

VIRTUAL REALITY: THE FUTURE OF MUSIC VIDEOS?

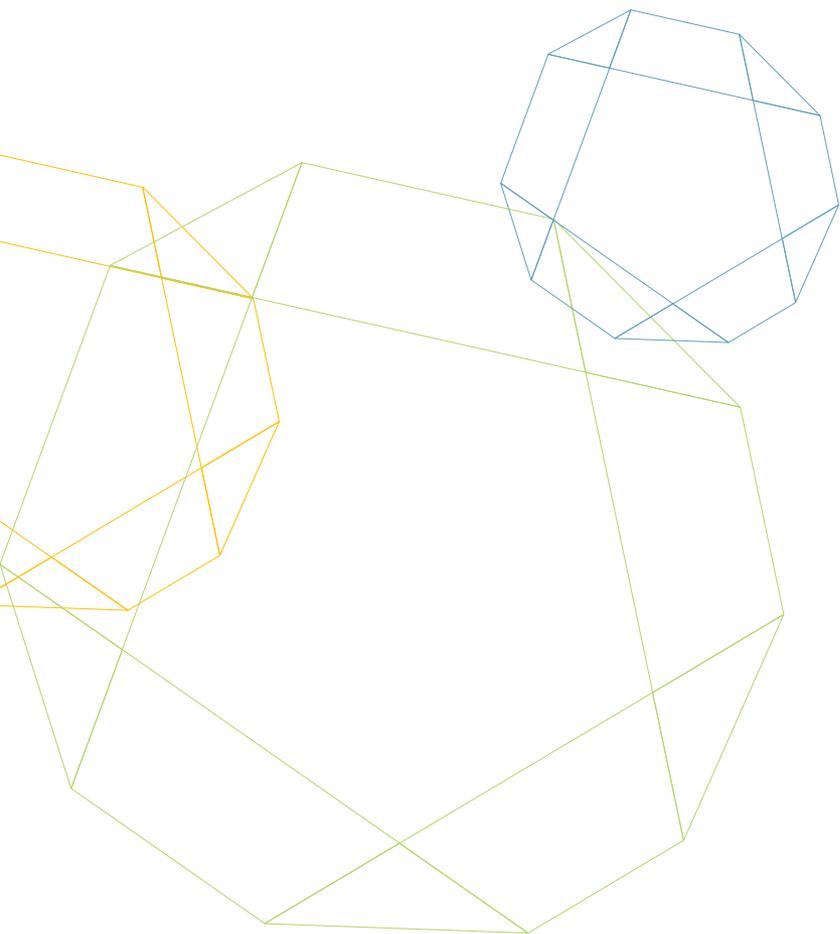


JULIANA KORANTENG

Founder/Editor-in-Chief

MediaTainment Finance (UK)

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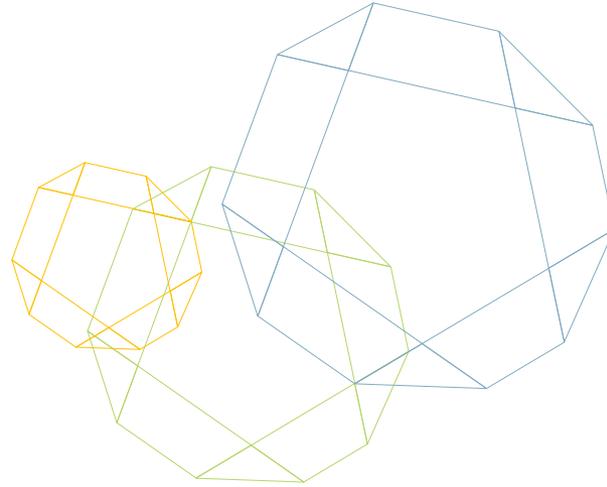


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INTRODUCTION

Virtual Reality (VR) technology promises the new unique thrill of totally immersing fans in the 360-degrees video experiences offered by music acts. And the technology's champions predict it will be huge. But VR is still at the early stages of development. This Midem whitepaper takes a look at how this brand new audio-visual medium might catapult your music videos into the future. **MediaTainment Finance, the international business journal, examines VR's potential impact on music rights owners.**





VIRTUAL REALITY: THE FUTURE OF MUSIC VIDEOS?

1. AN OVERVIEW



AN OVERVIEW

- **Music rights owners will soon face a new reality – Virtual Reality (VR), the new technology set to overhaul video entertainment in the near future.**

MTV revolutionised music sales in the 1980s by showing how pivotal videos had become to artists' connection with fans. Today, global industry trade body IFPI says 80% of the people using YouTube, another revolutionary audio-visual platform, are searching for music.

VR and 360-degrees video, its more accessible cousin technology, take matters to a higher level. They immerse viewers into the artist's live or recorded performance.

All the music fan needs is a room, a smartphone or a PC to download the content app and the digital headset (the goggles covering the eyes) before being swept right into VR's cinema-standard music videos or live streamed concerts.





AN OVERVIEW

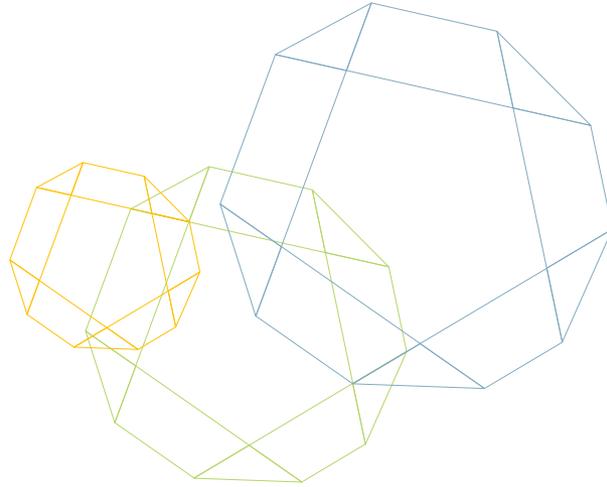
This could mean seeing a band performing on stage, an artist in a studio recording an album or a reconfigured existing music video.

But instead of watching from a distance as with standard 2D videos, VR technology makes the fans feel as if they are right inside and part of what the artist is doing. VR promises to take us into a new Multi-Dimension video experience.

It is the Next Big Thing in entertainment this year with Facebook, Google, Samsung Electronics, Sony, Microsoft and other major tech conglomerates manufacturing their own headsets.

Movie studios, TV networks, theme park operators and video games publishers have started embracing the technology and are creating content with VR in mind. So why not music creators?





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2. ARTISTS IN THE VR SPACE



ARTISTS IN THE VR SPACE

- **Forward-thinking major music acts have been testing cinematic VR at a serious level since 2014. Here are some high-profile examples.**
- **Paul McCartney:** In November 2014, the Fab Four star worked with VR content maker Jaunt to create a 360-degrees experience that enabled viewers to look around the whole Candlestick Park venue (below) in San Francisco to watch him, his band, the stage and the audience as if they were actually there.





ARTISTS IN THE VR SPACE

- **Coldplay:** The hit British band partnered with creative agency NextVR to capture a whole Coldplay concert in VR and released the track A Sky Full of Stars as a VR app in December 2014.



- **Jack White:** The always-innovative co-founder of The White Stripes and his Third Man Records label collaborated with Jaunt to create an immersive video app of him performing tracks like Freedom at 21 and Dead Leaves and the Dirty Ground at Bleacher Theatre in Boston's Fenway Park and Red Rocks Amphitheater in Colorado. This was also during December 2014.



ARTISTS IN THE VR SPACE

- **Bjork:** The Icelandic maverick released a downloadable VR video called Stonemilker, produced by international VR studio Vrse.works, in June 2015.
- **Foals:** The UK indie rock band took the video elements of their work to a higher ground when they released a 360-degrees VR video for the track Mountain at My Gates in July 2015 to promote the album What Went Down.
- **The Weeknd:** The much in-demand Canadian singer/producer is seen in an apocalyptic world featuring exploding cars in the VR video for The Hills (the remix version feat. Eminem), the single that flew to the No.1 spot on the Billboard Hot 100 chart. It was made with a GoPro camera by US-based United Realities.





ARTISTS IN THE VR SPACE

- **Armin van Buuren:** Released in March this year, The Armin Effect is a VR video footage of the electronic dance meister DJ performing at the 2015 TomorrowWorld festival courtesy of YouVisit, a VR creative studio.

As artists' adoption grows, so does the interest at corporate level. Early this year, the world's biggest recorded-music company Universal Music Group announced a partnership with US digital media conglomerate iHeartMedia to work with artists and brands to develop and produce VR content for fans.

Coachella Valley Music and Arts Festival in California, one of the world's biggest music festivals with 125,000-plus attendees, is offering free Google Cardboard headsets and a VR app to ticket buyers this year.

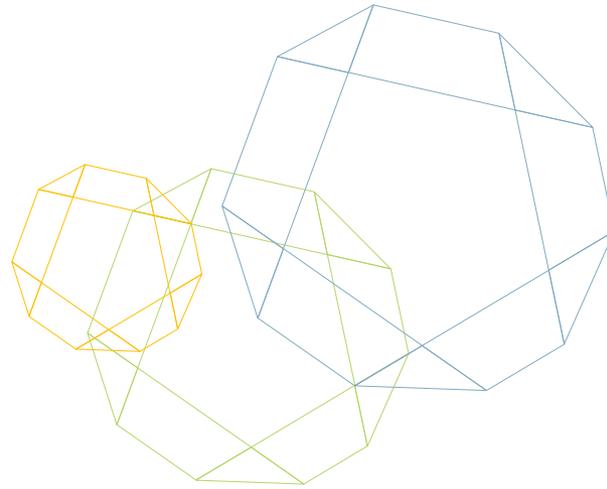




ARTISTS IN THE VR SPACE

Venture capital investors are not holding back from VR-centric music either. In January, UK-based Armstrong Ventures agreed to invest £212,500 in MelodyVR, a British start-up that will use the funds to create live and recorded music performed in VR. This was followed by another investment in Silicon Valley-based Voke, a VR entertainment content developer that has agreements with US singing stars Ricky Martin (**in Voke's Concert-4U app below**) and Marc Anthony. It has raised \$12.5m in a round led by Intel Capital (part of the chip manufacturing giant) and A+E Networks, the US-based international cable TV group.





VIRTUAL REALITY: THE FUTURE OF MUSIC VIDEOS?

3. VR AND MUSIC RIGHTS: WHAT THE EXPERTS SAY



WHAT THE EXPERTS SAY

- **Recent history has shown time and again that new technology always raises copyright issues that were never considered before.**

So, if VR videos do become part of the fan experience, what happens to your music, the copyright and its protection?

The honest answer is that it is still early days and we can soon expect a Wild West mentality to set in as everything in VR seemingly becomes up for grabs. But the debate has already started.

Below are some authoritative points of view from music industry thought leaders and analysts.





WHAT THE EXPERTS SAY

- **THE MAJOR LABEL EXECUTIVE (Michael Nash, executive vice president of digital strategy, Universal Music Group)**
- “The emergence of VR should not raise new questions about rights because our agreements with our artists are about their recordings. What we want are new business opportunities to create exciting new content formats. That takes new investment but the underlying (recorded-music) rights are the same. But where is the investment going to come from? What’s right creatively for the artist? If a deal is done with an artist, then we’re the partners. The challenge is how to be great partners. We shall invest in content. We know the future for the market is to produce dynamic audio-visual content with our artists. Their vision is important on stage, in the recording studio and in the music video. But, as with all new technologies, there will be complexities to work through with VR.”





WHAT THE EXPERTS SAY

- **THE MUSIC RIGHTS CONSULTANT (Richard Kirstein, founding partner at Resilient Music, and author of Music Rights Without Fights, the step-by-step guide on music licensing)**
- “For music rights owners, VR is in its infancy so the licensing models are still developing. There’s often confusion as to which department should handle VR licensing requests. Should it be sync or digital? Should the deal rest on a flat fee, a royalty or an advance against a royalty? For music publishers, should any of the necessary rights be licensed by Performing Rights Organisations? How does this change if a brand is involved as a sponsor? From a recent client-consulting project, it appears that there’s little or no consensus. Each rights owner takes a different view. My advice to VR content producers is to start the licensing process as early as possible, have a broad range of music titles in consideration to keep options open. If possible, use expert support to ensure that all bases are covered.”





WHAT THE EXPERTS SAY

- **THE DIGITAL-MUSIC MARKETING SPECIALIST (Michael Doernberg, CEO of pioneering digital music and marketing operation ReverbNation)**
- “Anytime people get excited about something new, there is usually an imbalance between people’s appetite versus their ability to access it. If you do something exciting in VR, people interested in it will take notice. Artists involved in VR content must ask whether they want to get paid for it. They should also ask: ‘If I include myself in this, will people see it? If people see it, how will it reflect on me? Will I be seen as doing something interesting that people will remember?’ The artist also needs to find out what happens if it is only the music (not the artist) that appears in the VR video. How will it be monetised? Will it get attribution? Artists have to evaluate what they will get out of it and whether they are comfortable with the value exchange?”





WHAT THE EXPERTS SAY

- **THE ONLINE LICENSING SPECIALIST (Ed Averdieck, chairman of CueSongs, which he co-founded with rock star/entrepreneur Peter Gabriel)**
- “Online video is taking the world by storm with more than 5 trillion short form video views in 2015 providing a completely new economy for millions of creators. When we founded CueSongs five years ago to address how rights owners could benefit from this new exciting video format, YouTube was only a fraction of the size it is now. The use of music to dramatically increase the emotional impact of video is undisputed and so I have no doubt that the VR content will be enhanced from the use of popular music in the same way as video and TV programming. The legal implications in terms of licensing music to VR will be very similar to video (i.e. use of music to support a secondary form of exploitation). The key will be ensuring that a business model around it works for all stakeholders in the value chain. It normally takes a bit of time to finesse this so that it works for everyone. But if VR does become as big as people are saying it will be, I’ve no doubt the music industry will embrace it.”

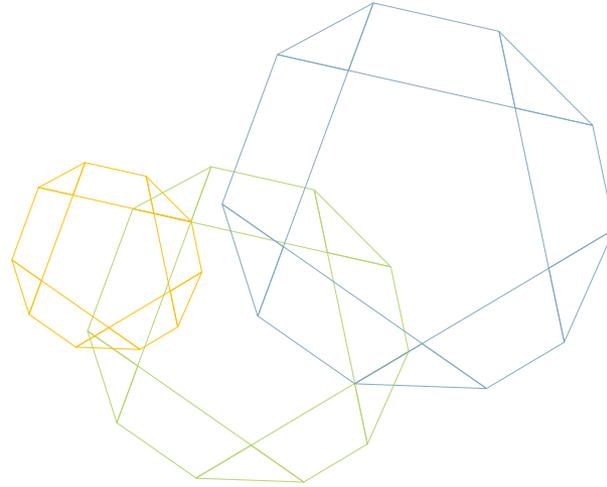




WHAT THE EXPERTS SAY

- **THE START-UP (Tom Szirtes, founder of Mybryonic and winner of the British government's Innovate UK contest)**
- “Amplify VR is our technology platform that enables artists and music rights owners to create unique engaging experiences for VR at an affordable price point. Artists can create performances in completely digital audio responsive environments - allowing new creative possibilities like staging a rock concert on the moon, going to a club where particles envelope your body or transport you to a magical forest. Importantly our content allows the audience to interact with the music and the environment - adding their own musical elements, remixing or exploring the area, which drives deeper engagement than traditional or even 360 video. The advantages of our approach are lower cost of production. Our adaptable technology allows us to create experiences incorporating existing digital media and deploy them via our distribution platform.”





VIRTUAL REALITY: THE FUTURE OF MUSIC VIDEOS?

4. VR – THE FUTURE POTENTIAL



VR – THE FUTURE POTENTIAL

- **Oculus Rift, the first VR headset expected to succeed as a mass-market consumer product, is scheduled to go on sale this year.**

It has been setting the benchmark for consumer adoption since generating \$2.4m from supporters via the Kickstarter crowd-funding platform in 2012, before being acquired by social media colossus **Facebook** for \$2bn in 2014.

And many more tech giants have followed suit with their own headsets. Also on sale or scheduled to be so are Sony's **PlayStation VR**, HTC **Vive**, the Microsoft **HoloLens**, **Google Cardboard** and Samsung's **Gear VR**.

A host of VR content developers has also emerged on the market. In addition to the VR movies by Facebook's **Oculus Story Studio**, look out for the works of **NextVR**, **Jaunt** and **Prologue Immersive**, which are based in California. There are also **Deep Inc** in Toronto, Montreal-based **Felix and Paul Studios**, and New York's **Future Colossal**.





VR – THE FUTURE POTENTIAL

And here are some of the major media conglomerates that have invested in VR start-ups: Hollywood studio owners **The Walt Disney Company, Time Warner, Comcast Corporation, and 21st Century Fox**; UK satellite group **Sky**; Germany's **ProSiebenSat.1**; and French telecoms giant **Orange**.

They all have a vested interest in the **\$30bn in revenues** expected worldwide from VR products and services by 2020, according to predictions by Digi-Capital, the Silicon Valley-based research company.

UK research firm IHS calculates that **77% of VR funding and acquisition** deals in the past couple of years have involved entertainment-related VR ventures.

And, in terms of content, movies and games are forecast to contribute the most to the **\$8bn-plus predicted** for 2020 globally by the UK's Futuresource Consulting. But music is definitely not that far behind.





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WHAT YOU NEED TO DO
TO MAKE IT REALLY ROCK”**

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ABOUT THE AUTHOR

Juliana Koranteng is the founder/editor-in-chief of **MediaTainment Finance (MTF)**, the business journal that covers investments in international media, entertainment and the impact of related digital technologies. Koranteng, an international journalist, has been a contributing editor at Billboard magazine, Rockol.com and the daily magazines published by Boutique Editions at the annual Midem, MIPTV, MIPCOM and Cannes Lions events in Cannes. She has been a correspondent for TIME magazine, the Hollywood Reporter, Advertising Age, the Washington Post, The Economist, UK national newspapers and the author of several books and reports. She also conceived, developed and sold New Media Age, the UK's leading digital-marketing publication, to Centaur Media. She has given speeches at international events and been interviewed on BBC TV and radio, CNN and Bloomberg TV. MediaTainment Finance and TechMutiny are published by JayKay Media Inc, the London-based media group that also includes an editorial consultancy, speech-writing, ghost-writing and photography-design among its activities. [@MediatainmentMT](#) [@TechMutiny](#)

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