



Soundcheck

Issue 12

May 2004

www.harryfox.com News

*A few words from Gary Churgin,
HFA President & CEO*

In the past six months, we have made several improvements to the HFA website, www.harryfox.com, in order to make the site more user-friendly for both new visitors and long-time affiliates. We believe the site now provides more information and services that enable users to find what they need immediately, without having to contact Client Relations for basic questions and form requests.

We added several options earlier this year, such as providing downloadable New Publisher Affiliation Forms and EFT applications. In the version of the site that launched in late April, we have made even more information available. The two areas with the most change are the homepage and the services page, which is now the “Client Services” page. We have moved information pertinent to new visitors directly to the homepage, with the navigation options for our most commonly asked questions. “What Does HFA Do?” explains the services we provide, as well as those we do not provide. Further, it tells the user how to accomplish other licensing tasks – performance, synch, master use – and provides links to pertinent sites. We have included this information in direct response to publishers’ requests that we provide direction on how to obtain these kinds of licenses. “Do I Need a Mechanical License?” is self-explanatory, and “I Need More Information About the Music Industry” provides links to other websites such as those for music trade publications and organizations.

The Client Services area now specifically provides support to licensees and affiliate publishers. We have added a good deal of information as well as downloadable forms for Song Registration, Publisher-Requested Mechanical License, Foreign

Activity Notification, Change of Address, Import Licensing and Estate Transfer. Though we upgraded on the art, a more complete design overhaul of the site will take place as part of Transformation 2.

We hope that the changes to the site will be helpful to you, and we will continue to upgrade this tool to provide you with even more information.



Windswept songwriter **Teitur** (with guitar) and his manager, Christian Ulf-Hansen of Plan C Music Ltd., stopped by the Harry Fox Agency offices to treat the staff to a special acoustic performance before his show at New York’s Joe’s Pub. Teitur is touring in support of his debut Universal Music release, *Poetry and Aeroplanes*.

HFA Distributions 101

The primary role of the HFA Distribution Department is to ensure as timely and as accurate a distribution of royalties to publisher members as possible for the mechanical physical and digital uses of their compositions. Distributions primarily include physical and digital mechanical, import, and foreign society, as well as PBS and background music service royalties for licensed uses, and synch fees from existing license agreements. We work closely with HFA's Collections, Royalty Compliance, Index, Licensing, and Client Relations Departments to deliver high-quality royalty processing.

The Distribution Department processes about three million lines of data each quarter, or nearly twelve million per year. Over 215,000 checks are processed and mailed annually. Ensuring reasonable processing turnaround is challenging because there are currently no industry standards in royalty reporting. Quarterly royalty data is submitted to HFA in a wide variety of mediums and formats, which requires technical and business analysis of the data. Because of these differences, we utilize several processing approaches to maximize efficiency and minimize cycle times.

Our core distribution processes for major labels are referred to as RSI (Royalty Statement Interface) and ADP (Automated Distribution Processing). RSI is currently used for BMG, Sony Music, EMI, Warner Music and UMG's MCA label. ADP is used for all other UMG labels, as well as BMG Music Spanish Latin, Curb, Madacy, Time Life, Walt Disney, and over 100 other manufacturers. RSI is effective for processing large blocks of royalty distribution data quickly at the

publisher level. Our department reviews the statement by publisher name as remitted by the licensee. Many titles are reported with incorrect splits or ascribed to the wrong owners as compared to the HFA database. Utilizing an extensive database that includes notes for specific compositions and licensees, we make the necessary corrections to the indicated songs. This process is referred to as "HFA adjustments" and is one approach to handling this issue.

ADP is a more complex technical process, which endeavors to match all licensee input transaction lines to the appropriate HFA Licenses or Song Codes. Once matched, transactions are calculated using the ownership and publisher split information contained in HFA's database and are then rendered to outbound statement delivery systems. Although this method is generally more accurate, transactions that are not automatically matched can require extensive effort to reconcile. This can extend over several reporting quarters. In order to minimize this impact over subsequent quarters, we continuously update a database history file to track all the manual interventions.

Some accounts are also processed utilizing manual approaches such as keypunching and scanning paper statements. When the former method is used, the transactions are manually matched to HFA licenses or Song Codes, one at a time. Scanning and other data retrieval methods help us in the manual preparation of files that can be processed using the ADP method. In some cases it is more efficient to utilize the label's actual hard copy statements combined with the corrective "adjustments" approach discussed above and submit these directly to clients. HFA

is aggressively involved in electronic data acquisition efforts with all licensees. Where such efforts are at an impasse, utilizing these paper statements is often significantly faster than keypunching or scanning.

Overall, the speed and accuracy of HFA distributions can be critically impacted by the quality of the licensee-provided information, so we are engaged in ongoing efforts to enhance and improve their statements and data. Common licensee reporting errors include incorrect song information, incorrect publisher information, and statements that don't properly reconcile with payments. Yet another challenge for the department has been in working to achieve licensee reporting cooperation and compliance in the area of digital downloads and streaming.

The HFA distribution department is also fully engaged in several internal and external system enhancement projects that will help us to more effectively serve our clients. You will read more about this topic in a future article.

Songwriters Hall of Fame Announces Honorees for 2004 Awards Event, to be held June 10 in New York

The National Academy of Popular Music/Songwriters Hall of Fame, announced the honorees for its 35th annual induction and awards dinner. The 2004 inductees are **Charles Fox, Al Green, Daryl Hall & John Oates, Don McLean** and the songwriting team of **Barrett Strong and Norman Whitfield**. Special award honorees are **Stevie Wonder, Neil Sedaka, Rob Thomas, Les Bider,** and **Mike Goldstein**. This year's Towering Song award will go to "What the World Needs Now is Love."

This year's event will be held on Thursday, June 10 at the Marriott Marquis Hotel in New York City. Tickets for the event are available through Buckley Hall Events at 212-573-6933.

Ringtone Opt-In Letter Due

The following Ringtone License Opt-In form is due to our Legal Department – don't miss your opportunity to be included in this deal.

Matrix M – Due June 6

If you have any questions about these offers, please contact J.C. Lindstrom in our Business Development department at jlindstrom@harryfox.com or 212-922-3234.

NMPA 2004 Annual Meeting June 14

The annual meeting of the National Music Publishers' Association (HFA's parent company) will take place on June 14 at the New York Helmsley hotel, 212 East 42nd Street. Planned speakers include **Edward P. Murphy**, President and CEO of the NMPA, **Irwin Z. Robinson**, the chairman of the Boards of Directors of NMPA and HFA, and chairman and CEO of Famous Music Corporation, **Peter Felcher** of Paul Weiss Rifkind Wharton & Garrison, and **Gary L. Churgin**, President and CEO of HFA.

The NMPA President's Lifetime Achievement Award will be presented to songwriter, singer, actor, and humanitarian **Paul Williams**.

If you are an NMPA member, we hope to see you at this special event. For more information on NMPA membership, visit their website at www.nmpa.org.

Reminder for POLI+ Users

Don't delay on reviewing digital license requests that are in the queue for publisher resolution. We are now sending you a number of license requests from licensees for digital configurations such as DPDs and ringtones. The sooner you authorize us to act on your behalf, the sooner you will begin to see royalty revenue.

Affiliate Profile:

Spirit Music Group



Mark Fried, CEO, Spirit Music Group

Most new businesses are launched because there is a smart business plan or an exploitable niche in the marketplace. While both of these may have been true in the mid-90's, when New York music exec Mark Fried formed Spirit Music, he says there was another, much more compelling reason to start the company. Having spent a decade in BMI New York's Writer/Publisher Relations Department, working with "one of the greatest rosters of songs and writers anywhere," Fried felt that the music publishing business needed to get back in touch with its song plugging roots.

He witnessed songwriters, from hugely successful veterans to promising newcomers, struggling to keep their songs active and careers afloat. Indeed, it was at the urging of such venerable writer/artists as John Phillips, Lloyd Price, Steve Cropper and Dennis Lambert that Fried set out to build a publishing company devoted to working with veteran songwriters and other small catalog owners to aggressively administer and actively promote their legacy of work, while also inspiring and marketing new writers and catalogs.

Launched with an experienced staff, culled from the senior ranks of publishing, record and management companies, media producers and collection societies, Spirit set out to identify song catalogs that contained some of the most well-loved compositions of the pop era and yet were most in need of proactive exploitation and tenacious "chase-every-penny" royalty collection. Among its earliest clients were the estates of Johnny Burke and Bernie Wayne – "beloved songwriters," Fried says, "whose heirs were determined to keep their songs active and earning, and they were happy to find a like-minded partner with the ideas and resources to make it happen."

Early success in both licensing and global royalty collection and the positive word of mouth of its clients allowed Spirit to continue to attract iconic songs and writers from every generation, ranging from the standards of Lew Spence and a long list of 60's pop hits by Mann, Appell & Lowe and Fred Wise to the prolific work of 70's hit-maker Irwin Levine; from the catalogs of blues/funk maven Johnny "Guitar" Watson and crossover jazz man Bob James to soul pioneers Gene McDaniels and Angela Winbush and southern rockers Marshall Tucker Band; from R&B/dance artists A Taste Of Honey and Sylvester to the works of 80's rockers Billy Squier, the Go-Go's and Naked Eyes, 90's dance act C&C Music Factory, rap originator Kangol, hip-hopper D.J. Clark Kent, and such enduring writer/artists as Brian Wilson and Carly Simon.

Recognizing early on that growing piracy and a laggard economy would impact traditional mechanical and performance royalty flows, Fried and Spirit's growing staff took direct aim at the major producers of film, television, advertising and new media. "We learned fairly quickly that media companies had been downsizing drastically in recent years, and their limited music staffs – responsible for scores of films and television series – desperately needed help to find appropriate, easily licensable

music for their projects.” Eschewing the now-standard course of mass-mailing multi-CD song samplers and inviting visits to confusing websites to pitch their songs to media, Spirit pluggers traveled constantly to the West Coast and elsewhere, crafting close relationships with music departments and supervisors, which allowed them to have input on a wide range of high profile projects.

As a result, the company has compiled one of the best song-placement records in the publishing business. Over the last six months alone, Spirit secured synch licenses in more than 25 nationally released feature films (including main titles in Sony’s 13 Going On 30 and Paramount’s School Of Rock, Sony’s 50 First Dates, Warner Brothers’ Starsky & Hutch and the end title in MGM’s Barbershop 2), scores of network and cable series (E.R., Everybody Loves Raymond, American Dreams, and The Sopranos), national ad campaigns (Fidelity Funds, McDonald’s and recent global branding campaigns by The Gap and Coca-Cola) and high profile video games (All Star Baseball ’04, Madden Football, Grand Theft Auto).

While much of Spirit’s philosophy is rooted in traditional song plugging, the company takes advantage of all the opportunities brought by new technology in its work. In recent years, Spirit staff have made an effort to assist media company music rooms in upgrading their systems to allow them to receive MP3’s of promising songs direct from publishers, rather than wait for CD’s in the mail. For the past six months, Spirit execs have been going to creative meetings with film, TV, advert and record company executives with Apple iPods, containing more than 5,000 of Spirit’s titles, enabling the immediate pitching of much of the company’s catalog directly into their projects.

Importantly, the company has focused considerable efforts in recent years identifying promising new songwriters in

Pop, R&B and Hip-Hop, signing such up-and-comers as Romeo Antonio, Khadejia Bass, D/R Period and Darrell ‘Digga’ Branch. Given Spirit’s respect for classic song craft, it’s no surprise that new writers are often paired with veterans, allowing each to influence the other and bringing a sense of mentorship back to the business. The company boasts cuts on high-profile recent releases from artists such as Jessica Simpson, Jay-Z, Michael Bublé, Anthony Hamilton, Dizzee Rascal, 50 Cent and Mya.

The company takes pride in discovering writer/artists and, as Fried puts it, “organically developing them” through a series of placements in top media vehicles. For UK pop/punk band Junk, signed by Spirit two years ago, the company’s creative department landed the band’s demos in NBC’s Providence, Fox TV’s Oliver Beene, Disney Channel telemovie You Wish and MTV’s Clone High USA as well as the end-title in MGM’s Agent Cody Banks. Besides funding the band’s writing, recording and touring endeavors, the high-profile synchs have helped them establish a large fan base and has attracted serious attention from record labels. Spirit has gotten behind comparable campaigns for other up-and-coming artists, such as New York’s Mooney Suzuki (recently signed to Columbia Records), mid-west pop singer April Start and Norway’s Ephemera.

As Spirit has grown, it has taken care not to lose its focus on actively advocating for its songwriters. Company executives remain in constant phone and email contact with clients, sharing music and information, comparing pitch ideas and tweaking their marketing plans. Fried points out that he named his company out of respect for the “spirit” of past-era publishers, who would do anything and everything to kick-start and grow their writers’ careers, and says his entire staff is now following in their venerable footsteps.

Word on the Street . . . HFA Affiliate Publisher News

EMI Music Publishing completed its acquisition of the **Jobete** song catalog, which contains more than 15,000 classic Motown standards. Jobete founder Berry Gordy will remain active in the development and creative direction of Jobete as well as in the exploitation of the catalog. EMI began its relationship with Jobete in 1982 when they assumed foreign administration of the catalog.

The publishing companies of the legendary songwriter/producer **Clyde Otis** have entered into a long-term exclusive worldwide agreement for **Famous Music Publishing** to represent the classic-rich catalogue of The Clyde Otis Music Group (TCOMG). Founded in 1956, TCOMG is a family-owned and operated African-American traditional publishing company that contains copyrights which span over five decades of music and the major musical genres of pop, rock, r&b, country and jazz. The classic songs include most of the Clyde Otis catalogue, the majority of the Brook Benton catalogue, with such hits as “Endlessly,” “It’s Just A Matter Of Time,” and “Break It To Me Gently,” plus such contemporary hits as “Shoop,” “Start The Commotion” and “Pop That Thang.” This worldwide administration agreement is the first of its kind for TCOMG. The agreement was made with the children of Clyde Otis – son Isidro Otis, President of TCOMG, Clyde Otis III, Vice President of Business Affairs, and daughter Ana Iza Otis, Vice President of Film and Television, who actively run the company. 79-year-old Founder and Chairman Clyde Otis has been semi-retired since 1987.

More **Famous** news. . . Hit songwriter/ producer **Charlie Midnight**, whose career for film, television and records, includes hits by such diverse artists as Hilary Duff, James Brown and Joni Mitchell, has signed an exclusive worldwide agreement with Famous Music Publishing. Midnight continues his hit writing and producing ways with the recent #1 Hilary Duff single “So Yesterday,” plus tracks on her 3x platinum album *Metamorphosis*, as well as tracks on her recent platinum soundtrack *The*

Lizzie McGuire Movie. In addition, he co-wrote “Shadows” on the #1 multi-platinum Britney Spears album *In The Zone*, and co-wrote “What Christmas Should Be,” the end-title for the smash comedy hit feature film *Cheaper By The Dozen*, also on Duff’s Christmas album. He is currently writing for Duff’s forthcoming film *Cinderella*, and is writing with Haylie Duff, for her debut album.

Spirit Music wanted to clarify that its deal with **Lou Reed** grants it the exclusive right to pitch and generate Film, Television, Advertising and Multimedia sync licenses. **EMI Music Publishing** remains Lou Reed’s global administrator.

In other news. . .

Also in April, the EU Commission released a report that recommends new legislation to create an EU-wide law for the collection of copyright fees. In part, the report concludes that: “In order to achieve a genuine Internal Market for both the off-line and on-line exploitation of intellectual property, more common ground on several features of collective management is required. This would safeguard its functioning through the Community and permit it to continue to represent a valuable option for the management of rights benefiting rightsholders and users alike.” The report also notes that copyright exploitation accounts for more than 5.3% of the EU’s gross domestic product.

“Word on the Street” is taken from press release material.

Upcoming AIMP Events

The New York and Los Angeles chapters of the Association of Independent Music Publishers are hosting several events open to both AIMP members and non-members:

May 19 – Valuing Music Publishing Catalogs (New York)

May 27 – Licensing Your Music In The \$7 Billion Games Software Industry (Los Angeles)

June 10 – Current Growth Opportunities in the Music Industry (New York)

For more information, see the AIMP website at www.aimp.org, or call (818) 771-7301 / (212) 582-7622.

HFA Employee Profile

Common Works Registration, or CWR, has been discussed in many of the past issues of Soundcheck. CWR is a technology solution that simplifies the process of registering works with copyright societies across the globe, and we have made it a keystone of our technology update. For this month's HFA Employee Profile, we introduce the members of the current CWR team to you.



Standing, left to right: Carter Cates, Jason Miller, Malcolm Lloyd. Seated: Sharon Zhang

Jason Miller

Jason is Senior Director, Large Market Technology Solutions heading up HFA's CWR efforts. He transitioned to this position last fall to focus his efforts on CWR integration, Mi3P participation, and the investigation of other protocols that will enable HFA to use electronic messaging to interact with customers. He and Carter Cates act as the HFA representatives in the CIS meetings on CWR. Jason says that it's "an amazing experience to work with all the societies and publishers to create a common standard across the globe. It's a tremendous sense of community." Jason is a long-time HFA'er, joining us almost 10 years ago after working in the Copyright Department at the Bourne Music Company. A transplant from Maryland, he has worked his way up through the ranks at HFA, starting as an assistant in the Mechanical Licensing department. Outside of HFA, Jason and his wife run a non-profit organization for animal welfare, www.happypets.org.

Carter Cates

Carter calls CWR "the best possible project to be on" in the HFA IT department. Carter received an HFA REACH Award last winter for his outstanding work ethic and collaboration skills. A Java Developer, he joined HFA last April after working for a hedge fund and internet consulting firm. He received his BA from Wabash College, and MA in English from Loyola University, and has studied Computer Engineering at Columbia University. Carter just got married last fall, and when not at HFA, enjoys playing piano and reading.

Malcolm Lloyd

Malcolm is a Java Developer for HFA, and in addition to CWR, he is also in charge of keeping www.harryfox.com up and running. Malcolm finds working on CWR "extremely interesting, and it's gratifying to be part of such a great team." A graduate of Georgetown (and not surprisingly, a big hoops fan), Malcolm joined HFA just under a year ago after working as a consultant on projects such as building an online brand center for the Thompson Corporation. Malcolm spends much of his off-hours improving his new home.

Sharon Zhang

Sharon joined HFA as a Java Developer last February after working for such companies as MBH Settlement Group, BusinessEdge Solutions and AT&T. She received her BA in Computer Science in China, and her MA here at Queens College. She sums up her views on the CWR project with, "We're a good team, working together to approach a good goal." When not hunched over her computer keyboard, she trades up to a piano to practice music with her children.

Did you sign up your publishing company for EFT yet?

Direct Deposit, or Electronic Funds Transfer (EFT) forms, are available online at www.harryfox.com/eft.html. Sorry, at this time we can only offer EFT for U.S.-based accounts.

“Return to Sender, Address Unknown”

Publishers MIA: Can You Help Us Find Them?

HFA represents over 27,000 publishers. Over time, some of them change their addresses and forget to provide us with forwarding information. While we do our best to track them down, there are some that we have been unable to reach. We need your help! Please take a moment of your time to go to <http://www.harryfox.com/publisher/infoUpdate.html> and let us know if you can provide any information that would help us locate any of the entities on the site.

If you have any comments regarding HFA’s Soundcheck, please contact Laurie Jakobsen, Senior Director, Communications, at 212-834-0133 or ljakobsen@harryfox.com.

HFA Soundcheck is published 10 times a year by The Harry Fox Agency, Inc. (HFA). All rights reserved. Established in 1927 by the National Music Publishers Association, HFA represents over 27,000 U.S. music publishers for their mechanical and digital licensing needs, and the collection and distribution of royalties. HFA also provides collection and monitoring services to its U.S. publisher clients for music distributed and sold in over 75 territories around the world. For more information about HFA, or to become an affiliate publisher or a licensee, see www.harryfox.com.