

## **Written evidence submitted by One Media iP Group PLC**

### **Response to the Digital, Culture, Media and Sport Select Committee Inquiry into the Economic of Streaming**

One Media iP Group PLC welcomes the opportunity to contribute to this Inquiry.

#### **About One Media iP Group PLC**

One Media iP Group PLC is a British independent music company, listed and trading on the London Stock Exchange. It has been successfully encouraging investment in the music sector from financial institutions over the past 15 years, with the business growing to a modest market cap in excess of £14m+.

The company was founded as a digital music company, and its primary focus has been ensuring that its 250,000 music tracks are available on digital music stores globally. Over those 15 years the digital retail landscape has evolved and grown, going from one legitimate music download store provider – the iTunes store - to a streaming retail base, now with in excess of 600 music stores around the world.

This is a business model that has enabled the music industry to monetise its intellectual property 24 hours a day, 7 days a week, even during a global pandemic. The recorded music industry has been able to continue to trade despite the challenging macro environment we all currently find ourselves in. Unfortunately, the live music sector has not fared so well, having effectively been shut since March this year. This will ultimately have a knock-on effect on the recorded music sector as new artists have to find innovative new ways to connect, build and engage with their fanbases as they look to build their careers and drive streaming sales, whilst also finding ways to replace the income that touring and performing provided.

This is the live music sector's 'Napster' moment, and artists will have to reinvent themselves for this new and evolving situation. The need to ensure that every single penny of digital music revenue is being paid to the legal rights owner has never been so important. Music piracy has always been an issue and never more so than in this digital marketplace.

For those of you unaware of the story of Napster; this was the beginning of the digital music revolution, which started with music piracy and intellectual property theft on a global scale. Millions of music fans were able to happily plunder the world's record collections, for free, and the global industry saw its revenues plummet from \$23.4 billion in 2001 to \$14.0 billion in 2014. In 2019 the recorded music industry was still yet to build the revenues back to the level before the digital shift, only turning over \$20.2 billion. This new digital model means music is monetised in an entirely different way to the physical format, which results in more money being distributed to fewer people in the world of streaming.

The ecosystem for the recorded industry is diverse and consists of the major record companies, of which there are three - Sony Music, Universal Music and Warner Music - and the independent music companies, of which there are thousands. They enjoy a reciprocal relationship, in that the majors didn't become majors without acquiring many of the independent music companies. The majors rely on the independent sector to discover, nurture, develop and invest in new talent until they grow to

a size that means that they become commercially viable to them. Ultimately artists have a choice and are well served by all the options available to them in the market, depending on their needs.

Within the UK the British Phonographic Industry (BPI) is the trade body voice representing and safeguarding the recorded music industry – membership consists of both majors and independent music companies.

In September 2017 One Media iP's Chief Operating Officer, Alice Dyson, was elected as a Director of the BPI as one of six Independent representatives on the BPI's Council, ensuring that there is fair representation between the independent music companies and major record companies, as their needs are not always the same. The BPI works tirelessly to promote British music and champions the UK's recorded music industry. The UK is the world's third largest market and the biggest exporter of recorded music in the world after the US. The BPI helps to safeguard the rights of its members and of all the artists, performers and record label members. As part of that safeguarding role they have a team of staff who work tirelessly to tackle the problem of piracy.

Music piracy continues to evolve and thieves get smarter. Music piracy has now moved into the legitimate music stores, the legitimate world of streaming; the equivalent of having counterfeit goods for sale in Harrods. In a normal retail environment this would be against the law. Unfortunately, not enough is currently being done to force the digital stores to ensure that they are not selling 'counterfeits', and to ensure that the revenue generated from music streams is being paid to the legitimate intellectual property rights owner or licensor.

As a business One Media iP works relentlessly to optimise and protect the income of the music catalogue it owns. The streaming monetisation models results in music tracks having to work harder for longer and it is vital that no income is lost. In 2015 the company identified that revenue for its music catalogues was being lost to illegitimately represented content on the legitimate music stores. Unfortunately, the onus was entirely on the rights owner to police their own content on the store and this process was painstakingly difficult, resource intensive, ineffective and entirely manual. The equivalent to a game of "whack-a-mole"; an expensive, repetitious and futile task, where the successful removal of one music track, just yielded another popping up elsewhere.

During the past four years the company has invested significant time, money and resource into solving the problem of piracy in plain sight; a problem that in our opinion should have been the responsibility of the music stores. The scale of the problem has continued to grow and in November 2020 the company formed TCAT Limited. TCAT stands for *Technical Copyright Analysis Tool*, but has the in-house name *To Catch A Thief*, for obvious reason. This level of commitment from within a record label to innovate and invest in a solution to a problem - not of their making demonstrates the level of responsibility we take as a business for the music content we own or represent, whilst also making the service available to other rights owner to ensure that the right income is reported and the correct royalties are delivered onwards.

To this end One Media iP has appointed an experienced management team to continue to build the copyright infringement detection service to enable it to become the leading anti-piracy service for the music industry. TCAT currently provides a range of services to two major record labels and the world's largest media distributor. TCAT Limited is based in Belfast, a leading technology hub with a large pool of highly qualified employees. In order that One Media iP can enhance and scale TCAT for wider use across the industry and other markets, the company has appointed an accomplished management team to operate the subsidiary, with a team of engineers, data scientists and researchers to bring Artificial Intelligence to cloud operations, Big Data technologists to provide the expertise required to grow the platform and develop new tools to combat music piracy, with digital

music fingerprinting and music data analysis. It is our intention for TCAT to become a mobile anti-piracy and audit tool for composers and artists as we build the portal to allow for future application access.

Whilst streaming is growing, with forecasts indicating that we will finally catch up with the global financial position of 20 years ago, and Goldman Sachs predicting that streaming will see the value of the global recorded music market grow to US\$45bn by 2030, piracy continues to negatively impact market growth, and it is essential that the onus is placed upon our digital retail partners to take responsibility. They play such a crucial part in the music eco system, delivering music to the end user. They have a duty care to the whole music industry, and to the customers that pay them for a service, not to sell counterfeit product. The technology to police their stores is available now, built by the record industry in the form of TCAT, to solve a problem faced by the record industry. Digital Music stores must be prevented from misusing 'safe harbour' provisions and be compelled to play their part to ensure that the 60 million tracks available on their platforms are returning income to the rightful owners.

We urge the inquiry to impose greater obligations on the music stores. Solving the problem of piracy in store is achievable with their co-operation and is key to the music ecosystem's future and sustainable health.