European
Commission

The **AB MUSIC**
Working Group
Report

December 2015 - June 2016

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"We have launched an in-depth conversation with the music sector in Europe, because music is not only a symbol of European diversity, but also an important industry. By understanding, promoting and supporting the sector, we contribute to individual well-being and social welfare and at the same time support economic benefit and job creation. The music industry employs 1,2 million people in Europe, more than any other creative industry, and it is growing very fast. Many crucial aspects of the digital shift are having a particularly strong impact on music – which at the same time attracts dozens of millions of people to live performances. It makes people happy while being an excellent export article. We will in the coming months and years come up with new ways to underpin these dynamics."

Tibor Navracsics

European Commission

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European Commission

Foreword

In December 2015, the Directorate General for Education and Culture ("DG EAC") of the European Commission convened a brainstorming session with representatives of the music sector in Europe. The meeting was held in L'Ancienne Belgique ("AB"), a well-known music venue located in the heart of Brussels, which gave its name to the working group: "Creative Europe AB Music Working Group".

The purpose of the meeting was to better understand the music sector and its needs. The meeting facilitated the internal reflection of the possibility of setting up a special funding scheme for the music industry in Europe. This was in the spirit of what has already being done for the audio-visual industry through the Creative Europe MEDIA programme.

Following the findings of this initial workshop, the European Commission decided to further its dialogue with the music sector by convening four smaller thematic working groups on key issues identified during the discussions, in the run-up to the MIDEM in June 2016.

The objective of these workshops was two-fold: i) to educate DG EAC about the main issues and challenges the sector is faced with; ii) to produce concrete proposals (a "toolbox") likely to be translatable into tangible funding mechanisms.

For each of these workshops, all participants were asked to send written contributions in advance of the meeting. These written proposals were used to narrow down the main themes of the agenda. All the workshops were held under the Chatham House rule.

The first thematic working group dealt with "data and metadata in the music sector" and took place in March 2016.

It was followed by three other meetings, as follows:
- Empowering creators and nurturing creation: education, training and professionalisation (April 2016);
- Cultural diversity: mobility of artists and circulation of European repertoire (April 2016);
- Innovation and creativity: how best to support music start-ups in a fast evolving context? (May 2016).

The summaries of the initial workshop and of the four thematic workshops which followed are attached. Each of these describe the key issues addressed during the discussions, as well as the ideas which were identified for the 'EU tool box'.

The workshops were moderated by Sophie Goossens, senior lawyer at the Parisian law firm August & Debouzy, and Fabien Miclet, project coordinator of LIVEUROPE. On the European Commission side, they were chaired and managed by Karel Bartak, Head of the Creative Europe Unit, Catherine Magnant, Deputy Head of the Cultural Diversity and Innovation Unit, and Corinne Rigaud, policy officer, of the Directorate General for Education and Culture.

Music Working Group

10 - 11 December 2015
Brussels – Ancienne Belgique

Introduction

Why should the European Union intervene to support the European music sector?

Europe's position in the world is not merely determined by its political, economic, social and geographical standing, but also by the position and strength of its cultural values. This is a simple explanation of why the EU has always supported cultural activities, even prior to the Maastricht Treaty (1992), which for the first time officially made culture an EU concern. Article 151 provides a legal basis for the EU to encourage, support and supplement the activities of Member States, while respecting national and regional diversity, and bringing the common cultural heritage to the fore.

Policy making at EU level has been strongly developed since, underpinned by several funding instruments. The current Creative Europe programme has broadened the scope of the EU action by including cultural and creative industries and by offering new funding opportunities, above all for promoting and stimulating emerging talent and by supporting projects which have not been tried before.

In addition to its traditional 'mandates' such as audience development, intercultural dialogue, mobility of artists and social cohesion, the programme is responding to demands for EU support to go further in terms of driving creation and empowering creators by helping them make a living. "Remuneration", "monetisation", "financing creation" may sound like technical phrases to some, but to people at the sharp end in culture these are crucial issues, which the Commission wants to put at the top of its cultural agenda to deliver concrete results.

The creation, production and consumption of music have fundamentally changed with the digital age. Permanent ownership of recorded music is giving way to ubiquitous access to catalogues through the Internet. And the change in the music industry most certainly paves the way for the other content industries.

The music industry is going through a period of rethinking itself and the EU needs to be ready to respond effectively to the new reality. The sector faces new challenges and is busy exploring new opportunities. The Commission is ready to facilitate this discussion, to be a part of it and to mobilise policy makers across Europe.

What should and what can be done?

European decision making must respect two basic principles, called "subsidiarity" and "proportionality". To simplify the task of making them work, 3 criteria have been established to consider the desirability of intervention at EU level:

1. Does the action have transnational aspects that cannot be resolved by EU countries?

2. Would national action or an absence of action be contrary to the requirements of the Treaty?

3. Does action at EU level have clear advantages?

When it comes to funding and support, the "desirability" of intervention at EU level is very often high. The music sector is no exception. Clearly, there is a need and a demand for an EU intervention to support Europe's key assets in the music field: creativity, diversity and competiveness in a context of globalisation. The issue is then to identify and quantify the actions and policy initiatives at national level which would gain by being complemented at EU level, and possibly, formulate and invent the new ones which should and could be undertaken.

What are the Commission's plans for the short term?

In order to define what kind of actions and policy initiatives would deserve EU support, the Commission wants to get a better understanding of the sector and its needs. To this end, the Commission is having a dialogue with professionals representing the different faces of the music industry.

This dialogue touches upon several other EU initiatives which are in one way or another relevant for the music sector. The Commission works for instance on several Digital Single Market (DSM) initiatives key to the music sector, the most important being the modernisation of EU copyright rules and the enforcement of intellectual property rights, as well as the role of online intermediaries. The positions of the different players in the music sector are being taken into consideration thanks to this dialogue.

Some financial instruments like COSME or Horizon 2020 are also important, supporting respectively small and me-

dium sized enterprises and innovation and research. Further links and opportunities can be found in other policy areas, such as regional development, where many cultural projects, notably festivals, are supported through European structural funds.

The funding programme Creative Europe, exclusively dedicated to cultural and creative sectors, includes various actions supporting music in a variety of ways: the European Border Breakers Awards (EBBA)[1], platforms, cooperation projects and music networks, as well as pilot projects. The same goes for the future Financial Guarantee Facility un-

der Creative Europe which will address the needs of the music sector regarding access to finance.

These existing opportunities do not fully respond to the specific and growing needs of the music sector. That is why the above mentioned dialogue will help to further explore music-focused initiatives which could lead to setting up a new EU strategy, including funding instruments, for the music sector.

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[1]www.europeanborderbreakersawards.eu

A Successful brainstorming session

1. The set-up of a music working group

The organisation of the meeting with representatives of the music sector was decided during the course of summer 2015 as a response to both the growing sounds of discontent and the will to act that could be heard coming from the music sector across Europe, on a wide range of topics, some of which were echoing the missions entrusted to the Creative Europe Programme.

As a result, a first meeting divided in two sessions - with no more than 45 participants - to keep the number manageable and maintain the spirit of a workshop as opposed to a large reunion - was organised.

To prepare for it, all participants were invited to respond to an email where the overarching goals set for the sessions were put forward to them, drafted as follows:

"[...] The aim of our first session will be to gather a comprehensive list of issues the effects of which are currently being felt in the music industry as a result of changes in the way music is accessed, consumed and created in order to enable the European Commission to identify and understand the challenges facing today's music ecosystem and the specific needs deriving therefrom.

During our second session, we will get to the heart of our subject and focus on defining specific measures, which might be considered at EU level to further support the music sector.

It is our intention to make the discussion as open as possible, but in order to set a framework for it we have identified 3 main topics:

1. Cross-border circulation and cultural diversity
2. Support, professionalization and remuneration of music creators
3. Reinventing the music experience in the digital age

In addition, we would very much like to insist on the fact that all participants should feel invited in their capacity as industry experts to reflect on the music ecosystem as a whole and explore mutually beneficial solutions rather than to defend the interest of a particular constituency.

In order to prepare for our session, we would like to invite each of the participants to send us, in advance of our meeting and no later than 2 December:

■ For session n°1: a list of three topics (max. 100 words per topic) that you or your organization believes to be of a particular significance from an

industry-wide perspective. We appreciate that there may be many more but in the interest of time, we kindly ask each participant to limit this initial feedback to a 3-topic list in order to keep the volume manageable.

■ For session n°2: a list of three specific measures or support mechanisms (max. 100 words per topic) you would suggest to include in a potential new EU support for the music sector.

We expect every organisation/spokesperson to be able to deliver their findings/suggestions to the group in 5-7 minutes and we will be monitoring that each intervention stays within the time allocated as per the agenda below. [...]"

Out of the 47 organisations and individuals invited, 44 responded positively. The names and biographies of the confirmed participants were circulated to all participants, upon their arrival.

2. Content of the contributions

Prompted by the above-mentioned invitation, almost all participants submitted a contribution.

Their content revealed a rich and diverse list, yet it quickly became clear that several ensembles could be drawn in order to regroup similar categories of issues or measures together. Five main ensembles were identified, and the connections existing across these five groups were summarized in the form of a mind-map. The list reads as follows:

1. Issues and measures relating to the on-going copyright reform and other policy topics;

2. Issues and measures regarding the empowerment of music creators and SMBs;

3. Issues and measures to foster cultural diversity, the mobility of artists and the cross-border circulation of European repertoire;

4. Issues and measures in order to address the struggle of music start-ups and pure players to survive and thrive in a challenging context;

5. Issues and measures acknowledging the importance of data and metadata in a functioning music economy.

A summarized version of the themes encountered in the participants' contributions and then discussed during the sessions is presented below, for each of the ensembles identified.

3. Framework

The brainstorming session took place on December 10 and 11, in L'Ancienne Belgique, a well-known music venue that is also hosting the coordination unit of the EU-supported "Liveurope" platform[2].

Both sessions were chaired by Karel Bartak[3], head of unit, coordinated by Corinne Rigaud[4], policy officer, and moderated by two experts designated by the Commission: Fabien Miclet, coordinator of the Liveurope platform and a European policy expert; and Sophie Goossens, senior lawyer at the Parisian law firm August & Debouzy and a music industry specialist. Several other members of the Commission attended the sessions including Marco Giorello[5], deputy head of unit, who was asked to introduce to the audience the content of the communication released a day earlier by his unit "towards a modern, more European copyright framework". He then remained available for the whole duration of the first session and had several exchanges with the participants in order to respond to concerns or questions regarding the content of the communication.

Shortly before Marco Giorello's intervention and by way of introduction, Michel Magnier[6], director, and Karel Bartak had set the agenda for the initiative: one meeting followed by another during the course of the first quarter of 2016 (likely to be split in smaller working groups) leading to the organisation of the first European Music Forum in association with MIDEM, in June 2016. The objective of the Commission, they reminded, is to improve its understanding of the music sector and further its dialogue with its stakeholders in order to consider the opportunity of a dedicated EU support scheme for music at a time where the sector is signalling that it might be ripe for it. Several references to what the audio-visual sector managed to achieve in terms of support and funding at EU level were made, and Michel Magnier then went on to introduce the two basic principles governing the session: the observance

of the Chatham house rule[7]; and the absolute freedom for all invited to contribute or not to any given stream.

Each of the two sessions started with the moderators insisting one more time on the over-arching aim for both sessions: to listen, to understand and to collect with the sessions being compared to the filling of a toolbox, of a reference box, where the Commission would then be able to find what they need in order to carve the first draft of an action plan aimed at supporting the music ecosystem in Europe. Throughout the session, participants from all sides were encouraged to claim ownership of the initiative so that it did not become seen as an imposed experiment.

4. Panels

The first panel whose aim was to focus on "the challenges facing today's music ecosystem and the specific needs deriving therefrom" lasted a little less than six hours, all contributions included. The proximity with the communication "towards a modern, more European copyright framework" unquestionably contributed to lead the conversation in the direction of policy-making issues, but other than a small influx in the time spent on this topic; the participants otherwise remained largely true to the content of their written contributions, the content of which is presented below. The participation was lively, dynamic but respectful with the moderator managing to carry the debate forward and give the floor to almost all who claimed it.

In summary and whilst it became clear that some issues were better represented than others and therefore better detailed than others by the constituents of the music sector present on that day, some topics befalling in the scope of DG EAC's core mission, were rapidly and clearly identified as areas where immediate action would be possible and desirable. On the other hand, the relative discomfort that was sometimes felt when topics regarding innovation, technology and new business models were mentioned was yet another clue into what the sector might need in terms of support and education in order to be able to take its future into its own hands. Bridging the disconnect existing between content owners and the tech sector, where the latter is responsible for all new methods of consumption, is a goal that could indeed crystalize many of the themes discussed on that day.
The second five-hours-long panel was supposed to be the

moment when the attention of all invited would be turned towards concrete and immediate actions in order to address the issues identified during the first session, but as it turned out, the conversation about the remedies was largely combined with the conversation addressing the issues and session n°2 became a natural prolongation of session n°1 with a fairly important number of - yet always useful - duplications.

What this second session particularly revealed was a fair degree of interrogation about the process engaged and a common lack of knowledge by almost all participants regarding the European's Commission mandate in the field of culture, the scope of its intervention, what tools it can use, what tools other sectors are using, and how they could translate into the field of music. A better understanding of the European funding programmes framework was mentioned by all as something they would welcome in order to participate as efficiently as possible to the on-going process. The complexity and specialism of the ecosystem was also visible, with very few around the table being in a position to participate actively in all topics raised, thus highlighting the challenges of discussing with the sector as a whole. Issues stretching from complex digital licensing mechanisms that only a few were familiar with - to more consensual issues such as the need for more music in schools were discussed only superficially as a result.

Both sessions were successful in providing a reassuring and open framework for this dialogue to begin and although a sense of the diverging interests co-existing in the sector could be felt, it didn't prevent the participants from contributing actively and very positively to the debate.

5. Summary of the issues and measures put forward

Issues and measures relating to the on-going copyright reform and other policy topics:

With the Digital Single Market strategy being high on the agenda in 2015, it is no surprise that many contributions contain mentions of the on-going copyright reform process and suggestions as to what the European legislator could look at in order to remedy some of the challenges facing the music ecosystem. Unsurprisingly, the contri-

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[7] At a meeting held under the Chatham House Rule, anyone who comes to the meeting is free to use information from the discussion, but is not allowed to reveal who made any comment. It is designed to increase openness of discussion.(Wikipedia)

butions sent by the participants on the topic of copyright legislation are fairly divergent. Suggestions in favour of a fully harmonized European copyright legislation acting as a catalyst to create a unified market, easier to penetrate and understand, are indeed sitting next to suggestions to reinforce the existing system (rather than harmonize it) and increase even further the level of protection granted to authors and their assignees. Divergences of opinions also appeared when the topic of data was thrown in, with some participants advocating in favour of legal intervention for a compulsory data registration system whilst other insisted that what was needed was better measures to fight piracy such as cross-border injunctions orders.

Perhaps the most recurring topic found in the contributions in relation to the copyright reform was the issue of the so-called "value gap", although it is important to note that the expression seems to cover slightly different meanings depending on the constituency that is addressing it.

The "value gap" could be defined as the perception by some stakeholders, mainly rights holders, that online plat-forms and intermediaries (as defined by the e-commerce directive) who are providing solutions for the distribution of content, are benefiting from an undue economical ad-vantage due to the exemption regime created by the e-commerce directive. They believe that all distributors of content should "play by the same rules" and be licensed in a similar fashion, regardless of their status under the e-commerce directive.

For others, mainly the representatives of individual music creators, the "value gap" refers not only to the gap that might exist at the level of content distribution, but also the one that exists in their opinion, at the level of content creation/acquisition where creators are not able to play by the same rules as a result of their huge difference in bar-gaining power and relative isolation when dealing with "the industry".

Whatever the definition, all are bemoaning the loss suf-fered as a result of the convergence happening between platforms that were seen until recently as a marketing tool for the music sector, and platforms where the content is offered on sale, especially since the monitoring of the act of linking to content on the Internet was made almost im-possible using copyright law, by the jurisprudence of the European Court of Justice[8].

Ideas put forward as to how the EC could intervene are stretching at both ends of the spectrum with some partic-ipants interested in regaining firm control over their exclu-sive rights – and calling for an alignment of the platforms and intermediaries' status with the status of online con-tent distributors (such as Spotify or Deezer) – and others primarily looking at being compensated, calling for the cre-ation of an automated compensation/licence mechanism. A third category, more prudent in their approach, is simply calling for the "redefinition" of the role of content-sharing platforms and intermediaries.

On the creator's side, a number of contributions requested that the Commission should look at implementing the rec-ommendations contained in the EC Study published in July 2015 entitled "Remunerations of authors and performers for the use of their works and the fixation of their perfor-mances" and at introducing similar contract termination rights as the ones granted to music creators in the US.

It is also worth mentioning that several contributions men-tioned the economical benefits that would derive, in their opinion, from the extension of reduced-VAT to the sale/li-cencing of sound recordings.

Issues and measures regarding the empowerment of music creators and SMBs

Many participants are expressing their desire to see the EU focus on empowering artists and SMBs by putting them at the heart of any policy-making or instrument-making process in order to address the imbalances of the music market, currently divided into a handful of large domi-nant players on one hand, and a multitude of small or very small actors on the other. They identify the difference in bargaining power as a main challenge for the ecosystem and suggest that this difference be levelled with measures focusing on i) education and training, ii) access to funding, iii) protective schemes made to ensure a fair remuneration for all creators.

■ **Education and Training** is by far the most recurring theme found in the participant's contri-butions. The need to improve the sector's capacity by providing education and information tools in order to share the knowledge that is necessary to succeed in a complex and still very fragmented European market is widely recognised.

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[8] cf. Svensson and Bestwater decisions of the ECJ whose incidental effect is to commoditize content, benefiting context businesses over content businesses.

■ **Access to funding** is another recurring theme, with some participants insisting on the fact that the revenue structure of the record industry is changing in such way that it makes it more difficult to invest in new talents[9], and others maintaining that the perception of the risk of investing in music, inexplicably high, ought to be changed in order to increase the capacity of 'DYI' (Do-it-Yourself) artists to access funding outside of the industry, from other market players.

■ How to **ensure the fair remuneration of creators** and protect them from unfair contract terms when they sign with the most established players of the industry was widely discussed, with a sense that a better functioning ecosystem allowing for more competition would certainly make a difference in how individual creators are compensated.

Mirroring those concerns, the participants laid out a range of interesting ideas aimed at tackling some of the problems encountered by creators and SMBs.

By way of example, measures proposed by the participants in order to address the deficit in education and training schemes included: **i)** the creation of EU-supported and advertised MOOCs[10] in order to deliver initial but also continued professional development to creators and SMBs; **ii)** the creation of a platform for shared resources (marketing, trainings, funding availabilities, digital tools, etc.); **iii)** the creation of a network of artists incubators, at grass root level, where they would be trained in the art of becoming successful music entrepreneurs, where they could meet with investors and partners and of course where they could start new artistic collaborations; iv) a support-scheme to incentivize artists and SMBs to attend the European music conferences circuit, etc.

On the funding side, support schemes to kick-start the career of music creators such as touring grants or grants for artist residencies abroad were explored, together with tax credits systems and loan guarantees mechanisms for SMBs.

As regards the fair remuneration of creators, most mechanisms proposed by the participants had to do with a legislative intervention that would enshrine the following principles into European law: **i)** transparency through the value chain where individuals maintain a financial interest, **ii)** a duty of care from any intermediary when creators assign their rights, **iii)** a fair share of the value created by their work, and iv) a protection against unfair terms in contracts. It was, however, stressed during the panel sessions that many things outside legislation could be done in order to achieve the same result such as incentivizing those abiding by rules identified as "best practices", encouraging innovative artist-centric businesses, etc.

It is worth noting that the example of the Canadian scheme "FACTOR" was quoted quite a few times both in the contributions and orally as an example of a well-functioning support mechanism for individual creators, encouraging the circulation of repertoires (see panel 2)

Issues and measures to foster cultural diversity, the mobility of artists and the cross-border circulation of European repertoire

Safeguarding and promoting Europe's cultural diversity is a theme that seems to have inspired many of the participants, in a context where a music venue had just been hit by one of its most tragic events.

Beyond the need identified by one contribution, to define the meaning of the expression "cultural diversity" (country of origin? language? genre?) the need to reinforce Europe's cultural diversity was conveyed by all. Issues raised included: the dangers of the TTIP for the music sector, the lack of a coordinated approach for the export of music within and outside Europe, the very cumbersome process of trying to deal with 28 tax systems, 28 social contributions systems, 28 visa systems, divergent airline fees policies for the transportation of instruments and a different fee structure for live promoters in almost all members states.

Stakeholders active in the live sector were particularly vocal about the fact that the actual European set-up and lack of harmonization is acting as a barrier to the circulation of their acts and that much more ought to be done to facilitate the export of music and the promotion of European repertoire.

It was also stressed repeatedly that music doesn't exist without a public but that no public exists in a vacuum, which is why some contributors were eager to raise awareness about topics such as the spillover effect of music especially from an audience building perspective, music education in schools, and access to music for young and underprivileged audiences.

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[9] sales revenues being now gained on a long-term model as opposed to during the first 6-9 weeks as it was mainly the case with physical releases.

[10] Massive Online Open Classes

The role of live music venues was discussed: participants underlined their importance as promotion platforms for up-and-coming artists, but also as key enablers for audiences to discover new music. The discussion clearly recognised music venues as drivers of cultural diversity and cross border circulation of artists and professionals in Europe. In the context of the recent attacks in Paris, how best to protect and secure venues and the symbolic societal value they display, was also addressed by the participants.

The panel also covered the importance of live music festivals, particularly showcase festivals, in the European cultural landscape. More specifically participants underlined the fact that festivals provide opportunities to spot new talents, and also the chance for audiences, professionals and artists alike to increase their awareness of the great diversity of European music.

The key role of music export offices in showcasing European music abroad was also recognised by the participants.

The role of radios as a democratic, untethered and widely available tool of dissemination was also mentioned although the focus was more upon the challenge they face to adapt to a digital converging world where their functionalities, or rather the lack thereof, might soon become a very tough obstacle to get over[11]. Their unique ability to play any record ever recorded without the need for a prior individual licence, and the democratic importance of that freedom, was mentioned but wasn't discussed as widely as other topics and it is likely that this issue will need further investigation during another workshop.

The remix culture, its legitimacy and increased importance for the circulation of EU repertoire came up in the conversation and it was stressed that from a user perspective, the explosion of user-generated content and mash-ups should be encouraged, at least when they are the result of a truly creative activity.

Several participants used the example of the 2012 study commissioned by the European Music Office on the cross-border circulation of music repertoire, to illustrate the need for more monitoring and understanding of the European music landscape.

In response to these issues, the measures proposed include several support schemes to incentivize more patronage by the private sector, the brokerage of a charter to encourage European diversity, the financial support of grass root organisations and concert venues, and also the creation of new tools:

■ A pan-European platform that would gather information about European artists trending in all 28 Member States, for programmers and music influencers to get information from, with functionalities allowing for the sharing of playlists.

■ A centralized system where resources and education material would be shared on topics such as the administrative journey of a live act travelling through Europe (including material regarding tax issues, social contributions, the status of artists in the visited country, VAT collection, etc.); funding opportunities; a list of contacts for any given Member State, etc.

■ New tools dedicated to the promotion and export of European music abroad.

■ New measures and funding schemes enabling European live music initiatives such as ETEP, the EBBAs and LIVEUROPE to be extended and gain visibility in order to release their full potential in all 28 Member States.

As for broadcasters, they are insisting on the exposure they could give to their formidable archives of live music, if legal barriers were removed or indeed if access to an easy licensing scheme was facilitated.

Finally, audience building could be achieved, in the participants' opinion, by increasing the presence of music in schools and the creation of support mechanisms in order to facilitate access by young audiences (often out- priced) to festivals and concerts in Europe.

By way of conclusion it is interesting to note that many participants seemed to converge towards the idea of one European centralized structure whose missions would encompass: improving the export of music within and outside Europe, improving and monitoring the circulation of artists and repertoire, centralize legal and administrative resources, centralize information on existing funding opportunities in Europe, manage EU prizes, and finally, deliver information on European policies and support schemes.

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[11] The compulsory licence system created by the Rome Convention of 1961 has been interpreted as only applicable to "non interactive" (i.e. linear) services, where they are available for online radios at all (some European countries such as France do not allow for any Internet radio to be licenced through a compulsory licence scheme).

Issues and measures in order to address the struggle of European music start-ups and pure players to survive and thrive in a challenging context

Many contributors pointed out how the music sector has been at the forefront of innovation and technology in media consumption for the last fifteen years, paving the way for new business models soon-to-be-adopted by the rest of the content industries. As a consequence, the music sector has had to reinvent itself loosing small and medium actors in the process whilst others are still struggling to keep up with the pace of change imposed by the massive arrival of Internet and technology in their daily professional life. In this context, music entrepreneurs and start-ups are often seen as troublemakers eager to disrupt the industry even further, oftentimes against the will of the incumbents who would welcome some stability in the market. It appeared from the contributions that new entrants today are being met with unrealistic demands from rights owners, wary of pushing music fans towards yet another service with no track record. On the other hand, other participants outlined the fact that the incumbents of the sector have not yet been able to come up with a robust and accurate data registry that would serve as the backbone for an automated licensing system. European music start-ups are therefore caught in a context where they can't access music catalogues without giving considerable guarantees for it, which is in effect reducing the interest of VCs and investors, thus weakening them even further.

As a remedy to this situation, the contributors proposed to create support-schemes whereby the European Union would allow for some level of experimentation to be carried out such as i) an experimental compulsory licence scheme that would enable all music start-ups meeting certain criteria to freely access music catalogues for a duration of two years, ii) a guaranteed loan scheme or an insurance mechanism likely to reassure content owners. In the meantime, other contributions also outline the need to move to a position, which accepts the imperfections of technology (in the absence of a robust data system) but ensures that creators are remunerated as accurately as possible at any given moment in time. Other tools submitted include support schemes for the creation and promotion of content-focused start-ups incubators where the specific needs of content focused start-ups could be addressed in an efficient way.

Issues and measures acknowledging the importance of data and metadata in a digital landscape

Data is a well-worn subject in the music industry. With monetizing becoming almost entirely a licensing proposition, many contributors are stressing how urgent and important is the need for clarity over who owns what content if rights holders, platforms and creators are to build a successful and sustainable digital economy for music in Europe.

This urgency comes only second in the contributions to another concern regarding the creation of a European- wide open and accessible measuring system for the live sector, the publishing sector, the recorded music sector and the start-up sector. Many contributors regret the lack of a reliable, independent and trustworthy source of data whilst others are putting forward the fact that data is a valuable asset in today's economy and that it shouldn't be expected from organisations generating comprehensive data to hand it down to policy- makers or other governmental bodies without asking for anything in return.

And finally the subject of data as a source of information on how, when, and why a piece of content is watched or listened to (so-called "user data") was debated amongst the participants with little consensus as to how the access to this data should be organised. The need to access data was largely captured by the conversation, all claiming that no strategy is possible without an accurate picture of where are "your" music fans, who they are and how they behave. Whether or not a right to access data should be made compulsory for all those retaining an interest in the content triggering a user's action remained unsolved with diverging opinions expressed around the table.

Remedies and ideas put forward in order to address this sensitive topic are two-fold: i) actions to increase the collection and transparency of metadata[12] and user data, ii) actions to increase the measuring of the footprint of the music sector in Europe, including the launch of an observatory that would produce independent studies regarding the sector and provide regular and accurate measures of the imprint of European music, its circulation and vitality. One contributor also suggested that all data produced by such a body should then be made available under a creative common licence scheme.

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[12] A metadata is a data that provides information about another data: in a music context, metadata refer to information such as the name of the performer of a track, the name of the composer of a track, the place where the track was recorded, the name of the session musicians, etc.

This thematic summary was deliberately organised around five topics but it shouldn't obviate the many other fields that are expected to benefit from a European-led initiative starting with economic growth, music being an underrated yet vital component of Europe's economy and a source of job creation more important than the audio-visual sector is. The importance of music as a way to promote the European project and disseminate European values across the world was also stressed repeatedly during both sessions.

6. Concert, networking event & immediate feedback

After the event, the participants were offered a chance to network and attend a concert by Kaat Arnaert[13] a young Belgian artist "en residence" at the Ancienne Belgique. Immediate feedbacks were very positive and most departed with the confessed feeling of participating into something of potential significance for the future of the music sector.

WHAT'S NEXT?

As already announced, following this first music workshop held in December 2015, in Brussels, at the Ancienne Belgique, smaller thematic working groups will be set-up in the run-up to MIDEM 2016 (Cannes, France) where a European music event will be organised in June.

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[13] Kaat Arnaert (NOMAN) – Baby Come Home (Live at AB – Ancienne Belgique)

WORKSHOP 1: MUSIC DATA

1 - 2 March 2016
Brussels – Directorate-General Education and Culture
Chair : Catherine Magnant (European Commission) - Moderator: Sophie Goossens

March 1st

OPENING ADDRESS – BACKGROUND AND METHODOLOGY

- Background: EU's support to the music sector
  (Karel Bartak/ Corinne Rigaud – European Commission)

- Sector Data vs. Descriptive Metadata: 2 crucial but different issues for the music ecosystem
  (Sophie Goossens - Moderator)

- Data on the cultural and creative sectors + agenda
  (Catherine Magnant- European Commission)

1. Collection of Data on the cultural and creative sectors in the EU

1.1 Official data collection by Eurostat
Is official data fit for the music sector? Brief summary of the latest developments
(Inna Garkova, European commission)

1.2 Alternative data collection on the cultural and creative sectors
How and with whom to collect additional data? Presentation of a feasibility study commissioned by the European Commission in 2015 to KEA
(Catherine Magnant, European Commission)

ISSUES AND MEASURES ACKNOWLEDGING THE IMPORTANCE OF DATA AND METADATA IN THE MUSIC ECOSYSTEM

2. Sector Data
Introduction: December meeting's conclusions on Sector Data (Sophie Goossens)

2.1 The case of the UK
- The challenges met in collecting data on the music sector and the methodology used to overcome it in the UK (Jo Dipple and Jonathan Todd, UK Music)
- Results and impact achieved

2.2 The case of Nordic countries
Pan-Nordic music statistics project
(Anna Hildur, NOMEX)

2.3 Jazz in numbers
STRENGTH IN NUMBERS: a study of Europe Jazz Network
(Fiona Goh)

3. Going further together

3.1 What data is most urgently needed?

3.2 How to improve the collection and analysis of data on (non- exhaustive list)
The composition of the music sector (SMEs etc), Sales and income, Business models, Employment, Consumer behavior, Circulation of the European repertoire, Cultural diversity

Conclusion Session 1

March 2nd

Introduction: December meeting's conclusions regarding Descriptive Metadata (Sophie Goossens)

ISSUES AND MEASURES ACKNOWLEDGING THE IMPORTANCE OF DATA AND METADATA IN THE MUSIC ECOSYSTEM (CONTINUED)

4 .1 MusicBrainz
Presentation of a community-maintained open source encyclopaedia of music information (Robert Kaye)

4.2 From the artists' perspective
Disruptive points in the value chain and opportunities
(Paul Pacifico – IAO/FAC)

4.3 Music venues in numbers
Presentation of a survey (Karsten Schölermann LIVECOMM or Audrey Guerre LIVE DMA)

4.4 The challenge of Big Data
SACEM solutions (Héloïse Fontanel)

3. Going further together (continued)

How to improve and increase the registration and transparency of Metadata (1) and user data (2)

A data registry: why is it so important, what are the main blockages in the music sector?
- Musical works
- Phonorecords
- Artwork
- Contextual data
- Etc.

User Data: how can the rights owners access it?
- Is User data a different kind of data?
- Should it be treated differently?
- What is the existing landscape as regards access by rights owners?
- What could be improved?

Conclusion session 1 and 2 & Next steps

Data and metadata

The workshop was split in two sessions of approximately four hours each. The session that took place on March 1st (hereafter "Session 1") focused on the collection of data about the music sector in the EU, whilst the session of March 2nd (hereafter "Session 2") aimed at discussing the issues deriving from the use of Metadata and Usage Data in the music sector (all capital terms are defined below).

By way of introduction, the context for the workshop was reminded to the participants: to better understand the music sector and its needs, and to feed an internal reflection on the possibility of setting up a special funding scheme for the music industry in Europe, in the spirit of what is already being done for the audio-visual industry.

"Data" being often used as a catchall term for many different realities, the participants were then encouraged to try and use a common terminology during both Sessions with the following lexicon being suggested by the moderator:

■ **Sector Data:** all data referring to classifying, and measuring the music sector.
■ **Metadata** (also called "information data" or "descriptive data"): all data describing another data such as a song, a recording, an artist (ex: date, location, names of musicians, of featured artist, of producer, of record company, of publisher, of co-writers, of arranger, details about money splits in between rights owners, etc.)
■ **Usage Data** (or "Behavioural Data"): anonymized data describing the behaviours of individual users of digital music content (example: demographics, gender ratio, average basket, other centres of interests, etc.)

SESSION 1 – The Collection of Data on the Music Sector in the EU: Measuring the footprint of the sector.

The European Commission had set the agenda for this first Session to be about music "in numbers", in order to prompt feedback from the participants regarding the use of the actual statistics system and whether or not it is adapted or satisfactory when used in relation to the music sector (1); but also to start a wider conversation regarding alternative

methods of collection (2) and look at several interesting practices recently witnessed around Europe (3).

Presentations and testimonies

To explore the topic, altogether, six presentations were delivered, in the following order.

■ Official Data Collection on cultural statistics by Eurostat (European Commission);
■ Alternative Data Collection on the Cultural and Creative Sectors (European Commission);
■ The Case of the UK (by Jo Dipple and Jonathan Todd, UK Music);
■ The Case of the Nordics Countries (by Anna Hildur, Nomex);
■ Music Venues in Numbers (by Audrey Guerre, Live DMA);
■ Jazz in Numbers (by Fiona Goh, European Jazz Network).

Data collection through official methods

The first presentation: **"Official Data Collection by Eurostat"** addressed the actual data collection system in vigour in Europe and the recent work done by Eurostat over the last year and a half.

"Eurostat" is a Directorate General of the European Commission located in Luxembourg, whose main responsibilities is to provide statistical information at EU level and to promote the harmonisation of statistical methods across the 28 EU Member States. All national statistical authorities in EU Member States working with Eurostat are referred to as the "European Statistical System".

In December 2014, Eurostat re-started a systematic and vigorous work on cultural statistics at EU level. It is updating existing cultural statistics and the creating new ones in order to better measure the impact of culture and the creative industries on the economy.

Three types of data are being collected and published (see slides in annex for actual figures):
1. contribution of cultural employment to total employment, by sex, age, and educational attainment;

2. International trade in cultural goods: by product and/or partner;

3. Private expenditure: households' expenditure on selected cultural goods and services based on HBS (Household Budget Survey).

Other important datasets are under development, to be published by the end of 2016:

1. Data on participation in the cultural sector (e.g. the percentage of people active in cultural participation, including for instance, cinema's visited, concerts attended, etc.)

2. Consumption of culture, including the use of Internet to purchase cultural goods and the use of cloud services with cultural purposes;

3. The international trade of cultural services;

4. Business statistics;

5. Public expenditures.

Many questions were raised by the participants in the wake of the presentation, regarding the methodology used by national statistics offices to collect data, the criteria used to differentiate between the cultural and the creative sectors, and the comparability of definitions of the cultural and creative sectors and data released by Eurostat with definitions used and data released by Nielsen or Ernst and Young in recent studies[1].

Some participants pointed out that official statistics in their current form do not do justice to the creative sectors in general for they paint a fragmented and incomplete picture of the sector which then struggles to obtain the recognition it deserves in relation to its significant contribution to the overall European economy, in terms of employments, tourism, circulation of sales and services, etc.

With regard music specifically, there are no consistent data capturing the music sector at EU level. This is not only due to the classification problems where in different EU member states there is a different definition of what the music sector is, but also simply due to the lack of data collection on culture and on music in several EU Member States (see also discussion following UK Music presentation) .

Discussion focused on the need to make a lot of effort to synchronize at EU level the definition of the music sector for better collection of data (even in Britain, Scottish codes for music are different than those in the UK). Questions debated included how to work at EU level to improve categorization (definition) and synchronization of collection of data at EU level, and how the music sector could help/support Eurostat's work.

The Commission agreed that there were limitations to the official collection of data by Eurostat – which was dependent on data coming from EU Member States - but pointed out that it was important to try and arrive to harmonized and comparable data collection at EU level, which only Eurostat could ensure in a rigorous manner. In addition, other venues should also be explored in parallel, and this is why a feasibility study had been commissioned by the European Commission to KEA[2].

Data collection through alternative methods

The second presentation delivered by DG EAC focused on alternative methods of data collection and a feasibility study commissioned by the European Commission in 2015 to the Brussels-based consultancy agency KEA[3].

It was explained that the background to the study was a request made to the Commission by the Council and European Parliament, whereby they asked the Commission, in the Creative Europe legal basis, "to carry out a feasibility study exploring the possibility of collecting and analysing data in the cultural and creative sectors other than the audiovisual sector"[4].

KEA European Affairs' main findings were that:
■ There are no specific collections of data pertaining to culture, and culture is not considered a sector from a statistical viewpoint. Culture statistics are derived from existing multi-purpose data collections;
■ The international classification system (NACE and ISCO) often does not fit CCS. Moreover, the international classification systems often aggregate activities/services/goods which are only partially cultural; "extracting" their cultural component is often challenging, especially for video games, music, crafts, heritage, festivals;
■ CCS are characterised by a high number of

[1] www.ey.com/Publication/vwLUAssets/Measuring_cultural_and_creative_markets_in_the_EU/$FILE/Creating-Growth.pdf
[2] KEA European Affairs is a research and advisory company to creative, cultural and sports operators.

[3] ec.europa.eu/culture/library/studies/ccs-feasibility-study_en.pdf
[4] As those are covered by the European Audiovisual Observatory.

small and micro-companies, which often escape from official statistics;

■ It is difficult to measure Gross value added of non-industrial sectors like heritage, museums, libraries, galleries and libraries, performing arts;

■ CCS' estimates are rarely comparable as EU MS are still using different definitions of CCS. Interpretations of statistical classifications often differ from ESS-net methodology used by Eurostat;

■ Rights' revenues do not clearly appear from official statistics.

For KEA, this demonstrates there is a scope to improve the understanding of the CCS, using alternative data sources such as those coming from (1) public administrations through tax, social security, admissions to cultural sites/museums/performing arts venues; (2) professional and trade associations (employees, turnover); (3) rights management bodies, who collect data related to copyright royalty collection and distribution (number of artists/authors, revenues from digital services: e-sales, downloads, streaming…); (4) business registers, accounting data; (5) big data.

However, there are limits to these alternative sources in terms of availability and comparability throughout the EU. Data collection resources greatly vary in MS, leading to a geographical problem; data providers often do not meet international definitions, standards and quality criteria; alternative data are often not comparable with official statistics, not even between countries within the same dataset. Finally, accessibility is an issue (i.e. Business registers are accessible against a fee).

The study nevertheless proposed a plan of action to improve collection, analysis and delivery of CCS data, with three scenarios:

1. Scenario 1 addresses the sustainability of Eurostat's current work and proposes to continue such work beyond 2018 to ensure that a minimum amount of high quality statistics on the sector are regularly produced and delivered;

2. Scenario 2 answers capacity building needs with a view to enable usage of alternative data sources. This scenario proposes the setting up of a CCS Virtual Platform as a '"one-stop-shop" gathering data on a voluntary basis, and the establishment

of a Creative Leadership Board composed mainly of trade organisations to work with the European Commission on data collection related to identified policy themes;

3. Scenario 3 proposes the setting up of a dedicated CCS Observatory to improve data collection and comparability from alternative data sources as well as make use of "big data" for the development of new methodologies to improve the mapping of the creative economy and measure new forms of cultural participation (e.g. through social media).

The three scenarios were presented by KEA as non-exclusive, but rather as three-steps of a process to collect more and better statistics on CCS.

In the discussion which followed the presentation, a participant mentioned the situation of the audio-visual sector in Europe and how it managed to solve this data issue by having its own observatory[5], which collects data on the audiovisual sector acting independently from Eurostat (see KEA's third scenario).

The European Commission pointed out that this was the most ambitious of the three scenarios proposed by KEA, and that it was raising issues of budget and human resources, both a scarce commodity in the current budgetary context (the budget of the European Audiovisual Observatory being in the range of several million euros per year). The Commission said that it was also considering the other two scenarios, and asked the participants to also share their opinion about scenario 2.

The participants received these proposals positively, especially the idea of a European platform where all existing studies would be stored in a searchable way, the overall impression being that too many studies end up living in a vacuum, receiving little to no communication beyond the persons having commissioned it. Studies referenced by the participants included those delivered by Emmanuel Legrand on circulation of European repertoire[6], Ernst & Young on the cultural and creative sectors, and several studies by Nielsen.

The second part of Session 1 focused on some interesting initiatives led by some of the participants. The participants'

[5] www.obs.coe.int
[6] see foot note 2

presentations all fed into the question of alternative data collection to official national or European level statistics. They had a common objective: measuring a particular aspect of the music sector.

UK Music (an umbrella music trade body) explained how they had been able to measure the value of music in the UK[7]. They measured music GVA, export and employment using an ad-hoc methodology: they first defined the industry (e.g. the economic activities making up the music industry), then they identified and quantified sources of revenues, collected data and reflected on the best way to transition from revenue to GVA. *Measuring Music* includes box office and spend at venues. *Wish You Were Here* includes travel and accommodation spend of tourists.

In 2016, they will continue their research and extend it by seeking to regionalise the data generated by the Measuring Music analysis on an updated music industry definition, with the intention to take this down to parliamentary constituency level if the data allows; and by collecting data on labour market conditions: wages/pay/pension/ethnicity/gender/disability.

Asked what lessons could be learnt from their experience, UK Music pointed out three factors:

- Trust: their members trusted them to have access to their data and to publishing them
- Music institutions: you need to work with them
- It was needed to change official music codes

There is a fragmentation of the music industry across the SIC structure, and while a good part of the music industry is implicitly included in the codes making up the Creative Industry estimates, the SIC codes do not allow the contribution of the music industry to be satisfactorily identified as a separate category. For example, even at the most disaggregated level of detail, live music is counted alongside other activities (such as theatre) in a single Performing arts category (SIC 90.01). As a result, analysts tend to use a single SIC code to represent the music industry – SIC 59.20 (Sound recording and music publishing activities) although the category is, on its own, vastly under-representing and under-valuing the size of the music industry.

By way of example, in the UK, whilst employment estimates for SIC 59.20 showed employment levels of around 13,000[8] in 2014, industry estimates suggest that the UK Music industry has a core workforce of around 100,000.

This situation creates further problems which the participants believe to be damaging the integrity and accuracy of the SIC code system and any data gathered. They point out that several music-based businesses either code themselves or are coded to SIC in a confusing or inaccurate manner. For example, businesses running music festivals (including Glastonbury) are coded under SIC 93.29 (Other amusement and recreation activities), whose activities are defined as including the operation (exploitation) of coin-operated games, activities of recreation parks, operation of ski hills, renting of leisure and pleasure equipment, activities of beaches, including renting of bathhouses and operation of dance floors.

UK Music industry, supported by other participants around the table, would wish to see (i) SIC codes which reflect these activities and (ii) that these SIC codes can be aggregated to allow a separate identification of the economic contribution of the Music industry. They shared their position paper, whereby they propose that new SIC codes are embedded within Section R (Arts, entertainment and recreation), and within the Division 90 (Creative, arts and entertainment activities).

NOMEX presented a pre-study on Nordic music industry statistics. NOMEX is owned by Music Export Denmark, Music Finland, Iceland Music Export, Music Norway and Export Music Sweden to facilitate and develop growth in the music sector. The pre-study concluded that the total export revenue can be compared across Sweden, Norway, Denmark and Finland, with some limitations (comparison of revenue categories across the countries is difficult, because of differences in the scope and definitions of the categories).

The European Jazz Network then explained how they measured the size and scale, finances, functions and outputs of their members, as did Live DMA for their members (presentations attached).

Although every study had been led separately with little or no knowledge of the others, it was particularly interesting to realize how they came up with the same categories of concerns and challenges.

Main issues and key challenges

The key challenges, outlined in all four studies regarded the methodology used in order to ensure that data was collected in a consistent way. How to define the industry?

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[7] Reports: Wish You Were Here (2013)– Music tourism and Measuring Music – GVA, Export and Employment contribution of core music industry

[8] DCMS, Creative Industries Economic Estimates, January 2014

Identify the relevant sources of revenues? Identify the data held on these revenues? And how they apportion in regard to domestic spending, export or employment? These are but a few examples of the questions raised by the studies.

Discussing what data was needed, participants pointed out that consumption, what music is listened where, and where does the money go, were important issues to monitor/measure. Diversity of repertoire, jobs and growth were also important issues to measures.

One participant underscored the importance of live music as it encapsulates creativity, and of festivals for music tourism. Another participant pointed out that with the recent directive on collective management societies, harmonised data would be produced by these bodies, and these data could be a very valuable source of information.

With surveys as the one key instrument for data collection (sometimes the only tool to capture a certain segment of the population, such as self-employed musicians – a growing population- who have not joined collecting societies) , it also became apparent that response rates would highly influence the results. Ensuring the consistency and reliability of the responses provided was highlighted by all participants presenting their studies as the most difficult issue they had to deal with, condemning many studies to remain "one-shots" studies, for fear that their members would end up ignoring surveys sent on a too-frequent basis.

Other issues included the level of trust that is required from any organisation in order to reach a point where members are willing to disclose sensitive data about their turnover, salaries, or other features of their business models. Many participants observed that big players, especially those with an internal "insight" division, were far more reluctant to participate in surveys than small players were, thus creating a new challenge for analysts.

The financing of these studies was also discussed and it was noted that if UK MUSIC was able to deliver a study as good as the one they previewed, with only 6 full-time members and a consultant, it shouldn't be impossible to replicate this at EU Level.

Ideas for the EU tool box

By way of conclusion, all participants were prompted to react to the studies and feed in ideas or best practices that could be explored and turned into a pilot project. The ideas put forward are summarized below:

A Protocol. Most participants agreed that inconsistent methods of data collection were a source of inefficiencies that could be addressed by making a unique protocol for collection available to all collecting organisations, across Europe. A first step could possibly be to share and build on the UK and Nordic countries protocols, to draw guidelines.

A consistent collection. It was also stressed by the participants that a protocol will only deliver good results if the data it calls for is collected in a consistent way / cleaned in a consistent way. Centralizing the collection into the hands of a unique European body would ensure a decent level of consistency, and could possibly muster the trust needed by the sector to share their data.

Lobbying statistical offices. It was agreed that it was necessary to lobby statistical offices both at national, European and international (UN) levels to improve the collection of data on the cultural and creative sectors and to improve the classification on music. This lobbying should be done, inter alia, by the sector.

An independent body. To encourage all constituents to participate, clear rules as regard the storage, use and accessibility of the data gathered and the absence of conflict of interest are paramount. The participants stressed that only the EU could, in their opinion, bring the desired level of legitimacy and autonomy on a long-term basis.

All in one place. In accordance with the findings of KEA, most participants agreed that a European platform, partially industry-sourced, would be a good step towards establishing a unique repository for Sector Data in Europe.

Nature of the Data. Most participants agreed to elaborate a clear list of what data the music sector needs. All the fields below, as suggested by the Session's agenda, were relevant fields to start from but they all stressed how easy it should be to explore many more fields once the raw material collected will be consistent, accessible and reliable.

- The composition of the music sector (SMEs etc)
- Sales and income
- Employment
- Gross value added
- Consumer behaviour
- Circulation of the European repertoire
- Cultural diversity

To summarize, the preference expressed by the participants was clearly in favour of updating/ improving Eurostat's system for it would enable consistency, reliability and sustainability of the data collected. Their second choice goes to the set-up of a European observatory for the music sector. As for the measures that could be implemented, they all centred around the idea of incentivising industry bodies to adopt common protocols and methodologies.

SESSION 2 – the Use of Metadata and Usage Data in the Music Sector

Following the conversation initiated during the Initial Workshop, the agenda for Session n°2 was set to address issues regarding the use of Metadata (1) and Usage Data (2) in the music sector.

Main issues and key challenges

The role of Metadata in the music industry

In general, the term metadata (or meta information) refers to data, which describes the characteristics of a specific piece of data, but is not actually the data itself. In music, an audio file is accompanied by metadata giving additional information about its content like BPM[9], artist name, the song title, the composer, the other rights holder such as the publisher of the song and the record company, the fingerprint of the recording, or an ISRC code[10].

Metadata are fundamental to precisely identify a recording or a song (think of covers, of live recordings, of the various arrangements than can exist of one song) and to determine who owns what in a musical work and/or a recorded performance and thus to collect and distribute revenue generated therefrom to their rightful owners.

However, in 2016, it is still fairly difficult to obtain information about the ownership and control of musical rights and works, and it is even more difficult to connect accurately the recording of a performance to the underlying composition that it embodies.

The problem, schematically, is three-fold: i) there is a lack of metadata in the music as we consume it today, a trend that started with the commercial use of CDs and got worse with the advent of streaming; ii) over the last 15 years, different organizations and companies have built their own proprietary metadata systems using different schemas, creating metadata "silos", iii) there is no control, and has never been any control over the accuracy of data entries and it is common knowledge that errors and mistakes are populating all existing databases.

As the consumption of music shifted to download then streaming, each supplier of metadata came up with its own schema/protocol. As a result, when an entity needs to communicate with another entity, tenuous crosswalks (schema translators) are required, or even manual entry. These crosswalks are still highly unsatisfactory and they don't permit to distinguish between a good data and a bad data entry.

During Session n°2, all participants agreed that there is a problem with Metadata in the music industry. But little consensus was reached regarding how to fix it. Some made a point, though to explain that they were no data specialists and that they felt like they weren't in a position to express an opinion on the subject.

The point was made, however, that an efficient registry (i.e. an authoritative database) is the condition precedent for any automated, frictionless licensing system to function.

It was also stressed that the lack of metadata standards has had larger business ramifications, that industry growth has been affected, if not crippled. As of today, the potential of technology is still being held back by this issue, despite numerous attempts by the tech community to solve it[11]. 16 years after Napster (which was one of the first service to shed a light on the Metadata problem), the Metadata issue is now labelled by many as one of the most crucial issue facing the music sector in the post-internet era.

As expected, Session n°2 opened with the topic of the Global Repertoire Database, a European project that was officially abandoned in July 2014. The Global Repertoire Database ("GRD"), a project initiated in 2008 by the team of former European Commissioner Neelie Kroes then in charge of the Digital Agenda, aimed at becoming a single, global, authoritative source of multi-territory information

[9] Beats per minute
[10] The International Standard Recording Code (ISRC) system is the international system for the identification of recorded music and music videos. Each ISRC is a unique identifier that can be permanently encoded

into a recording or music video. Encoded ISRCs automatically identify recordings for CMO payments.
[11] By way of example, Snocap, a company created in 2002, already focused on developing technology that content owners (in particular

about the ownership or control of the global repertoire of musical works (i.e. Metadata regarding music works).

The failure of the GRD was due to a variety of factors, including the diversification of local laws, diverging licensing practices, and diverging business practices, but it was stressed that fear played a role too, when the stakeholders taking part grew unsure of the manner in which their data would be used. The participants were therefore encouraged to see what lessons could be learned from this failure, when coming up with new ideas during this workshop.

The role of Usage Data in the music industry

Usage Data can be defined as a metric. A metric to measure the behaviours of consumers: what song is being listened to, where, how quickly it is shared, which demographics are listening to it, if they all share another common interest, and so forth and so on.

Usage data is set to transform the industry profoundly. It represents a revolution after years where the only information available about listening habits where CD sales and radio plays. Usage data has become an essential asset for decision-making (where to invest marketing money? which Facebook users to target? where to schedule concerts? what single to release? etc.) and it is clear that anyone possessing Usage Data is in a considerably more favourable position to make decisions than someone who is not.

Usage data is generated by music "users" and as such, it is collected by consumer-facing businesses like Spotify, Deezer, Apple Music, Youtube, Last Fm or BBC Music. Those businesses have signed contracts with the rights owners in order to access their catalogues whereby the latter are entitled to receive sets of Usage Data pertaining to their catalogues. How Usage Data is then being used and shared by the rights owners is of concern – to the creators' community in particular – as access by the creators to Usage Data is still seen as an unresolved issue.

The question at the core of this issue is whether or not it should be mandatory, for digital services and rights owners alike, to share Usage Data pertaining to songs or performances with the creators of these songs and performances so that they could also benefit from their insights in the daily course of their business.
The second question regards the moment where this com-

munication should be made to creators, the traditional system of quarterly accounting to creators becoming more and more irrelevant in a digital, fast-paced industry where fresh data becomes old data in an hour.

As more artist-centric services are appearing on the market, those questions are likely to stay at the fore, until resolved.

Presentations

To illustrate the complexities and some of the issues deriving from the topic of Metadata, Usage Data and how they affect the music landscape, three presentations had been prepared:

- A presentation of a community-maintained, open source encyclopaedia of music information (by Robert Kaye – founder of MusicBrainz)
- A presentation regarding disruptive points in the value chain and opportunities (by Paul Pacifico – President of the IAO, CEO of the FAC).
- A presentation addressing the challenges of Big Data and Data enrichment (by Héloïse Fontanel, in charge of European Affairs at SACEM).

MusicBrainz is an open-source database, referencing more than 15 Million tracks to date, whose ambition is to curate, preserve and make available high quality data sets for free. It is operated by a non-profit organization, MetaBrainz, based in California.

The presentation by MusicBrainz, was eloquent in explaining how the collection of "factual data" as opposed to "private data" is currently being solved through crowdsourcing methods and peer review. "Factual data" also referred to as "public data" during the presentation, was roughly defined as the set of data that one used to find on the jacket of CDs (also referred to as 'label copies' and/or 'liner notes'). They include the year of release, the name of the record company, the studio where the performance was recorded, the name of the producer, of the featured artist, of the session musicians, etc.

MusicBrainz' presentation also included a proposal to the group, to make available the building blocks that they have, in order to help create the first layer of a new registry, should a pilot project be created to address Metadata issues on the back of the workshop.
By providing a starting point, a copy of the MusicBrainz

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artists and labels) could use to register their content; rights holders
who registered their content could also set business rules controlling
where and how that content is available on the web.

database that would be provided to the project, would enable labels, publishers and creators to claim ownership of their assets and populate missing information following a robust protocol that would be decided upon as part of the pilot project.

The idea of incentivizing rights owners in order to encourage them to participate in a voluntary registry, seemed to create some level of enthusiasm amongst the participants. Managing to include everyone would certainly be a very difficult task, but incentivizing enough rights owners across Europe to make a project like this viable didn't seem, in the minds of the workshop's participants, to be totally impossible to achieve, as long as there could be an international/European level endorsement.

Exploring this idea further, related questions were successively raised by the participants regarding:
■ The authentication of the data populated and conflict resolution mechanisms,
■ How to make use of the other pre-existing databases, and if it wouldn't be wiser to rely on the existing ones, rather than build a new one?
■ How to transition to a system where bad data entries could be corrected easily and in a frictionless manner?
■ If the system should be entirely transparent or only transparent to those with a stake in order to reassure the stakeholders, often deterred by the idea of full transparency as a first step.
■ Etc.

The second presentation, by IAO (International Artist Organisation), aimed at illustrating the complex world that artists and creators have to learn how to navigate in a digital era, and the strains that they have to go through just to understand their royalty structure, due to a pyramidal payment system that is, in IAO's opinion, inefficient, unbalanced, cluttered and almost entirely controlled by the so-called "middle man"[12]. The increasing complexity of the music landscape, said IAO, calls for an increased transparency of its systems and mechanics. Transparency is a driver for innovation and growth and the resistance that artists and the tech community alike are being met with is symptomatic of an appetite for control, over efficient monetization methods. IAO then repeated that an efficient Metadata registry is the key to open the whole system up, which is the reason why artists and creators are fierce supporters of the creation of an authoritative registry, or at

least of a system that could enable artists to access – and where the case may be, correct, - the data pertaining to all the recordings embodying their performances or songs, as disseminated around the world in the too-numerous proprietary databases that exist.

In IAO's opinion, the solution to the Metadata problem will have to be constructed around two essential principles:

1. Transparency, as the way to ensure correct payments through the value chain and to control that artists receive an appropriate share of the entire value generated by their work;

2. Duty of Care from labels to artists – as it seems normal to ensure some level of liability from labels to artists when bad data entries may result in payment losses.

■ Fair-trade standards. IAO also suggested that pilot projects should include "fair-trade standards", and "fair-trade" labels for those abiding by those two principles, supported by the European Commission, so that the industry could be incentivized to move in the right direction.

During the discussion that followed, the question was asked if the music industry was riskier than other industries such as films or the car industry and if it wasn't the case that the opacity of the music business is the only reason for this belief to still be so widespread.

■ Look at other industries. A point was made to look at other industries recently disrupted by data, such as the telecom industry, or the insurance industry for guidance and examples.

■ Connecting Data accuracy with funding opportunities. One of the participants also suggested connecting data accuracy with funding opportunities in all music projects supported by Creative Europe.

The third presentation, delivered by SACEM, addressed the challenges that all CMOs[13] are facing as a result of the technological shift of the music industry, of the absence of a unique Metadata registry and of the amount of resources required to make sense of Usage Data.
SACEM has been collecting royalties from online music

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[12] The expression refers to rights owners intermediating between the creators and the digital platforms where the consumers are, such as record companies or publishers. Intermediaries acting only as service

providers to the creators will not fall into that category.
[13] Collective Management Organisations

broadcasters since the late 1990s, when the first MP3 files and the ringtone market emerged. SACEM is familiar with the issue of receiving Metadata and Usage data in a variety of formats.

To meet the challenge linked to the exponentially growing amount data it has to treat, and their many different formats, SACEM had to adapt and adopt big data technologies. They are now providing their members with tools for monitoring and analysing the distribution of their royalties, on a quarterly basis.

As regards Usage Data, SACEM explained that it is currently conducting research on how best to process them, identify them and analyse them in connection with Metadata.

In the discussion that followed, IFPI pointed out that they are working on a data base to be released soon, providing access to information on who owns what, based on RSIC codes. They promised to send more information in writing, to be shared with all participants.

Ideas for the EU tool box

The ideas gathered included the following:

A European lexicon. The point was made that all involved in this project, and hopefully beyond, should be using the same terminologies when referring to concepts such as Metadata or Usage Data and that the creation of a common lexicon would be a good place to start.

A European protocol. Most participants agreed that inconsistent methods of data collection by labels, publishers and CMOs to name a few, are a source of inefficiencies that could be addressed if a protocol, a "Minimum Viable Data Set" was defined at European level and then supported, perhaps through incentive mechanisms.

The example of the RDI, to be possibly explored further. Rights Data Integration (RDI)[14] is a project part-funded by the European Commission, part funded by media industry participants. It is a demonstration of how to efficiently manage and trade intellectual property rights online for any and all types of usage, across any and all types of content, in any and all media using the innovative framework developed by The Linked Content Coalition and published in April 2013. It was stressed that this project, alike some others[15], is

trying to achieve what the GRD couldn't, with innovative approaches. Learning from their journey or using them as examples, or even as partners of a new project in relation to data would be desirable.

Best practices in Ticketing. Access to ticketing data was described by most participants as challenging and inconsistent. Supporting initiatives whereby the live venues and/or live event organizers could be in control of their own ticketing technology platform, as is the case in Switzerland or in Scotland, would certainly help improve the situation.

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[14] www.rdi-project.org/#!about2/c4nz
[15] Projects such as OCL (One Clic Licence) or the Open-Data project by Berklee College of Music.

WORKSHOP 2: Empowering creators and nurturing creation: education, training and professionalization

18 April 2016
Brussels – Ancienne Belgique

Chair : Catherine Magnant (European Commission) – Moderator: Sophie Goossens

OPENING ADDRESS – METHODOLOGY

Empowering creators and nurturing creation: education,training, and professionalization

> Defining the essential issues
> First findings based on the material sent in advance of the session

Artist empowerment: Brian Message testimony

Going further together:
> Roundtable discussion in order to establish/complete the initial list of issues.

Empowering creators and nurturing and financing creation: education, training, and profesionalization

> Proposing tools, incentives and concrete measures
> First findings based on the material sent in advance of the session

Education and Training: the tools to succeed - testimonies
- Allen Bargfrede (Berklee College of music),
- Gilles Castagnac & Johnny Gislard (IRMA),
- Paul Pacifico (IAO, FAC)

Going further together: Group discussion

Professionalization, access to funding, artist centric services: the tools to succeed - testimonies
- Benji Rogers (Pledge music),
- Patrick Ager (ECSA),
- Kenth Muldin (AMRA),
- Timotheus Wiesmann (Music Business Summer School)

Artist empowerment : Keith Harris testimony

Going further together: Group discussion

Conclusions

Empowering Creators and Nurturing Creation: Education, Training and Professionalization

The agenda of the workshop had been structured around 3 main themes:

1. Education and training – what tools are needed to succeed in today's music sector?

2. Access to funding – what is available and what could be improved?

3. A changing music ecosystem in Europe – can we steer the system to the benefit of creators?

Main issues and key challenges
1. Education and training

The need to improve the sector's capacity by providing education and information tools in a challenging economic environment and a fragmented European market was widely recognized.

Despite the remarkable efforts of many local players who have been investing in specialized education and training for years, there was a general consensus that the music sector has a knowledge problem, that the digital economy is even further exacerbating. There is a feeling that the group of those "who know", "who understand" is dangerously shrinking and moving towards the most lucrative aspects of the business where the others are left with an acute feeling that they need to catch-up rather quickly. It is not so much that the information isn't available - said someone -, but it is scattered around the place and knowing where to find it can be quite time-consuming and complicated.

Others observed that the complexity and fragmentation of the music ecosystem across Europe meant that most institutions were confining themselves to their home markets

when delivering training sessions, stressing that there is a need to fill in the gaps.

The lack of knowledge is affecting almost all the constituents of the sector. The focus of the workshop was placed on artists but it was stressed that the knowledge of managers, accountants, record label staff, intermediaries, etc. was often too limited or obsolete. The need to educate both artists and their immediate environment was highlighted as equally important.

To support this view, the participants explained how:

■ Recording artists are expected to release material and build an audience before they can hope to "get signed" by a record company (or a publisher). Therefore artists and their early stage managers need to acquire a basic understanding of their business environment if they are to succeed at navigating the early days of their careers.

■ Artists need to be empowered to make well-informed decisions. Artists often tend to give away their rights for not knowing them properly.

■ Copyright is rarely included in musicians' educational programmes. As a result, a significant number of artists have no education about copyright or how copyright can be monetized.

■ The music sector is fragmented and highly sophisticated. Professionals from the publishing, the recording or the live side of the industry are too often ignorant of one another's business models and challenges. In a converging industry, it is crucial that these gaps are filled in order to enable a generation of entrepreneurs to make the most out of any revenue stream.

Some participants pointed out how artists can sometimes be reluctant to acquire skills that are not immediately rele-

vant to their art, even when training schemes are specially designed for them. Many agreed that the current music education system, where there seem to be a lack of interest for business skills, (with the exception of the UK) should be reformed to ensure that the music students are equipped to succeed in a changed economy.

A participant also made the point that in today's landscape, the most important skill that any music professional should seek to acquire is agility and a capacity to adapt to a very fast-paced and moving environment. In a world where two generations of digital natives are coexisting with several generations of non-digital natives, it is of the utmost importance that the older generations catch up with the new ones. The younger generations should be educating the generations above them.

Whilst copyright, including all its nuances across Europe and the USA, was by far the number one topic that the participants sought to include in the list of skills that music professionals should be taught about, a lot of others were mentioned such as creative skills, marketing skills, how to make a business model, financial planning skills, etc.

The group insisted on the importance of making the acquisition of entrepreneurial skills fun and interesting in order to create a high level of engagement with the class/course, regardless of how it might be delivered.

Presentations and testimonies

Altogether, nine testimonies were delivered during the workshop, punctuating the different topics that had been set on the agenda.

Brian Message (ATC Management - UK/US) explained how the digital economy is empowering managers as never before, but that access to funding remains a challenge. He gave the example of the SEED Enterprise Investment Scheme in the UK[1] as a very promising scheme for the music sector and encouraged replication of the scheme at EU level.

Allen Bargfrede (Berklee College of Music, Rethink Music - US/ES) made a presentation about the tools that are currently being implemented at Berklee to empower creators so they can make better decisions.

Benji Rogers (Pledge Music – UK) shared the success of the platform with the room and how it could be replicated if only the music fans were giving what they want. From an

educational perspective, he recommended the creation of engagement economy classes.

Johnny Gislard (IRMA – FR) introduced the role played by IRMA (resource and documentation centre for music) in France.

Paul Pacifico IAO (FAC, IAO - UK, WW) offered a testimony of the current situation of artists in Europe, and fought the view that some artists prefer not to care about the business side of their art. He compared the nascent artist movement in Europe with the suffragette movement in the 50's and asked that artists organisation be given more tools to help artist on their path to becoming business-conscious entrepreneurs.

Kenth Muldin (AMRA, US) said a few words about his organisation and how they were trying to harness technology to solve issues of transparency and accountability on a global scale.

Patrick Ager (ECSA) presented ECSA's latest work in professionalising music writers and composers. He insisted on the power of networking events, and said a few words about a new platform recently set-up by ECSA to help composers meet with film producers.

Keith Harris (Keith Harris Music) gave a vibrant testimony of his work alongside artists and music professionals during the last four decades and exhorted the group not to underestimate the divide between what he called the new world - the world of the digital natives - and the old world, where everyone else is left with the task to rewire, if we want to meet the challenges of the new age opening up.

Timotheus WIESSMANN (Hamburg Music Business Association) gave interesting examples of what could be achieved in terms of education, during summer seminars, and insisted on the virtues of in-person teaching over e-learning.

Ideas for the EU toolbox

When prompted to focus on practical solutions, the participants laid out a range of interesting ideas aimed at tackling the knowledge-deficit identified during the morning's session.

1. A pan-European knowledge base. The first measure discussed was the setting up of a platform for informational exchange. This platform would serve several goals: i) be a repository for information that already exists but is

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[1] www.seis.co.uk

scattered amongst many different places, ii) offer search engine functionalities and iii) and possibly even provide English translations of all relevant material uploaded.

It was then quickly suggested that the platform should be used to host existing MOOCS and other online seminars or classes endorsed by the EU, or specially created for the platform under the patronage of the EU.

As regard the educational content of the platform, it was suggested that i) MOOCs should co-exist with ii) more structured, formal sessions, seminar-type courses on a specific topic with experts leading them and iii) "drop-in sessions" (early stage peer learning sessions) where established artists or music business executives could respond to informal questions.

The material should take into consideration the various backgrounds of the players, service both artists and music industry staff and allow for different levels, perhaps by implementing gamification methods in order to encourage the completion of seminars.

With regard to the referencing of existing seminars or e-learning platforms, some in the room pointed out that some form of quality control would be necessary, as not all offers on the market were equal. A charter could be implemented to that aim.

2. Champions, mentors and ambassadors. All in the room who are working in the field of education highlighted the role of champions, or mentors as a highly efficient method to get the attention of the artists/young professionals they are trying to educate. They explained that the most effective mentoring comes from individuals in the same age group and that regular mentoring would be highly beneficial for artists, managers and music industry staff alike.

Artists can easily become ambassadors and the view was that most of them would be happy to be given a forum to share their journeys with aspiring artists.

The use of digital hangs-out was mentioned as a tool that could be added to the above mentioned platform but the need for real-life interaction was stressed as a very important element too.

3. A pan-European network for exchange – a "European Music Platform". The third mechanism presented by the group focused on strengthening and encouraging networking across Europe.

Europe has seen a significant increase of the number of music-related professional events over the last ten years and each of them is providing opportunities for people to meet and network. However, not all of them are known outside their home market and they can be expensive to attend especially for young artists.

The group suggested that these events should be harnessed in order to form a network of conferences that could then be used as part of a European program.

A **"Conference Pass"** could be set-up whereby artists or SMBs could apply for a grant in order to travel to each conference where they would receive some special attention (panel picker, specially designed networking sessions, coaching, etc.) in order to help them make the most of the event.

Some suggested that travelling education seminars be carried out as part of the Conference Pass whilst others proposed to organise European workshops such as this one during all major conferences.

4. Creative Hubs. Creative Hubs are further detailed below but it should be mentioned that many suggested that classes and workshops ought to be built in as an essential feature of all of them.

5. Ad-replacer. An interesting idea was presented by a participant in order to combat the general impression that consumers are too poorly educated about copyright, whereby adds on Youtube would be replaced by 20-seconds information spots regarding copyright.

2. Access to funding

The group then discussed the capacity for artists and SMBs to access funding both from the industry, and from other market players.

1. **Banks.** Many market players outside the music industry, including banks, regard investing in music as a risky business, with some participants describing music as a "no go zone" for bankers. The artist and managers in the room confirmed that it is almost impossible to get a loan as an up-and-coming artist.

2. **Alternative sources of funding.** It was reminded that only a fistful of artists and/or managers are using alternative methods of funding such as crowd funding, direct-to-fan, etc. for many others are not familiar yet with these new tools.

Ideas for the EU toolbox

1. Well-informed markets are the heart of any sustainable investment policy. A reminder about the Cultural and Creative sector EU guarantee facility. By way of introduction, it was reminded that the EU is already working on educating bankers and other financial institutions offering financing to cultural and creative sector through the launch of a EU-wide guarantee facility[2]. The Commission explained how the facility is aimed at building confidence and a better understanding of the sector. The guarantee is targeting all CCS, not just music, and the EU will be vigilant in order to avoid a concentration of all investment in the field of audio-visual.

2. Combining peer learning, mentoring and cash in one programme. Access to funding is useless if you don't have the necessary skills to use the funds efficiently to grow a business. In order to address this, several participants recommended to link loans opportunities with education, as a requirement to get the money. Micro-funding initiatives could therefore be supported where different steps would need to be completed in order to access the relevant funding, such as:

- The obligation to convince a mentor in a selected bank of experts,
- Workshops to teach young artists and music professionals how to draft a business plan,
- The completion of a MOOC,
- Etc.

Several participants referenced the loan schemes for young entrepreneurs of the Roundhouse and Princes Trust (UK) as a good example of what could be encouraged, and possibly replicated at EU-level.

3. Encourage alternative methods of funding. Crowd funding and direct-to-fan platforms follow their own rules, focusing on fan-engagement. Case studies can be a very efficient tool to teach the users of these platforms what works and what doesn't and to help them familiarize themselves with the tools. Information on these alternative methods of funding should be more widely available (perhaps even sit on the European Music Platform?) and their use should be encouraged.

Another important point that was made regarded the uneven availability of these tools across Europe and the relatively few numbers of players providing them. By way of example, Pledge Music, one of the most popular plat-

forms for direct-to-fan is only available in four European languages. Financing the localization of such platforms in territories where they wouldn't normally go due to the size of the market or a lack of foreseeable profitability should sit on the list of support mechanisms aimed at improving access to funding.

3. A better music ecosystem

The group then finally moved on to discussing how the changes currently taking place in the music ecosystem could further benefit the creators and SMBs.

1. A divided industry with uneven practices. The representatives of creators around the table emphasized a need to better communicate about the differences existing between the different music markets in Europe. In music publishing for example, it was stressed that contractual traditions can be very different from country to country but that little was known about it by the creators, thus preventing them from looking outside their home member state for a better deal. Until Europe's copyright rules are fully harmonized, some publicity for what is available on the market for artists on a European basis should be organized with many participants stressing how this would increase competition and have a virtuous effect on the market as a whole.

2. The artist-entrepreneur. Whilst some participants commented that it would be untrue to say that all artists want to be entrepreneurs, they all agreed on the fact that they want their business to be run efficiently, which means that someone, in the immediate environment of any unsigned or DYI artist, will ultimately need to endorse an entrepreneurial role.

3. New world, new values and the rise of artist-centric services. The digital economy embeds a whole set of new values, that can sometimes be seen as contrasting with the ones who were predominant in the music sector so far. Transparency, technology-driven solutions, alignement of interest and the fair sharing of the value are becoming key words in a fairer society, unshackled and offering equal opportunities to all.

A number of players are using this new paradigm and the latest technology to put the artist back at the centre of the industry but there is still a lot to be done in order to ensure that all artists across Europe can benefit from these services.

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[2] https://ec.europa.eu/programmes/creative-europe/cross-sector/guarantee-facility_en

Some participants oberved that the artist-centric services seem to be focusing, for now, mainly on Anglo-Saxon repertoire thus increasing the gap between European artists. Encouraging those services to set up shop all across Europe would empower artists from all parts of Europe and stimulate their entrepreneurial endeavours.

4. Languages. There was a large consensus amongst the participants that the music industry is becoming far too anglicised, and that a lot more ought to be done in order to support music in other languages. Giving every artist in Europe the same tools and an access to the same opportunities would be an important step towards fixing this imbalance. It was also reminded that another workshop would be entirely dedicated to the question of artist mobility and the circulation of repertoires.

5. The role of the music consumer. Artists are popular figures and can have a lot of followers on different social media platforms. As of today however, they generally need to remunerate the social media platform if they want to get in contact with them. If we are to steer the system in the right direction, said many, more should be done to enable services where artists can regain ownership of their fan-base.

Finally, some participants insisted on the role of the music consumer. In a world where the perceived value of music is decreasing, they suggested that consumers should be incentivized to pay for music. If every consumer could receive the assurance that a portion of any monies paid out would be distributed to the artist, they would be made responsible in sustaining the artist they love.

Ideas for the EU toolbox

1. Local access through creative hubs. Creative hubs have been blossoming in several European cities and their potential is huge, said many. What makes them successful and fit for purpose in our digital age should be further studied and then replicated all over Europe.

The main characteristics of these hubs, listed by the participants included:

- a place where practical training and knowledge-sharing can happen in a relaxed and creative environment ;
- a place of "happy collisions" where artists

from all sorts of disciplines, tech people and business people come together;
- a place to enable the completion of basic skills courses in order to unlock financing opportunities ;
- a place where creators would be invited to work from, have their studios, etc.;
- a living area with ancillary services (a nursery, a gym, restaurants, etc.)

The mapping of these creative hubs, possibly as part of the "European Creative Hubs Network" project[3], was also supported by many participants who didn't know of the initiative and applauded it.

Once mapped, a EU programme could leverage these networks by offering artist studio swaps, ensuring that a certain number or spaces could be set aside for visiting European artists or music professionals, organising mini-conferences and networking events, etc.

2. Create Trust. The final theme considered by the group concerned "trust". The word has been chosen, explained a participant, as it seem to encompass the different themes surfacing in the transition period that the sector is going through, such as transparency, the fair sharing of the value, the assurance of having aligned financial interest with the other market players.

The market should be creating trust more vigorously and in every member state. A funding program incentivizing the market players that are willing to play by those rules could have a real impact on the future of the sector. As for the incentive, it could be of a financial nature, but could also consist in a logo or a certificate delivered by a EU programme in order to help identify the players that are the most likely to protect artists' interests.

It is worth mentioning that here again, it was stressed that the services susceptible to be steering the sector in the direction of more trust might not be evenly accessible to all 28 member states and that a lot could be achieved by simply ensuring that theses services can be advertised and localized.

3. Feedback and feed forward from local to Europe-wide. Finally, the need to maintain an open dialogue between the local level and the European level was acknowledged as being an indispensable feature of any future programme.

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WORKSHOP 3: Cultural diversity: mobility of artists and circulation of European repertoire

21 April 2016
Brussels – Ancienne Belgique

Chair: Karel Bartak (European Commission) – Moderator: Fabien Miclet

OPENING ADDRESS – METHODOLOGY

Session 1: Cultural diversity: mobility of artists and circulation of european repertoire
Defining the essential issues

First findings based on the material sent in advance

Key topics:
- The challenge of monitoring cross-border exchanges
- Live music: concert venues and festivals as key enablers of mobility of artists and circulation of repertoire
- The absence of representation of live music organisations at European level
- The role of export offices or export support mechanisms in creating opportunity
- The role of radios in cultural diversity
- The issue of linguistic diversity
- The obstacles to physical mobility: visas, rules and taxes

Going further together: Group discussion

Session 2: Cultural diversity: mobility of artists and circulation of european repertoire
Proposing tools, incentives and concrete measures

First findings based on the material sent in advance

Key ideas:
- An observatory to measure and monitor cross-border circulation?
- An umbrella organisation to provide information, support and opportunity regarding mobility and cross border exchange?
- What type of new European funding tools for venues and festivals?
- What type of new funding tools for radios, online platforms?
- How to create a European multiplying effect for export organisations?

Going further together: Group discussion

Presentations of best practices and testimonies:
- Nuno Saraiva: Why Portugal?
- Aline Renet: Proposals from Prodiss (FR)
- Massimo Maccaluso: NIMPE - a Creative Europe project
- Shain Shapiro: Canada, an example to follow?

Going further together: Group discussion

Conclusions

Cultural diversity: mobility of artists and circulation of European repertoire

The themes identified for discussion following the analysis of the written contributions sent by participants were:

1. The challenge of monitoring cross-border exchanges and mobility

2. Live music: concert venues and festivals as key enablers of mobility of artists and circulation of repertoire

3. The absence of representation of live music organizations at European level

4. The role of music export offices or export support mechanisms in creating opportunity

5. The role of radios in cultural diversity

6. The issue of linguistic diversity

7. The obstacles to physical mobility: visas, rules and taxes

Main issues and key challenges

1. The challenge of monitoring cross-border exchanges and mobility

This topic was of particular interest for all participants. It seemed clear, following a 25-minute discussion, that all branches of the music sector (the recorded music industry, the live music sector, the not-for-profit sector, and the broadcasters) were on the same line about the need to map, measure and monitor the cross-border exchanges of music (live and recorded, and regardless of genres) at European level.

Participants used the example of the 2012 Study entitled 'monitoring the cross-border circulation of European music repertoire within the European Union' commissioned by the former European Music Office (EMO)[1] and Eurosonic Noordeslag, the European Border Breakers Charts (EBBA)[2], or the existing work carried out by the Merlin Agency in rounding up statistics on cross-border flows of independent music repertoire to illustrate how virtuous this data can be for the sector in order to better assess, improve the level of cross-border activities, and most importantly to promote diversity.

In this context, the challenge of comparability of existing data between countries was discussed, as well as the issue of the ownership of such figures. Similarly, the role of collecting societies in gathering and making available such data was debated, or the importance of measuring both flows of commercial and non-commercial music. The idea of tracking both flows of content and revenues was also expressed.

There was a clear consensus on the necessity for the sector to have a coherent tool at European level that would effectively measure and monitor cross-border flows of music, live and recorded, commercial and non-commercial (creation of a new-brand pan-European tool, extension of an existing one, or creation of a coordinating body at EU level)

2. Live music: concert venues and festivals as key enablers of mobility of artists and circulation of repertoire

One of the particularities of this workshop is that it brought together a variety of live music organisations, such as festival organisations, representatives of professional live music conferences, live music promoter associations, and concert venue networks.

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[1] www.musicaustria.at/sites/default/files/emo_report_european_repertoire.pdf

[2] www.europeanborderbreakersawards.eu

Some of the discussions around this topic focused on the existing mechanisms and initiatives that are already successful at European level:

The ETEP[3] programme for emerging talent at music festivals, the SHAPE[4] platform promoting visual and music artists, the professional networking spaces provided by Yourope[5]; or Liveurope[6] providing support for music venues when booking emerging European acts, or the newborn ones, like We are Europe[7] or Europavox[8]. Participants insisted on the necessity to reinforce these initiatives, to support them at a bigger scale, and to create synergies between them.

Another strong focus within the live music theme was the question of professional networking. Various participants highlighted the positive effects of encouraging the cross-border mobility of live music professionals, especially from Central, Eastern and Southern Europe (bookers, agents, promoters, labels, artists, etc.) so as to allow more international presence at music events, trade fairs, conferences or showcase festivals, hence creating a stronger fabric to enable cross-border flows of live music concerts.

3. Absence of representation of live music organizations at European level

This issue was the subject of an animated discussion between those of the participants who consider that the live music sector should have a single advocacy office in Brussels, and those who believe that existing European organisations (EMC[9], Pearle*[10], and Impala[11] for example) and existing national bodies should work closer together.

However, it was clear for everyone that not all European countries benefit from strong national live music organisations, and that collective work within the sector at European level is lacking in consistency and regularity.

The absence of an interest-representing body in Brussels was identified both by the European Commission and the participants as a handicap for the live music sector. The Commission clearly mentioned that there is a strand in the current Creative Europe Programme for "networks", and that it is up to the sector to organise itself in order to benefit from such support.

4. The role of national "export" offices or national cross-border support mechanisms in creating opportunity

Music export offices (or "exchange" offices as preferred by some participants) play a direct role in providing opportunities for artists and repertoire to effectively cross borders. As national bodies, they are most of the time co-funded by industry players and government entities, and play the role of Launchpad for artists to be promoted abroad, through showcase festivals, trade fairs, or at music venues. However, music export offices are not equally distributed all over Europe and do not exist everywhere. This is the case in Portugal, to mention only one, where an interesting and alternative tool has been put in place to fill in the gap (see hereafter WHY PORTUGAL).

The participants globally agreed on the positive effects played by such bodies in boosting cross-border circulation of artists and repertoire, and on the immense potential that a form of synchronization of efforts at European level would have on this activity, especially in encouraging the export of European music outside the EU.

5. The role of media in cultural diversity & the issue of linguistic diversity

This topic was subject of a discussion around the role of radios, online platforms, streaming services and television in promoting European diversity in music, and more particularly in linguistic variety.

It was globally agreed that European media are not doing enough to promote cross-border flows of repertoire, and even less in promoting non-Anglo-Saxon languages, but that there isn't a lot of room for manoeuver in the mandate of a funding programme for the music sector to have influence on the activities of commercial radio stations or companies/platforms like Spotify.

However, it was agreed that a funding programme could provide funding for cross-border marketing and promotion activities for the music sector, which could create a stepping stone for underrepresented genres and languages in the media.

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[3] www.etep.nl
[4] shapeplatform.eu
[5] www.yourope.org
[6] liveurope.eu
[7] weare-europe.eu
[8] www.europavox.com
[9] www.emc-imc.org
[10] www.pearle.ws
[11] www.impalamusic.org

6. The obstacles to physical mobility: visas, rules and taxes

It was agreed not to cover this complex and time-consuming subject, since it does not really fall into the scope of Creative Europe programme core-business and since it is the subject of regular meetings held in the framework of the European Agenda for Culture 2015 - 2018. In this regard, all participants were invited to attend a stock-taking meeting on mobility of artists and cultural professionals held in Brussels on May 10-11.

Presentations and testimonies

Four of the participants were asked to do a 5-minute presentation highlighting good practices or concrete examples of initiatives aimed at encouraging cross-border mobility of artists and circulation of European repertoire.

The example of music support mechanisms in Canada (FACTOR[12] by Shain Shapiro). This presentation highlighted the diversity and the all-encompassing nature of the funding landscape for the music sector in Canada. From creation to marketing, from touring to radios, all aspects of the music ecosystem are supported by the Canadian government. It was agreed by the participants that such a system would not be viable at European level, given the variety of national systems, legislations and languages. However, the ecosystem-oriented nature of support was praised by the participants.

A proposal by Prodiss[13] (Aline Renet). Prodiss expressed the idea of creating a structure at European level bringing together all players (venues, festivals, promoters, agents, touring companies). Such a body would allow an increase flow of information between countries, exchange of good practices, harmonized exchange of data and stable processes in order to foster cross-border circulation.

The NIMPE project (Massimo Maccaluso). Assomusica presented the NIMPE network, an initiative recently supported by the Creative Europe programme, aiming at reinforcing the cooperation between live music professionals within a network of 6 organisations. The objective of this cross-border cluster is to stress the importance of international networking in the field of live music.

The example of "Why Portugal?" (Nuno Saraiva). This initiative was launched this year by various professional bodies of the Portuguese music industry. In the absence of a music export office, and of any kind of government support for the music sector, this platform aims to provide all information necessary on export-ready Portuguese artists, legitimate professionals, and touring opportunities, in order to create a coherent "opportunity effect" for Portuguese music to better circulate outside of its national borders.

Ideas for the toolbox

This part of the agenda was flagged by the Commission and the moderator as the most important element of the discussion. Indeed, all participants were asked to provide ideas for a concrete "toolbox" that could be used by the European Commission. Proposals made by the participants can be broken down in 4 main categories:

1. Support for cross-border mobility and networking of music professionals. The idea of creating a tool to support cross-border mobility of music professionals was brought forward.

There is a clear demand from the sector to establish funding mechanisms, in the form of travel grants, that could provide the opportunity for music professionals (such as music managers, agents, touring operators, label representatives, festival professionals, concert venues programmers, live music promoters, marketing professionals) to attend more music events (conferences, fairs, festivals) outside of their borders.

This support would allow more networking, experience sharing, more visibility, more opportunities to do business, and, according to most participants, would have a direct effect on circulation of artists and repertoire across European borders.

2. An observatory to measure and monitor cross-border mobility and circulation. Participants clearly expressed their interest in the setting up of a body that would be dedicated to the mapping, the measuring and the monitoring of cross-border flows of music inside Europe.

The practical contours of such a body are still to be defined (type of administrative structure, which data to use, priority areas of research, etc.), but the function of this "European music observatory" would be clear: clarifying and better assessing the strengths and weaknesses of the European music landscape, in order to gather solid data to

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[12] factor.ca
[13] www.prodiss.org

improve cross-border circulation of repertoire and mobility of artists.

3. Funding tools for venues and festivals active in promoting cross-border circulation. Participants insisted on the fact that live music venues and festivals are the "lifeblood" of the European music industry, being the key players in the circulation of artists, and that they should be supported as such by public authorities.

All participants acknowledged that this area should be one of the key priorities.

The Commission acknowledged that simple, risk-taking oriented, incentive-based schemes to boost circulation of artists are the way to follow in the future, especially in the context of a future music funding programme at EU level. The examples of schemes such as ETEP (for festivals) and Liveurope (for live music venues) were mentioned here, and it was suggested that these successful projects should be developed to include more territories and more members, in order to increase the scale of their impact.

The Commission insisted that, in order for such initiatives to have systemic impact, scaling up was indeed necessary.

4. Funding tools for promotion and marketing outside of national borders. This area of action was also identified as one of the ways to mitigate a challenging radio and online landscape when it comes to diversity of genres and languages.

The creation of schemes financially supporting companies and artists in their efforts to carry out promotional and marketing efforts outside of their national borders was vastly supported by the participants.

The idea of creating a "European export agency", a body that would support the promotion of European music outside of EU borders, was also part of this discussion.

The workshop on mobility of artists and circulation of repertoire provided leads and food for thought for 4 potential action lines that could be immediately incorporated in a potential preparatory action:

1. Funding for live music venues and festivals active in the cross-border circulation of European music;

2. Support for cross-border mobility of music professionals;

3. A European body to map, measure and monitor the European music sector and the cross-border circulation of music in Europe;

4. Support for cross-border promotion and marketing.

Other key principles were mentioned: the need to have all music genres on board of the discussion, the necessity to focus on audiences as well, the importance of seeing music as a very diverse ecosystem, and the paramount role of a sustained dialogue among the sector.

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The **AB MUSIC**
Working Group
Report

WORKSHOP 4: Innovation & Creativity: how to best support music start-ups in a fast evolving context?

4 May 2016
Lyon (FR) – Musée des Confluences
Chair: Catherine Magnant (European Commission) - Moderator: Sophie Goossens

OPENING ADDRESS BY THE EUROPEAN COMMISSION: WHY ARE WE DOING THIS?

Scene-setter by Sophie Goossens (Moderator) and Cliff Fluet (lawyer and advisor on digital media), including testimonies by music start-ups

Topic 1: Resources & Information
- When entering the music start-up scene, is any information available?
- How hard is it to find the right information about the economic & legal environment that music start–upper will have to learn? How to navigate? How expensive?

Going further together: group discussion

Topic 2: Experimenting & testing
- What experimental mechanisms do currently exist to help music start-up test their model? Are they sufficient? Are they working?

Going further together: group discussion

Topic 3: Investing in music
- Are investors keen to invest in music start-ups or reluctant? What are the main obstacles?

Going further together: group discussion

Topic 4: Incubating music start-ups
- Is a music start-up different from any other start-up? What makes it different (or not)? What kind of incubation do they need?
- How is the knowledge shared across Europe? Is there any communication happening between start-ups and their incubators?

Going further together: group discussion

Conclusions

Innovation & Creativity: how to best support music start-ups in a fast evolving context?

The agenda of the workshop had been structured around four main themes, each being further illustrated by the testimony of one or several participants.

1. Resources & Information
2. Experimenting & Testing
3. Investing in start-ups in the field of music
4. Incubating start-ups in the field of music

European Commission took the floor a few times to remind the goals and missions entrusted to Creative Europe and to round-up ideas, and reveal the existence of several existing European schemes likely to be immediately actionable by the participants in order to achieve some of the ideas put forward during the workshop.

During the initial meeting of the workgroup in December, participants pointed out that the music sector has had to reinvent itself in the face of innovation and disruption. It was mentioned that music entrepreneurs and start-ups don't always have good press with the incumbents and that they are caught, as a result, in a highly difficult business context.

To further that discussion, Sophie Goossens and Cliff Fluet had prepared a quick presentation to set the stage. The following points were made:

Innovation in music: where?

Incumbents, in any given industry, often don't innovate from within; even most technology companies usually allow a 'start-up ecosystem' to develop before acquiring fast-growth companies (e.g. Google, Apple, Facebook, Amazon, etc.).

This is felt most acutely by the music industry over the last two decades of technological innovation and change in consumer habits.

Innovation can be found at almost every step of the chain: in technology (streaming, P2P, messaging, embedded players, data analysis, etc.) in the way music is being monetized (subscription models, ad-funded models, pay-what-you-want models), in the way music is being financed (crowd-funding, direct-to-fan), in the way music is being discovered (playlists, recommendation algorithms, social music) or even in simple shifts of old paradigms (the rise of artist-centric, "as a service", or transparency).

The Main Concern

Ultimately, start-ups in the field of music end up being divided in 2 categories:

1. Those relying on access to third-party music rights;

2. Those for which music rights is ancillary and who might be either i) offering a workaround to third-party music rights issues ii) start-ups who may still want to access third-party music rights at some point in their development, to complement their core business.

Although there might be other specificities, the number one thing that makes a music related start-up different from another start-up, is the need to access third party music rights and the complexities and constraints deriving therefrom.

Access to third-party music rights: a sophisticated landscape

There is no single "Music Industry", the music industry is subject to a very specific model – most people do not understand that there is no "music industry" between artists, managers, record companies, music publishing companies, collective rights managements organisations, performing rights organisations.

There is a lack of detailed, expert sector insight for music technology companies.

Music rights are a significant issue – it is a very specific model that is multi layered, and multi-territory, based upon concepts on royalties, recoupment, market-share, which to themselves are subject to complex contracts with stakeholders;

The way that the rights and stakeholders work, means that often only one supplier can stop a new type of service;

This can lead to a technology first approach – to adopt "technology thinking" (i.e. it is a problem that can be "solved" using technological/lateral thinking) to avoid music rights:

- Leads to adoption of safe harbour/platform thinking;
- Artificial intelligence rather than human creativity;
- Using the rules to operate outside of the relevant systems.

It is worth noting that these problems are not simply felt by "start-ups" – one can look at the issues that the mobile network providers/telecoms companies have had in launching such services (most have now dropped their services).

Innovation & Experimentation: where are we now?

Pre 2005, there were lots of experimentation;

After Last.fm/YouTube were perceived by the industry to have "sold out" the licensing climate changed almost overnight and room for experimentation disappeared almost immediately;

The accusation of "building a business on the back of content" proliferated meaning that licensees were asking for significant advances and/or minimum guarantees which would destroy product innovation and/or marketing;

The appetite for investment

Start-ups are very often positioning themselves for acquisition. However, the licences are structured in such way that music rights often need to be renegotiated whenever a music start-up is acquired: this creates an instability that is a deterrent to investors.

However, external investment in music technology companies is slowing down significantly: investors are put off by i) the very low return on investment (ROI) ii) the lack of price dynamism ("One-Size-Fits-All pricing").

Moreover, the licensing costs suffered by the likes of Deezer and/or Spotify mean that businesses dependent on third party copyright licensing of music are no longer in fashion.

No music technology company is on the verge of making a profit due to licensing costs when/if dependent on third party copyright;
The only companies thriving in this space are those technology companies using music "as marketing" Google, Amazon, Facebook, Apple (GAFA);
We see signs that Tech incubators are avoiding music tech, BUT "embedded" incubators are emerging.

The Dilemma[1]

- Labels want market innovation but with their market contracting they need to mitigate risk.
- Services want to innovate but can't afford to have advances as their core early stage expense.
- Investors want to invest in music innovation but want to put as much as possible of that investment in technology and people.

Today's Discussion

1. Resources and information
When entering the music start-up scene, is any information available?
How hard is it to find the right information about the economic & legal environment? How expensive?

2. Experimenting, testing
What experimental mechanisms do currently exist to help music start-up test their model? Are they sufficient? Are they working?

3. Investing in music
Are investors keen to invest in music start-ups or reluctant? What are the main obstacles?

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[1] Source: Media Consulting

Is a music start-up different from another start-up? What kind of incubation does it need?
How is the knowledge shared across Europe?

Presentations and testimonies

Several start-ups had been invited by the European Commission to deliver testimonies about their own experience, in connection with the four topics on the agenda. Five start-uppers took the floor:

- **Chew (UK)**
- **Evergig, (FR)**
- **Soundsgood, (FR)**
- **LinkFire (DK)**
- **Epidemic Sound (SE)**

Semantically, it was interesting to note that most of them made a point not to be categorized or even referred to as "Music Start-ups" explaining how the expression is frequently creating defiance and a bias, in their experience, from investors and other players in the global start-up scene.

The group also heard a testimony from **Abbey Road Red,** a London-based incubator dedicated to innovation in the field of music.

Main issues and key challenges

1. Resources and Information

Further to the start-ups testimonies, the group started by discussing the challenges of finding the right information, when entering the music start-up scene.

1. The Legal framework. All around the table agreed to consider the highly complex legal environment of music (where you need to be an expert in copyright, neighbouring rights, collective licensing, data protection, consumer law, etc.) as the n°1 challenge for newcomers to the sector.

The challenge is three-fold: i) a very limited number of people in each country are music rights specialists, ii) the perceived costs of access to these firms is high and iii) the complexity/length of the clearance process, lead technology start-ups to cut corners and use technological workarounds (such as "safe harbour") or launch without clearing rights properly.

2. The network. Reaching people in the music sector and engaging with the right people is another challenge that many start-ups in the audience struggled with. Access to the music industry was described as very limited and particularly hard to navigate. Many described their journey in trying to reach decision-makers within major record companies as a source of constant frustration made of long and frequent meetings with poor outcomes.

Even once start-ups successfully created their network in their home market, they often need to do it all over again when they want to go abroad, to explore new markets, added someone. At this point, many start-ups are targeted by consultants positioning themselves as facilitators: separating the wheat from the chaff is yet another challenge that start-ups have to face when they decide to explore new markets.

3. Expensive market research. Accessing hard economic data regarding the music sector, the music start-up scene, is expensive, market research is expensive.

Ideas for the EU toolbox

1. A panel of experts. Assembling a panel of "approved" law firms, market researchers and/or digital media experts that can advise and assist with regard to the legal framework. A funding programme could then look at pre-buying legal advice, market analysis or market research so that synergies and efficiencies can be achieved in order to reduce the cost for start-ups.

The network of the experts sitting on the panel could also be leveraged as part of a mentoring programme to coach and then introduce the start-ups who completed certain steps (an early stage business model validation, the compliance with a charter, a decent level of seed funding, etc.) to key people in the music industry.

2. Mapping entry points. Helping the sector to compile and maintain a list of the decision-makers, the departments within each organisation, who are responsible for licensing music rights and/or engaging with start-ups.

3. A 'conference pass', allocated on a competitive basis, to promising start-ups meeting certain standards (mainly to assess their positive impact on creativity). Helping start-ups attend fairs and conferences across Europe; coach them so they learn how to make the event work for them and how to make the most of each event.

4. Taking the pulse, meeting. Organising thematic workshop under the banner of the EU (such as this one) more regularly, perhaps during existing conferences.

2. Experimenting & Testing

When the conversation moved on to the topic of experimentation and testing, the divide between start-ups relying on third-party music rights and the others grew further.

1. No room to experiment, no grace period. General sense that music start-ups who need to acquire third party music rights don't have any room to – legally – experiment or test their business model, their feature or the appetite of the public for their product before launching. The market entry point for music start-ups is extremely expensive as they often need to aggregate and re-aggregate rights from a significant number of rights holders even to experiment and create a business model. They are effectively confronted with the realities of the system from day one, without the benefit of a grace period during which they could not only cut their teeth but also establish "proof of concept". As for small start-ups operating under the radar, they are almost always asked to clear the past, or face lawsuits, when they gain a critical size.

2. Penalized for doing the right thing. Examples of businesses trying to do the right thing – i.e. to have all their licences in place before launching (including the payment of advances and/or equity-) – who have been outdone by less diligent competitors, or competitors using workarounds.

3. No flexibility in setting prices – the nature of music rights means that rights holders effectively have the right to dictate pricing– at the moment, there are effectively only two or three price points available and all start-ups need to embrace it if they want to get licensed.

Ideas for the EU toolbox

1. A sandbox of rights. The creation of a "sandbox", a transitional, experimental space for time-limited projects, where third party music rights would be available in one place, would allow music start-ups to test their business model before having to spend all of their money upfront. Supervised by experts with a proven track record, the Sandbox could be charged with negotiating and aggregating rights from rights holders, on the inbound side, and making them available in bulk, for time and scale-limited projects, on the outbound side.

2. Encourage alternative forms of payment. As part of the sandbox initiative, encouraging the sector to accept new forms of compensation such as data and statistics about client use during a limited trial period.

3. Investing in Music

Although no venture capitalist was sitting at the table to give first-hand testimony, it seemed clear that the appetite for investing in music is decreasing in Europe.

1. Bad reputation. Complex and costly music licensing, advances, coupled with the requirement for most content business models to scale up to massive communities before they can hope to make a profit keep investors away, said several participants. The worrying losses of giants such as Spotify, Deezer, or Soundcloud seem to reinforce the idea that no profit is to be made in the world of music start-ups by anyone but rights holders. The bad reputation of music start-ups is such in the VC world that many in the audience explained that they prefer not to refer to themselves as a "music start-up".

2. Funding opportunities (grants, prizes, support mechanisms, etc.) **are not clearly mapped** and can be difficult to identify at home, in other member states and even more so at European level.

3. Time. Learning how to navigate the complexities of the music sector takes time, a precious commodity when you are a start-up. This isn't always fully appreciated by early stage investors who are keen to see results delivered quickly.

4. Not enough bridges. In some countries seed funding and pre-seed funding is available, but bridging funds are not sufficiently available.

Ideas for the EU toolbox

1. Reminder. Existing tools at EU level. The European Commission is already running several initiatives in connection with the funding/financing of creative industries. They were briefly mentioned and further detailed in the documentation distributed to the participants.

The existing initiatives are as follows:

- Good practice report on innovative instruments to facilitate access to finance for the cultural and creative sectors (CCS)[2]

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[2] http://bookshop.europa.eu/en/towards-more-efficient-financial-ecosystems-pbNC0416091/

See also: ec.europa.eu/culture/news/2016/0303-ccs-financing-instruments_en.htm

- Crowdfunding 4 Culture[3]
- How EU Support Startups Via Local Financial Institutions[4]
- Digital Start-ups (DG CONNECT)
- Consultation by DG GROW on Startups[5]

2. Incentivize VCS. The EU could be looking at Incentivizing VCs to invest in music start-ups by using dedicated matching funds or by offering access to loans on preferred terms to VC backed start-ups.

4. Incubating Music start-ups

1. Specific Needs. Most incubators are not equipped to service the needs of music start-ups (or other content-based businesses). "Mainstream or Tech" incubators who don't apprehend the complexities of music are unable to guide start-uppers correctly or efficiently. They are more likely to push them to adopt technological workarounds.

2. Very few specialized incubators, mostly located in the UK. There is a very limited number of incubators specializing in music or "content" in Europe and it seems that most of them are located in the UK. More ought to be done to ensure that music start-ups find the ecosystem that they need.

Ideas for the EU toolbox

1. Funding more music tech hubs around the EU. One idea is to allow for more specialists hubs to exist, where music start-ups would be able to find the rights ressources and the right level of support, relevant to their business model.

2. Funding a "music squad". Another idea would be to create a special team of experts who would regularly travel across Europe to support music start-ups wherever they are, in collaboration with existing incubators. Many insisted that music start-ups shouldn't be separated from other tech-based start-ups. Their collaboration would lead to greater success.

3. Joining the dots. Help building a European music start-up network in order to facilitate meet-ups, exchange, collaboration and create a wider ecosystems which can link up across the Union.
The European Commission will look at possibly doing this through the **European Creative Hubs Network** initiative.

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[3] www.crowdfunding4culture.eu
[4] www.access2finance.eu

[5] ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail. cfm?item_id=8723

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"**Th**ere is something in the air…"

Interview with Nick Mason, Pink Floyd
by Corinne Rigaud

the **AB** music working group

Mindmap

EU MUSIC SECTOR

1.17 million jobs

70% 90% 70%

of the most popular people are music artists

Ireland Slovakia
Spain Hungary
Czech Republic

Fastest growing markets

"THERE IS SOMETHING IN THE AIR…"

by Corinne Rigaud, DG EAC

What do Adele, Stromae and Hozier have in common? All are winners of the European Border Breakers Awards, the most visible and glittering part of the EU's efforts to support music as a driver of Europe's cultural values.

The creation, production and consumption of music have fundamentally changed with the Digital Age. There is an increasing need to mobilise the sector as well as policymakers to help music professionals face new challenges and explore new opportunities. The music industry is going through a period of rethinking itself, and the EU needs to be ready to respond effectively, to reap the numerous benefits that music can offer.

How did it all start?
Europe's position in the world is not just determined by its political, economic, social and geographical standing, but also by the strength of its culture. This is why the EU has supported cultural activities even prior to the Maastricht Treaty (1992), which for the first time officially made culture an EU concern. Article 167 of the Treaty on the Functioning of the EU provides a legal basis for the EU to encourage, support and supplement the activities of Member States, while respecting national and regional diversity, and bringing the common cultural heritage to the fore.

Where are we today?
From electro to rock and classical to jazz, the best of the European music scene has never been short of quality,

excitement, and diversity. Yet the chances of hearing a breakthrough solo act or band from another European country are still all too limited. Through successive funding schemes such as Culture 2000, the Culture programme and now Creative Europe, the EU has been supporting the music sector. The European Border Breakers Awards (EBBA) have rewarded emerging European artists since 2004. Platforms like Liveurope, SHAPE or ETEP (European Talent Exchange Programme) have emerged, co-funded by Creative Europe, bringing together clubs and festivals, creating residencies, combining music and visual arts, supporting emerging acts and offering them to audiences across Europe (see links below).

A lot is being done with very little money. Since the launch of Culture 2000, the culture budget has increased from 0.03% of the total EU budget to 0.14% today. And yet there is a lot more to do. To get a better understanding of the new music industry ecosystem, the Commission is talking to representatives of the music industry to identify and fine-tune the possibilities for action in the short and medium term.

What's next?
Artist and repertoire development, music data and metadata in a digital landscape, music start-ups in a

challenging context, economic benefits and job creation, live music and emerging talent are just a few examples of the topics that will be brainstormed with music professionals in different formats in the run-up to a major European event at the MIDEM music fair in June 2016, in Cannes (France). This will be a great opportunity to report on the current state of affairs and future prospects for EU support for one of the liveliest expressions of our cultural diversity. ∎

Creative Europe co-funded projects in the field of music
- ▶ **http://liveurope.eu/**
- ▶ **http://shapeplatform.eu/**
- ▶ **www.etep.nl/**

Interview with Nick Mason, Pink Floyd and co-chair of the Featured Artists Coalition

How important is EU public funding for the music sector?

Nick Mason: In the old days, almost the first thing you did as an artist was to try to get signed to a record label – it was the way into the industry. These days, labels are signing artists much later – they have already recorded and released music themselves, been on tour and built a following both on-line and performing live. In this sense, labels have gone from acting like Venture Capital to Private Equity and this has left a serious problem in how young artists find capital to invest in what is essentially a 'Creative Start-up'. The EU is uniquely placed to help bridge that gap and ensure opportunities for young artists irrespective of their background.

If only one thing could be done for the music sector at EU level, what should it be?

N.M.: The funding gap for young artists is critical – artists are the driving force of the entire sector and, if we do not support them, we are in danger of losing the strength and depth of European creative content which has led the world for so long. Closing the funding gap means helping build capacity and catalysing growth, but this will not be sustainable if it is not accompanied by legislation to ensure transparency and a better balance between the various stakeholders in the music ecosystem.

How can we promote the European repertoire and make the new, good and as yet undiscovered known across Europe?

N.M.: The ultimate tool is money, which creates the space and time for artists to develop – either directly or through incentives for third party investment. Supporting artists will ensure a sustainable flow of high-quality, cutting-edge creative content. Ultimately, the music from a healthy ecosystem will speak for itself and, if Europe takes a lead in this regard, so will its creators! Existing initiatives like the European Border Breakers Awards are a real credit to the type of practical support the EU can deliver. There are also opportunities in the digital space to develop authentic resources to share new business models and approaches to developing a career in music and to make sure that knowledge of best practice is shared across the whole of Europe.

Are there just national sounds or do you think there is a real European sound?

N.M.: I don't think I see it as an either/or. I think Europe provides the world with music at the highest level and has done so consistently for centuries. The modern digital environment allows for the crossing of national and cultural boundaries and the mixing of styles like never before and I feel that European creators are certainly at the cutting edge of this movement.

Mars 2016

Extract from "Commission en direct" – March 2016

Help Music Startup and Educate them

Adress scale gaps issue for EU Music Startups

Incubators for 'virtuous' Music Startups

Allow for Experimentation - and Innovation

More initiatives to make Music and tech work together -

Funds to help with renovation adaptation of infrastructures equipement to tackle tomorr new technological challenge

But safeguarding the rights for artists to be paid - minimum compensation.

Facilitate the negotiation of rights

CONVERGENCE

Support commer talents a

Encourage Rights Holders to become online players themselves.

Help SMB invest in digital tools and embrace them

A right to access data by all creators involved in a music piece ?

Guidelines about commercially sensitive datas sharing

Digital transition / Online New Entrants - Innovation / Reinventing The Music Experience in the digital age

POLICY

Tax harmonisation

Withholding tax

TTIP negotiations

For Artists

For Promoters

Double taxation

EU Platform for Data

DATA

Major source for economic growth in EU

Piracy and enforcement

No weakening of compensation mechanisms such as Private copy levies

Huge need for clarity over who owns what

No further exceptions

Relaunch of a GRD project

COPRYRIGHT REFORM -

adress the " value gap" - Status of online platforms

Social Networks use of Music

Content Sharing platforms

Resistance from rights holders to feed into a global data base no longer acceptable

Include Intermediaries in redistribution system

Total EU Harmonisation of IP laws

Reinforce, preserve copyright rules

a single EU Artists Status

Attendance & Learning at Trade Events

MOOC

Provide information on regulatory environment for Live Music in Europe

Access to knowledge, classes, ressources for Artists / SMBs

Educate about the role of CMOs

Provide training in how to contact Radios

Educate about Tax systems when touring / About Visa rules / Labour laws and all barriers to cross border circulation

Professional Networking

Jump on train

EU Comm° as an enabler to the next generation of Music Entrepreneurs

Digital

Grant to invest in Digital To

Fund Artist Developm

Tax credi music

Crowdfunding

Micro credits

Funding Music

Evolution of cashflow mo short term to long term w transition from physical to

Education - Training Professionalisation for Music Creators and Music SMBs

Help with marketing tools

Support in Training

Educate about Crowdfunding

Capacity building

Fund reinforced Secur at Live Venues

To be able to navigate the new music industry landscape (360°)

European export strategy towards the rest of the world

Look at successful initiatives such as in Hamburg or in Canada or CNV in France

EU Coordinated approach to Export

B2B Online platform about marketing tools available abroad

More "E

provide expertise to the EU in music related policies

Get neutral Data

Monitoring the sta measurement of I

Observatory

EU Scoreboards

Raise Awareness about existing EU tools (ETEP, EBBA, LIVEUROPE)

Ressources

EU Umbrella organisation for Music

Raise awareness about EU Music

Coordination

Technological Neutrality and Licensing in a converging Industry

...n and - New ...ow's ...s

...t the development of E-...rce services focusing on ...nd creators

Encourage residencies abroad

Encourage the growth of label / Publishing **as a Service**.

Lessen the influence of the "middle man"

Help Music creators take control of their careers

Empower Music Creators / Nurture Creativity Music Creators

Artists as music entrepreneurs

REMUNERATION OF MUSIC CREATORS

Fight unfair contract -

Fight disparity of contracts terms in Europe

• Encourage more harmonisation of Publishing agreements practices

Address difference in bargaining power

Shorten Value chain between Creators and Music Fans

Use of music to share ideas and tastes - Freedom of expression - What Music Fans want

allow for imperfect identification systems to function (and remunerate music creators) while we work on improving them -

RemIX Culture

Address the complexities and barriers

Creative Derivative works

Best practices to licence for UGC

Monetize (rather than saying no)

Give Music Fans what they want

professionals an non professionals alike

Allow for untethered access to catalogue for Taste makers - music journalists - Radio host.

Both on terrestrial radio and online radio

On streaming platforms too

Audience Development / Access to Music

Costs of live music / Festivals

Support recording of Live Music

Increase more EU diversity (All member states not just UK, GER and FRANCE)

Improve the role of conservatories as an actor of the ecosystem

MUSIC EDUCATION

B2B online platforms for ressources

EU Launchpads for emerging talents

Bring more music to Children / In Schools

Access to capital

Travel Grants for emerging talents

...ols ...nt

Archive material

Music is a cultural asset linked with main cultural events and our political history.

EU MUSIC HERITAGE (preserve and safeguard

DISCOVERY / Diversity of catalogues

False appearance of Consumer choice in todays's digital services

Allow for more Niche services

...ts for the production of

preservation of music as a cultural heritage and a defining of cultural groups.

Encourage more diverse music programming

Make sure that all repertoires are featured - no focus on Mainstream or Pop music

...del from ...th ...o digital

Access to catalogue / Compulsory licensing schemes

Prevent any form of editorial control by rights owners

...L

Cultural Diversity / Cross Border Circulation / Increase awareness about EU Repertoires

LIVE MUSIC

support for rehearsal spaces at local level

Support to Grass roots places

...ty measures

Define music diversity : country of origin / Genre/ Language applied

Export

Encourage export

Improve Tax System - Regulatory environment acting as barrier

Withholding tax

Fair Access to Media

Music Export Offices

Encourage Creation of EU Agents

VAT

Soft Power

Importance of Radio

Radio Archive

Income Tax

Access to Traditional media

Quotas on Radio

Encourage the broadcast of Live Music - (Concert at home)

Social Contributions

Labour laws etc.

BBA" like programs

Culture as a mean to promote EU values and the EU project

...ate of the Union

...Music diversity

Music as a way to promote local culture

Music as EU success stories

Soft Power - Cultural influence

Spill Over Effect

With Food industry

With Tourism

"Green Music - Impact on Environment "

improve/ integrate collaboration with other sectors (Audiovisual, Game industry, advertising industry)

EU Music Funding should tak into account Youth & Employment

make funding conditional upon new employment contracts

Publications Office