DISSECTING THE DIGITAL DOLLAR

THE DEALS GUIDE

ASSIGN?

DISSECTING THE DIGITAL DOLLAR
themmf.net/digitaldollar
For the last two years the Music Managers Forum has been educating the artist and management community about the inner workings of the streaming business through the ‘Dissecting The Digital Dollar’ project.

This included the series of ‘Digital Dollar’ roundtables involving artists, songwriters, labels, publishers, lawyers, accountants and lots of artist managers.

One of the outcomes of those discussions was the consensus that artists and managers needed to be better informed about the various different kinds of label and distribution deals that are now available in the streaming age, and to have a fuller understanding of the pros and cons of each different approach.

That way managers will be better able to advise their artists on what deals best suit their objectives. And, by having more options on the table, managers should be able to achieve better terms with key partners.

This Deals Guide seeks to do just that by identifying, assessing and explaining ten key deal types.
Introduction

The music business is made up of companies and individuals who work with artists to help them unlock revenue around their music, their performance and their fanbase. Most music companies specialise in a specific revenue stream, meaning an artist will have multiple business partners at any one time.

A key job of the artist manager – as the one business partner involved in all aspects of an artist’s career – is to help their clients identify and select the other business partners and to then negotiate specific deals with each of them. And to then manage the relationship between the artist and each business partner on a day-to-day basis.

The record company – or record label – is the business partner that works with the artist on creating and exploiting their recorded music. The label has always been seen as a key business partner for the artist – especially with new talent – because as well as helping artists create and distribute recordings, they also provide investment and marketing which can help the artist build their fanbase and therefore their wider business.

Over the last ten years the artist/label relationship has started to evolve, partly as a result of changes in the economics of recorded music, partly as a result of the emergence of digital distribution and marketing channels, and partly as a result of the expanded role of the artist manager.

Record labels – or companies that provide the services of a record label (which may call themselves labels, distributors or label services companies) – remain key business partners, especially for new talent, but the nature of the partnership has changed. This guide looks at the different ways artists and labels work together, the kinds of deals available to artists today, and the pros and cons of different artist/label models.

Section One: The Services A Label Partner Might Provide

Although primarily focused on the artist’s recorded music, and the revenues associated with those recordings, labels may provide a wide range of services to the artists they work with. These might include all or any of the following:

ADVANCE
Upfront cash provided to the artist. For new talent, this cash injection may allow an artist to focus on their music full time for the first time. The hope is that, by going full time, an artist can focus on growing their
fanbase and, in turn, boost each of their respective revenue streams. The label isn’t necessarily the only business partner to advance cash, though a label advance would traditionally be the most significant.

**RECORDING COSTS**
The label often organises and pays for the recording of the artist’s music. This would involve covering the costs associated with hiring studio space, record producers, sound and mastering engineers, and any session musicians. Under UK copyright law, by organising and paying for the recordings to be made, the label would be the default owner of the sound recording copyright in those tracks.

**ARTIST DEVELOPMENT**
The label may support the artist’s creative development. This may be simply through informal feedback, or by funding songwriting and recording sessions, or by organising collaborations with other artists, songwriters and record producers.

**PRODUCT DEVELOPMENT**
Once recording sessions are complete, various recorded music products will be created including single, album and EP releases. The label will usually work in liaison with artist and management to decide what form these products will take, and then commission and pay for accompanying visuals such as photography, artwork and videos.

**DIGITAL DISTRIBUTION**
The label arranges for completed tracks to be made available to all relevant download stores and streaming platforms. Some labels have their own infrastructure to deliver this content and deals in place with the digital services, while others will utilise the infrastructure and/or deals of third parties.

**PHYSICAL MANUFACTURE & DISTRIBUTION**
If physical products are to be released – ie CD or vinyl – the label will arrange for these products to be both manufactured and delivered to high street and mail-order retailers. Again, labels may have their own physical distribution network or may utilise the infrastructure of third parties. Several logistics partners may be involved to get product from the factory to the high street.

**CONSUMER MARKETING**
As a recording is first released a consumer-facing marketing campaign will be staged to promote both the artist and the record. Labels normally lead on this marketing activity, putting together a campaign plan in liaison with artist and management, and then delivering the campaign, either in house or by employing third party agencies.

Traditionally most marketing campaigns would be structured around an album release, with about twelve weeks of activity leading up to and after the release date. Though with the shift to streaming - where repeat listening rather than first week sales are the objective - longer campaigns are often necessary.

An album marketing campaign will
WHAT DOES YOUR PARTNER PROVIDE?

- Cash Advance
- Recording Costs
- Artist Development
- Product Development
- Digital Distribution
- Physical Manufacture
- Physical Distribution
- Consumer Marketing
- B2B Marketing
- Press
- Promotions
- Social & Digital
- Sync
likely include press and promotions work, social media and email activity, and possibly advertising, events and publicity stunts. For the label, the priority is generating sales and/or streams of the record, though for the artist – especially with new talent – the album campaign is as much about building their brand and fanbase, so to grow their other revenue streams as well.

**B2B MARKETING**
In addition to the consumer-facing marketing campaign, the label will also promote the artist and their recordings to an industry audience. This traditionally meant sales activity to persuade retailers to stock the record. In the digital domain, the digital service provider allows any recordings to be pushed into its platform, so the B2B marketing is more about ensuring a track has prominence, which usually means getting it included in playlists on the streaming services. The label may also promote the artist to other decision makers and opinion formers within the industry, usually on a more informal basis.

**PRESS**
A key component of a label marketing campaign is getting media coverage for the artist and their release. The label usually takes responsibility for this activity, either utilising in-house publicity teams or hiring the services of external music PR agencies. Although the label is primarily promoting an artist’s new recordings to blogs, websites, magazines and newspapers, it may also promote the artist’s other activity if it believes this will lead to extra coverage which, in turn, further promotes the new record.

**PROMOTIONS**
In addition to getting media coverage for an artist’s release, the label will also seek to get the new music – specifically the single releases – played on radio and TV, and in relevant clubs. Labels usually have separate PR teams working on this - usually referring to as the promotions or plugging team – or again may outsource this work to an external promotions agency.

**SOCIAL MEDIA & DIGITAL CHANNELS**
Another key component of a label marketing campaign is the use of social media and other digital channels such as email. Most artists will have active social media channels and email lists already, and the label will work with artist and management on creating bespoke content for these channels around the new release. This may also involve the label putting some advertising spend into social media, especially Facebook. The label may also have its own digital channels via which it will promote the release.

**SYNC**
Beyond generating revenue through the sale and streaming of the artist’s recordings, the label may also seek opportunities to have tracks synchronised into TV programmes, movies, adverts and games. This work involves pitching tracks to music supervisors and negotiating deals with potential sync clients.
WHAT DOES YOUR PARTNER WANT?

- Exclusivity
- Copyright Ownership
- Control Of Recordings
- Majority Cut Of Revenue
- 50/50 Split Of Revenue
- Minority Cut Of Revenue
- Cut Of Other Revenues
Some labels are more proactive than others when it comes to sync, though most will usually be pitching tracks from across its catalogue to potential sync clients, rather than specifically seeking opportunities for any one artist at any one time.

**OTHER COMMERCIAL OPPORTUNITIES**

The label may also be seeking other commercial opportunities that benefit both it and the artist. This includes exploiting the artist’s recordings by placing them on compilation albums and possibly pursuing brand opportunities other than sync. It may also include seeking commercial opportunities beyond the artist’s actual recordings if the label is cut into any of the artist’s other revenue streams such as merchandise, brand partnerships and direct-to-fan.

---

**Section Two: The Deal**

All artists need business partners to provide at least some of the services outlined in Section One.

An artist may seek to do an all encompassing deal with a single label that provides all of these things. Or they may seek to engage a number of companies that together provide all of these services.

Or they may seek to do a deal with a label – or a label services company – to provide some of these services, while the artist’s management company provides the rest.

**WHAT THE LABEL PARTNER WANTS**

**EXCLUSIVITY**

A label partner will usually want some sort of exclusivity arrangement with the artist. In the case of a traditional record deal, this would usually mean that the artist is obliged to deliver a certain number of recordings to the label and is not allowed to make or release recordings with any other parties until that obligation has been met (or the label has decided not to exercise its right to receive additional recordings).

**REVENUE SHARE**

With a few exceptions, label partners don’t usually expect to charge upfront fees to the artist. Rather the label initially provides its services for free and then shares in any revenue the artist’s recordings generate. How this revenue is shared varies hugely from deal to deal – in a classic record deal the label keeps the majority of the money, in a modern distribution deal the artist keeps the majority of the money. The label will also likely be able to recoup some or all of its costs before the revenue share arrangement kicks in, either from the total income pool or specifically the artist’s share.
Under a classic record deal the label would own the copyright in any sound recordings generated under the deal. This means that the controls that come with the sound recording copyright belong to the label – not the artist – and therefore it is the label that is empowered to exploit those controls for profit.

Under UK law, if the label arranges for the recordings to be made, it would be the default owner of the copyright anyway. Where the recordings have already been made prior to the label’s involvement, those rights would be assigned to the label through contract. The label may own the copyright in the artist’s sound recordings for ‘life of copyright’ – so 70 years after release in the UK – or the label may be the rights owner for a period of time after which the copyright reverts to the artist.

Distributor and distribution deals do not usually involve copyright assignment, though the distributor or label will still often be granted an exclusive licence to exploit the artist’s sound recordings for a set period of time, and will likely act as if it was the copyright owner while those deals are still valid.

Ancillary Revenues

Traditionally a record label was only cut into the artist’s recorded music revenue stream. Other revenue streams – such as publishing (ie the monetisation of the separate song copyright), live, merchandise, direct-to-fan and brand partnerships – were not part of the deal. Artists would usually enter into deals with other business partners to capitalise on these other revenue streams.

However, as the value of recorded music slumped in the 2000s, many labels started to demand a cut of some of the other revenue streams too, especially with new talent deals. The labels argued that it was their investment and marketing that unlocked these other revenue streams and that, as the financial return on recordings had declined, they needed a share of other
artists like to retain ownership of their copyrights, though most new talent deals involve some copyright assignment to the label, and in the case of major label deals that may well be for life of copyright. Artists may be able to negotiate back some of those copyrights in future deals with the label, though that option is not guaranteed.

revenues to justify their upfront commitment.

Which other revenue streams a label might share in, and quite what that means, varies greatly from deal to deal. Labels usually refer to these as ‘ancillary revenues’, which tells you that most labels are still primarily interested in partnering with artists on their recordings, and involvement in other aspects of the artist’s business is seen as secondary, even if those other revenue share arrangements might prove to be as lucrative.

WHAT THE LABEL PARTNER PROVIDES

INVESTMENT
For new artists in particular, the most important aspect of the record deal is the investment the label provides. The label invests both money – in terms of the cash advance and budgets to pay for external suppliers and advertising – and resources. This investment is secured on future revenues generated by the artist’s recordings. In the case of new artists, that can be a risky investment in that the future revenues are not assured. As a result, the label will usually be more demanding in new talent deals.

SERVICES
The label will provide some or all of the services outlined in Section One. The artist’s deal needs to outline which services in particular will be provided, with as much clarity as possible as to what the label is committing to the artist in terms of budget, time and expertise. A tricky task for management is then ensuring the label delivers on these
commitments once the deal has been signed.

ROYALTIES
Usually, all monies generated by an artist’s recordings will initially go to the label partner, which will then pay the artist their share. The one exception to this is monies generated via the collective licensing system – so when PPL collects in the UK – where 50% of monies will be paid directly to all the performers who appear on any one recording. This is because when the so called ‘performing rights’ of a sound recording are exploited, statutory Performer Equitable Remuneration is due.

But all other income will be paid to the label partner in first instance. The label partner then needs to pay the artist their share, subject to contract. As mentioned above, the way income is shared between label and artist varies greatly from contract to contract. The label will also likely be able to recoup some or all of its costs before the revenue share arrangement kicks in, either from the total income or specifically the artist’s share.

Section Three: Negotiation Points

An artist’s manager and lawyer will usually negotiate the deal with the label partner.

Like any business deal, the negotiations will cover a number of topics, but there are usually four key elements to the deal.

COPYRIGHT OWNERSHIP
Who owns the copyright in the sound recordings created under the deal? If the label is the copyright owner, does the artist have any contractual rights over how the recordings are exploited? If the artist is the copyright owner, does the label have an exclusive licence to exploit those rights, and are there any limitations to that licence?

Artists like to retain ownership of their copyrights, though most new talent deals involve some copyright assignment to the label, and in the case of major label deals that may well be for life of copyright. Artists may be able to negotiate back some of those copyrights in future deals with the label, though that option is not guaranteed.

COMMITMENTS
What is the label committing to the artist in terms of investment and services? And what is the artist committing to the label in terms of number of recordings, time and exclusivity? While these commitments will be outlined in contract and therefore in theory enforceable by law, in reality there needs to be a degree of trust between the artist and label with regard each party’s willingness and ability to deliver.
ROYALTIES, RECOUPEMENT & DISCOUNTS

The contract will set out how revenues will be shared. Where the label is the copyright owner, it pays the artist a royalty on revenues generated. Where the artist is the copyright owner, the label charges a commission on revenues generated. In many ways the distinction is merely semantic, though these respective deal types are often viewed quite differently.

Either way, the artist will usually receive a percentage of revenues generated. There may be one percentage across the board or the percentages may differ depending on the revenue stream - eg 15% on CD, 20% on stream, 50% on sync. The contract may also provide ‘discounts’ to the label, so that in certain scenarios – such as if income comes in via a non-UK subsidiary of the label – a lower royalty rate applies.

The contract also needs to define what the percentages specifically apply to – if the artist is due 20%, it needs to be clear “20% of what”. The contract may allow the label to make ‘deductions’ to income – possibly to cover specific identifiable costs or possibly more generic deductions – before the percentage due is calculated, therefore reducing the overall royalty that is paid.

The label will also usually be allowed to recoup some or all of its costs out of the revenue generated before the artist is paid any money at all. The contract needs to set out what costs are recoupable in this way. Also, are these costs recouped out of all the income that comes in or from just the income allocated to the artist? The former arrangement would usually be referred to as a ‘profit share deal’ while the latter would be referred to as a ‘royalties deal’. The ‘royalties deal’ arrangement is actually more common.

To illustrate the difference, take this example: the artist and label are on a 50/50 split, there are £100K in recoupable costs, and £250K in income has so far been generated. On a profit share arrangement, the first £100K would go to the label, and the next £150K would be split 50/50, so the artist gets £75K. On a royalties arrangement, half of the money would be allocated to the artist – so £125K – of which £100K would be taken to cover the label’s recoupable costs, so the artist gets £25K.

Arguably, many contracts have overly complicated systems in place for royalty payments, especially when it comes to discounts and deductions, many of which came about in the physical era and don’t make sense in the streaming age. Managers support simpler royalty arrangements – with fewer or no discounts and deductions – and some labels and, especially, distributors, already offer such simpler arrangements.

REPORTING

As most monies generated by the artist’s recordings go through the label at first instance, the artist is reliant on the label to report all income, sums received and royalties due to the artist.
The shift to streaming has created a number of challenges in this regard, because with streaming there is so much more data to report. Though at the same time new technologies should also make the crunching and distribution of this data simpler if the right platforms can be built.

The streaming services also provide valuable usage data as well as royalty data which can inform an artist’s wider business.

While some streaming services provide this information directly to artists, others only provide data to labels and distributors, so artists rely on their label partners to access this information.

Managers recognise that some labels and distributors have invested heavily in building platforms to more efficiently share royalty and usage data, though there is still much room for improvement here across the industry.

The MMF Transparency Guide goes into all this in more detail, but ensuring the artist has access to this information is something that now needs to be considered when entering into a deal with a label partner.

Section Four: Deal Types

There is a range of label partners and deal types for artists to choose from.

As mentioned above, some of these label partners are record labels in the traditional sense, while others may call themselves distributors or label services companies. However, all offer at least some of the services described in Section One.

Not all these label partners and deal types are available to all artists. The more risk a label partner needs to take, the more selective they will be in choosing which artists to work with. Quite what partners and deal types are available – and which are most desirable – will often depend on where the artist is in their career, and they will likely work with different kinds of partners signing different types of deals as their career progresses.

DEAL 01: DIY DISTRIBUTOR – FEE BASED

These companies provide basic digital distribution, getting tracks into most digital platforms (download stores and streaming platforms) and providing usage and royalty data back from the services. These companies don’t usually provide proactive marketing services though may provide some digital marketing tools. These services are usually available to all and any artists with a menu of off-the-shelf packages to choose from. They charge the artist a nominal set up fee for each release but then pass on 100% of the income generated. Some DIY distributors
actually provide the basic distribution free of charge and then try to upsell premium services. There is usually only a nominal commitment to these services, meaning artists can cancel contracts by providing only minimal notice.

**DEAL 02: DIY DISTRIBUTOR – COMMISSION BASED**
These companies also provide basic digital distribution, getting tracks into most digital platforms and providing usage and royalty data back from the services. Likewise, these companies don’t usually provide proactive marketing services though may provide some digital marketing tools. The difference with these companies is that instead of charging a set fee, there are no upfront costs and the distributor instead takes a cut of any income generated. These services are usually available to all and any artists, though some might employ some sort of selection process. There is usually only a nominal commitment to these services, meaning artists can cancel contracts by providing only minimal notice.

**DEAL 03: DIY DISTRIBUTOR WITH ADVANCE**
DIY distributors usually provide artists with the tools to get their music into the digital platforms and then pass on any monies as they are generated. However, some DIY distributors have also started offering advances on future income in some scenarios. Such advances are usually made based on past performance, ie where a distributor can see what income an artist has generated in the last year and can advance money based on that information. The idea is that by advancing on future income the artist may be able to fund some marketing that, hopefully, will boost streaming and therefore revenue. The terms of this advanced income varies, and usually locks the artist to the distributor until any advance has been paid back.

**DEAL 04: DISTRIBUTOR**
Artists can also seek to do deals with more conventional music distributors, which traditionally worked for independent labels, but which may now work directly with artists too. There is usually more flexibility in these deals, rather than the distributor offering off-the-shelf packages.

Conventional distributors will likely want a higher commission than a DIY distributor, but should offer more services in return, in particular B2B marketing, helping to get releases stocked by retailers and playlisted by streaming platforms. Most of these distributors can also assist in physical product distribution, either directly or via third parties, where an artist plans a physical release.

Artists can usually negotiate advances from distributors, but again this will primarily be based on past financial performance. The advance will then be recoupable from the artist’s share of subsequent income. More conventional music distributors will usually want a longer commitment from the artist than a DIY distributor, ie a contractual commitment that they will work together for a set period of time.
Deal 05: Distributor with Marketing
Many distributors now offer consumer marketing as part of the deal. Quite what this means varies greatly from distributor to distributor. Some distributors have in-house marketing teams while others will commit to hire external agencies. At least some of the costs associated with this marketing will likely be recoupable.

Deal 06: Distributor with Label Services
Some distributors offer a range of other label services in addition to distribution and marketing, i.e. some of the other services outlined in Section One above. The range of services on offer varies from company to company, and which services are included varies from deal to deal, though most distributors assume that the artist has already recorded the album before engaging their services. Distributors of this kind usually offer a lot of flexibility as to what services are part of the deal, so that artists can pick and choose what they require. The deal obviously needs to set out what costs are recoupable.

Deal 07: Distribution Deal with a Label
Many record labels now offer distribution or services deals as well. These may be through separate divisions that are basically distributors as described above, or an artist might be able to sign a distribution deal with a more conventional label. In the latter option, the label may operate more like the label services agency described above. Or the label may actually provide all the services associated with a traditional record deal, but without any copyright assignment. This could be seen as the best of both worlds, though deals of this kind are most commonly offered to more established artists.

Deal 08: Assignment Deal with a Label (Profit Share)
This is a more traditional record deal, in which most of the services outlined in Section One are provided, including a cash advance, and the...
Indie labels generally can’t afford to invest as much upfront as a major, but are usually more flexible on copyright assignment for a set term (rather than life of copyright), are less likely to apply complicated discounts and deductions, are less likely to interfere artistically, and are more likely to continue working an album that doesn’t enjoy immediate success if they believe it still has potential.

**DEAL 10: ASSIGNMENT DEAL WITH A LABEL (ROYALTY DEAL – MAJOR)**

This is basically the same as the indie label deal described above. Again, the label provides most of the services described in Section One and may choose to go beyond their contractual commitments in distributing and marketing the release, especially if it feels like the record is gaining momentum. The copyright in any sound recordings belongs to the label, some costs are recoupable out of the artist’s share, and the label likely keeps the majority of the income.

Major labels are generally able to invest more money upfront and have access to global infrastructure if the local division can convince divisions in other countries of an artist’s international potential. Major labels are more likely to push for assignment for life of copyright and to apply complicated discounts and deductions to income. They may seek to interfere artistically – though this happens a lot less than it used to – and major labels generally expect more immediate results from releases.
## WHAT SERVICES DOES EACH DEAL PROVIDE?

<table>
<thead>
<tr>
<th>Service</th>
<th>DIY - FEE</th>
<th>DIY - COMM</th>
<th>DIY + ADVANCE</th>
<th>DISTRIBUTOR</th>
<th>DISTRIBUTOR + M</th>
<th>DISTRIBUTOR + S</th>
<th>DISTRIBUTION</th>
<th>PROFIT SHARE</th>
<th>INDIE LABEL</th>
<th>MAJOR LABEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Advance</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Recording Costs</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Artist Development</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Product Development</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Digital Distribution</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Manufacture?</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Physical Distribution</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Consumer Marketing</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>B2B Marketing</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Press</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Promotions</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Social &amp; Digital</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sync</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Remember – every deal is different. This chart simply provides a guide to the kinds of services the different deal types might commonly provide.
Artists have a greater range of label partners and deal types to choose from today than in the past.

Traditional deals remain attractive if an artist seeks a single business partner to take on full control of their recorded music and provide all the services outlined in Section One, but the label will likely seek copyright ownership and royalty rates in its favour.

For artists who – probably with their management – can handle areas like organising recordings and planning marketing campaigns themselves, the various distributor and distribution deal options are attractive, enabling the artist to pick and choose which services they take and – by reducing the label’s risk – being able to demand more favourable terms when it comes to copyright ownership and royalties.

This puts more strain onto management, both in terms of navigating the deals on offer, sourcing alternative finance, and in providing some of the services that were previously handled by the label. Though as more artists pursue distributor and distribution deals, managers may find they can negotiate more favourable deals with more conventional labels in an increasingly competitive market place. More optimistic managers also hope that this market pressure might encourage labels to be more transparent and flexible.

However, one key challenge that remains is that, in a recorded music market that continues to evolve rapidly, negotiating future proof deals – ie deals that remain logical and fair as the recorded music business changes – is difficult.

This is principally a problem where deals involve assignment for life of copyright because, while an artist may only be actively working on new content with a label for a few years, they will be receiving royalties from their label partner for at least the next 70 years. And the recorded music industry will likely go through several revolutions in that time, making legacy contract terms impractical and inequitable.

This is proving problematic today with legacy contracts from the Twentieth Century when assignment for life of copyright was the norm. Managers feel that – in the absence of an industry-wide initiative to bring old contracts into the modern age – legislative change is required to empower artists to bring old deals in line with current standards.
To accompany this guide, the MMF has created a Digital Deals Comparison Calculator to help managers more easily compare the pros and cons of different deal types, in terms of the services a business partner provides and how future streaming income will be approximately shared. You can access the Digital Deals Comparison Calculator at themmf.net/digitaldollar
The Deals Guide identifies, assesses and explains ten key label and distribution deal types available to recording artists in the streaming age. It has been produced by music consultancy CMU Insights for the Music Managers Forum.

ABOUT THE MUSIC MANAGERS FORUM | themmf.net
MMF is the world’s largest professional community of music managers in the world. Since our inception in 1992 we have worked hard to educate, inform and represent our managers as well as offering a network through which managers can share experiences, opportunities and information.

We are a community of 500 managers based in the UK with global businesses and a wider network of over 2000 managers globally. We engage, advise and lobby industry associates and provide a professional voice for wider industry issues relevant to managers.

The MMF runs training programmes, courses and events designed to educate and inform artist managers as well as regular seminars, open meetings, roundtables, discounts, workshops and the Artist & Manager Awards.

ABOUT CMU INSIGHTS | cmuinsights.com
CMU is a service provider to the music industry best known for its various media: free daily news bulletin the CMU Daily, weekly podcast Setlist, and premium services CMU Digest and CMU Trends.

CMU Insights provides training and consultancy to music companies and companies working with music. We offer training and research services; seminars and masterclasses; and insight sessions at music conferences around the world.