UK Digital Strategy Consultation – Submission from the MMF and FAC

About the MMF and FAC

The Music Managers Forum (MMF) was established in the UK in 1992. The MMF is the largest representative body of artist managers in the world. The organization has over 450 members in the UK, representing more than 1,000 of the world’s most successful recording artists. Our emphasis is on implementing positive actions to assist our members with a keen eye on the next generation of entrepreneurs and innovators. The MMF provides a collective voice and focuses on providing real, meaningful information and support for our members and the authors and recording artists they represent. We aim to help unlock investment, open new markets, encourage a fair and transparent business environment and drive a global agenda appropriate for this digital age. The MMF is allied closely to the Featured Artists Coalition (“FAC”), a body founded in 2009 to promote the interests of featured (or contracted) UK recording artists. The MMF members are not customarily right owners. Where rights acquisition does occur is where management has adapted to the changing market and evolving responsibilities of a manager. Managers today are increasingly required to be investors and CEOs of companies perform a multiplicity of functions in the development of an artist’s career bringing branding expertise as well as sourcing commercial partnerships outside the traditional label/publisher model.

Our submission

Music was the first major creative industry to be disrupted by digital – the canary in the coal mine. Initially this had the impact of shaking up the industry – the size of the recorded music industry has halved in both employment and value in 10 years. However the wider industry, led the by the artists and managers has been remarkably inventive in the way they have diversified income often through live performance whilst experimenting with new business models and the potential of digital. Managers and Artists have worked with and not against tech to grow the overall pie and thus a larger slice of increasing streaming revenue.  Finally in 2015 this has resulted in halting the decline in physical sales and we are now seeing the green shoots of a sustainable business as a result of providing consumers with what they want and when they want it.

Sweden has led the way in music streaming with Spotify, Germany with Soundcloud and Apple Music and YouTube in the US. The UK leads the EU in the size of both our music industry and value of our repertoire globally, therefore we need to again seize the agenda and take the lead in exploiting the opportunities that technology can bring to music and vice versa.  

There continues to be huge potential to work with, not against, technology to build businesses; but these businesses need help in scaling. Tech City in London has measurable effects and the Brighton Fuse Project funded by AHRC has demonstrated the massive growth potential when creative businesses meet technological expertise. We now need to extend this to music. 

Music needs its own Tech City initiative to incubate and accelerate its small businesses.  This is important as the dynamic of streaming means income is smaller and later but is longer term and businesses need cash initially. These days it is easier to record and distribute music but it is hard to grow an artist’s business to the point that they become investable by third party capital and this is where the right managers partnering with the tech sector can be crucial.

We would like to suggest the establishment of combined Music/Tech incubators to expand opportunity in the creative industries and it’s associated services into other UK powerhouses with nascent talent such as Manchester, Bristol and Birmingham, which currently miss the industry infrastructure enjoyed in London. These hubs could potentially be collocated with existing initiatives such as rehearsal facilities, colleges, performance spaces, and would continue to break down the walls between tech and music; walls that exist due to the complexities of music licensing (which the music industry can dispel) and the dying "threat" of tech (which the tech guys can allay). The synergy of the 2 disciplines can work together to grow both export industries to the benefit of the UK economy as well as unlocking the commercial potential currently inhibited by the current practice of working in silos. An example is referenced here:

http://www.bbc.co.uk/newsbeat/article/34310120/six-emerging-music-acts-spend-two-days-making-six-new-instruments

**The MMF, the FAC and our memberships would be happy to work with Government to help identify and work with these creative music and technology hubs, linking into existing initiatives. We can add value by providing expertise, networks and knowledge to inform and educate both up and coming acts as well as new start ups on how they can navigate both the music industry and also work with the wider creative industries to ensure the UK truly leads in the creation of 'fused' creative companies.**

A current example of creative businesses in music and tech working together on solutions to complex problems is the current experiments of the use of Blockchain to resolve data and rights ownership issues, which inhibit the effective function of markets in the music industry.

Blockchain has been much talked about in the financial services industry as a way to build trust amongst diverse interests.   The nascent technology is a potential solution to the registry problems of the music business which is dependent on incomplete and proprietary databases leading to missing data and ill allocated revenues (Rethink Music 40% revenues incorrectly allocated).  This problem was acknowledged by Government and others who attempted to address this through the creation of a Global Repertoire Database (funding through PRS) but has since stalled.

Digital solutions built on protocols used in Blockchain offer exciting possibilities to reform and modernise old world industry architecture for the benefit of all stakeholders in the value chain from creators to consumers. As the UK is currently the global centre of excellence for Blockchain this offers potential for Government to shape the agenda and ensure UK creators receive their fair share of the value they generate and not developed in isolation.

**We would invite the Minister to convene a working group to explore the solutions that Blockchain can offer the music industry, or in fact any industry, possibly a sponsored initiative within the Digital Catapult. We believe the potential is huge but that a simple exchange of ideas and education could yield massive results**

These two initiatives combined would do much to help strengthen Britain’s primacy as global creative industries and digital powerhouse. We would be very happy to discuss any of the ideas further with you.