



ARTIST & LABEL SERVICES:

TAKING CARE OF BUSINESS FOR NEXT GEN INDEPENDENT CREATORS

AN EXCLUSIVE REPORT BY  **midem**[®]
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ARTIST & LABEL SERVICES: TAKING CARE OF BUSINESS FOR NEXT GEN INDEPENDENT CREATORS

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• Audiomack

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• Horus Music

• IDOL

• UK-based Integral, part of [PIAS] Group

• Patreon

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1 INTRODUCTION

Artist & Label Services: Taking Care of Business for Next Gen Independent Creators is Midem's new exclusive White Paper.

It is a follow-up to **Artist & Label Services: How Technology is Energising an Artists-First Global Business**, last year's successful report exploring the emergence of a vibrant and robust sector revamping the international music industry.

As a business model, Artist & Label Services (A&L Services) are injecting a new dose of fresh thinking into the global recorded music business.

They are both an antidote and a complement to the decades-old format of signing creators to contracts, which many argued put profit before those creating the music.

Traditional contracts have been criticised for requiring artists to sacrifice their creativity, careers and intellectual properties for financial advances. That approach had a crucial role to play in a profitable US\$40bn industry that thrived on physical vinyl and CD albums and singles – up till the 1990s.

The rise of the Internet, online music distribution and, later, smartphone marketing broke that mould and the music business suffered, as did the signed artists – many of whom turned to live music to survive.

Streaming music, which has its own detractors, and the major international platforms like Spotify, Apple Music, Amazon and Deezer have since buoyed up the global market.



Trade organisation IFPI reported international recorded-music revenues increasing 7.4% in 2020 to a strong US\$21.6bn, the sixth consecutive year of growth. MIDiA Research drew a more optimistic picture, calculating that the global business generated US\$23.1bn, representing a 7% growth from the previous year.

Meanwhile, analysts had noticed the arrival of A&L Services. They empowered individual artists and, instead of asking the creators to give up their valuable copyright, they charged a fee. Their services are enabling creators to self-release, establish DIY livelihoods, pay for artists-first expertise, and contribute to a healthy song economy that does not insist on mostly album recordings, if they are to earn a living.

MIDiA Research reported that direct-release artists, the core clients of A&L Services, con-

tributed US\$1.2bn to the total global revenues in 2020, a substantial 34.1% growth from 2019. During Midem Digital 2020, Fred Davis, a partner at Raine Group, a USA merchant bank and music-industry investor, said his company forecasts that DIY acts and ventures will generate more than US\$2bn soon.

Artist & Label Services: Taking Care of Business for Next Gen Independent Creators explores how the types of expertise offered to artists have since grown in number and evolved.

We talk to the fast-rising A&L Services providers and artists. We learn why 21st-century music acts and independent labels are embracing revolutionary tech tools, new monetisation and commercial opportunities to embark on the most self-supporting phase in the history of artists in recorded music. ■

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What do the Artist & Label Services (A&L Services) do?

They place the independent recorded-music creators, whether artists or labels, at the epicentre of their businesses. The creators could be signed or unsigned, a hobbyist turned emerging talent, or an established legacy act. More recently, the catalogues of long-deceased stars are being revived for the digital age via A&L Services.

The creators and/or copyright owners are business partners, not just clients or roster members. They have a say in the fate of their recorded musical works. And they are international.

A&L Services are a new generation of enterprises with digital expertise in, among other things, global streaming platforms, social media, cloud-computing, and non-fungible tokens (NFTs).

In what is called the song economy or the fan economy, new technology has lowered barrier to entry worldwide and A&L Services use it to enable creators to understand, grow and connect directly with their fanbase, as well as monetise that direct connection.

A&L Services promise to offer inexpensive, flexible a-la-carte packages that are tailor-made not only for the individual creator's career, but also for each creator's individual project. The approach is adaptable, sustainable and scalable. Creators pay back in the form of revenue share, one-off fee, or monthly subscriptions.

A&L Service: an evolving definition

Today's independent artists have been inspired by the growing number of global hitmakers who started their careers by doing things their way. Think of Grammy-Awards winner Chance the Rapper, the constantly in-demand British singer/songwriter Jorja Smith, and those who developed into acts signed by major labels, like Billie Eilish and Lil Nas X.

Award-winning British rapper Little Simz, who is signed to A&L Services company AWAL, is already a household name. She recently completed an advertising campaign supporting the next generation of creative stars in partnership with Adobe, the international creative-tech multinational.

"I don't think most artists aspire to the same things they did 10 years ago. A major record deal for example. A lot of people want ownership and control; they think that is critical," says Justin Kalifowitz, founder/Executive Chairman of Downtown Music Holdings, arguably the biggest international investor in A&L Services.

"Unquestionably, artists, on the one hand, are appreciating the notion that selling their intellectual property early or doing deals where they lose control creatively or otherwise early in their career does not make sense."

He continues: "In the music business, you just see this much more educated, much more evolved artist and label owner. And I think part of it is





Mandy Aubry

driven by the investment that businesses like ours are making, which is not only in providing the tools and services, but also a tremendous amount education.”

Elijah Seton, president of pioneering global music-and-audio platform SoundCloud, concurs. He highlights how different A&L Services are compared to the traditional recording-label system. “The major label model was developed at a time with very different dynamics than today, not to mention the advent of technology that has levelled the playing field and made all of the players more competitive,” he says.

“The fee-for-service model gives artists control over the creative output and ownership with the support of a distribution system and marketing team who can bring the music to market.”

There is now no distinction between an artist and a label in the A&L Services business, believes Jennifer Masset, Spotify’s Global Head of Indies, Commercial Partnerships.

She has played a key role in connecting the world’s biggest streaming-music platform with the next generation of music performers and enterprises. This gives her an insight into how the global independent community is progressing.

“As I see it, anyone who is releasing their own music is functioning as a label. That could be a DIY artist just starting out or a massive label who owns millions of tracks. It’s really the full spectrum,” she states.

“It is important for an artist to understand that if they are releasing their own music, they are effectively their own label. They are wearing all of the hats of a label, from digital marketing, radio promotion, tour marketing, A&R, production, legal, licensing, PR, accounting, graphic design, video editing to social media marketing.”

Mandy Aubry, Director of Business Development, EMEA & APAC at Songtrust, the platform that serves the global publishing, royalty-collection and administration needs of its users, notes that the evolving A&L Services industry is going to be a force the overall global business will have to reckon with.

“In the earlier days of A&L Services, a selling point was its offering of all the bells and whistles of a major (label or publisher), whilst remaining independent. A&L Services today are, in many cases, surpassing the major-company services that they aspired to duplicate. This is evident in terms of global reach and success, the diversity of the suite of services offered, and the number of people who can partake in these services.”

International growth: Africa

A&L Services are increasingly opening the gates for talent to enter or emerge from markets that would not have been considered as recently as five years ago.

Launched in 2015 to offer digital tools that help early-stage creators reach their fans,

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US-based A&L Services venture Audiomack initially garnered most of its business in North America and the UK. Recently, it has seen its business explode internationally, especially with Africa-based acts who want to reach a global audience.

"In Africa, especially in Nigeria and Ghana, what we have seen is that most artists prefer to remain independent; it is just top-of-mind for artists there. We launched in the market before Spotify, Apple and others. So, we were able to gain an early foothold and people got comfortable using the app and built up a library," explains Vanessa Wilkins, Audiomack's Vice President, Head of Music & Data Partnerships.

"We believe if we bring on board artists and are good at being advocates for them, then the artists will advocate for us with their fanbase. That's a strategy we've seen really take off in Africa. The main value proposition that we present is that we can expose their music to audiences in the United States, Canada and the UK, and other places where these artists are trying to blow up."

She adds: "We also have features within our app that is in demand in these markets because mobile data is still more expensive there than it is in the West. So, we have offline functionalities, which allow users to do things offline without having data being consumed."

UK-based Horus Music, another high-flying A&L Services provider, has opened offices in Nigeria (as well as India and Brazil). French operation IDOL also operates from offices in South Africa. Since acquiring Sheer Music Publishing in South Africa last year, Downtown Music's subsidiaries have made Africa a focal point.

CD Baby, the US-originated international music-distribution company (and a Downtown Music subsidiary), serves independent DIY artists and labels by collaborating with A&L Services; it entered Africa this year.

Johannesburg-based Sakhele Mzalazala, who oversees Market Business Development in Africa for CD Baby, acknowledges how A&L Services have opened global opportunities for creativity in the region.

"In Africa, we see more artists going independent owning their master rights and looking for either joint ventures or marketing services from other companies. The digital era has given most of our artists freedom."

Mandy Aubry, at CD Baby's sister company Songtrust, is among the several executives who emphasise the role education has played in expanding into emerging economies in Africa, Asia and Latin America.

"Many of the territories I cover have lacked significant education about publishing and the infrastructure to collect those royalties," she explains. She took part in the Youngtrepreneurs produc-

er workshop in the West African state Ghana last July, working with young producers at varying stages in their songwriter/producer/artist careers.

The initiative offered participants an opportunity to learn about music publishing and the chance to sign up with organisations like Songtrust.

"Most were still unaffiliated to a Performing Rights Organisation (PRO), a norm in Africa. So far, 21 of them have signed up with us and those unaffiliated writers now have access to their writer share of royalties after signing up with a PRO through Songtrust."

International growth: Japan

Japan, the world's second largest music market by revenues, has struggled to move into the digital-first age as music fans are still obsessed with physical recordings like CDs and vinyl discs. In fact, in 2020, local trade organisation RIAJ says physical accounted for 71% of recorded-music revenues.

Japan-based ArtLed, a subsidiary of stock-exchange listed copyright-management organisation NexTone, believes a new generation of Japanese creators want to work in digital-first surroundings.

It has positioned itself as an "artist-led" operation set up to focus on "adding value to those artists by working to complement their vision



Takahiko Kakiuchi

and collaborating with them to realise their goals”, says Takahiko Kakiuchi, ArtLed’s General Manager, Digital Marketing Division.

“We are heavily focused on helping our artists find a global audience. As well as providing publishing, distribution, and promotion services, as a very well-funded organisation, we can provide resources to enhance their projects. We often support artists to open new markets by helping with reworking recordings, for example, via remix productions, collaborations between artists and their creation of video content.”

ArtLed benefits from its owner NexTone Inc., the Tokyo Stock Exchange-listed conglomerate specialising in copyright management. “For artists, publishing and copyright management are an important revenue source, but that is also a complicated field, so it tends to be an afterthought rather than the core element it should be.”

International growth: Latin America

TuneCore, part of the A&L Services available at France-headquartered international music group Believe, hiked its activities in Latin America as recently as March this year.

Bruno Duque, Head of TuneCore LATAM, illustrates the multi-territory assets it can provide creators in Latin America’s individual national markets.

“TuneCore started an “En La Mira” campaign where we highlight some artists in the countries of the region. For example, in Colombia, together with Shock (online magazine), we created exclusive content and now we are working together with Billboard magazine in Argentina and Rolling Stone magazine in Brazil. The idea is to expand the traditional A&L Services to seek new ways for artists to develop. This is part of what TuneCore has been doing here in Latin America.”

Publishing joins A&L Services

Music publishing was left out of conversations about A&L Services until recently. It is acknowledged as one of the most complex parts of the music-rights profession but it can be the foundation that determines the longevity of an artist’s career.

Songtrust, part of the Downtown Music Group empire, is encouraging independent creators to make publishing a priority.

Under its stewardship, Songtrust administers 3 million-plus songs and handles the administration for more than 350,000 independent creators, as well as publishers, labels, distributors and other rights holders seeking more flexible solutions.

It also has direct relationships across 60-plus global royalty-payment sources, covering more than 98% of the worldwide music market.

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"The beauty of the A&L Services business model is in their flexibility," Songtrust's Mandy Aubry notes. "Artists retain ownership of their intellectual property. They can pick and choose what they want to do, designing their own strategy to fit in with their goals. And, when those plans change, they can adapt and find new, more efficient, solutions."

Another A&L service provider, TuneCore, has added publishing to other offerings like distribution.

"TuneCore and Believe have TuneCore Music Publishing Administration, a global service that works closely with local associations, similar to PROs, to collect publishing royalties on behalf of artists. The fact that Latin America covers several countries and must abide by local regulations means it has its particularities," TuneCore's Bruno Duque says. "TuneCore Music Publishing Administration is able to centralise the collection of royalties, making life easier for the DIY artist."

Advance financing

The concept of wealthy labels paying signed acts hefty sums in advance funding, in exchange for their copyright, has its appeal. It has, however, been anathema to independent-minded creators, who would rather work for their money.

But funding an independent music business is a complex affair and many A&L Services, including SoundCloud, UK-based Horus Music and France's IDOL, have started to offer creator partners advance financing.

Giving creator-entrepreneurs an initial financial leg-up without demanding they give up their copyright is making business sense, says Eliah Seton, SoundCloud's president (see the [Q&A interview in this report](#)).

"It used to be that the majors had a stranglehold on distribution; you couldn't release your music unless you signed away your future to them. They also had a stranglehold on financing; you

couldn't make, release or market your music and have the ability to have a global reach unless you had the backing of a major," he declares.

"Financing is no longer a gatekeeper for the majors. There is so much more money and capital available for independent artists. I feel SoundCloud is synonymous with independent music; we are never going to own the rights. If we lose that, the whole thing comes tumbling down."

The Custom Music Tools scheme available at Horus Music includes an opportunity for creators to apply for funding.

"Horus Music has launched and announced our new and exciting advances option, which is based on back-catalogue royalties and allows for artists to retain their rights ownership." ■

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This chapter is a rollcall of the specialist facilities that leading A&L Services companies are offering creators and labels with ambitions to be independent creative forces in business.

The major labels

A sign of the growing influence of the expanding self-release economy could be seen when the three recorded-music major labels, Universal Music Group (UMG), Warner Music Group (WMG) and Sony Music Entertainment (SME), entered the space.

UMG owns Spinnup and Ingrooves Music Group to serve independent creators, who then gain the option “upstream” and sign with UMG labels. Republic Records, a UMG subsidiary, unveiled a new US-based unit called Imperial Music in September 2021 to focus on supporting emerging performers with the ambition and potential to run their own businesses or sign up with a major. WMG is an investor in UK-based Radar Scope, a venture that operates A&L Services company Level Music. It also owns ADA (Alternative Distribution Alliance), which concentrates on similar activities internationally.

Meanwhile, it is SME that is hitting the bigger headlines with its interests in A&L Services. It has offered US\$430m to snap up AWAL, a British A&L Services group, as part of an acquisition deal with Kobalt Music Group, the pioneering publishing-and-music services giant.

Bear in mind that in 2015, SME became the 100% owner of The Orchard, the leading US independent digital-music distributor, which has

since increased the variety of services it offers to independent artists in 45 markets.

The creators on its roster range from highly acclaimed British R&B/neo soul singer-songwriter Jorja Smith, who has publicly declared the importance of not diluting her creative independence, to new teenage Regional Mexican sensation Iván Cornejo.

The Orchard has always emphasised that it is an autonomously operated entity that happens to have access to the global resources of a major label for the artists it supports.

ArtLed

The Japanese company helps DIY Japanese creators bring their vision to life not only on the

recorded-music front, but also with publishing, content production, including music videos, as well as booking gigs for live events.

Future plans include enhancing its A&R services so that its creators are able to expand the types of media, both physical and digital, that can use their repertoire.

“For example, our artist “lo-key design” released some excellent DIY recordings, which we felt could reach a bigger audience. So, we are working with them on a rework project with other musicians and DJs from a variety of different genres to help rebrand those past recordings and release new material,” he says.

“These new forms of content are proving to be very effective marketing and revenue-generating strategies in the streaming market. In addition, as part of our promotion services, we can help with the production of vinyl records, for



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which demand has been increasing in recent years. We are also establishing collaborations with trending designers and creators to help develop artists' creative identity and visual packaging, as well as develop tie-ups with larger, more established commercial facilities in Tokyo."

Audiomack

This US company runs a streaming app devoted to independent creators worldwide. Over the past year, it says, the number of its paid subscribers globally jumped 127%, accessing the estimated 90,000 new releases uploaded every week. More than 1 million new Audiomack accounts are opened every month and, today, it is ranked as the No.1 most popular music app in Nigeria

Vanessa Wilkins



and Ghana, and is among the Top 10 in South Africa, Tanzania and Kenya.

Self-release artists, including early-stage creators, can expect to reach a monetisable global audience via the new Audiomack Monetisation programme, free of charge, says Vanessa Wilkins, Vice President, Head of Music & Data Partnerships.

"A lot of our creators are at the super early stage; they are hobbyist creators; they just started making music; they might even just be recording a voiceover on their phone. We intended for it to have a very low barrier."

Audiomack resources include its Creator Dashboard, for creators to understand their audiences.

Forward going, Wilkins says, "we are interested in expanding into live music, in terms of allowing artists to post their tours on their Audiomack profile, and into publishing. We have a partnership with Songtrust and its publishing and administration services, for which artists receive discounted registration fees."

CD Baby

CD Baby provides the tools and resources that DIY artists need when using the wide variety of creative services.

"We always look at the needs or challenges of the upcoming independent artists and labels and suggest tools that may help them. Our Sheer Mu-

Sakhele Mzalazala



sic Publishing sister company is also there for publishing services for our artists," Sakhele Mzalazala, CD Baby's Johannesburg-based Head of Market Business Development, Africa, says.

In Africa, empowering self-release acts has included teaching them about how the industry works, empowering them for the choices they make, he adds.

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"We have been more instrumental in giving up-coming and independent artists as well as independent labels education and knowledge through workshops in music schools. We also reach out into communities through partnerships and radio stations programmes, teaching them about their rights and the business."

He says artists he works with are generating income from works selling in more than 150 digital stores via streaming and downloads. For those who have opted for CD Baby's sync and licensing, their works are pitched to generate income from TV, film, games and other media, like TikTok, Instagram, YouTube and Facebook.

Downtown Music Holdings

Downtown Music founder/Executive Chairman Justin Kalifowitz says the yearn to retain independence throughout an artist's career could be seen as far back as the mid-2000s.

"There were people making music and didn't care what the industry had to say; they were going to share it online and they were going to have great careers. Artists, in particular, and labels are really entrepreneurial businesses and I think that is driving these people to say: 'I don't want to sell my intellectual property today, but I do critically look at who my service providers are.'"

Downtown Music offers services involving more than 23 million copyrighted songs. It operations

span 145 countries on six continents from offices in 23 cities.

Via acquisitions, its subsidiaries include high-profile global A&L Services brands like CD Baby, FUGA and Songtrust.

Launched in the Netherlands, FUGA recently formed a joint venture in Japan to create Space Shower, which will deliver FUGA's bespoke technology for keeping track of the licensed music it distributes on local streaming platforms. This added another 15 streaming-music services to a global network of streaming businesses that FUGA works with in 50 countries.

Last year, Downtown Music became the owner of Sheer Music Publishing, Africa's largest independent music-publishing house.

FUGA

Instead of targeting creators, FUGA is a B2B (business-to-business) company serving enterprises that work with DIY recorded-music creators, including record labels, distributors and artist-management firms.

"We provide end-to-end technology services to clients, such as API or White-Label tools, which allow our clients to provide our technology and services directly to their artists, sub-labels, creators and rightsholders," Liz Northeast, FUGA's General Manager UK, explains.

"A&L Services companies provide the music industry with a flexible and modular alternative to



Liz Northeast

age-old traditional approaches. They allow for a more competitive landscape, meaning more opportunity and revenue that goes back to creators. As these companies evolve, it also means more ease for developing artists and labels to tap into services they may not have had access to before, such as sync and neighbouring rights."

IDOL

Sylvain Morton, the Paris-based Director of Distribution at IDOL, admits the company initially focused on developing services with only labels in mind. Now, "we have gradually extended our offer to artist services, for certain artists with a

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Sylvain Morton

suitable profile and a sufficiently structured entourage,” he says.

With that in mind, IDOL invests its energy in “quality over quantity by remaining careful not to sign many clients”, he adds. “We pay attention to maintaining a close relationship with our labels, which we all treat – to varying degrees – as priorities.”

This has meant expanding its expertise by adding more benefits to its creator partners: these include pressing and distribution (P&D) for physical recordings; expertise in video-sharing platforms like YouTube, digital marketing, and audience development.

With offices in Paris, London, Berlin, Los Angeles, Nashville and Johannesburg, IDOL also provides know-how in international-development strategies.

“It’s always tailor-made,” he states, and that approach is working. “We make 75% of our turnover outside of France where the company started. We have a very flexible, agile and responsive structure, which enables us to mobilise all the teams to serve an international priority or a developing artist in various territories quickly and efficiently.”

Integral

Integral is the name of the rebranded A&L Services venture at [PIAS], the Brussels and London-headquartered independent record-music powerhouse.

It is a significant move for a company like PIAS that has established credentials for its independent labels and distribution business for decades.

“The rebranding of our services division to Integral represents the commitment and ambition we have for label and artist services because we’re here to do the things our repertoire partners don’t know how to do, don’t have time to do or plain just don’t want to do,” states Felicia Flack, recently poached from music-tech start-up Amuse to be Integral’s Head of Label and Artist Services, Global.

She works with a team of 100-plus people with local offices in 10 territories worldwide.

The services they provide include global phys-

ical and digital distribution and sales, market intelligence, rights management, including neighbouring rights, plus direct-to-fan strategies. “There is also access to our [Integral] Portal and artist-campaign services, such as marketing and promotion.”

Spotify

Streaming-music technology has been among the key developments that have allowed DIY acts to self-release with the type of ease that never existed before.

Streaming-music behemoth Spotify has been among the major digital-entertainment services to reach out to the global self-made artist-entrepreneur communities to treat its members as business partners.

A major move in that direction was its Spotify for Artists platform that permits creators to pitch their songs for Spotify to include in its highly coveted playlists, which can be accessed by its 365 million monthly active users.

“There are also other promotional tools, educational materials and an analytics dashboard where any artist can learn about how to succeed on Spotify,” Jennifer Masset, Spotify’s Global Head of Indies, Commercial Partnership, explains. “For those resources which we have made scalable for any artist or label around the world to utilise, we plan to roll out localised versions in 25 languages later this year.”

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Other affordable creator-centric Spotify tools include the Marquee, a marketing service that invites listeners to go deeper and learn more about new releases. Spotify Canvas enables creators to create three to eight-second looping video-clips to add nifty visuals to their marketing campaigns.

With Music + Talk, Spotify introduced facilities that mean independent artists can now create their own online music-and-chat shows and series.

Spotify, also one of the world's biggest podcast platforms, is gathering in the expertise at Anchor, its user-friendly podcast service, to inspire Music + Talk users. Already in North America, the UK, Ireland, Australia and New Zealand, Music + Talk be-



Jennifer Masset

came available to creators in another 15 markets in Europe, Latin America and Asia from August 2021.

"We are actively looking to enable creators to live off their work by empowering artists to diversify their revenue streams beyond royalties. We already offer the ability to sell merch, live-concert tickets, and raise money through our Artist Fundraising Pick tool," Masset adds.

TuneCore

TuneCore is a division of Believe, the French international music company packed with its own stable of recorded-music labels, such as Nuclear Blast, Groove Attack and Naïve.

But Brazil-based Bruno Duque, Head of TuneCore LATAM, reminds us that the company is more than a distribution firm and an artists' strategic and operational development service. "A&L Services include parallel initiatives that help artists to spread and reach new listeners and fanbases. I believe strategic partnerships with exclusive content with key partners focused on the artist's profile help in the career development," he says.

To fulfil that goal, TuneCore collaborates with two important Believe divisions: Believe's Signed By ensures artists who have reached a certain level in their careers can be 'upstreamed', upgraded, to work with Believe's Label & Artist Solutions section, a dedicated A&L Services unit that offers opportunities to be signed to labels, if the artist so chooses.

Costs to creators

A&L Services are not free; to retain their IP and creative freedom, artists must pay. Here are examples of the revenue-generating formats used by the service providers.

Audiomack: Its monetisation model is a hybrid of ad-supported and mid-tier subscription. The programme for artists is based on a revenue share that is localised, depending on the countries where each stream occurs. All its creator tools are free of charge.

For labels, it makes individual deals directly on a percentage share of the revenue basis, depending on what services it is providing. All Audiomack deals are tailored to fit the specific label, based on its need and requirements.

CD Baby: You pay a one-off fee when uploading your single or album to its platform.

HORUS: For artists and labels wanting to distribute their music, they can choose a pay-per-release model or a yearly subscription payment model (AKA "Unlimited Distribution"). Clients receive 100% of the royalties returned and pay for other services, such as promotion and mastering separately. Its label services, via its Custom Music Tools distribution offer and a variety of other packages, are free of charge in return for a percentage split on the master royalties generated, usually an 80-20 split, with 20% going to Horus.

IDOL: For its main activity, distribution and A&L Services, it applies a revenue-share model. ■

4 THE CREATORS – AN INDEPENDENT SPIRIT

This section focuses on what A&L Services can help self-release and other DIY artists achieve internationally, such as the Norwegian rapper who has a significant following on an Africa-originated streaming platform, or the professional basketball player who produced a hit single for a French rapper as part of a philanthropic initiative.

Audiomack

Artist: Intence, Jamaican reggae/dancehall artist
Making noise because: Since joining Audiomack in 2018, Intence has clocked up several billings on Audiomack's playlists aimed at fans in the Caribbean and overseas. Intence's monthly plays on the platform jumped to 6 million in January 2021 from 1.7 million in January 2020. He has almost 60,000 followers on Audiomack, compared to less than 1,000 on SoundCloud and 4,600 on YouTube.

Artist: Sidhu Moose Wala, a best-selling India rapper and Punjabi superstar

Making noise because: During its first 30 days on the platform, his album Moosetape snapped up more than 10 million global plays mainly in the US, UK and Canada. Audiomack provided support by placing the album and multiple singles on the Trending section targeting Punjabi fans worldwide.



Sidhu Moose Wala

FUGA

Artist: Trampoline, UK alternative rock band
Making noise because: their new album Love No less Than a Queen, released in September 2021, had already reached No.1 in the UK independent albums (Top Breakers) chart a month later. It was also No.5 in the UK independent albums chart, and No.12 in the UK Official Vinyl chart. They are signed to indie label Strap Originals, the brainchild of iconic UK rock star Pete Doherty, which is using FUGA's B2B A&L Services.

Artist: Don Diablo, Dutch DJ

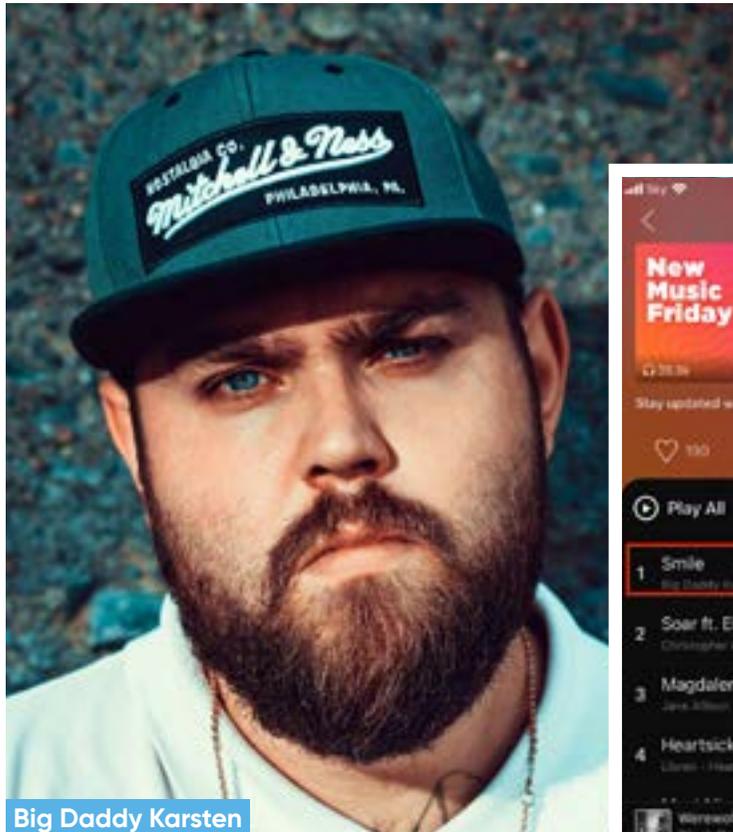
Making noise because: FUGA helped Diablo's own indie label, Hexagon Records, launch a global digital and physical marketing campaign to raise his profile internationally. Key results included 47 placements on Spotify's New Music Friday and brand messages on Spotify's out-of-home billboards in North America.

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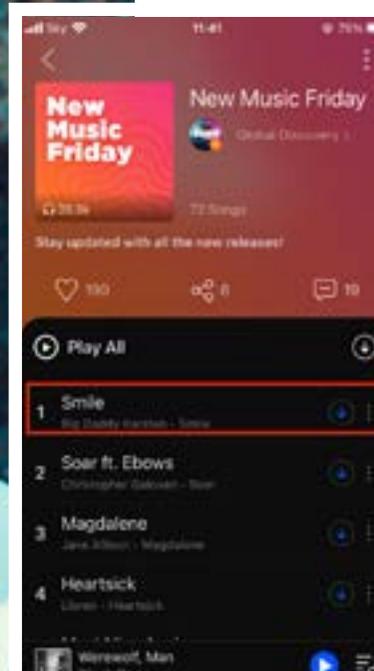
Horus Music

Artist: Big Daddy Karsten, Norwegian rapper

Making noise because: his partnership with Horus has yielded major results, including top placements in coveted playlists on Spotify (New Music Friday Norway; Ny Pop), on Apple Music (Sounds of Norway; New Music Daily) and the Nigerian international platform Boomplay Music (New Music Friday).

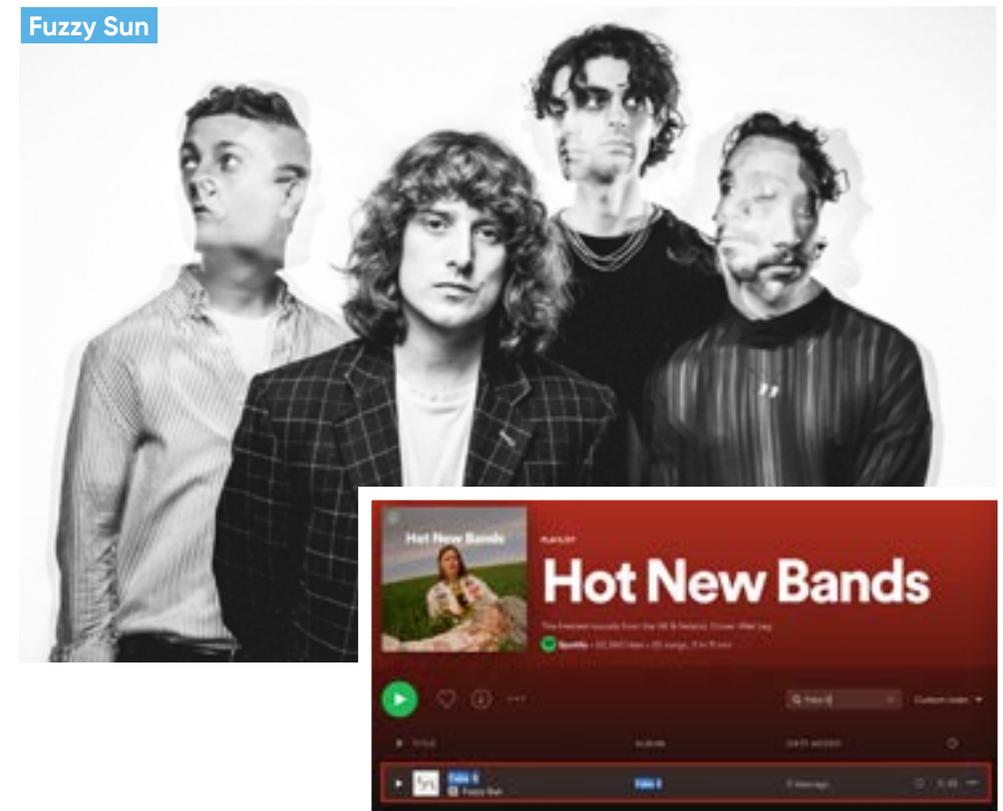


Big Daddy Karsten



Artist: Fuzzy Sun

Making noise because: Horus' work for this up-and-coming independent British four-piece rock band has led to top placements on Spotify playlists (All New Rock; ok whatevs; Hot New Bands) and Boomplay Music (Rock & Roll). Such success on international streaming services has generated much media attention, including coverage by iconic music magazine NME and BBC radio stations in the UK.



4 THE CREATORS – AN INDEPENDENT SPIRIT

IDOL

Artist: Ray Charles, one of the greatest artists of all time (Rolling Stone)

Making noise because: IDOL's collaboration with the estate of Ray Charles, who died in 2004 at the age of 73, sums up how A&L Services can inject new life into the legacy of long-deceased music stars. To celebrate what would have been his 90th birthday in 2020, the Ray Charles Foundation and independent-artists focused company Exceleration Music joined forces with IDOL to delve into Charles's catalogue, remaster his songs, and revive authorised hits for the digital age, including placements on relevant streaming playlists.



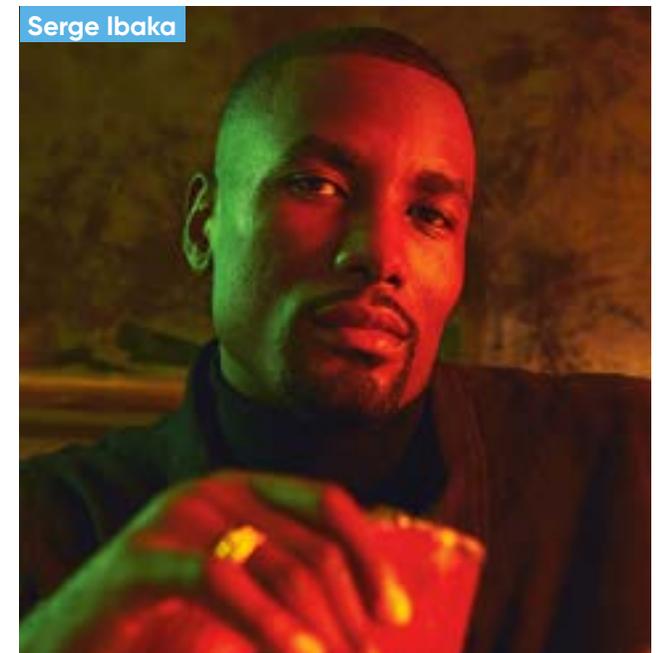
Ray Charles

Artist: La Femme, French psych-rock punk band
Making noise because: Ferociously independent, La Femme have self-released their albums via their own label Disque Pointu. Turning to IDOL's A&L Services, the award-winning group (Victoires de la Musique) now have a high profile in other European countries, including the UK, as well as the US and Mexico. "La Femme is perhaps the biggest rock band in France right now," Pitchfork magazine says.

Artist: L'Impératrice, indie French pop band
Making noise because: Constrained by the Covid lockdown, which halted plans for a new album release and a global tour in 2020, the band and their label microqlima followed IDOL's advice to pivot their original plans. The end result - a very digitally creative 18 months that ensured L'Impératrice stayed engaged with fans via streaming platforms, social media and a virtual tour.

Artist: Serge Ibaka, professional basketball player and music entrepreneur

Making noise because: IDOL worked with Ibaka's company Ouenzé Entertainment to produce an Africa-themed musical project called #Art, which includes a multi-artist album scheduled for release this year. An Ibaka duet with French rapper Ninho called Champion, already boasting 15 million-plus streams, is one of several singles showcasing independent talent on the album.



Serge Ibaka

4 THE CREATORS – AN INDEPENDENT SPIRIT

SoundCloud

Artist: Kid Quill, US rapper

Making noise because: his work as a self-release act who placed tracks on SoundCloud advanced significantly after SoundCloud introduced him to high-profile A&R experts. He has since joined the 2021 First on SoundCloud ranking, which awards talent with heavy promotional campaigns. He has already played at top-tier festivals like Chicago's Lollapalooza, and his first full album is scheduled to drop next year.



Kid Quill

Artist: SoFaygo, up-and-coming US rapper

Making noise because: the young Michigan talent personifies how A&L Services can kick start a music career and continue to boost its stratospheric trajectory. In addition to clocking 15 million-plus streams on the platform for Knock Knock, produced by acclaimed producer/artist Lil Tecca, SoFaygo has been name-checked by hip-hop royalty like Travis Scott and Pusha T. While A&L Services rarely highlight live gigs, SoundCloud helped with his debut his live performance this summer.



SoFaygo

TuneCore LATAM

Artist: Edgar Oceransky, Mexican singer-songwriter

Making noise because: he is quoted as saying this about his TuneCore partnership, "I've started working with TuneCore because it's the fairest option with independent artists to make our music known all over the world and on all platforms. But while taking the step to working with Believe (TuneCore's parent company), other opportunities have improved through their support and suggestion of strategies to give me the next step up to a larger audience."

Artist: Russ, US hop-hop artist

Making noise because: this prolific DIY creator (he also writes books) hit the headlines in 2020 for earning an average of US\$100,000 a week in royalties via his partnership with TuneCore. TuneCore emphasises the importance of direct fan engagement and this contributed to his new single, Can't Let Go, hitting Apple Music's No.1 spot without any editorial support.

4 THE CREATORS – AN INDEPENDENT SPIRIT

Up-and-coming DIY creators tell Midem why they opted to go on an independent journey in their career.

Artist: girlhouse (also known as Lauren Luiz); based in Nashville, Tennessee, US

Midem: In terms of creating and producing music, what kind of independence do your current arrangements give you?

girlhouse: I've never felt such ownership over my art or my story than I do with this project. I found Tyler (producer) while working at a mall almost 10 years ago and we've worked together. Through that I've learned a lot about the different ways to release music and get it out there. I met my management team through my publishing company; they've been my biggest champions since the beginning of girlhouse.



Artist: Swt Valli Hi, US-based multi-discipline Nigerian-American
A former Warner Music act, she has since set up her own label called EIGHTEEN to self-release, partnering with talent-and-label services platform Music Gateway (which is backed by former Eurythmics Dave Stewart).

Midem: In terms of creating and producing music, what kind of independence do your current arrangements give you?

Swt Valli Hi: Independence is important for me both in terms of creativity and in terms of my lifestyle and balance. I think my current set-up allows me to produce the art that I wish to put out without feeling under the constant pressure that other set-ups might put on artists. I have mixed and matched with different producers and other content creators and I am beginning to finally find myself in a position where I can produce the work that feels right for me. With the way the industry has changed, there is this option to finally reach audiences that you never would have thought to have even existed.



5 ELIAH SETON, SOUNDCLOUD – A MIDEM Q&A INTERVIEW



SoundCloud, described as the world's largest open audio platform, has developed a major A&L Services business, while still retaining its original mission to offer streaming distribution to unsigned and emerging acts and allow fans to discover new sounds.

It aims to help DIY and user-generated content music creators reach fans and network at scale. After all, SoundCloud is how Billie Eilish, Post Malone and a host of popular acts got discovered by the wider business.

It boasts that registered users can listen to 330 million-plus tracks on the platform, and about 60,000 are being uploaded daily.

Elijah Seton, SoundCloud's president (and formerly Warner Music Group's President of Independent Music and Creator Services), explains how the fast-developing A&L Services sector has become entrenched in the company's DNA.

Midem: What is your definition of A&L Services today and is the definition evolving?

Seton: A&L Services are about empowering the artist. As a result, the definition must be in a perpetual state of change, constantly evolving to meet the needs of artists at any stage of their career. There is the 'table stakes' components to an artist's career like release setup, planning and marketing, and then there is anticipating what's next, the future products, tools and services an artist will need. SoundCloud aims to offer solutions for artists at every stage of their career. And, as part that, we're always thinking about the 'future piece,' whether it's reaching artists' fans in gaming ecosystems through unique partnerships and livestreams, or even providing an infrastructure to personally support an artist's life by financing them or providing health insurance.

Midem: What are the specific A&L Services offered by your company?

Seton: SoundCloud's two main offerings are an at-scale professional marketing and monetisation service with industry-leading distribution, so artists can reach fans across all major streaming services from one central place, and a bespoke artist programme offering expert team support, premium promotional opportunities and placements. Our network of artists is incredibly diverse in location and genre, they live and create all over the world

and their music appeals globally. We pitch and find marketing opportunities with DSPs and social platforms all over the world like VK in Russia or Melon in South Korea.

Midem: Is the A&L Service business model an alternative or complement to the traditional model of signing up with only one label and publisher?

Seton: The model can be both an alternative to and a compliment to the traditional label model. However, SoundCloud believes the services model will expand for more artists and for portions of all artists' careers because it's a more attractive value proposition, giving artists more creative and economic control.

Midem: What SoundCloud-specific offering makes your company stand out in the A&L Services arena?

Seton: Our transition to Fan-Powered Royalties, which is truly unique in the industry. It allows our artists to build what might be small fanbases but derives disproportionate but fair and just economics from them. Rather than being at the behest of how distributions work from the big DSPs, they know they are able to really build a loyal super fanbase and earn much better. The initial data we are seeing from that is remarkable. We think it is shocking that as a fan in music today, if you wanted to spend US\$100 on your most favourite artists, you can't, which is crazy. The Fan-Powered structure is going to turn that upside down, not just through tipping but also through direct-to-fan relationships. ■

6 THE FUTURE OF A&L SERVICES

A&L Services combined are contributing to what the future of the global music industry will look like for today's creators. But as you will see in this section, the innovation they bring to the entertainment business is already being revolutionised by new-tech advances.

Patreon

Patreon, the international platform that offers all types of content creators the tools to set up their own paid-for subscription businesses, is positioning itself as part of the future of A&L Services.

Instead of targeting only DIY music creator-entrepreneurs, eight-year-old Patreon wants to focus on artists for whom music is important but could be one of several creative interests they offer.

Those artists must also have dedicated super-fan followers and, therefore, able to monetise their creativity, an approach that has enabled the company to drive what it calls the "second renaissance we'll be experiencing for decades to come".

At a time when new-tech inventions are being introduced to help DIY artist-businesses to generate alternative earnings, via direct-fan donations, non-fungible tokens (NFTs) and other next-gen income streams, Patreon has seen its valuation soar in a booming creative economy. It recently raised US\$155m in a Series F round of investment funding, giving it a US\$4bn valua-



Ronny Krieger

tion based on the 200,000-plus creators earning more than US\$100m a month combined from 7 million paying superfans worldwide. It is used by registered creators in every single country on the planet, says Ronny Krieger, Patreon's General Manager, Europe.

"All the other A&L Services companies focus on a finished product one way or another," he says. "Whether we're talking about a single, an album, or an EP that is then being exploited via streaming or downloads."

At Patreon, on the other hand, "our membership can include a finished product, but it can also include just the creative process. A lot of people gave up on the illusion that they needed 100 million followers to make a living; many have since decided it is better to have 100 people to pay you \$10 each month and focus on an audience willing to financially support you. Mentally, it puts you in a much better space."

NFTs (non-fungible tokens)

The rise of the NFTs mentioned earlier looks set to offer self-release independent artists a new form of 21st-century income source.

Similar to conventional stocks and shares, NFTs are monetisable collectible digitised items with financial values that can go up and down.

They are controversial for allegedly blinding music fans with new-tech science with words like "blockchain" and "cryptocurrencies".

But at a time when critics are attacking streaming-music services for not delivering fair remuneration to the vast majority of artists, NFT makers promise a viable more rewarding alternative.

ROCKI NFTs

Launched in April 2021, ROCKI is an online recorded-music platform where fans buy indie-music NFTs with the ROCKI cryptocurrency (digital coins) or with traditional money via

6 THE FUTURE OF A&L SERVICES

credit and debit cards, US-based co-founder Bjorn Niclas says.

Each ROCKI NFT is a digital recording, which is scarce because it is not released anywhere else and only a tiny handful are available to buy.

It is a rarity held in a crypto wallet that buyers can access anytime to play on ROCKI's streaming platform. They can play it at leisure gatherings or parties attended by people who will never be able to own it. Or the buyer can keep the NFTs as mementos with a financial value that grows.

Investors and fans can also purchase the ROCKI cryptocurrency to keep on its own as an investment, to use it on the ROCKI platform to buy more music-NFTs, to tip their favourite artists as a fan donation, or to re-sell on the NFT marketplace.

Valued at 8 US cents each when launched in December 2020, the ROCKI cryptocurrency's value reached US\$5 each a few months later.

Every time the fan/investor buys the ROCKI music-NFT with the cryptocurrency or credit card, the original rights owner or creator makes money straightaway. And every time the NFTs or the crypto coins are traded, a percentage share of the income goes to the original creator.

"Any independent artist can use our app platform, which is free to use, by uploading their music to our ROCKI streaming service, which is similar to SoundCloud," Niclas explains.

"Our goal is to make blockchain and NFTs mainstream compliant, where you don't need to be a blockchain or a crypto expert. You don't even need a cryptocurrency to start collecting limited-edition music as NFTs."

Zeptagram NFTs

Sweden-based Zeptagram is on a mission to use NFTs, cryptocurrency and blockchain tech to turn the traditional music-publishing business on its head for independent creators.

It is a start-up online auction platform that offers creators another way to monetise the publishing rights to their songs. Those rights are tokenised as NFTs that can be traded via digitally transparent and safe smart contracts on blockchain account books.

The artist, who always retains total control of the copyright, determines the terms and conditions, such as the percentage share of the rights to be leased and period it is available for. Anytime Zeptagram receives the publishing and other music-use royalties from the related collecting society, the creators' get their portion while the NFT owners receive their share in their digital wallets.

Fans and investors will be able to use Zeptacoins (Zeptagram's own cryptocurrency that is currently being raised via an Initial Coin Offering) to trade the song rights on offer and collect the related royalties. When the NFTs and Zep-

tacoins are traded, the creator collects a share – basically, another income source in addition to the royalties already earned.

"By making some of the rights available to fans, they become the artists' devoted partners," Christina Löwenström, Zeptagram's co-founder/CEO says.

First, she advises, creators should have their music protected with the correct metadata that identifies their compositions via ISWC or ISRC codes and be registered as the composer of the works. "If not, we can assist with that," she adds.

SoundCloud and the Gaming Metaverse

A&L Services could soon tap into gaming, the entertainment sector where Millennials and Gen Z music fans are known to hang out, as a powerful marketing tool for reaching today's young music lovers.

SoundCloud has entered the gaming ecosystem by forming partnerships with Roblox and Fortnite, two of the world's biggest gaming brands embraced by a generation that does not interact with traditional media and entertainment.

"We need to go and find our fans where they are spending their time. And 50% of our user base self-identify as gamers," SoundCloud's Eliah Seton states. "It is a very compelling affinity group. I hear Gen Zs spend four times as much

6 THE FUTURE OF A&L SERVICES

time in the gaming ecosystem as they do in film and TV and streaming services combined.”

In February, SoundCloud hosted the Player One festival, its first-ever livestreaming gaming tournament where SoundCloud artists who are also gamers competed against each other in a Fortnite game. SoundCloud rapper Rico Nasty hosted the event.

“Creating SoundCloud-branded avenues within gaming, whether it is in Roblox, Fortnite or any of the other major gaming platforms, is a critical part of our success. This allows us to use the future metaverse and gaming ecosystems, where our fans are spending their time.”



It is music biz; but not as we know it

Downtown Music’s Justin Kalifowitz emphasizes that the music industry is changing and decision-makers underestimate that change at their peril.

Pointing out that between 15,000 and 20,000 tracks are being put out for distribution daily by Downtown Music companies, he says: “We have the largest sound-recording catalogue in the music industry, and the equivalent of one in three of the songs on Spotify are running through our businesses,” he says,

That is a reality the international music market must face as the demand by independent-minded music talent for customised services accelerates, he asserts.

“You have 70 million tracks on Spotify; I say let’s talk about a world where there are 700 million tracks. Like so many other facets of the world that the Internet has democratised, technology was going to do the same to music, just not in the way people who run large record companies were thinking about it.”

“Most people in the music industry are making just one bet, which is that the value of all the world’s music will increase. We know that is true. We’ve made a second bet, that the number of people who are making music is also going to increase.” ■

ABOUT THE AUTHOR

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