

IMPEL Board Minutes

CONFIDENTIAL

Venue: KX8-02 Boardroom

8th Floor, 2 Pancras Square

Date: Thursday 9th June 2016

Time: 10am – 12pm



Attendees: Simon Platz (Bucks Music) – Chair John Minch (Imagem Music) John Truelove (Truelove Music) Maria Forte (Fintage Music) Mike Box (Reverb Music) Nigel Elderton (Peermusic) Chris Butler (Music Sales) Tim Ingham (External Director) Jane Dyball (CEO)	By Invitation: Steve Burton (MPA Group) Josh Kendal (MPA Group) Tom Fletcher (“Fletch”, MPA Group) Stuart Edwards (PRSFm) Naomi Moran (PRSFm) Ben McEwen (ICE Services) Tim Rawlinson (ICE Services)
Apologies: Stuart Hornall (Hornall Brothers)	Apologies: Claire McAuley (MPA Group)

Item	
1	Welcome and Introductions
	<i>We welcome Naomi Moran for items 6.1 and 6.2</i> <i>We welcome Stuart Edwards for items 7.1 and 7.2</i> <i>We welcome Ben McEwen and Tim Rawlinson for item 7.2</i>
2	Approval of Minutes
	The minutes from the last meeting were approved.
3	Matters Arising not on the Agenda
3.1	Pre-negotiation pack <i>This item will be carried forward.</i>
3.3	Elections JD explained that the IMPEL turnover will not have altered the 4 largest companies, and therefore the four members of the Board who represent those companies will remain on the Board. The membership was consulted on the matter of not holding elections. JD has personally responded to ABCKO, who had raised a couple of issues. The MPA Board have endorsed the IMPEL Board’s position. The Board therefore considered this matter concluded.
4	CEO Update The Board brief was noted.
5	IMPEL Business
5.1	New leads report SP asked if services on the leads report could be updated. Fletch has asked for the master leads list so that these updates can be made. MF asked if the leads report could be circulated in excel form, so that it can be filtered and examined in further depth. Action Point: TFI to circulate excel version of the leads report. Action Point: TFI to circulate the ICE comparison of licensed services.
5.2	Midem <u>Pandora</u> JD explained that Midem had been a very busy long weekend. JD had met with Pandora, and asked what their challenges currently are and what their USP is, in the saturated

	<p>market that they are entering (<i>responsive technology, which has been created with writers in mind; smart curation, which uses genomes to play similar sounding music</i>). JD asked to trial their technology and Pandora agreed to give trial codes, so that the Board to trial the service.</p> <p><u>Vevo</u></p> <p>JD had lunch with Vevo. Vevo have raised concerns over what they perceive to be a ‘take-it-or-leave-it’ style of negotiating from ICE. JM asked if ICE were doing IMPEL members a favour by pushing the 15% royalty rate. JD noted that rev share is meaningless if there is no revenue and so there should be a more dynamic licensing approach, starting with a conversation between licensor and licensee regarding their business model and the difficulties that may arise on both sides. JD suggested that an IMPEL visit to Vevo should be organised, as they are a company that IMPEL should try to better understand.</p> <p><u>IMPEL/ RfP Meetings</u></p> <p>Bicycle have noted that they are going to wait to see what the outcome of the RfP will be before considering becoming an IMPEL member. CB asked if the RfP meeting attendees believed that IMPEL and MCPS will be aligned at the end of the RfP process. JD explained that one of companies that attended the RfP meetings are looking to manage IMPEL only, one is looking to take on the MCPS and IMPEL Business and one is looking to supply services for specific parts of the business.</p> <p>JD asked for feedback on the IMPEL meetings on the Monday morning. CB believed that the meetings went very well and helped to improve licensee relationships, gather information on each DSP, and present IMPEL as licensors who are fully engaged in the licensing process. The Board agreed that the meetings were very constructive and should be held yearly.</p> <p>Action Point: TFI to organise a session with Vevo in September & to chase Pandora for trial codes.</p>
5.3	<p>YouTube</p> <p>JD explained that she has informed Ben McEwen that the YouTube deal will fall after the SLA expiry date and that no deal should be sent to YouTube on behalf of IMPEL without pre-approval. JD commented that the YouTube deal will be just as much about data management/ access, as it will be about rates.</p> <p>MB noted that the tools available to American publishers, will need to be included in the next YouTube deal, otherwise publishers will withdraw and handle their YouTube deal from America. JD explained that there needs to be a great deal of research carried out, before the negotiation, which will begin with an internal meeting to create a list of issues with the current deal. JD suggested that the membership should be consulted on this matter.</p> <p>Action Point: TFI to consult members regarding issues with the current YouTube deal</p>
5.4	<p>Spotify</p> <p>JD noted that there has been a large staff turnaround at Spotify recently, which is indicative of the changes at the company, and a move away from Sweden.</p>
5.5	<p>Soundcloud</p> <p><i>The Brief was noted.</i></p>
5.6	<p>TIDAL</p> <p><i>The Brief was noted.</i></p>
5.7	<p>7Digital</p> <p>The 7Digital/IMPEL session will be held at the 7Digital offices on Thursday 16th June.</p>

6	IMPEL Internal										
6.1	<p>IMPEL Working Group <i>Naomi Moran entered the room at 11:05.</i></p> <p>NM gave a brief explanation of the IMPEL Working Group’s purpose and regular items on the agenda. NM noted that the debtors update has been a helpful way to get finance and licensing to discuss outstanding debt and how to chase it. There is now a monthly meeting between PRS finance and ICE licensing to discuss these debtors. There is also an update from PRS operations, which highlights distributions that are due, and ones that are due to fall behind schedule.</p> <p>JD explained that Naomi has been a valuable addition to PRS because IMPEL has not previously had someone solely working at PRS on IMPEL matters across all departments. JD noted that there are still some heritage issues that are still being tackled.</p> <p>Action Point: NM to add the overpayment of several members from two publishers to the next IWG agenda.</p>										
6.2	<p>New Members/leaving members</p> <p>NM noted that new members are currently not always MCPS members; instead, many are American publishers. Currently, new IMPEL members are required to be MCPS members, and therefore will sign up to MCPS and IMPEL at the same time. The Board asked for this to be reviewed at the next IWG.</p> <table style="width: 100%; border: none;"> <tr> <td style="text-align: center; width: 50%;"><u>Joining Members</u></td> <td style="text-align: center; width: 50%;"><u>Leaving Members</u></td> </tr> <tr> <td style="text-align: center;">Downtown – 1st July</td> <td style="text-align: center;">Ole are still currently</td> </tr> <tr> <td style="text-align: center;">Paul Rodriguez Music – 1st July</td> <td style="text-align: center;">IMPEL members.</td> </tr> <tr> <td style="text-align: center;">Raleigh Music Group – 1st July</td> <td></td> </tr> <tr> <td style="text-align: center;">Phoenix Music – 1st October</td> <td></td> </tr> </table> <p>Action Point: NM to add new IMPEL members having to become MCPS members at the same time to the next IWG agenda.</p>	<u>Joining Members</u>	<u>Leaving Members</u>	Downtown – 1 st July	Ole are still currently	Paul Rodriguez Music – 1 st July	IMPEL members.	Raleigh Music Group – 1 st July		Phoenix Music – 1 st October	
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6.3	<p>IAG <i>The brief was noted.</i></p>										
6.4	<p>SLA update MB offered to join the IMPEL Clean team as he is now available to do so. The Board agreed that MB should join the IMPEL Clean team.</p>										
6.5	<p>BIEM writers <i>The brief was noted.</i></p>										
6.5	<p>ICE Licensing and Revenue Committee <i>The brief was noted.</i></p>										
6.6	<p>IMPEL Website update <i>The brief was noted.</i></p>										
7	Finance										
7.1	<p>MPR</p> <p>SE noted that invoicing is generally on time. Apple music is currently behind schedule due to a delay from Apple delivering their data and invoice. If these are received soon, this may allow for a distribution in July. SP raised concerns over whether the distribution will go ahead. SE will provide an update at the next IMPEL board on whether the data and invoice has been received, which will allow for the distribution to go ahead.</p> <p>JD asked where the IMPEL money from Spotify appears on the MPR, as the Spotify deal would suggest that more money was owed. SE commented that further comparison work will be done on Spotify, which will be reported back to the next Board.</p> <p>Action Point: SE to compare the Spotify deal with the current distributions and forecast and report back to the next Board.</p>										

7.2	<p>ICE Update on Debtors <i>Ben McEwen and Tim Rawlinson entered the room at 11:33.</i></p> <p>BME introduced the topic of bad debt, referring specifically to Omnifone. BME shared an annex with the Board that showed the current and future processes for tracking / chasing bad debts and what changes have been made to prevent repeats of this issue in the future. BME explained that PRS finance do carry out debt chasing procedures; however, responsibility for chasing bad debt had previously been unclear, which has led to various issues.</p> <p>BME noted that a monthly meeting is now held between ICE and PRS (Licensing and Finance), who will discuss outstanding debts going forward. In addition to this it has been agreed that the finance department in PRS can now contact their counterparts in the licensees when there is a debt issue. There have also been process changes, which hope to make the debt management process clear and more effective. Finance will also be producing an IMPEL specific debtors list, that can be discussed at the IMPEL Working Group.</p> <p>TR explained that ICE have sent a letter to Omnifone S.a.r.l (the Luxembourg-based company, who the licence is with), issuing a 14 day payment deadline and a 7 day letter of receipts.</p> <p>MB asked if there was evidence that Omnifone are prioritising other creditors over PRS. BME explained that there was nothing to suggest that Omnifone were paying out to other parties, rather than PRS. TR furthered this by saying that the action letter was confidential, and not shared with TR, because it was acting on behalf of other rightsholders.</p> <p>NE asked if ICE were credit scoring each of the services. BME noted that ICE do this, and provide business intelligence from each of the key account managers. SB noted that many of these DSPs operate on an uncertain business model, which is why their credit scores are low. SB suggested that money should be held in escrow as soon as a licence is signed, so that MCPS and PRS are not effectively funding working capital for these businesses. JD agreed and noted that if this is done at the point of licence issue, this is considered a good-faith payment, rather than a bad debt mitigation process. SB commented that these businesses cannot exist without the rights granted to them, and that surely there is an obligation for them to pay in a timely fashion.</p> <p>BME noted, that as an example, money was secured from Deezer and Orange. BME commented that ICE will aim to do a better job at recognising risky businesses in the future, and ensure that money is secured up front from these services.</p> <p><i>Ben McEwen and Tim Rawlinson left the room at 12:00.</i></p> <p>Action Point: TFI to circulate the 'as-is' and 'to-be' debt processes from Ben McEwen.</p>
8	<p>International <i>The brief was noted.</i></p>
9	<p>AOB TI noted that Deezer have sold their podcast business (Stitcher) for \$4.5m. Deezer will spend this money in under two months based on current forecasts. TI noted that this seemed to suggest a retraction of business and a reductive strategy.</p>

The meeting is due to finish at 12:00.

The next meeting is **Wednesday 13th July at 10.00am**