really further solidified my love for music. But when Steve [Barnett] approached me with the opportunity, I realized that I’d love to have a bigger impact on the industry as a whole, and that I could only do that within the belly of the beast, so to speak.

It was becoming clear that it was getting harder for artists to break in a day and age where there’s so much noise out there. I felt that, in order to do that, there couldn’t be the friction that had sometimes historically existed between labels and artists, and

I wanted to have an impact on that by bringing true artist advocacy to the table.

Do you feel like you’ve achieved that?

Yes. We present the label’s view, but if we cannot convince an artist it’s the right way forward, we will always go with their choice – always. I don’t think many companies, if any, could say the same.

What’s the proudest moment of your career so far?

I’ll stick with the Capitol Music Group portion of my career, and three moments that particularly stand out to me.

We were all so proud that in 2015 Capitol swept the big five awards at the Grammys with two artists, Sam Smith and Beck. That was incredibly gratifying after a two year heavy lift. [Capitol was resuscitated as a frontline label by Universal after it acquired EMI in 2013. As such, Steve Barnett built his team, and they built CMG’s roster, largely from scratch.]

Another proud moment of sorts is that we’ve really shown a dedication to urban music, because Capitol wasn’t in the game there [before]. Our incredible partnership with Quality Control, the bet we took on each other, that’s been very gratifying.

And then the third moment was in New York City during Grammy week this year, watching Halsey host and be the musical guest on Saturday Night Live. Embarrassingly, I teared up because I was so incredibly proud of her. She killed it. I believe Halsey is poised to be one of the very biggest pop stars in the world. She has the vision, the ambition, and the talent.

What’s been the biggest challenge of your career to date?

It's not unique to me; it's the same business challenge faced by anyone working in the music industry today. In the streaming world, it's incredibly tough to break an artist as opposed to a song – and that's a challenge we live with day-in, day-out.

My biggest challenge in this job [as COO] is that I'm often the one who has to deliver tough news – that's a tremendous responsibility that I take seriously and personally. And I always try and deal with it directly, honestly and from the heart.

What are your ambitions for Capitol Music Group now as we stand today?

Over the last two years, we broke more artists than other label group, and last year we also grew more market share than any of our competitors. We also believed in independent distribution before it was en vogue, so it would be great to be the No. 1 label group in the next few years. That seemed incredibly far away in the beginning and now it feels like it's in striking distance. While retaining that ambition, we go to great lengths to continue to foster the careers of artists who will stand the test of time.

What's Steve Barnett like as a boss?

I was never a big athlete when I was a kid; I had an obnoxious tennis coach once, but that was about it. But I saw other people I knew being coached, and how that helped them to really thrive.

Steve was coached in his career and is now the coach to me and many others. We get into tremendous and spirited debates with each other. We agree 95% of the time, and during the 5% of the time that we disagree, I know that I'm being heard. Steve will occasionally change his mind based on what I've said, and then other times he'll end the debate with, 'I'm the boss!'

One story that really shows who Steve is happened about a year into my tenure here, when I found out I was pregnant. I was nervous to tell him because I was dedicating my life to rebuilding Capitol, and I knew this would change things in the short term. I walked into Steve's office to tell him and his reaction was so gratifying:

he was actually excited. He told me I could do this, and that he was thrilled I was starting a family and a new career all in one.

It would also be remiss of me not to mention Lucian [Grainge], who has been our chief supporter, not only by acquiring EMI, which took real vision and guts, but then allowing Steve and I to completely reorganize Capitol Music Group. That couldn't take place in a quick time period, and Lucian – with his team of Boyd [Muir], Michele [Anthony], Jeff [Harleston] and Will [Tanous] – have all been such major pillars of support in enabling us to achieve our vision.

What were like in school – what was your personality type?

I was studious, very social and outspoken. Those characteristics have not gone away. I knew from a relatively young age that I

“My mother instilled in me never to be intimidated by anybody.”

wanted to stand out and be heard. My sole motivation for graduating at the top of my high school class was so that I could speak at the graduation ceremony; I wanted to tell everyone that they should not be constrained by growing up in our small town of Altoona, Pennsylvania. That they should pursue their dreams despite starting out in the middle of nowhere.

What did your parents do?

My dad died when I was three – he was a lawyer. And my mother was a speech and hearing therapist, but somewhat stopped working when she became pregnant with me. Once my dad died, she had to get it together and support our family. She became the Head of Special Education, and went on to become an elementary school principal. I used to watch my mom work crazy hours and always say to her,

‘They don't pay you enough for how much you work.’ On top of it all, she would purposely only work in schools that had high poverty rates in order to make the biggest impact possible.

Have you been able to make her life more comfortable?

My mother lives here [in Los Angeles] and I see her all the time. She's my best friend and of course I always offer, but somehow, given what she did for a living, she has managed to save money and really take care of herself. She's the most incredible person I know. The lessons my mother taught me from a young age have been invaluable. I continue to learn from my tribe of women, like Jody Gerson and Michele Anthony, and my contemporaries like Sara Newkirk Simon – we all push each other, offer advice to one another and are there for each other. My sounding boards are not only women, of course; my partner Keith is certainly one, and I couldn't even begin to quantify what I've learned from Steve.

What did your mother teach you?

She taught me so many lessons that I live by every single day of my life. She taught me to always be authentically yourself and to do the right thing.

Subtext: don't be an asshole.

She also taught me, from a young age, to be impeccable with your word. She taught me to under-promise and over-deliver, which I tell people here on a daily basis – I get upset when the opposite happens. Perhaps because I was an only child, surrounded by adults, she also really instilled in me to never be intimidated by anybody. And that no matter how vaunted someone is, everyone's fallible. She told me to never say, no matter what stage I am in my career, ‘That's not my job.’ She taught me to do my best and to always be willing to roll up my sleeves and get the job done.

My mom was once honored as Woman of the Year in Pennsylvania. That definitely instilled in me that ambition isn't something to be embarrassed about. I think, sadly, a lot of women are sometimes embarrassed to be ambitious – I'm certainly not.



With Fletcher and Maggie Rogers at Billboard's Women In Music '18 event

Photo: Evan Agostini/Invision/AP



With Katy Perry



With Troye Sivan

What was your driving ambition in your early career? Was it money?

After my dad died, I watched my mom scramble to figure out how she was going to take care of us. So I knew that from an uncomfortably young age that I couldn't rely on anyone to take care of me – that I needed to find a job where I was going to be able to take care of myself financially.

As I got a little older, I also knew that I wanted to marry that up with something I was passionate about. I watched my mother going through a lot of personal struggle, obviously, but there was always music in the background. I saw how music was something that got you through the tough times. In my wildest dreams, I didn't think I'd ever get here, but I knew this was the direction I wanted to take.

Have you faced any undue professional barriers because you're a woman?

Women in this business ask me this question a lot, which brings me a lot of pain because it shows there's still a problem.

I had the ultimate shield [against gender discrimination]: a law degree. And in the music industry, once you have that, you're given a level of automatic respect, deserved or otherwise. My degree has served as a bit of a protection mechanism to some of the mistreatment that other women go through in the music business.

That wasn't always the case in my career before I entered music, however. Before I joined Sony Music I was a mergers and acquisitions lawyer at a big, storied law firm in New York. Early on in my career there, I had my first annual review. And I, someone who only ever wears black, oddly had a white shirt on. This rainmaker partner, who was giving me my review, took a bottle of water in his hand and emptied it all down my shirt. Then he looked at me and said, 'Now we're ready to start your review.' I crossed my arms across my chest and I just said, 'Let's go.'

Shocking, right?

Shocking, yes, and not cool. What do

you think the motive is for that kind of abhorrent behavior? Surely someone's not getting a physical thrill out of that, so what's the benefit?

It's power, pure and simple. He's showing me that he has power over me.

Sometimes I still think about it, and I'm disappointed in myself for not reporting him. But, although I never revealed what had been done to me, I used that incident in other ways to ensure I got to work on the deals that I wanted to work on. It taught me, very quickly, that in order to succeed as a woman, I was going to have to work harder and smarter than anyone else.

I had a great experience the rest of my time at that firm, and only worked with the partners that I wanted to work with.

Are you optimistic for the progression of women in senior professional roles in the music industry?

I am. We're living in a rarefied world at Capitol Music Group where 50% of our senior staff are women. That's a testament

to all of us for taking steps to ensure that level of diversity. That's not the reality at most places. I think it's going to take about 10 more years to have true equality at the upper echelons of the major music business, whether that's labels, publishing companies, agencies, any of those entities.

What advice would you give your younger self?

The same advice my mom gave me when I was a kid: to do my best, but to make sure I'm living on a daily basis. I'd also tell myself not to be so hard on myself – but, being honest, I probably couldn't live by that; I'm abysmal at it.

Are you making room in your life for more fun now?

Honestly? Balancing your professional life and your personal life is a constant struggle. I have a four and a half-year-old son and I constantly beat myself up about whether I spend enough time with him. You can't have it all, not at the same time. It's a fallacy. You can only do your best. My partner, the father of my child, who was in a band [Buckcherry] for 25 years, probably gets the shortest end of the stick out of anybody. We recently took a ski vacation together, with my best friend since fourth grade, her husband and their four kids. That was amazing and freeing and allowed me to check out and relax.

If you had a magic wand to change anything about the music business, what would it be and why?

That the industry, and all of us in it, can adapt to technological change quickly. Hopefully that's evolving and we'll be able to pivot as a business, when needed, faster than we have in the past.

I'd also make sure that all women in this business were helping each other, because when we don't, it does us all a disservice.

The other thing I'd change goes back to the struggle of developing career artists today versus just breaking songs. My magic wand would somehow convince every person out there that they have to start paying attention to the whole artist. Though that would take a pretty damn impressive magic wand. ■

'No other major can navigate all of these different genres'

Capitol Music Group is a very sizable entity, with multiple sub-labels. As the head of operations at the company, Michelle Jubelirer lives this reality daily. Some would find it overwhelming but, she says, thanks to the company's crack team, she thrives on it.

She comments: "The vision that Lucian, Steve, and I developed for Capitol Music Group was that it would be a multiplicity of labels that would allow for extreme diversity of music, and for unprecedented flexibility in signings. And that's really come to fruition. Ashley Newton [CMG President] has been invaluable in plotting our course, as well."

She points to a range of CMG artists like Halsey, Paul McCartney, Katy Perry, Migos, Sam Smith, Disclosure, Niall Horan, Illenium, Norah Jones, Beck, Maggie Rogers, Lewis Capaldi and Neil Diamond as proof.

"Then, of course, there's the resurgence of Motown, where Ethiopia Habtemariam has done such a great job, developing artists like BJ The Chicago Kid, Njomza and James Davis, as well as striking an incredible partnership with Quality Control. Plus Astralwerks, which has been revitalized as a completely electronic-leaning label under the leadership of Toby Andrews [General Manager] and [EVP] Jeremy Vuernick. They did such a great job with the Marshmello/Bastille single [Happier], with more to come from the likes of Illenium and Fisher."

Jubelirer also points to Blue Note under respected producer-cum-exec Don Was, whose roster includes Robert Glasper and Norah Jones, as well as Harvest, the in-house 'indie' label run by Jacqueline Saturn, which is now prepping new material from Banks, Donna Missal and Glass Animals.

Saturn is also President of CMG's services and distribution company Caroline, which Jubelirer calls "an obvious standout", and whose US market share has doubled in the past year to 3.2%, thanks to successful releases from the likes of XXXTentacion, Trippie Redd and NF. Fresh Caroline releases have come from the likes of Mac DeMarco, while new partnerships have been inked with SM Entertainment for K-pop boyband NCT 127.

Caroline partnered for NF with Capitol's Nashville-based Capitol Christian Music Group, which has also built "an incredible business that leads its sector" with Hillsong United and many others, according to Jubelirer, who praises the leadership of Peter York, Brad O'Donnell and Hudson Plachy.

Says Jubelirer. "We have the best team in the business, and it's not just the label heads: we have people like our dedicated CFO, Geoff Harris, Mitra Darab and Robbie McIntosh who do a great job running our global marketing department, as well as our phenomenal head of publicity, Ambrosia Healy, and Greg Marella, who is killing it at promotion. Brian Nolan leads our brand and sync team [seventeenfifty] with one innovative idea after another, and no deal gets done without the tremendous contributions of our head of Business Affairs, Martha Braithwaite. Amber Grimes has recently joined our executive team and is already making a difference in our Streaming, Innovation and Content Creation areas."

She adds: "There really is no other major label group today that can navigate between all of those different genres so seamlessly and have this level of success within each of them."

WHAT WILL A MUSIC COMPANY LOOK LIKE IN 2025?

*The music industry is buoyant again – but faces tough challenges. Reservoir CEO
Golnar Khosrowshahi on what music companies must do to thrive in the future...*

On January 3, 2008, *Forbes* ran the headline, “Music Industry Weathers Tough 2007.” We had just launched Reservoir and joined the industry in holding a collective breath, while strategizing how to achieve a strong turnaround in a field that had witnessed massive upheaval due to technological change.

By certain metrics, compelling numbers representative of longer-term, sustainable growth in the music business have really only emerged in the last three years. Of course, most are bullish now, as streaming consumption continues to grow exponentially. Spotify is publicly traded, boasting over 207 million subscribers globally and just the other month Apple Music reportedly overtook Spotify in paid U.S. subscribers, with 28 million to Spotify’s 26 million. The headlines today sing a different tune, as Wall Street analysts believe the music industry is on a ‘Stairway to Heaven.’

The question now becomes: how do we harness this growth, make sure it’s sustainable, and reap the rewards? Undeniably, rights-holders today are witnessing year-over-year increases on revenue. Some predict this growth will last only a few years, while others forecast it will sustain for the long-term due to factors including global penetration, accessibility of streaming platforms, smart speaker adoption, and wifi-enabled vehicles, for example. While none amongst us are prophets, the certainty for many publishers is that in order to capitalize on this growth, it makes sense to operate as a holistic music company.

We have seen significant convergence throughout our industry in recent years; digital consumption has more closely aligned label and publisher business models, while ancillary rights deals, technological advances, and a growing willingness to equitably partner with artists and writers, have all led to a more progressive and innovative approach towards business.



“We continue to invest resources in building a master rights platform.”

At Reservoir, we’ve expanded our offerings to include artist management services and we continue to invest resources in building a master rights platform. Being a global company with a vested interest in different kinds of music rights leads to wide-spread revenue capture in this thriving climate and ultimately lets us do more for our creators.

There are also emerging market opportunities that warrant further exploration, as previously untapped regions are now regulated and legitimized through digital adoption. Developments in artificial intelligence can also

help design the next wave of valuable tools for the creation process.

Whether in production, A&R, marketing, financial/reporting systems or data management, investment in the best technology is vital to any company’s growth and stability.

Technology informs our business, but people still matter above all else. Ours is a relationship-driven business, in which the quality of our network and people is paramount; and people won’t be replaced by AI. Machine learning will make us more powerful, faster, and more efficient, but it won’t substitute for our passion, dedication, intuition, and desire. Technology is there to be harnessed and elevate our efficiencies.

We have been privileged to assemble a stellar team of individuals who touch on an array of disciplines and build an unparalleled roster and catalog across genres, territories, eras and rights types. This, plus expanded offerings across management services and master distribution, poises us to evolve from defining ourselves as a music publisher to a music company.

Ultimately, it ensures that we are maximizing the current growth, and results in a windfall for those we represent. In an era where consumption is at an all-time high, but the market for content is so saturated, we cannot afford to leave any money on the table for our creators.

Moreover, advocacy in our industry has historically resulted in significant wins for publishers, labels, and creators alike.

In January 2018, the Copyright Royalty Board announced the biggest rate increase for songwriters in US history, while earlier this year in Europe, Article 13 passed, further protecting against copyright infringement on online platforms, thanks to the impassioned championing from rights-holders and their proponents. It is crucial to be on the front lines of change and we take our responsibility to the industry very seriously through roles on the boards of trade organizations across the globe.

As there is a great deal of disparity globally about how rights-holders are compensated, education about the economic implications of those rights to the creators and the wider industry is important.

We advocate because we believe in upholding the values of intellectual property and it will always remain a core part of what we do. This work not only impacts how much of the current growth we are able to capture for creators,



Reservoir’s writers have been behind smash hits such as Havana by Camila Cabello (pictured)

“We’re set to evolve from a music publisher to a music company.”

but also sets the stage for a prosperous future, as more legislative action is passed to protect creators and set monetization standards.

Each day the needle is moved further; the bar set higher. There is no shortage of opportunities to chase or avenues to explore.

By building robust, innovative, and global service offerings for our creators, we can help develop their careers and maximize their creative potential, and thus, our own businesses will undoubtedly continue to grow and thrive. I, for one, am excited to see what the headlines of tomorrow will read.

‘OUR ARTISTS GENERALLY HAVE A LOT OF POWER, BECAUSE WE’VE NEVER WANTED TO RELY TOO MUCH ON ANY ONE PARTNER’

His clients includes everyone from Vampire Weekend to Jack White, the Dixie Chicks and Margo Price. Ian Montone explains how to quietly build a management empire...

Ian Montone doesn't court publicity. Try to research Monotone Inc, his super-successful management company, online for proof: you'll find barely any artist information and scant contact details. That's deliberate on his part. It goes without saying that this interview took some persuading.

It also goes without saying, therefore, that Ian Montone does not have an Instagram account. Yet a couple of months ago, we noticed his face pop up on the social site in a chummy embrace with a pair of fellow power players – Justin/Ariana manager Scooter Braun and Marshmello maven Moe Shalizi. What does Montone make of this new generation of managers, who sometimes count millions of their own followers online?

“Those two are my friends, and they're excellent managers and entrepreneurs – their success speaks for itself,” he says. “I talk to Scooter all the time, trading ideas. In essence, our job is the same – find great artists or ideas, be a bulldozer for them, and build businesses around them. But these days, everyone is also constantly brand building. It's kind of amazing and I respect it, but that's not me. I'm into a totally different type of brand building, I guess.”

He's right. Montone's music industry ‘brand’ is a little less loud, and a little more classic: he's a behind-the-scenes operator, and a proud straight shooter, who gets results away from the camera's lens. When we ask him what the brightest moment of his career is so far, he replies: “Running an independent company, curating the roster we have, and working with some of the most creative and visionary artists in the music industry.”

Bearing in mind Montone's enmity to the limelight, it's probably wise we remind you of his world-beating roster.

Monotone Inc, with two offices in Los Angeles, plus another in New York and a rep in London, looks after the careers of Jack White, Vampire Weekend, The Dixie Chicks, LCD Soundsystem, The Raconteurs, Margo Price, The Shins, Ratatat, Foster The People, Broken Bells, Pete Dinklage, Cold War Kids, and Danger Mouse, among others. Its emerging artist roster, meanwhile, includes the likes of Amber Mark, Love Manseuy, Priests, Wallows, Lillie Mae, Empress Of, and fully independent artist, Still Woozy.

“The notion of whether something moves you is being discounted.”

MBUSA sits down with Montone – who grew up in Portland, Oregon and was a partner at the music law firm Davis, Shapiro, Lewit, et al before focusing on management – over a drink at Soho House Malibu. We ask about his life, his career, and the state of the modern business...

How is streaming treating your roster?

Streaming is great for the music business, there's no doubt about that. The money in streaming is growing by the week, and the hope is that funnels back to the artists. Also, the entrance barriers with respect to distribution are so much lower now – anyone can release music and get it to your computer or phone. That's fantastic as it evens the playing field and

challenges the traditional paradigm.

Is the current model great for music in general? Frankly, my opinion changes weekly. On one hand, of course it's great, as there's more exposure; anyone with the right guidance can find anything, and catalogs now live forever. On the other hand, I feel we – as a business – have given so much power to a handful of companies and their respective algorithms. Songwriters need to be treated fairly.

Streaming is becoming the new and sole metric of ‘success’ amongst certain partners, which I disagree with. There's more information that everyone is trying to collate, study and understand, almost in real time. What does it all mean? I'm not sure. It may all be noise. I think the notion of whether something is great, culturally important, or simply moves you, is being discounted.

What will the future look like?

I look at the Netflixes, Amazons and HBOs as relates to TV and film, a world I also live in [Montone co-manages Jamie Foxx and Jonah Hill – as well as the Dixie Chicks and Pete Dinklage – via his partnership with Rick Yorn at LBI Entertainment], and I expect to see the [music] streaming services continue to push for their own original content, supplanting the ‘majors’ and the role they've traditionally played.

Conversely, I wouldn't be surprised to see the majors take their music down from those streaming services at some point, and create their own services, where they can really focus and market their own roster and catalog, as well as distribute revenues differently to their artists. Look at what Disney is about to do with Netflix – it's a similar approach. I currently subscribe

to Netflix, Amazon, HBO, Apple TV, etc. I think people would do the same with music. Sure, that will cost the consumer more, but in the long run it will give the music fan a different and better, less monoculture experience.

Regarding streaming as it stands, I question: should *all* music be available for \$9.99 a month? That's a great deal. Is it sustainable in the long run? Probably not. Does it devalue music insofar as how we educate consumers about streaming – this “one price gets all” buffet consumption concept? Probably so. Have we blindly embraced the concept that ownership is irrelevant simply out of fear of piracy? Probably yes.

The most important question: is streaming causing all music consumption to grow exponentially – benefiting everyone in the long run? Likely yes – I believe so. But there are lots of tweaks to be made as these paradigms shift.

Would you like to see the services more actively support alternative rock?

It's interesting. The answer is obviously yes, but to my earlier point, the services will support and promote what streams best, and certain genres – at least at this point in time – stream more than others. So it's not necessarily a ‘support’ issue.

Without getting into existential questions regarding genres, a debate I'm bored with, with certain artists – be it in alternative, hip-hop or elsewhere – you have to commit to the entire body of work; the second song might make you understand the third song, which might make you understand the fourth song.

One thing I find frustrating is that streaming services, as well as much of the music business, rely so much on algorithms to tell us what to consume. The focus sometimes seems to be finding ‘music for algorithms’ versus great songs and great artists. The reality is, that's not why I got in this business. I've been in label meetings when they've literally said, ‘Sorry, the song's not working.’ The song's been out literally a day – what are you talking about? ‘Nope, we've read the numbers – we're going to

move on.’ I like it when people react to that situation by rolling up their sleeves up, digging in, and remembering why we're all here in the first place.

You're talking about people becoming artist advocates, changing opinions.

Yes, let's go make people believe! That's exciting to me, and I've seen it a hundred times. I remember with the White Stripes, with the song *Seven Nation Army*, one of our label partners didn't think that was a single, certainly not the first single. Same held true for MIA's *Paper Planes*, when we looked after her. Now when those

“One of our jobs is making people believe in our artists, no matter how long it takes.”

tipping points did happen, our partners were amazing. Those two songs became worldwide hits, and neither was supported by traditional data. One of our main jobs is making others believe in what our artists believe – no matter how long it may take.

That's the task for us currently with Vampire Weekend. Ezra has an incredible creative vision and he's extremely intelligent. He's also very thoughtful with his music and how he wants it presented. He just delivered a masterpiece with *Father Of The Bride*. The album is very deep lyrically and musically, it's eclectic, but at the same time – to me – very conceptual, with an overarching theme and narrative. Point is, it's not a cookie-cutter body of work and doesn't fit into any one space. Our job is to make people understand why this music is important and is something they should pay attention to.

What's the value of a record label in 2019? You've got an independent artist in Still Woozy doing very well.

Labels are certainly valuable. I'm all for working with great partners, be that a traditional record label or what have you.

When you have a whole team of passionate people – who love music and understand your artist – pointed in one direction, that critical mass with the metaphorical ‘boots on the ground’, it's incredibly powerful and you can get a lot done. Can you do it without that? Sure, but it takes work, a structure, financing and, perhaps most of all, time.

We've deliberately built a company with that structure, with our own radio and DSP teams, touring, licensing, production, etc. – and it's a lot to take on. But all of that structure doesn't supplant the importance of people who are passionate about your artist. And to that extent, labels can be great partners.

There's a theory that independent labels are getting squeezed in this new world: companies like yours can invest in artists – often working alongside the likes of AWAL or EMPIRE etc. – and then at the other end of the

market there's the big global majors. Certainly, the business is always changing and evolving. But I could make the argument that independent labels are now more important than ever. The indie labels will always be important when it comes to finding great artists and having a point of view. Especially in this day and age where everything is accessible and everything is available, we really need the tastemakers, the curators – people who can make others believe in what you believe in.

Caius [Pawson] at Young Turks is great at that, Richard Russell obviously, everything Third Man Records stands for, certainly Top Dawg on a different scale, Sub Pop, Mass Appeal – I could go on and on. They are all very artist-centric companies. I feel the best ‘majors’ have taken a similar approach, be that Columbia, Interscope or elsewhere. Obviously, I feel a real kinship with independent labels – we all come from the same place. But the barriers to entry in the market are so low now that management companies with resources are releasing records. And you're seeing independent labels managing artists as well. I think you will see more and more of that.



Amber Mark



Ezra Koenig of Vampire Weekend

Photo: Monika Mogi

The last No.1 single in America that was written solely by the artist performing it was Pharrell Williams' Happy – five years ago. Do you have a view on co-writing?

So many of my clients singularly write – often my challenge is the opposite, actually. It's me saying: 'Hey, have you thought about working with this person?' So I often come from a different perspective, where the idea of teaming the right writers feels interesting and creatively exciting.

That said, I do find the extremes of this – the pop factories and writer camps – to be a bit boring and formulaic. However, that process works for some so I can't be too critical. I just know what I like musically. Generally speaking, I agree with something Jack White said early on: Great music usually isn't a democracy.

How did you get your start in music?

I studied philosophy at Occidental College and environmental law at

Vermont Law School and then worked in Washington DC, at a large consulting firm company specializing in foreign aid and international development. My younger brother Paul worked at a record label called Tim/Kerr Records, in Portland, Oregon, where I grew up. They had the

“Relationships last longer than any deal. Be true to your word.”

Dandy Warhols, Everclear, Poison Idea and released interesting collaborations with Kurt Cobain, Gus Van Sant and William Burroughs. It was very indie, very cool and very genuine. Because I was a lawyer, my brother or his colleagues would occasionally send me contracts marked up by opposing lawyers, asking questions: 'We want to sign this band, their lawyer made

these comments – can you tell me what cross-collateralization means?' I had no clue. I'd go to the Georgetown Law Library, dust off whatever music or copyright books I could find, look things up and then call them back. Long story short, eventually, a light went on in my head, like, 'Wait – you can be a lawyer in the music business?' At that point in my life, I was completely broke with student loans looming over my head. But the notion that I had nothing to lose really was liberating.

It's very clichéd, but I decided to simply follow a dream: I moved to Los Angeles two weeks later, looked for any job I could in the music business and started my own music law practice, which was incredibly unsuccessful. I worked at Rick Rubin's American Recordings as an assistant to Marc Geiger's [now head of music at WME] assistant, as well as in their mail room. One day, I was auditing a class at UCLA about music business contracts and Marc Geiger was the guest lecturer. He



Margo Price

Photo: Danielle Holcomb



James Murphy

saw me and said, 'Don't you work in the mail room?' And I said, 'I'm actually an attorney.' He invited me to come sit in his office, study the deals they were making, and was a great mentor.

Thereafter, I met Fred Davis, who was building a law firm. I became a partner [at what is now Davis, Shapiro, Lewit, et al] during the mid-'90s, and the firm became one of the largest in the world, focusing primarily on music law and entertainment. Fred gave me a lot of guidance as well as freedom; he ran a tight business and was a very good problem solver.

Coming up, I was lucky to have good mentors and/or people willing to be patient with me – too many to name. Now, I try to do the same in return. I make it a point to lecture at the same UCLA class I once took.

From there, how did you end up as the White Stripes manager?

I met Jack and Meg in 2001. I had gotten a phone call from Craig Aaronson, who has

since sadly passed, because [Jack] had been signed to a record label and they weren't being paid royalties. Craig gave my number to Jack, I met with him and we had a lot in common: we both grew up in Catholic families, we had both been altar boys, and I became their attorney. Musically they were spellbinding; live, they were in a class of their own. What they were doing was so different. Jack has such a strong vision, and although genius is an overused word these days, in Jack's case, it's wholly and completely accurate. About six months into the relationship, I knew I wanted to do more than just practice law and wanted to switch to management. I decided to ask Jack and Meg if I could be their manager.

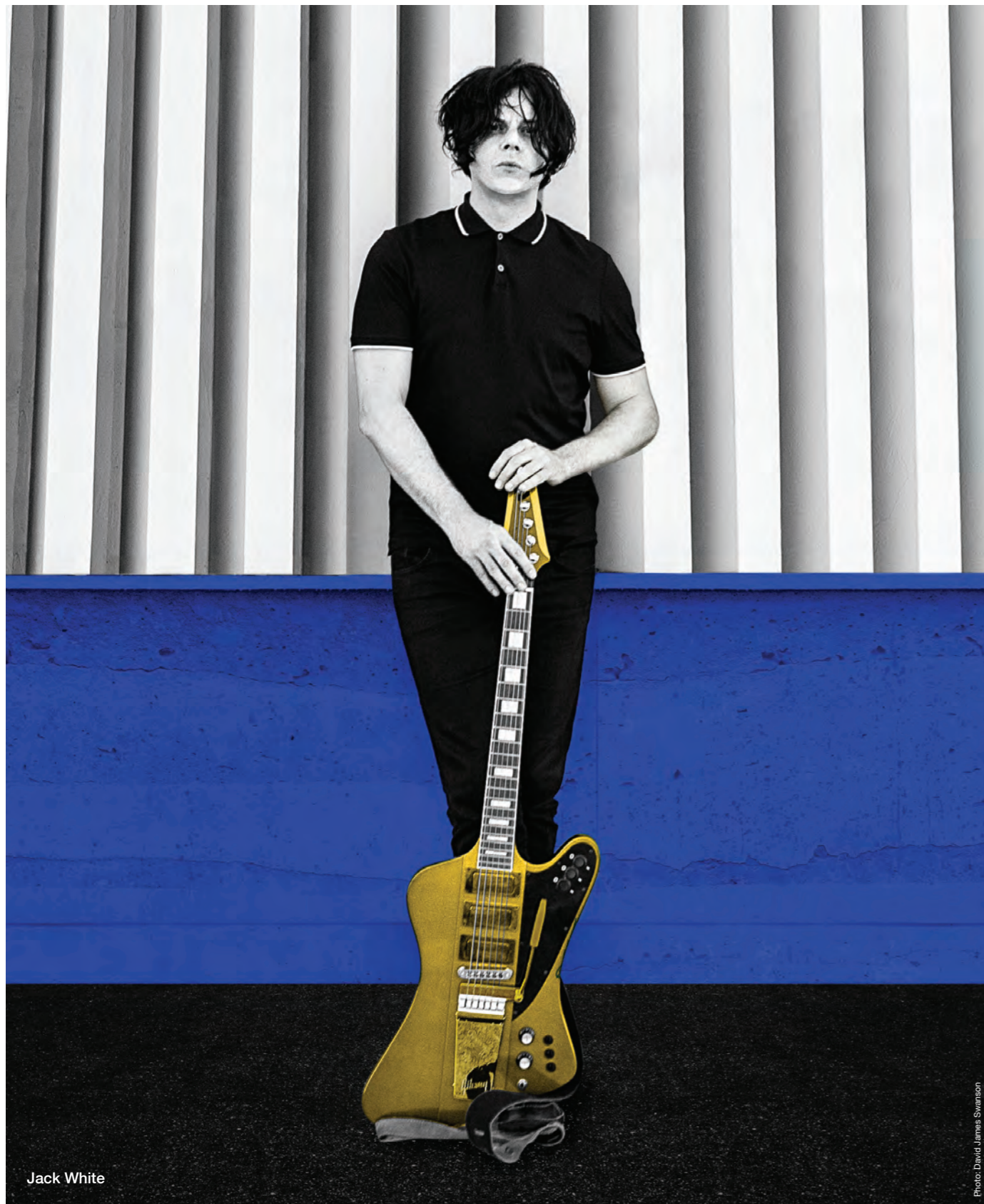
How did that conversation go?

It's funny, I was moving house a while ago and I found this notebook in which I had written out all of the reasons it made sense for me to manage Jack and Meg – it had diagrams, arrows, numbers and everything explained. So I sat with them in New York

– I think they were playing the Mercury Lounge – and I was a bit nervous and said, 'So, I want to propose something. I'd like to be your manager.' I was prepared to give a whole speech, and they simply said, 'Okay, sounds good.' And that was it. I think we ordered food and talked about something else. They became my first client.

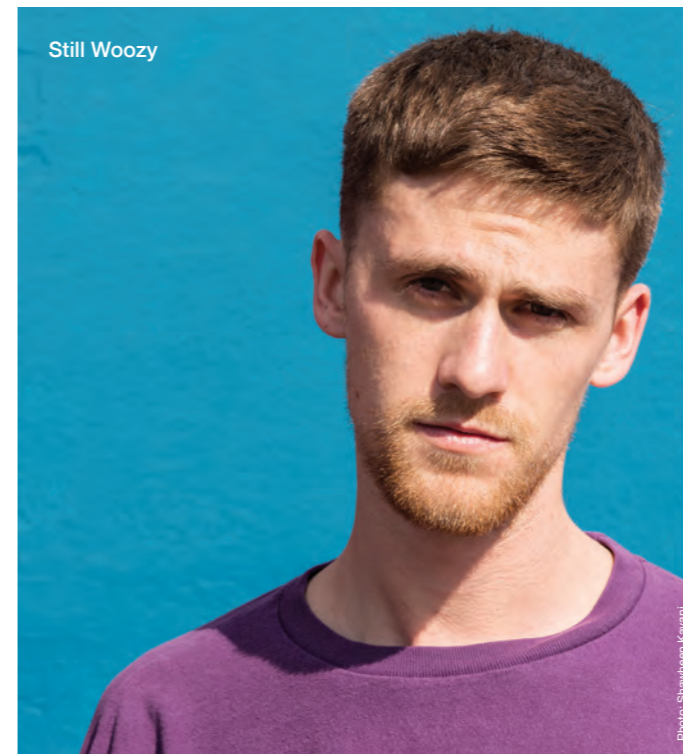
Why, when you were a successful lawyer, did you want to become a manager?

I loved my time lawyering and have huge respect for those who do it. It's great training for the music business, understanding all the moving parts, because you get to see everything – when things work and when things don't. That said, lawyering is also about risk aversion, so you're always searching for that one thing out of a hundred that could go wrong. I felt that process was starting to dull my entrepreneurial brain. Artist management, to me, is about finding that one thing out of a hundred that *could* work, and figuring out how you're going to give it the best possible chance.



Jack White

Photo: David James Swanson



Still Woozy

Photo: Shawheen Kayani



Danger Mouse

Where did your personal passion for music come from?

My mom knew a guy named Frank Zappa growing up in Chicago. This wasn't *the* Frank Zappa, but because of that coincidence, her sister was at a record shop in the '70s and saw the Mothers of Invention album, *We're Only In It For The Money*. She sent it to my mom. So we had this album in the house that had a really interesting album cover, experimental compositions about politics and satire that I couldn't really grasp as a nine-year-old. We'd listen to it over and over, along with the Beatles, and various jazz albums. From then on, I always liked imaginative 'outsider' music that was different to the music listened to by my classmates. My brothers and I lived and breathed music. I remember bringing a Carlos Santana and Buddy Miles live album to Show and Tell when I was in fifth grade. It really confused the nuns at St. Pius X grade school.

What advice would you give your younger self?

Make time to not work. Be in the present. Unplug when you can. All easier said than

done but, by the same token, it gives you valuable and important perspective. I was looking back at an old photo the other day: I'm with the White Stripes in Brazil, in a canoe in the middle of the Amazon – and I'm sat with my head down, looking at my old school Blackberry. It's frankly a depressing image. Also, don't be afraid to delegate; I have a great team of people around me. Other things I've learned: relationships last longer than any deal, be true to your word, protect your reputation.

Have you ever felt professionally betrayed by the music business?

Betrayal is strong word. This is a funny business and full of characters. What's that alleged Hunter S. Thompson quote? "The music business is a cruel and shallow money trench..." If you do this for any spell, you run into your opportunists and those challenged by the truth, but you keep a mental record of those people and work around them. I certainly do.

If you could change anything about the music business, what would it be?

That music has value and intrinsic worth.

I'm concerned many tech companies simply see music as adjacent 'content', a thing that helps sell something else – be it advertising, or what have you. Music is fundamentally important to culture, to people, how we communicate and understand each other. It's not disposable – nor are the artists who create it.

Why are you so averse to self-publicity and social media?

I'm not totally adverse or we wouldn't be sitting here! I appreciate social media's value – I have teams of staff focused on it. It's flattened publicity, advertising and promotion in this business, without a doubt. But as it relates to me personally, no – it's not my thing. With the immediacy and accessibility of all information these days, mystique is becoming a bit of a precious commodity. I push that concept on my clients so – at least as far as it relates to me being in the public eye – I attempt to live it as well. Plus you have to keep feeding that [social media] beast; it's insatiable. I'd rather spend time with my family, friends, and dog. Every one of them is way more interesting than me anyway. ■

THE REVOLUTION IS NOW

Kobalt is challenging the traditional industry on multiple fronts – including records, publishing and worldwide royalty collection. And its CEO, Willard Ahdritz, believes music is worth much more than some people suggest...

Willard Ahdritz is repeating himself. Not, we're thankful to report, within the confines of this interview – as you'll read, the Kobalt founder has plenty of interesting/controversial things to say without ever resorting to reiteration.

But for two decades now, Swedish-born, New York-based Ahdritz has been banging the table for the same vision – and the same values – of a tech-embracing music business that is happy to share the majority of its wealth with artists and songwriters.

So when Ahdritz starts telling *MBUSA* about the industry's deep need for a “centralized global technology platform across multiple rights”, we have to stop and ask him: Willard, haven't we heard you use that exact phrase before? His answer is, proudly, affirmative: in fact, these words echo the pitch he presented to Kobalt's initial investor, SPARK, 19 years ago.

Back then, as he does today, Ahdritz passionately believed that, in order for the music industry to reach its global potential, it needed to jettison the endemic monetary wastage in its worldwide setup – something, he hypothesized, which could be delivered by a tech-based service company that also enabled creators to retain their copyrights. And Ahdritz has long argued that such a company, (i.e. Kobalt), could be successfully built on far thinner margins than the music biz's long-established “fat cats” (i.e. the major music rightsholders).

Ahdritz's unwavering confidence in Kobalt's model has been largely driven by two factors, for which he has remained a vocal evangelist: (i) the explosion in access to smartphone ownership

and telco coverage worldwide; (ii) the ‘switching on’ of billions of music consumers thanks to ad-supported streaming ‘funnels’.

At the close of last year, Ahdriz tells us with a grin, there were an estimated 1.5 billion users of ad-supported music services globally, alongside 250m users of paid streaming accounts – out of around 4 billion global smartphone users in total. By 2025, says Ahdriz, Kobalt expects there will be over 3 billion monetized digital music consumers, with over 750m paying subscription customers and 2.5bn users of ad-supported tiers.

“When we started, there were a few people in the business who told me I was an idiot, or that we were going to destroy the publishing industry,” says Ahdriz, in a nod towards Kobalt’s smaller-margins-in-a-larger-market game plan. “Some of those same people now tell me they see what we saw: billions of monetized fans, consuming music digitally, completely transforming what the music industry is, and what artists need from it.”

Back before Ahdriz pitched to SPARK, Kobalt wasn’t even Kobalt; it had a prototype name of NCM – Net Copyright Management. From there, it acquired a publishing catalog from Diesel Music, home of Eagle Eye Cherry, in order to prove its concept, in summer 2000. The company then publicly launched under that now-famous red ‘K’ logo, in January 2001.

Kobalt, the “centralized global technology platform” Ahdriz envisioned nearly 20 years ago, continues to become an increasingly powerful player in the music industry. That’s not just in the world

of publishing – where its disruptive, tech-driven presence was first felt – but also in recorded music (via AWAL), plus neighboring rights (via KNR) and royalty collection (via AMRA).

Kobalt’s success in publishing needs little explanation: for the past four quarters, the firm was either the second or third biggest hit publisher in the US, claiming an average 17.6% share of top 100 radio tracks over the past year, according to Billboard. Kobalt Music Publishing manages over 700,000 songs for clients like Sir Paul McCartney, Skrillex and Childish Gambino, with revenues on course for around \$400m in its current financial year, which ends at the close of June.

Also notable is the fact that Kobalt’s publishing admin service has become the partner of choice for the music industry’s ‘new money’: the likes of Round Hill Music, Spirit Music Group and Merck Mercuriadis’s Hipgnosis have each raised hundreds of millions of dollars of third-party capital, and have been responsible for some huge acquisitions in recent years. All of them now trust their catalogs to Kobalt.

Perhaps the most-talked about element of Kobalt right now, however, is AWAL – its recorded music operation, which is expected to turn over close to \$100m in the firm’s current FY. Working with acts including Rex Orange County, Little Simz, R3hab, Tom Misch, Nick Cave & The Bad Seeds, Steve Lacy and

Omar Apollo, AWAL offers label-esque distribution, marketing and promotional services, but demands no ownership of an act’s copyrights in return. This year saw a major milestone reached at AWAL, when singer/songwriter/producer Lauv saw his AWAL-managed catalog top 2 billion streams across just Apple and Spotify in Q1 – the kind of eye-popping number which usually gets major label bosses salivating.

For Ahdriz, this achievement offers simple proof that, when needed, AWAL can fight toe-to-toe with the US market’s biggest labels, and even challenge the dominance of major record companies at radio. (AWAL acquired respected NYC-based promo company In2une last year, which has worked with the likes of Major Lazer and Lindsey Stirling, among others.) AWAL’s certainly impressed Glassnote Records, which signed a global services deal with Kobalt earlier this year, leaving behind its prior agreement with Universal Music Group.

The biggest growth area for AWAL in the years ahead involves a community whom Ahdriz says have been sorely under-served by the major labels: the ‘middle tier’ of artists looking to earn a decent revenue stream from their music recordings. According to Kobalt’s estimates, there were over 20,000 Anglo/American artists worldwide in 2018 who generated tens to hundreds of thousands of dollars in label value from their recorded music catalogs. Kobalt projects this number will more than treble in five to 10 years.

This ‘middle tier’, says Ahdriz, will become AWAL’s key “sweet

spot”, as the company “drives an economic revolution” for these artists, via a service-driven business model that lets acts keep their recording rights and more of their royalties.

Here, Ahdriz explains more – while mapping out the recent history, and future potential, of Kobalt’s business...

You’ve often said in the past that streaming would eventually bring digital music to billions of people worldwide, on monetized platforms. It appears we’re there now.

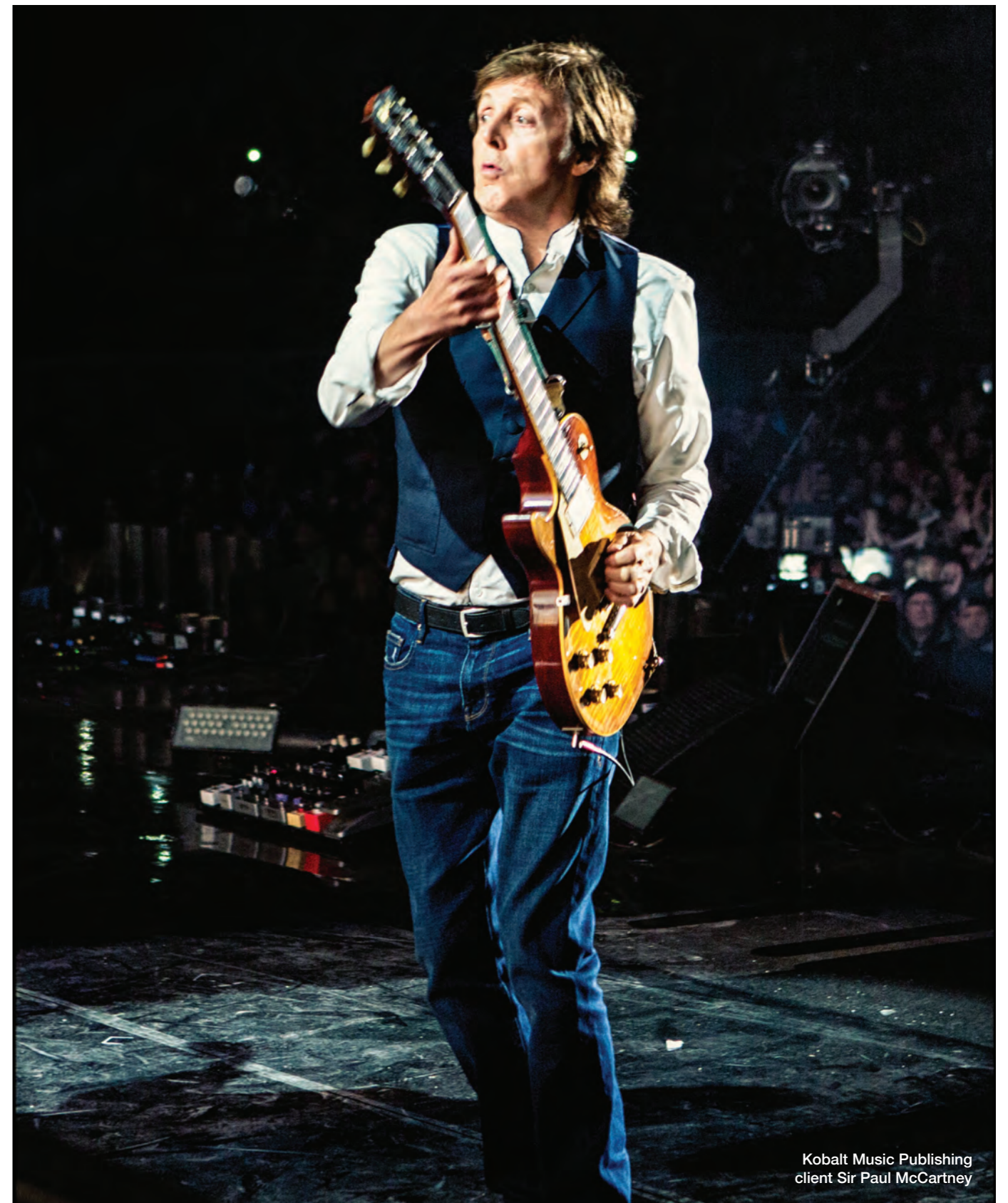
For years, many people told me I was here to kill the publishing industry. I hear that less and less today. All of the things I believed and said when we started Kobalt are now happening.

Kobalt is an enabler for both creators and the DSPs. We are creating a win-win-win for everybody. The music industry is growing, and Kobalt is outperforming the music business.

Your overall revenues were up 25.3% in your last financial year, to end of June 2018, reaching \$402m. Gross collections reached \$494m. Yet people still like to point at your losses; you had an EBITDA loss of \$15m last FY.

You have to understand that Kobalt is many businesses. Our publishing business, which is our largest and the one we have been involved the longest, is profitable today, and it will get

“People in the music industry told me I was an idiot... Now they see what I saw.”



Kobalt Music Publishing
client Sir Paul McCartney



Little Simz

more profitable as it continues to grow and scale. We are also the world's largest neighboring rights agent following our acquisition of Fintage House, and that business also generates positive contribution. All of our businesses have attractive economics and will be profitable once they reach scale.

To do that, requires major investment in building the leading centralized global technology platform to best service a fast-growing digital music industry. That's what I think most outsiders miss when they just look at the numbers.

We're focused on innovating and building for the future. For example, in our tech and product development, we're building out our infrastructure to support the growth of AWAL. This investment costs money, and that is what is reflected in those financial results. And those [FY 2018] numbers are almost a year old. We are forecasting over \$600m [in annual revenues] in our end of June '19 FY. We are already a much bigger company today, and continuing to grow at multiples of the industry. You can't drive looking in the rear view mirror!

The fact is, streaming is [fuelling] an amazing shift in revenue distribution, creating a large new market segment of artists not being served by the major labels. With the platform and services we've built out already, we are set up beautifully to help them. And we're eager to support more artists. That's why we are now raising another investment round and that money will help us in growing AWAL and our other businesses.

Our [competitors] used to say Kobalt's business didn't make sense. Then that didn't work, so they started saying we weren't creative. Then that didn't work, so they said we'd be bankrupt one day. And now they see us sailing away!

All of those comments are driven by fear; fear of the new way forward. I just care about the facts, and the facts are: we are building the new music business, and we are going to deliver a bigger artist ecosystem for everyone.

Why are you so confident that AWAL deserves the investment? What is marking that company out in the marketplace?

The major labels are still run on the system of the 'Hunger Games': 19 in every 20 artists that signs does not succeed in their system. More and more, artists are saying no to big advance checks from the majors and seeing real success – that's a shift. Look at the Lauv story. AWAL is also proving that releasing music globally from day one is much better than a territory-by-territory approach.

Maybe the worst thing about the 'Hunger Games' is that artists lose control of their career. We are here to maximise our [clients'] cashflow, not to take all of their rights and most of their money. In my opinion, it is more likely than not that a major label deal will be the kiss of death for most artists.

Not every major label deal is the same, though. Do you take any pride or pleasure in deals like that recently signed by

Taylor Swift at Universal, which ultimately gives her long-term control of her own copyrights?

It is absolutely clear that we have become an influence in those stories: 'Is [that superstar] going to sign with [Kobalt] or not?'

But the biggest win, I think, is this whole new generation, who will never get stuck in that major label system to begin with. It's already happened in publishing, and now it's happening in records. We've cracked radio with our In2une acquisition, and we have multiple Top 40 radio songs [in the US], so the economics for artists with AWAL are amazing.

I predict that within three years there will be a full restructuring of [the major music companies]. It will be very difficult for anyone in this market to justify a \$2bn to \$5bn annual cost structure.

Tell us more about the so-called 'middle tier' of artists, and the 'bigger artist ecosystem' which AWAL wants to build?

A whole segment of artists are struggling to live with the 'Hunger Games' model; there is no money coming out of that system for them. We're going to create a situation where 100,000 artists exist in the future and earn significant money from their recorded music each year. We were designed for this. We don't have the heavy, legacy cost structure of the [major] companies. We are here to drive an economic revolution for artists.

This is a very exciting opportunity. Still now, some major labels drop you from US radio after [promoting for] eight weeks, maybe nine if you're lucky. Then no-one around the world [in the same major company] will want to touch you if you have 'flopped' in a proven territory – you are damaged goods. That's a highly dangerous position to put yourself in.

It took 12 weeks at US radio before Lauv was biting and we were able to accelerate [that popularity]. We ended up working this for 50+ weeks on US radio. And we understand that it's a very global world: we recently processed data from China for the first time, a unique global event. We could do that because NetEase [Kobalt's partner in China] gives us data where other major players out there do not. We demand more than just a check from China; we need data, so we know who to pay.

NetEase has more than 450 million users, and 30% of what they play is international music. That's an interesting sign of what will happen in China; driven by the younger generation, international music will become bigger than it is today.

We're hearing a lot of huge numbers attached to Universal Music Group right now, which is potentially up for sale – or, at least, half of it is. What's your reaction to that?

Since day one of Kobalt I've said that music is significantly undervalued. I still believe that we are thinking of it in the wrong way.

You can buy the music [rights] industry today for around \$100bn, maybe a bit higher with Universal's recent valuations. But let's think about the amount of value music drives elsewhere. People say up to that 20% of Apple's market cap is driven by music. And that is an \$850bn company, judging by its market cap.

Over 35% of YouTube streams are driven by music, and some



Tom Misch

estimate [YouTube] as a \$150bn business. Tencent is a \$500bn company, and we know that music is very important in driving its social media activity. Amazon is \$900bn company and they also have a commitment to music.

If you start thinking about the value which music drives for these types of companies, it's huge. So my belief is music is undervalued.

You're talking about what happens when you remove the music: what are these big properties worth when you take it away?

85% of all people in the world consider music as essential or very important. And 70% of internet users around the world access licensed music, according to the IFPI.

Amazon Music and Echo speakers are great examples of how important music is to a major tech company. They help drive a new product category and/or enrich their customer's experience. Music is such an important driver at these major technology companies – and all of them understand its importance.

Would you have cause to worry if a giant corporation like some of those you mention bought Universal?

Yes, I think so. It sets off potentially a chain reaction – if one buys, what do the rest do? It's like Reservoir Dogs!

But even if that battlefield happens, I know that Kobalt will be here taking care of the new music industry – and that's a very different ball game. ■

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‘THE ORCHARD IS A TOTALLY UNIQUE PROPOSITION IN THE BUSINESS NOW’

New York-based Colleen Theis is a key management figure at The Orchard – the Sony-owned distribution and services company working with BTS, Jorja Smith and more...

Over the last decade, The Orchard has evolved from a left-field proposition for artists who often didn't get much further than the bedroom, into a key player in a growing independent market now moving from the fringes into the mainstream.

Chief Operating Officer Colleen Theis joined The Orchard back in 2011, and has overseen its growth from 25 to 43 offices worldwide over the last five years, as well as its transformation into a fully owned subsidiary of Sony.

In the three years following Sony's acquisition in 2015 – which came with a

reported price tag of \$200m for the final 50% – the distribution/services company's EBITDA has nearly doubled, as revealed last year by Sony Music boss Rob Stringer.

That's partly thanks to rapid international growth, accelerated by a run of recent deals that have included the buyout of Germany's finetunes and Norway's Phonofile in 2017, and a merger with Red Essential (incorporating Essential Music & Marketing) in the same year.

Thanks to a myriad of deals with independent labels and artists worldwide, mainstream success stories to have released music through The

Orchard include Ozuna, Kelsea Ballerini, Jorja Smith, T-Pain, BTS, 21 Savage and Flipp Dinero.

Theis started her career in New York, where a job programming events for the New York Public Library System led to an introduction to someone at Elektra, who was looking for a Spanish-speaking assistant. Thanks to a year studying abroad in Madrid, Theis fitted the bill. She took a pay cut to start at the bottom of the music business – an industry she'd long been trying to get into – aged 28.

The role gave her an education on how the industry worked, and she joined at an

exciting time: Elektra's then-CEO, Sylvia Rhone, was taking the label from being a rock-centric institution to having success with urban and hip-hop acts like Missy Elliott and Busta Rhymes.

After two years at Elektra, Theis left to join independent label Rykodisc in Philadelphia where she had more freedom to get involved in every stage of an artist project.

Shortly after she relocated, Rykodisc was acquired by Island Records founder Chris Blackwell to provide music marketing and distribution expertise for his new venture, media company Palm Pictures. Consequently, Theis was on the move again, this time heading to London where she was tasked with working on physical distribution deals across Europe. However, the new partnership was short-lived, and mere months after moving to London, Rykodisc and Palm parted ways.

Theis decided to stay with Rykodisc where she ultimately remained for 11 years, overseeing international marketing from the UK, and working with releases from Josh Rouse, Morphine, Steve Earle, Spanish Harlem Orchestra and the Frank Zappa catalogue.

When Rykodisc was acquired by Warner in 2006, Theis spent four years launching ADA's international arm as SVP of ADA Global. That was a challenge – the music business was contracting and the needs of independent labels were changing. So, after a while, Theis shifted, and joined The Orchard.

"At that time, The Orchard was pretty far outside of the standard industry so I definitely took a leap of faith," she says. "I had people asking me why, or saying, 'Oh, are you going to be okay? Can I take you to lunch? I'll pay, don't worry!'"

She adds: "I remember asking our CEO Brad Navin, 'So, who are [The Orchard's] top 10 artists?' He just laughed, and was like, you are not going to know any of these labels... it was all digital, they had next to no physical revenue whatsoever, and nothing that was high profile.

"But when I got my P&L [profit and loss statement] for a new territory, it was

like, 'How is this possible?' The business was thriving. I was like okay, I came to the right place, and every year has been like that. The industry is evolving so fast and The Orchard has been right at the front of it – and now we are in the thick of it."

Here, we chat to New York-based Theis about the growing closeness of the DIY and major music business, her ambitions for The Orchard and what's most exciting about the evolution of the industry...

How has Sony's involvement and subsequent acquisition had an impact on what you do at The Orchard?

We always had resources because we were doing good before, but now we've got the support of one of the largest entertainment companies in the world, so we are able to scale at the rate that we need to, in order to be able to fulfil the vision that we have to best serve our labels and artists.

"From where The Orchard is sitting, we see a lot more growth in the industry."

The Orchard is a totally unique proposition in the business now. There is nobody else that can offer our end-to-end solution; whether the 'end' is you just want to deliver some tracks out to the world and see if anyone bites, or if it's at the top end, having the global support of a company like Sony to come in and move the levers that take an artist to the next level – and everything in-between. Without having to say, 'Okay, you have to stop talking to this group of people, now go down the road and start all over with [a new label], which, as we know, is not a seamless process.

That variety of offering is perhaps a prime example of what a major label looks like in 2019. But does that flexibility bring a question mark over whether there's any incentive for artists to sign away their master rights? Jorja Smith is an interesting example of an

artist who hasn't signed a major deal but is still building a great profile.

There is still very much a place for the major machine and the labels, particularly with the A&R and the creative focus, which is a part that most label/artist services companies don't offer.

In 99% of cases, an artist chooses this route because they want to control their own product. Jorja is a good example: she came to us with a finished record and she wanted to put that record out and have the time and space for it to develop at the pace she was happy with.

It was a very sustained, grassroots and direct-to-fan approach that she wanted to take. If she'd come out in the previous decade, yes, her only option would have been to go to a major label. And then maybe they would have put out a single, it wouldn't have [hit their short-term commercial targets], and she'd have had to figure that situation out. So she's come into the industry at a super exciting time because she can control her own pace. Sony have collaborated with us in various markets to do radio promo or marketing for her, and Jorja is a great example of a case where ultimately, at some point, she could grow into an artist that would be a [fully-fledged] Sony artist. The unique thing about Sony and The Orchard is we are all part of SME, so what's working for us works for them too.

So the setup is an example of how major labels are adapting to artists wanting more control...

Yes. You could also take the opposite view and look at 21 Savage, who was distributed by us and is now signed to Epic and is one of the biggest artists in the US. Same thing with Flipp Dinero.

There are artists that at some point are like, 'Okay, now we need the big guns to come in.' That's fine with us, because we don't have a radio staff in however many markets across America [like a frontline Sony label]. Also artists might need more cash flow, a deal that's structured differently, or more creative collaboration with other artists under the umbrella of

Epic, or whatever label it might be. It's works really great here and, honestly, what [Sony] has is totally unique.

Thanks to a few high profile success stories, there appears to be a rise in artists having success independently, and signing deals with distributors over major labels. Is that what you see from where you're sitting?

[That's] happening with different levels of success, and in certain genres it's more prevalent than others. For example, Latin and hip-hop artists have really figured out how to engage in an authentic way with their audience and drive that audience in a manner that maybe some of the other genres haven't navigated as well.

But for every Chance the Rapper there are hundreds of other artists that would be better served having a [more traditional label] deal. Because [staying independent] is not easy; the thing about distribution and label services is that it's a partnership, so the artist and that team they bring are responsible for their piece of the puzzle. If they don't deliver, or if they get bored with the mundane part of [a campaign], then it doesn't happen.

We are pretty choosy here about the artists we take on for that reason – you need to have a professional team that understands the process.

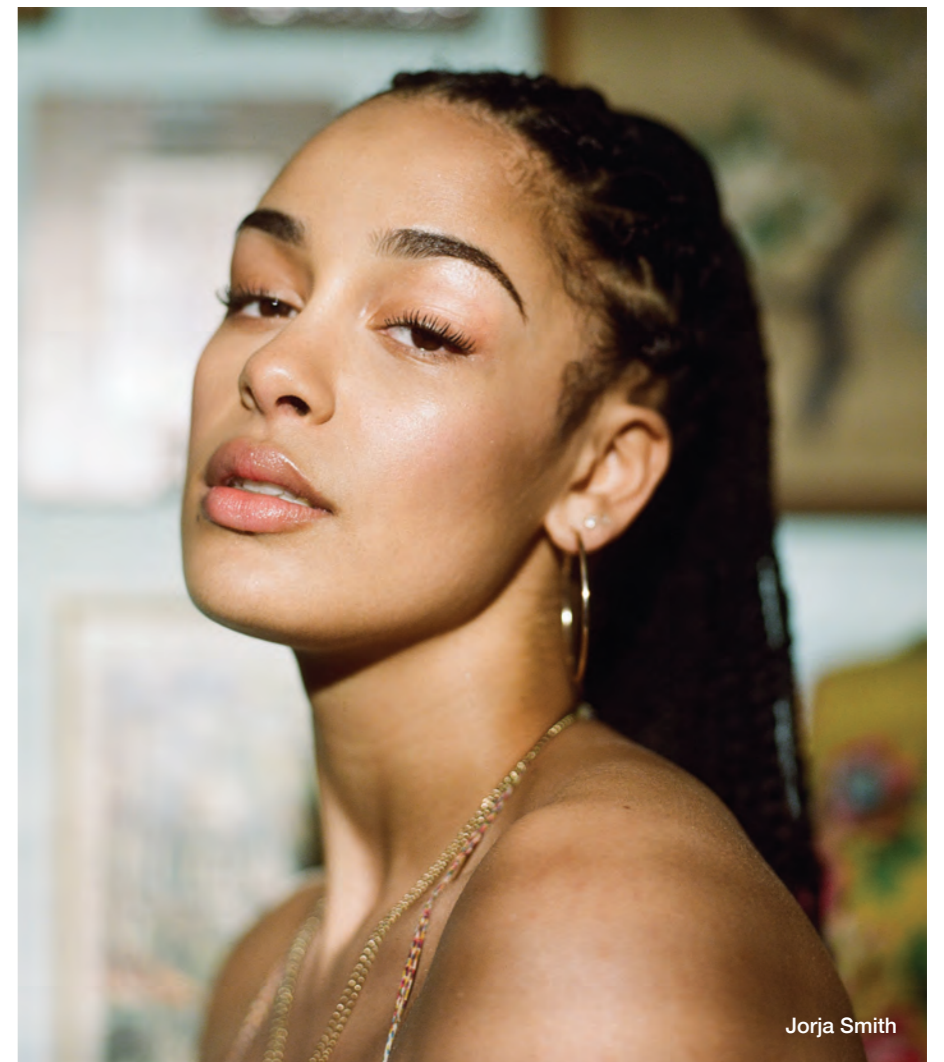
How do you see the wider 'traditional' music industry evolving in future?

What's 'traditional' anymore? I think The Orchard is a traditional music company now, although of course a lot of people would still tell us no, we're not.

I think you are going to see a lot of evolution in 2019 and beyond and it's about being a 'services' organization – whether or not you are the owner of the copyrights. The relationship [with artists] is more symbiotic than it was before, with more give and take.

What's on the horizon for the distribution space?

For us it's about services and less about A to B, although that's the backbone and core of what we do — encoding, storing,



Jorja Smith

delivering files and retrieving analytical data on an hourly basis. That's never going to change, but people are doing different types of arrangements regarding how they get their music out, so it's about being able to work side-by-side with the labels, artists, clients, a range of producers and what have you, and guiding them on the best strategies towards really making sure than you are capturing every penny.

Whether that's how you manage your YouTube presence, doing performance collections or on-sale, on-air. It's being a strategic advisor and also making sure than people are prepared for what we haven't even thought about next.

Voice, for example, and the metadata that goes along with that, to make sure you have an accurate experience when you ask

Alexa or any other voice-enabled service to play something for you. You want to be discovered and it's very difficult at the moment to find what you're looking for.

In the next couple of years, voice is going to be everywhere so the repertoire owners need to be organized and really methodical about how they are preparing, delivering and updating all of their information to all these services, so that they are at the top of the heap. That is the boring underbelly of a very exciting industry.

The Orchard has made a few acquisitions – do you have any more on the cards?

Not right now, I need to breathe for a minute. I've clocked up a lot of frequent flyer miles! That said, we are always open to strategic acquisitions that make sense.

Spotify is a tech company that the majors now own very little stake in — do you have any concerns about its power?

Nope, I don't because in different parts of the world different [streaming] services are working so our playing field is really level. I think it's more level than it's ever been — when The Orchard started, all of our sales were on iTunes. Now there are all kinds of services that are important regionally, and then there is a handful that are important globally.

The industry is banking on there being a lot more growth in streaming. How much more potential is there?

From where The Orchard is sitting, I think there is a lot of growth. We put a lot of analysis and math into our projections and we have facts to back it up from the past.

We know what markets we are looking to develop in and are really confident and positive about where the streaming ecosystem is going. I still feel like we've only scratched the surface.

Which markets are you particularly earmarking for growth?

The ones with the biggest populations and least penetration, so Asia, China, Africa — and we are still growing like crazy in South America as well. Business is great, globally. Just because some markets may be richer than others, doesn't mean that we won't continue to see growth because it's an issue of share, too.

[In those developing markets] you've got infinitely more people, so it's a volume game, and you have also got the advertising and branding piece that comes into it.

The numbers you see now on some [tracks]... we work with artists who are able to get to 10 million streams in a couple of days, it's crazy. If you have that global groundswell it lifts the boat for everybody.

What would you change about the music industry and why?

I think the music industry is changing fast enough on its own — I don't need to contribute any more! The best thing about that change for me is the influx of really strong and amazing women that are now



Some of The Orchard's key players: [L-R] Jaclyn Bertsch - SVP, Global Label Management & Integrations; Samantha Moore - Director, Analytics; Colleen; Tricia Arnold - VP, Global Sales & Marketing Joanna Noyes - Senior Director, Marketing

sprinkled throughout the business.

In our company we've got women that lead our companies in Italy, Spain, Mexico, south east Asia, Sweden, Denmark, the pan-LATAM team out of Argentina and in Miami, so the female approach is really ingrained in our culture and has made The Orchard a really wonderful place to work.

In America right now, Amy Dietz is running INgrooves [with Bob Roback] and Jacqueline Saturn is running Caroline, which is really cool to see and is something that is very new. I'm all about that change and looking forward to seeing what happens over the next few years because women are becoming empowered like they never were before.

You've risen to the top of your profession with a 'c-suite' role at a large music company. What's the key to a successful career in the music business?

Being passionate and happy about what you are doing. You'll start to feel the creep if you're not and then you know it's time to do a lift-and-shift because life is too short.

Success is defined in a lot of different ways; it's not always about having the top job somewhere or making money, it's about a mix of feeling proud of what you are doing and who you are doing it with, and having a work/life balance that is manageable, where you're not only [working] 24/7 — you're able to keep a roof over your head while having some fun. ■



‘US REGULATION FOR SONGWRITERS IS ARCHAIC — AND IT RESULTS IN LESS FAIR OUTCOMES’

SESAC continues to disrupt the long-standing domination of US performing rights by ASCAP and BMI — while escalating its presence around the world...

SESAC has a long history of advocating for songwriters and music publishers: it is, after all, the second oldest PRO in the United States.

These days, there are some major differences between SESAC and its Stateside competition — not least the fact that it operates on a for-profit basis, while its two largest competitors, ASCAP and BMI, are not-for-profit entities.

SESAC CEO & Chairman John Josephson argues that his company's commercial imperative makes it more dynamic and hungry to strike the best possible deals for its 'affiliates', who include huge names like Adele, Bob Dylan, Mariah

Carey, David Crosby, Rosanne Cash, Kings Of Leon, and very successful film and television composers such as Christophe Beck, Gabriel Mann and Randy Newman.

Furthermore, SESAC doesn't let just anybody through the door: the firm is focused on only working with truly premium, established and up-and-coming songwriters — which explains why its roster of 'affiliates' stands at circa 35,000. (ASCAP, as an example of the contrast here, added 40,000 new members to its books in 2018 alone.)

SESAC is an organization with genuinely global ambitions: backed by multi-billion dollar private equity group Blackstone,

the company has successfully expanded into Europe via its JV, MINT, with Swiss collection society, SUISA. It's also making waves in India, having recently inked a digital licensing and administration deal for BMG's repertoire in the territory. And then there are its acquisitions, which in the past five years have included US mechanical rights processing hub The Harry Fox Agency (HFA) and micro-licensing firm Rumblefish.

As for what's next? SESAC is looking to become an alternative to larger competitors around the world and provide songwriters and publishers a choice. SESAC also hopes that HFA will be in contention to become



Mariah Carey

an administration partner of the new Mechanical Licensing Collective (MLC) – the body widely backed by the industry to carry out the mandate of the Music Modernization Act (MMA), which passed in the US last year.

The MLC's operation will be funded by admin fees paid by digital services, who will be able to obtain a blanket streaming mechanical license from the body – covering all music used in the US. This means that the likes of Spotify can avoid the legal headache of lacking mechanical licenses for individual songs amongst the tens of millions of tracks on its platform.

Here, *MBUSA* catches up with John Josephson to ask all about SESAC's recent growth, and its ambitious plans for the years ahead...

What have been some of the biggest progressions at SESAC in the past year?

We're executing on the strategic objectives that were put in place between 2014 and 2017. MINT is something that we're

continuing to execute on, in partnership with SUIISA, and it's scaling very quickly right now. I suspect the geographic footprint of that business is ultimately going to be much broader than just pan-European. We're now representing Bertelsmann/BMG for certain rights in India, for example, and there are other discussions we're in the midst of right now, frankly, across the world.

At the core of our business is our bespoke US performing rights organization. Over the course of the past two or three years we've really fine-tuned that business, both in terms of the quality and capabilities of our technical infrastructure, as well as enhancing our focus on delivering the highest possible level of customer service.

We maintain a laser-like focus on driving continuous, incremental value for the performing rights of our affiliates. We want to maintain our strategy of being a home for high value creators and compositions, so we don't plan to dramatically increase the number of affiliates that we serve, or

to do anything else that would dilute our focus on our existing affiliates.

What excites you the most about SESAC's ex-US business going forward?

We've really demonstrated over the past, say, 25 years, that we can drive value for rights-holders and enhance the competitive dynamic in the US market. So we're excited by the opportunities we see outside the US to drive better outcomes for rights-holders – providing freedom of choice to songwriters and publishers by competing with incumbent rights organizations. Our hope is that we can bring the formula that we've perfected in the US to other markets in the world.

I think our participation with MINT across multiple territories in Europe has already created value, not just for SESAC's affiliates, but also for clients of the other participants in the market, because those entities have had to up their game from a service, price and technology standpoint in response to our entry in the market.

How much progress is SESAC making in terms of allowing you to compete freely with incumbent collection and licensing societies in territories like the UK, Germany and beyond? I take it you're not getting a friendly reception in certain markets?

I always say that if you want a friend, get a dog; we did so in my family recently, and I'm already feeling the love! Look, we always expected that the incumbent societies would use every tool available to them to make life difficult for us as a competitor, and that's proven to be the case. That's their right and we have no issue with it. We only have an issue when a competitor acts in a manner that's not consistent with their obligations under the law. I don't begrudge anybody's right to fight back against us – in fact, I welcome it – as long as they're fighting in a manner that's legal.

The US consent decrees, which govern both ASCAP and BMI, may soon be under review in the US, according to reports. What's your view on them as things stand?

In the US, we have consent decrees – not just in the music industry – that are basically settlement agreements between parties and the Justice Department, that basically say, 'For the next X years, you can and cannot engage in these activities.'

That leaves the Justice Department in the position, nominally, if not explicitly, of being responsible for monitoring whether the parties are behaving in accordance with the terms of the consent decree.

In some cases, there are consent decrees that govern industries that don't exist anymore, or that are 100 years old and aren't very meaningful to anybody. And there is a legitimate reason to clean those up, and get rid of them. This is the stated objective of the process the Justice Department has undertaken.

Music is a little different because the consent decrees we have today are still relevant to the way the US market functions and specifically, how performance rights are licensed. What that means is that there are lots of licensees that care about



Bob Dylan

what happens to the consent decrees.

Now, those consent decrees obviously impose a bunch of restrictions on ASCAP and BMI that govern their behavior, and [those PROs] are seeking to change them in a way that will allow them to deliver better value or greater efficiency to their members. We support pro-competitive changes or modifications to the consent decrees.

People are now waiting to see what the Justice Department will do. Do they want to talk about abrogating the consent decrees entirely? Do they want to talk about modifying them? Or are they going to do nothing?

The last time the Justice Department did this under the Obama Administration, they spent two years on it, and ended up deciding to do nothing. It could be the same outcome here, and either way, anything that may or may not happen is still a long way off.

We expect the Justice Department to follow its normal deliberative process,

including seeking public comment before making any decision about how to proceed and submitting its views to Congress, as required by the MMA.

There is a very high degree of alignment within the music industry across those participants who create, own or administer musical works: in the event that the Justice Department eliminates the consent decrees, governmental price control legislation is not the solution.

Yet we have a group of large and powerful lobbying organizations on the other side that are seeking to exploit this process, to try and gin up support in Congress for more regulation of music rights. God forbid if that happens, because, ultimately, songwriters are the most over-regulated small business people in the United States, if not the world.

Be honest: do you see a day where songwriters' rights and the rights of music publishers can be negotiated in a true free market in the United States in

the same way that recorded masters are currently negotiated?

Well, hope springs eternal. There's no reason why it shouldn't be that way, and it's terribly inequitable that it's not.

The regulatory construct that governs the licensing of musical works evolved out of the modes of distribution and consumption that existed in the late nineteenth and mid-twentieth century. They're archaic and restrictive, and demonstrably result in less fair outcomes for rights-holders.

There have been a lot of broader conversations about the streaming revenue 'pie' of late, and especially the Copyright Royalty Board-approved rate rise in the US. Spotify and Amazon, amongst others, are objecting to that 'pay rise' for songwriters. What's your view?

My view won't come as a shock: those that are involved in that appeal process, and in particular those that are leading it, will ultimately look back at their actions as a tactical and strategic mistake.

I would question what the upside is for them, as opposed to the benefits they would reap from striving for closer alignment with the rightsholder community. The appeal process is going to involve substantial legal and other costs for both sides, although I think the impact of these costs will be more sorely felt on the rights-holder side. And, ultimately, I don't believe that it's going to achieve a material change in the original CRB outcome.

If you're a player that really positions itself as wanting to get ever closer to the artist and the creator, it sends a terrible message.

The other thing I would say is that this whole process is a good illustration of why regulated pricing for music doesn't create the efficiencies and balanced outcomes that licensees often claim. Here you have a years-long process that for the first time in decades awarded a meaningful increase in the value of mechanical rights based on the reasoned decision of an independent panel.

That process cost enormous amounts of money to complete and now, to add insult

to injury, the other side is appealing that decision, resulting in additional delay and costs to rights-holders.

SESAC is a free market player, so the very fact that there's a statutory right that needs to be adjudicated before a tribunal, from our perspective, already ultimately inures more to the benefit of the person who's trying to license the works than the person who created those works.

When we see certain industry groups that represent licensees arguing for statutory licensing, this serves as a good example of why it just doesn't work. Those for statutory licensing argue that it is more efficient and fairer, but what you're seeing in this situation is anything but efficiency and fairness.

“Those involved in the CRB appeal will look back at their actions as a mistake.”

At the 11th hour of the MMA process there was some controversy, later resolved, involving SESAC and your owner Blackstone. What happened and where are you at now?

We acquired HFA from the National Music Publishers Association in 2015. The HFA business has a significant digital administration component to it, providing services for payments on streaming for some of the largest platforms in the US market. The initial wording of the MMA raised some concerns for us regarding the inclusion of performance rights under the MLC's administrative mandate and the related elimination of competition in the broader digital admin services market. It was never our intention to blow the Act up or to prevent it from passing – we were just seeking some minor changes.

However, there was a very strongly held view amongst many of the groups that had come together to try and move the MMA forward that its successful passage was dependent upon making no changes to it

at all. Their concern was that the changes we were seeking would imperil passage of the Act as a whole. That concern morphed into a perception that we were seeking to prevent its passage, which we were not.

In the end, senators and all stakeholders were able to reach a compromise, and once that was reached, SESAC was actively engaged in lobbying for the passage of the Act. It's always been our position that free market solutions drive the best outcomes for rights-holders across all categories, whether they be writers or publishers. We just wanted to be sure that as much of the digital administration market as possible remained unregulated.

What else has been happening at the Harry Fox Agency since you acquired that org from the NMPA?

We're about 75% of the way through what has been a fairly significant undertaking at HFA: to expand the size of its database of musical works and to integrate that database with SESAC's so that we can look across a broader range of rights categories, in the first instance mechanical as well as performance, for each work we represent.

At the same time that we've been growing the size of our data asset, we've also been cleaning the data, really scrubbing it to make sure that it performs from a commercial perspective at the highest level possible.

Since the Music Modernization Act was passed last year, we've also had to invest a substantial amount of time and resources to make sure that HFA's administration activities are in compliance with the Act.

HFA is participating in the vendor selection process for the MLC. How is that going?

The MLC database is going to be very consequential for the music rights industry, not just in the US but around the world. It will be a trusted, public reference database for the largest music market in the world, and should therefore be a very commercially significant undertaking for the whole industry. ■



Adele

WHY AMERICAN INDIE LABELS MUST THINK GLOBALLY

Partisan Records’ British-born Managing Director, Zena White, explains why the New York-based label is investing in promoting its artist roster outside the US...

When people ask me what I miss the most about the UK I have three answers: in summer it’s drinking on the street; in winter it’s a good Sunday roast; all year round it’s the BBC.

It’s only since leaving the UK that I have understood the impact of the BBC’s contribution to the development of culture and the arts. Before taking the job as MD of Partisan Records, I was in the business of breaking US independent artists in Europe. Since moving to New York and wrapping my head around the US market, I have been surprised to find that the US media landscape isn’t favorable for developing anything new.

Outlets which cover music are either going away completely or moving behind paywalls, so it’s a risk to use valuable space to cover something uncertain of ‘clicks’. NPR is the closest we have to the BBC – similar in their public service status and funding model – however, culture (and specifically music) is a much smaller slice of the programming.

Don’t get me wrong, the BBC is not perfect; it’s worrying that the UK is losing entry-level support programs like Radio 1’s ‘In New Music We Trust’ playlist, whilst on BBC TV ‘Later... with Jools Holland’ has been cut in half to one season per year. You only need to watch the performances of 2019’s BRIT Awards to see that the mainstream does not reflect the diversity of music being consumed in the UK today.

However, across its channels, the BBC has a fantastic network of DJs who genuinely support new music, allowing fanbases to be built and artists to thrive. If it were not for Steve Lamacq championing visceral, aurally-challenging IDLES, the independent sector would not be seeing such a healthy rise of support for alternative rock music again. In the past seven months IDLES finished at No.5 in the UK album chart with their sophomore Joy As An Act of Resistance and Fontaines D.C. finished



“The US media landscape isn’t favorable for developing new artists.”

at No.9 with Dogrel. It wasn’t Lammo alone, but him planting a flag in something counter to what was trending brought other opportunities for these artists at the BBC and beyond.

For a country five times the size of the UK, there is a frustrating lack of any leverage-able media networks in the USA, making it harder and harder to break artists who would have traditionally been categorized as ‘alternative’. But it doesn’t actually matter, because press seemingly stopped selling records some time ago and the internet gives us access to a far bigger audience than the USA: the world.

The USA is home to the HQs of the three biggest streaming platforms, each of which operate a global strategy. Seemingly, in an industry that cares so much about numbers, no one cares where they come from – as long as they’ve been generated by real fans.

When we started working with Cigarettes After Sex in 2016, they were little-known by the industry and based in NYC. However, they had already sold out two European tours after their music connected with fans in Eastern Europe and was boosted by the YouTube algorithm.

After we put out the first single on Partisan they sold 1,200 tickets in Taiwan in just four hours, before their debut album was even released. Mexico is one of their biggest markets and when Spotify launched in India, they were one of the most played artists on the platform in the first few weeks. China too is raising its hand and the band sold out their recent show in Shanghai weeks in advance.

OK, so this is a business and the payment rates are low in these markets. However, if you start to rack up several millions of streams abroad as a US artist and are touring the States too, you have ammunition to convince media outlets and other champions get behind you enough to propel your home audience. Building metrics abroad also helps to prime the algorithms and



Fontaines D.C

playlists in higher-paying markets, literally driving revenue at home.

When looking at the global picture, Cigarettes After Sex have sold over half-a-million albums (streaming equivalent) and counting – yet only a third of these sales are from their top three markets: US, France and UK.

They’ve sold a surprising amount of physical copies in tertiary markets such as Poland and Thailand and since they have a really healthy global touring business, they could be permanently on the road if they wanted to be.

So what about music which is a more ‘active’ listen and doesn’t find itself so readily on playlists and in auto-play algorithms? We are tour-supporting our more developing artists’ promo visits to Mexico City – just as has traditionally been the norm with Paris or Berlin – because culturally this region loves alternative music and loyally sticks with an artist they connect with throughout their career. This is a long term investment: with low streaming pay-out rates and the difficulty of physical distribution, we don’t anticipate this to be a quick money maker.

However, Tender and Fontaines D.C. both just played sold-out shows to some of the most

“If you rack up millions of streams abroad, it gives you ammunition at home.”

vocal and engaged crowds they’ve experienced. Investing their time and art in the people of the region early is expected to go a long way to building a fanbase in Mexico City. As the gateway to Latin America, establishing an audience there creates an entry point to pockets of audience through Bogota, Santiago, Sao Paulo, Buenos Aires and beyond.

We are using fan engagement through a combination of social media and touring to build a global audience before taking these artists back into the ‘traditional’ markets – where they can make the most amounts of money in the short term – such as the US, the UK and France.

So the strategy is simple: build fans – and thus metrics – where there is a reduced barrier to entry, in turn impacting the primary markets where the barrier is increasingly getting higher.

The key to execution is communication; it does not take an expensive amount of resources to think globally. It takes time, both to build a reliable network and to communicate release plans effectively. But whilst payments in emerging markets are currently small, the investments made overseas are the future of growth potential for alternative artists.

BEEN THERE, DONE THAT

When Strauss Zelnick ran BMG's global record company in the late nineties, the industry was riding high on the CD boom. The media magnate looks back at his time in music...

Strauss Zelnick is a true power player in the global media landscape.

The New York-based businessman is the founder of Zelnick Media Capital (ZMC), which has nearly \$20bn in assets under its control.

ZMC is perhaps best known as the firm, that, since 2007, has maintained a highly successful management agreement with Take-Two Interactive, the global interactive entertainment company whose IP includes BioShock, Civilization, Mafia and NBA 2K – and at which Zelnick is CEO and Chairman. Via its Rockstar Games wholly-owned label, Take-Two also owns and publishes the Grand Theft Auto and Red Dead Redemption series of games which, according to estimates, have turned over more than \$5bn between them. (Last year's Red Dead Redemption II broke records for the biggest opening weekend in the history of entertainment, with over \$725 million in worldwide retail sell-through during its first three days.)

As if all that wasn't enough to keep Zelnick busy, in October last year he was named interim Chairman of the board at US media and news giant CBS Corp, which generated over \$14.5bn in FY2018 alone. And, to cap it off, Zelnick, a fitness enthusiast, is also a published author of the acclaimed self-help book *Becoming Ageless: The Four Secrets to Looking and Feeling Younger Than Ever*.

Those of you with longer memories, though, may remember Strauss Zelnick in a different capacity. Zelnick was hired as President and CEO of BMG Entertainment's North American operations in 1995, and became its global head in 1998.

Zelnick left BMG in the year 2000, shortly before founding ZMC. (Sidenote: as covered on *Music Business Worldwide* late last year, Zelnick actually helped start the company that would become Rockstar

Games, BMG Interactive, during his time in the music business. His superiors canned it, and sold it for a reported \$9m.)

Prior to joining BMG, Zelnick was President & CEO of video games company Crystal Dynamics from 1993-1995, and President and COO of 20th Century Fox from 1989-1993 – a powerful hot seat in Hollywood which he claimed aged just 32.

Here, Zelnick discusses his path in media, his experiences and memories of the music business – and his view on the record industry now that streaming has boosted its commercial credentials...

How did you end up in the music business in 1995?

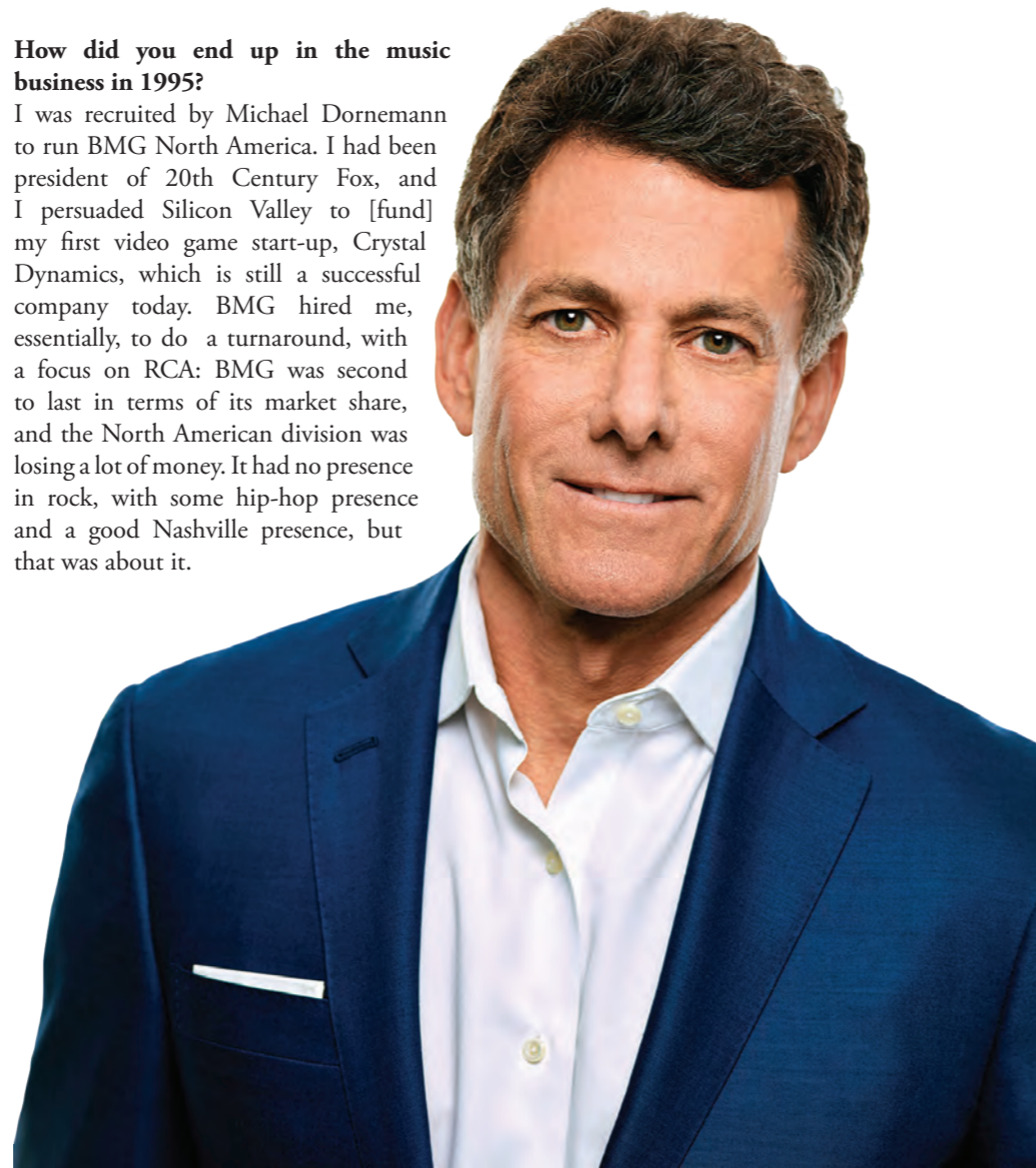
I was recruited by Michael Dornemann to run BMG North America. I had been president of 20th Century Fox, and I persuaded Silicon Valley to [fund] my first video game start-up, Crystal Dynamics, which is still a successful company today. BMG hired me, essentially, to do a turnaround, with a focus on RCA: BMG was second to last in terms of its market share, and the North American division was losing a lot of money. It had no presence in rock, with some hip-hop presence and a good Nashville presence, but that was about it.

Who were the biggest artists at the time?

The biggest artists when I joined included Whitney Houston and many country artists. They also had Notorious B.I.G. in hip-hop. The Arista label, which Clive Davis was running very successfully, was the crown jewel of BMG.

What's your memory of your first year, and how you ingratiated yourself with the A&R 'lifers' like Clive?

Obviously, I'm biased because I'm seeing it through my eyes. But I showed up,



and I didn't pretend to have any more knowledge than I had. It was obvious not just to everyone else, but to me, that I had no experience in the music business, so I certainly didn't present myself as someone who did. Initially, I spent my time listening. The first action I took was to preserve what was good – which was largely Arista and BMG Direct – and then to restructure the divisions that were not doing as well.

So we shut down or sold off a bunch of non-core divisions, reduced the fixed overhead, and then focused on rebuilding RCA by bringing in Bob Jamieson and Jack Rovner to turn it around.

RCA's primary focus became an unknown artist who hadn't released his first single for the label yet, which was Dave Matthews. That turned into a huge hit and attracted a bunch of other rock artists like The Verve Pipe and others.

Then I turned my attention to building up [D2C brand] BMG Direct, by bringing in Warner and Sony products, and that took us from No.2 in direct marketing to No.1

very quickly, all the while not disturbing the great success that Clive had built at Arista. [With that] I basically just stayed out of the way, something I'm good at.

We were able, in relatively short order, to bring the company from No.5 out of six [in US market share] to No.2 out of five. During the time I was there, I think, five out of six years, we had record profits, market share and Grammy Awards.

When you got the global BMG job in 1998, Doug Morris – then a rival – was quoted as praising the “terrific job” you’d done up to that point. That’s a surprising level of gentlemanly conduct when we look around at the fiercely competitive modern music business!

I pride myself on being a friend to all – I've never intentionally burned a bridge in my career. It irritates my wife greatly, but I pretty much like everyone. We all served on the RIAA board, we knew one another; at CEO level, it's not like you're competing for artists [against each other], there's none

of that hand-to-hand competition. Doug was always a gentleman, and I was always a fan. I see the same thing in the media businesses that I run today, where while we compete with others, we're friendly. I am not a subscriber to the Hollywood adage, 'It is not enough that I should succeed; my friends must fail.'

During that period, 1995 to 1999, what was the health of the industry like?

We were still benefiting from the CD boom, although there were storm clouds on the horizon. At BMG, we very publicly embraced, specifically, digital distribution. When I arrived, in late '94, [it was clear] we had real problems with conditional access software [i.e. DRM]. Because of our failure as an industry to launch legitimate alternatives to digital distribution, a whole piracy industry sprung up, with Napster and others. We as an industry lost sight of the fact that we were leaving the consumer behind. That, however, didn't bite into BMG's revenues and profits during my



BMG's Strauss Zelnick, Bob Jamieson and Michael Dornemann at the 42nd Grammys in February 2000

tenure – it really only hit hard after I left.

When you look back now, why couldn't the music industry get it together?

Because we weren't software experts, and we probably made bad choices with people we worked with. Also, BMG's market share, even at its peak, was not enough to change the industry overall.

We were pounding the table at the RIAA, about [the importance of] digital distribution and piracy, but I think many of our competitors felt like, 'Hey this gravy train will never come into the station.'

Clearly, we as an industry, and I personally, did not handle the shift to digital effectively, and the result is that today you have a [global recorded music] market that's probably [worth] \$100bn, but it's modified to the tune of \$18bn [annually] – down from a peak of about \$35bn. Certainly, as I've gone on to build

ZMC into the company that it is today, with nearly \$20bn in assets, we have succeeded by staying in front of the digital curve, rather than trying to catch up with it.

What, when you look back at your period at BMG, would you count as your personal highlight?

My instinct is more to count my personal failings. But you know, the highlights were that I was able to attract, and retain, and motivate fantastic talent who did great work, which was reflected in the company's success. You know, there's that term, a 'music man'; I don't think anyone called me that, although I do love music. I didn't sign artists, I didn't produce records, I didn't market records – but I did have an enormous appreciation for the talented people who did those things. I'm proud that we were able to retain those who were there, and bring in others, and that was

reflected in what became an extraordinary culture. The wind in our sails was created by people like Jack Rovner and Bob Jamieson at RCA, Clive Davis at Arista, L.A. Reid and Babyface at LaFace, Clive Calder at Jive, Joe Galante and Tim DuBois at our Nashville labels, and many others.

What are your memories of some of those individuals?

I could go on endlessly! Clive Calder was brilliant from both a business point of view and a creative point of view, as well as being exceedingly tough. I had a great relationship with Clive Davis – press reports to the contrary notwithstanding – and I have enormous regard for him, as does everyone else in the industry. Bob and Jack did a terrific job turning around RCA. Tim DuBois is an immensely creative guy, super straightforward, honest, and honorable.

I really enjoyed the time I had with Joe. These are all A-plus people.

What would you say was your biggest professional lesson of your tenure in the music industry?

I was charged with the responsibility of executing Bertelsmann's approach to retirement with regard to Clive, and it played out very poorly in the press. [Bertelsmann had a mandatory retirement age which Davis hit, and Zelnick was asked to manage the situation.] That's probably something I regret handling the way I did.

If I could do one thing differently it would be to leave things as they were at Arista. Clive did great. But I had been charged with creating a succession plan and executing it, so I did, and I tried to do it as sensitively as I could. I did it in a way where Clive stayed with BMG, which he did, for a long time, through J Records and otherwise, even after I was long gone. But it created a lot of unnecessary controversy, and it created some pain for other people in the mix. The better part of valor would've been to say to my leadership, 'Look, I understand your points of view about succession, but this is an unusual and outlying case with a remarkably talented, creative executive, and we need to just stay out of the way.'

What did you learn from that experience?

I've learned that when you're fortunate enough to have talented, creative individuals in your environment, then you move heaven and earth to keep them happy, focused and motivated. And I've learned, maybe because I've gotten older, that age has no place in the discussion, whatsoever. People can be super-talented at any age if they remain excited and motivated, and Clive Davis, I think, is the poster child for that.

So that was sort of an obvious mistake. There were a few non-obvious mistakes, too – we all make mistakes every day, so there are a few things I wish I'd handled better than I did. But I'm balanced; BMG was a great experience for me overall, and it served me well.

To ask a blunt question, did BMG and the music business make a mistake selling off BMG Interactive, which became Rockstar Games, so cheaply?

I'd say it much more strenuously. When I joined BMG, we all were aware that recorded music was a mature business, and management said, 'What do you think of [expanding into] the movie business?' I said, 'Look, I really enjoyed my seven years in the movie business, and I'm proud of my track record, but it's a very challenged asset class. Let's look at the next big growth business in entertainment – let's get into video games.' So we did.

We hired a team, and we started acquiring properties for distribution, and just on the eve of watching our first release [hit the market], Thomas Middelhoff, who was then [head] of Bertelsmann,

"You have a global record business today probably worth \$100bn, modified to \$18bn."

forced us to divest BMG Interactive – over my noisy objections.

I didn't carry the day and we sold BMG Interactive for a penny, essentially, to what was then a fledgling entertainment company called Take-Two Interactive.

I couldn't have protested more but, at the end of the day, I had a boss. [Reports following Zelnick's resignation from BMG in 2000 suggested he had developed a difficult professional relationship with Thomas Middelhoff – a crucial factor in his decision to leave.]

Do you ever miss working in music?

When we started ZMC, the first company that we bought was, believe it or not, a record company – Columbia Music of Japan. It was hard, because it had a tiny market share when we took it over, had been losing money for 20 years, and was thousands of miles away. We were able to [execute] that turnaround successfully

and achieved, I think, the highest return on a recorded music deal in that decade, between 2000 and 2010. We exited in 2009, and by the time I was done, trust me, I'd had enough.

We don't have any exposure of recorded music to this day – although I'm not saying we definitely wouldn't in the future.

There's been a lot of M&A activity in music in recent years. With your ZMC hat on, what's your general perception of the opportunity there?

I think the business has gone through its consolidation; it's taken the pain and come out the other side. It will be interesting to see what happens with Spotify becoming an exceedingly powerful entity.

Music publishing is still a good, solid business, but it's changing, and it will change more as subscription services continue to dominate the industry. We're seeing that it's much, much harder to break new artists. Music's a growth business again now, but it is burdened by the fact that people still pirate the vast majority of material that they listen to. That will change over time, but it's a burden that no other entertainment

industry faces.

What do you see as the music industry's biggest vulnerability?

The days of selling lots of albums are over, largely – we're not seeing the end of it, we've *seen* the end of it. So I think the business has to find new [routes] to nurture and invest in new talent, and break artists in a different way. The vulnerability is, if a business can't afford to invest in new talent, it's burning the furniture. That's a fear. As an industry, the minute you start focusing only on past, not on the future, you've written your own obituary.

Is there any particular message that you would like to get across to the music business, particularly those you knew and once worked with?

I've had a great experience and miss many of my friends in the space. I still see many of them, and I wish them all well. ■

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THE *Last word*

Lucas Keller, manager to some of the US pop industry's biggest songwriters and producers, sounds off on label A&R...



‘THINK BILLIE EILISH MEETS LIL NAS X...’

Throughout my 16 years in the music business, just about nothing has been more confusing to me than major record label culture. It's parallel to the macho Wall Street-guy character, with all of the same eccentricity. There's a certain mix of arrogance and ignorance that seems to somehow work inside the system. This all comes from the top down; people mimic their bosses and the cycle continues.

Talent managers like me are trained to work very hard, while always putting the artist, writer, or producer first. Some days we are the CEOs – some days we are the janitors. We do 300 tangible things in a day, building real value, and we don't always get a lot of credit. So forgive me if I become confused when record label A&Rs *do* get the credit, despite (some of them) doing very little.

I also have the humility to admit I'm not entirely sure what a

hit record is. Yes, I said it. After having quite a few No.1 and Top 10 records with my clients, all I can offer is my well-informed, but still very subjective opinion. After all, this is 2019: when the audience tells *you* what the hits are, not the other way around. Yet some major label A&Rs apparently know exactly what a hit sounds like – or at least, that's what they claim.

And then there's the back-and-forth. Very few people in A&R follow through (and I've come to appreciate the ones that do). “That record's a smash, email it to me,” – from a label executive never to be heard from again; this happens daily.

There are a lot of good people in the label system that aren't like this – but that list sometimes feels like it's getting shorter by the day. The contradictory behavior and dialogue is complete comedy: “We'd like it to sound like the last hit, but different.”

Even more perplexing is the amount of “failing upward” that I've seen. Simply stated, people that get promoted because they were in the room, or were able to take credit for the hit some other way. We all love those press releases: “Jane Doe has been promoted from Senior Director of A&R to Senior VP Director of A&R West Coast...” What do these job titles really mean?!

The role of A&R remains very nebulous and requires a lot of luck... as well as being at the right place at the right time. My favorite A&R people know and acknowledge this.

Yet I still spend many days as the beneficiary of emails like these ones (all anonymized, but genuine, examples):

(i) “I’ve been listening to a lot of Post Malone drums, do that. Also looking for this record to sound more Spotify than the last single.”

(ii) “I like this song, but it doesn’t sound like a 300 million stream record.”

(iii) “This one sounds like a SMASH! Huge record! But not right for us at this time. Thanks for sending.”

Rest assured, we can all brace ourselves for the rest of 2019 hearing: “We just signed her, she’s our Billie Eilish.” Or, and this one is already creeping into reality: “Think Billie Eilish meets Lil Nax X, but more organic.”

For years, I’ve enjoyed replacing all metadata on my pitch mp3s with the words “From Keller”. That way, the record is judged on the merits of the actual song, not who produced or wrote it.

I always get the classic “who wrote this?” query before I receive any feedback on the record. I reply: “I’m not telling you until you tell me what you actually think.”

Now-a-days, I love to tell A&R guys, “Your artist is going to kill you when they hear this record, and you didn’t send it to them.” Sometimes it works, and they send it on for insurance purposes.

This, I admit, is me shamelessly taking advantage of ‘fear culture’ – where everyone is afraid to sign something that doesn’t work, but also terrified of missing out on those songs that do become hits.

As a result, many A&R execs today sit in a perpetual state of ‘analysis paralysis’, where they need to see a certain metric before they sign a deal. When I witness this, when it’s about the numbers and not the art, I think: *Here Lies Artist Development. RIP?*

I’ll never really understand that inability to just make a decision – whether you want something or not. Sometimes, the best way to get a label A&R to care about a new potential signing is to tell them that two other people – specified by name – in competitive positions are trying to sign it.

Now, there are a few people out there in record label A&R that *do* still sign things based on their gut and instinct – my favorites. We truly need to keep that culture alive. More typically, though, I’ve found the signing process to be binary at this point; it’s either someone taking a meeting with me for our relationship’s sake, who’s never going to sign the act, or someone who’s all over me, asking what number it will take to get the deal done.

Label culture has largely shifted to data-driven moneyball A&R (if you follow baseball). If I hear another client talking hopefully

about “shopping my project” or “let’s do label meetings in NY and play people my music” I’m going to get sick; that’s just not how it works anymore. It’s a numbers game now. Don’t even get me started on the amount of ‘influencers’ – clearly not real artists – who major labels are signing simply because of their social media audience.

Sometimes it feels like gone are the days where you’re going to find your young David Geffen-type, with tenacity and great taste, and the willpower to break an act they believe in. The messaging is simply a bit off inside some record labels today: in the room, folks say “we’re looking for real artists”, but the majority of the company budget is then spent on signing quick hits and ‘research artists’. Puzzling.

I’ve always had respect for the relationship between creators and facilitators, so I’ll tell you this for free: most people I represent don’t enjoy those facilitators sitting in the back of the studio making comments. In the major label A&R world, this is incredibly common. Stop it! We need to keep studios sacred.

I recall one day sitting with the President of a major label in New York, and when I asked about a specific artist, he said: “Yeah, we *were* letting him go, but then he got this huge synch, and now we’re very, very excited about him – he is a top priority for us right now.”

After I’d dosed myself with more Tylenol, this reminded me of one of my all-time favorite concepts for labels and management: “It’s not who you represent; it’s the years you represent them.”

After a major label success, you can count on pretty much every A&R person at every record company reminding you they “heard the artist first” or “took a meeting and always believed” as if that’s any type of relevant currency.

All that being said... as a manager of nearly 40 clients in the writer/producer space, I’m open to admitting I wouldn’t have a business without our ‘friends’ in A&R.

There are, of course, still A&R mavericks in labels out there who bring real value. I really cherish my relationships with those A&Rs – the honest ones, the ones with great taste, the do-ers, and the people who really roll their sleeves up and break artists. But, to be honest, I can count them on two hands.

On a closing note, in the spirit of helping our friends in A&R do some work and get back to the office, I’d like to call upon Soho House to finally ban laptops.

But really, I love you all, as shameless as some of you are. I’ve had big hits with many of you, and I can’t deny, I very much enjoy the characters. Thanks for the memories.

■ *Lucas Keller is founder of Los Angeles-based Milk + Honey, whose clients have written mega-hits for the likes of Demi Lovato, The Chainsmokers, Justin Bieber, Alessia Cara and Dua Lipa.*

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