Written evidence submitted by Helienne Lindvall

Evidence for DCMS inquiry into the Economics of Music Streaming by Helienne Lindvall

I'm a professional songwriter. I also Chair the Ivor Novello Awards as well as the Ivors Academy Songwriter Committee and am an Ivors Academy Board Director, but this evidence is my personal evidence on behalf of myself.

I've worked as a professional songwriter for the past 20 years – and though my music is as popular as ever, I have seen my income from it dwindle. Initially, this was due to piracy, which distorted the market to a devastating effect. Though streaming has helped turn this freefall in income around for the major labels and publishers, the benefits are not being felt by myself and my co-writers.

I am not a performer. Instead I spend my working life writing the songs that performers record and perform. Therefore, streaming income – which has largely replaced income from sales of records – is very important for my survival as a music creator.

I have answered all questions you posed as concisely as possible, described each problem and proposed a solution for it.

Question one: what are the dominant business models of platforms that offer music streaming as a service

As a songwriter I don't license my music to digital music services (DSPs) myself, it's done by the PRS and the publishing companies that I've been signed to through the years. This makes it pretty much impossible for me to affect how much I get paid for it.

The songs/compositions I write only get about 13% of the streaming revenues collected by the DSPs, which then has to be divided between me, my co-writers. That's less than half of what the DSPs take for themselves (30%) and about a fifth of what the labels get (57%).

I have been signed to Universal Music Publishing Group in the past, who still collect streaming royalties on my behalf and deduct a 35% cut before paying me. PRS also collects streamig royalties on my behalf and deduct a % for doing so – this administration rate has gone up recently, while my income has gone down.

Though it can be argued that streaming is a communication to the public and not a sale, it has pretty much replaced sales, as most music fans don't bother buying music anymore, so streaming plays a very important role as an income source for me.

My job involves a lot of risk and upfront investment. I often work with emerging artists, spending countless unpaid hours developing them and their "sound" and musical direction. In addition to weeks of unpaid time investment on my part, I pay for travel to the artist's location, which sometimes involves flights, trains and hotels.

This uncompensated investment is something that has become expected by record labels. In the past, such an investment was sustainable thanks to the money I'd make from the songs that were released. Sadly, no longer: I've had songs that had hundreds of thousands of streams for which I didn't even make enough to cover the travel and food expenses for the writing session.

Problem: lack of transparency. When I look at my royalty statements it is impossible to decipher on what basis UMPG and PRS have arrived at the streaming rates per track they pay me. The statements often consist of 20-30 pages, each entry showing a different – and incredibly low – royalty rate per stream.

I'm unable to audit my streaming royalties to check that they are correct, as both UMPG and PRS have signed non-disclosure agreements with all the streaming services. I've even had statements including "negative" royalty payments for YouTube streams, meaning money was deducted from my royalties. When I queried UMPG about this, they said I must have been overpaid in a previous payout – which I find incomprehensible, as I usually get paid about £2.50 per 100,000 streams on YouTub. I have no legal, affordable avenue to dispute such claims, and simply have to accept whatever royalty payouts these huge corporations pay me for the use of my music.

Solution: there needs to be a Code of Conduct that ensures transparency of how much my publisher and collection society have collected on my behalf, and on what basis. I should be able to properly audit the publisher and collection societies regarding streaming royalties.

Problem: lack of accuracy due to missing and/or conflicting metadata. Any songwriter information that the DSPs hold is submitted by the record labels, who have no incentive to get this information right. Often this information is missing or incomplete, and Spotify and other DSPs credit many of my songs as having been written by the artist themselves instead of me and my co-writers.

While record labels get paid straight from the DSPs, the way I get paid is much more convoluted – which also means it's much less accurate and impossible to "follow the money". As the DSPs don't have a database of songwriter metadata, they simply send out a huge data dump of what was streamed that month and how many times, which runs into billions of data entries per month. The publishers and collection societies then have to send in invoices for what they represent. Due to this metadata mess, those invoices always add up to more than 100%, which results in the DSPs holding on to money until claim conflicts are resolved.

This is a huge problem and means a lot of money goes missing and/or end up in the wrong pockets. Any money that is unallocable gets distributed according to marketshare. This, in effect, means the major publishers get the vast majority of it. As their metadata is more likely to be in order, it can be argued that the major publishers often get paid twice for their streams, while smaller independent publishers and songwriters lose out.

Tesco isn't allowed to sell products it doesn't have the supplier information for. How can it be ok for DSPs to offer music for which they don't have the information to pay those who created it?

Solution: There should be minimum viable data standards for music distribution. A record label should not be able to distribute music to Spotify et al without providing an ISWC identifier for the underlying compositions of their recordings. This ISWC is vital for PRS to be able to collect the royalties I'm owed.

Question two: Have new features associated with streaming platforms, such as algorithmic curation of music or company playlists, influenced consumer habits, tastes etc?

Problem: lack of transparency. I don't know how these algorithims and playlists selections are decided, but it seems that the most important playlists tend to favour songs from bigger labels.

Solution: I'd like more transparency in how they decide what tracks to promote. This transparency would answer these questions: Do the bigger labels have marketing agreements in place? What have they given in return? Does this affect the royalty rates they agree on with the DSPs?

Question three: what has been the economic impact and long-term implications of streaming on the music industry, including for artists, record labels, record shops etc.?

Problem: in the streaming economy, the song/composition is undervalued. My income has been decimated by streaming. It's not unusual for me to share my writing credits on a song with 3-4 other songwriters. This means that I get about £120 for a million streams on Spotify. To make a comparison, even if I only made 4p from a 99p download, I would only have to sell 3,000 downloads to make £120. In the streaming economy 3,000 people would have to listen to my song 333 times each for me to make £120.

This means that it's impossible for me to make a living from having 5,000-10,000 fans, the way I used to, as it's extremely rare for people to listen to any song 200-350 times. Instead I need for hundreds of thousands or even millions of people to listen to it. It's almost impossible to reach that many people, unless I get on an important playlist with that many listeners. And even then, I have to make sure they don't skip forward before 30 seconds (the minimum time a track has to be streamed to get paid) – so it's best to avoid longer intros.

Data shows that most people make up their mind in the first 5-10 seconds, so now I put the hook/chorus in as early as possible. Playlists and auto-recommendations have also affected my composing in that they've made me less likely to take musical risks, as they tend to favour music that sounds like other music.

This means the streaming economy only works for songs that appeal to the lowest common denominator and companies that own vast catalogues, but not for sole music creators like me or "niche" genres such as Jazz, Classical or Folk.

This devaluation of the song is affecting investment in new music and songwriters. In 2001, BMG Music Publishing signed me, despite me not having had any hits yet. They invested in me because of my potential. Their investment paid off, both for them and for me. I became a professional songwriter and they more than recouped the advance payments they'd paid me in order for me to be able to pay my rent and bills while developing as a songwriter, fulltime. If I started out today, it would be impossible for me to get such a deal.

The founder, Chair and Chief Creative Officer of a large British independent music publishing company recently told me that his company would most likely not sign any more new emerging songwriters, as the chances of recouping the investment was so slim these days, due to the low streaming rates. Instead they would buy catalogues of songs that were already proven hits.

I question why record labels are still receiving four to 10 times (depending on the DSP) as much as songwriters per stream . The founder and head of indie label Cooking Vinyl, Martin Goldschmidt, has said that selling music as digital downloads and streaming has reduced his overhead spend by 50%, as he no longer has to pay to press CDs, transport them to shops, pay for returns and unsold units etc. Rob Stringer, the head of the major record label Sony Music recently told shareholders that profit margins are better than ever, thanks to streaming.

https://www.musicbusinessworldwide.com/rob-stringer-talks-strategy-tencent-and-why-sonys-music-is-worth-more-than-2-minutes-of-someone-snoring-in-lapland/

My time and financial investment in creating music is the same as, if not higher than, it was in the age of CDs, while the cost for labels has gone down by 50% – and yet they get the same "slice of the royalty pie" as back then. As Björn Ulvaeus of ABBA said: "It all starts with the song, as far as I'm concerned. What's more important – 'Dancing Queen' [the song] or ABBA? And since you can't say, wouldn't it be more natural to split it down the middle?"
https://www.billboard.com/articles/news/international/9392826/abbas-bjorn-ulvaeus-president-cisac

Solution:
• When a song is licensed for a film, TV programme or advertising, and when it's broadcast on the radio, the recording and the song are largely valued and remunerated equally. The reason labels got paid more for a vinyl/CD sale was the cost of physical distribution. That cost is vastly reduced to almost zero in the digital streaming economy. Streaming is technically a license and not a sale. The song and the recording should therefore be equally valued and remunerated, with the streaming "royalty pie" being split down the middle.

Problem: vertical integration create conflicts of interest. The way artist contracts work, the record labels retain at least 80% of revenue from streaming, while publising deals usually only allows the publisher to retain 20%-35% and pay out the rest to the songwriter. Major record labels own the major publishers. This vertical integration means it benefits those labels to suppress publishing rates in order to maintain higher royalty rates for the recording.

As illustrated above, this is a conflict of interest which may lead to my publisher and collection society not being able to negotiate deals in my best interest.

In addition, the majors sometimes have shares in the DSPs, which makes this vertical integration even more controversial. What have they given the DSP in return for the shares? Did the record labels receive preferential treatment and more shares in return for a lower royalty rate?

Solution: We need greater transparency and oversight in order to make sure that the value of our music isn't transferred to the label shareholders without benefiting those who created it.

Question four: how can the Government protect the industry from knock-on effects such as increased piracy of music? Does the UK need an equialent of the Copyright Directive?

As a creator, it is simply heartbreaking to see my music on illegal and unlicensed services. These sites make ample profits without paying a penny to us who created the "products" they offer.

Problem: Piracy and stream ripping has lead to a market place where all licensed streaming services compete with a virtual shop next door that is giving away the same products for free or almost free.

I consider YouTube to be a pseudo pirate site, as I know my music will be on YouTube whether I want it to be or not, whether I've given it a license or not and whether it pays me or not. It would be impossible for me to file take-down notices every time my music is illegally uploaded onto one of these sites – I wouldn't have any time to actually create music if I did. Both YouTube and Twitch – owned by two of the richest US corporations in the world – hide behind such Safe Harbour laws in order to not have to negotiate a fair deal that would allow me to get a fair share of the value my music accumulates when used on their services.

Solution: Technology has improved vastly and there is no reason for them not to have technology in place to identify all the music on their sites, pay music creators accurately and transparently, while filtering out unlicensed music. The UK Government should require online platforms to put in place content recognition technology that can identify the music used and either monetise and pay music creators for it or, if the owner wants so, take it down and make sure it doesn't get uploaded again. There are now relatively cheap options such as Audible Magic and Muso that can provide such technology. The UK punches above its weight in music. By putting in place protection for music creators, we can make sure that we continue to do so in the future.

Question five: do alternative business models exist? How can policy favour more equitable business models?

Implement a Code of Conduct that includes:

1. A requirement for major record labels and publishing companies to act with full transparency and inform the music creators they represent of the details any specific deals they enter into.

2. A requirement for major record labels and publishing companies to share any revenue acquired in return for access to recordings with the people who created those recordings and the underlying composition, including sales of shares.

3. Proper oversight in respect to any conflict of interest in streaming rate negotiations between major record labels, their publishing arms and DSPs, including any shares those companies own in the DSPs.

4. Minimum viable data standards for DSPs. Any recording they feature on their platform should include metadata of who wrote the song, including its identifying ISWC code, in order for the DSP to pay the correct righsholders.

5. Any unallocable revenue connected to recorded music should NOT be distributed according to marketshare among labels and publishers. Instead it should be invested in improved identification technology, song databases and metadata education for music creators in order to solve the current metadata mess, so everyone gets the royalties they deserve.

6. In the current streaming model, the more a subscriber streams, the less us music creators get paid per stream. The average revenue per user (ARPU) has been falling for years. Spotify's premium subscriber ARPU fell 34% between 2016 and Q3 2020. We need an equitable minimum rate per stream, to stop this race to the bottom.