

IMPEL Board Minutes**CONFIDENTIAL**

Venue: KX8- JV & Partners Room

8th Floor, 2 Pancras SquareDate: Tuesday 20th September 2016

Time: 10am – 12pm



Attendees:	By Invitation:
Simon Platz (Bucks Music) – Chair Mike Box (Reverb Music) Maria Forte (Fintage Music) Stuart Hornall (Hornall Brothers) Tim Ingham (External Director) John Truelove (Truelove Music) [dial-in] Jane Dyball (CEO)	Tom Fletcher ("Fletch", MPA Group) Stuart Edwards (PRSfM) Victoria Campoamor (Google)
Apologies: Nigel Elderton (Peermusic) John Minch (Imagem Music) Chris Butler (Music Sales)	Apologies: Steve Burton (MPA Group)

Item	
1	Welcome and Introductions We welcome Victoria Campoamor for item 4. We welcome Stuart Edwards for item 6.1.
2	Approval of Minutes The minutes from the last IMPEL Board were approved.
3	Action Tracker The actions from the last meeting were signed off as completed. The actions from this meeting have been listed below.
a	TFI to organise a YouTube/ IMPEL technical working group meeting before the next IMPEL Board
b	SB to notify the Board on any future planned changes to distributions for approval
c	TFI to investigate the service "hum" and get an update for the next Board
d	TFI to consult the IMPEL Board and Members on back-office issues
e	PsJ to investigate what SOCAN's cost allocation to processing distributions will be and what their cut-offs on processing are.
f	TFI to ensure that JT and MF are invited to future SOCAN demos
g	TFI to organise an IMPEL Operational Issues meeting before the next Board meeting
h	TFI to add that IMPEL accounting is done without local society deductions to the communications plan
4	YouTube Presentation <i>Victoria Campoamor joined the meeting at 10:00.</i> Pre-Claims <ul style="list-style-type: none"> - VC explained that the reporting cycle for YouTube is broken down into pre-claim and the post-claim processes. There are 3 ways for pre-claims to be made: masterlists, APIs and through YouTube's CMS. - YouTube have a target to reach an 80% clearance rate on pre-claim by the end of 2016. - Societies operate their pre-claim via 'masterlists', whereas US publishers use an API data feed. - In the US, data is sent on a constant API feed, which includes works, shares and ISRCs. YouTube then uses the ISRC code to match against the video works. <p>JD asked whether it would be helpful for UK publishers to use an API data feed. VC explained it would be; however, if two sets of conflicting data were delivered from a publisher and PRSfM, YouTube would need to know which data set should be referred to when YouTube makes payments.</p> <ul style="list-style-type: none"> - PRSfM processes masterlists on a monthly basis. However, PRSfM <u>do not</u> submit these regularly and VC noted that it would appear that pre-claim is not PRSfM's priority. Instead, PRSfM focus on post-claim, which is the more traditional method.

- YouTube then calculates payment (on works not in conflict) on a daily basis, which are then paid quarterly, 60 days after invoice
- MSG in Turkey is currently claiming 80% of their works through pre-claim, due to the fact that post-claim is too complicated for them to handle.
- VC noted that ICE would likely be capable of handling an API function, which would improve pre-claim processing.
- CMS allows for users to see what works have been linked to the YouTube asset (video), usage, analytics on that asset, and revenue detail.

JD asked what would happen in publishers handled the pre-claim process and societies handled the post-claim process. VC explained that as long as the publisher is the source of data for pre-claim and that this was agreed with PRSfM/ ICE, the premise could work from an operation point of view.

- VC explained that some labels use CMS to block UGC versions of a song, to direct all usage to the original video for a period of time after release.

Post-Claim

- The Post-claim process consists of the following steps:
 1. YouTube sends a quarterly usage report to societies
 2. The society ingests/ matches the file and sends CCIDs (Claim Confirmation & Invoice Details) back to YouTube
 3. YouTube reconciles and pays out on works not in conflict, that have not already been paid through pre-claim
- In the GAS territories, where YouTube is not fully licenced, a lot more effort is put into the pre-claim because there is no post-claim process available.

What has been paid?

- Google have fully paid up to Q216 for all pre-claims (excluding conflicts)
- The September masterlist will be sent to societies on the 30th October
- Post-claims have been paid all the way up to Dec 2014. This includes works in conflict, which were resolved by using the residual payment to pay both conflicting parties on a work the same amount.
- For 2015 onwards, no post-claims have been paid. ICE have sent invoices for usage up to Q116

Issues

- There is a significant issue with post-claim, where CCID's have been delayed, missing and invalid in the past. YouTube cannot reconcile historical issues until all data in the invalid CCID has been corrected. Therefore, payments are dependent on everybody having post-claimed correctly.

JD asked how much money is in the residual. VC explained that YouTube cannot figure out how much is in the residual until all of the CCIDs are in. VC explained that YouTube have asked for all CCIDs by September 30th, and will pay out based on market share. YouTube are only aware of one European society that will not be able to deliver the CCID.

Solutions

- For YouTube, the adoption of APIs by societies for pre-claims would reduce conflicts and other operational issues.
- For societies, fewer reports would help streamline the matching processes (e.g. a master list for all territories rather than several reports separated by country).

YouTube - "Encore"

- YouTube have developed a process, named "Encore", for reporting and payment of YouTube royalties, based on setting clear deadlines for reporting, which will improve reporting and payment efficiency.
- The Encore process consists of the following steps:
 1. Usage data is sent by YouTube to societies for a quarter, 1 month after the end of the quarter
 2. At this point the pre-claim data is sent by the society to be reconciled by YouTube
 3. 3 months from this point, the society sends a post-claim and invoice
 4. Societies are then then given 2 months to reconcile their post-claims
 5. This is now 6 months on from the original usage reporting. This is when payment is made by YouTube on works not in conflict
 6. Societies are then given a further 6 months for back-claims reconciliation and conflict resolution, which are paid by YouTube on a monthly basis during this time
 7. Any money that remains after 18 months (residual and conflicts included) is then paid out according to the licensor's market share (this could be a publisher or society).

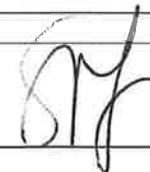
	<p>JD noted that the back-claim period (9 months) is a very long time, which is not CRM directive compliant. VC noted that YouTube want to review this process within a year, to shorten it; however, there is an issue around given enough time for new works registrations in that period.</p> <ul style="list-style-type: none"> - VC highlighted three main areas for IMPEL to concentrate on going forward: <ul style="list-style-type: none"> a. Agree on how the residual should be distributed (to allow for Encore to work) b. Support focus on management of conflicts (Through CMS, within encore) c. Support focus on pre-claim (data feed, more frequent master lists) <p style="text-align: center;"><i>Victoria Campoamor left the meeting at 11:08.</i></p> <p>The Board agreed that it is essential to have access to YouTube's CMS in the new agreement. The Board also agreed that it would be helpful to even have an 'IMPEL' access, which would allow for each IMPEL member to see others works and earnings; however, it would be better than the current set-up.</p> <p>JD suggested that there should be a YouTube/ IMPEL technical working group, where IMPEL members can discuss technical matters, and how IMPEL can help with Victoria. Further to this, JD suggested that the current distribution policy needs to be reviewed.</p> <p>Action Point: TFI to organise a YouTube/ IMPEL technical working group meeting before the next IMPEL Board Action Point: TFI to compare what PRS and YouTube have claimed has been paid. Action Point: JD to review the current YouTube distribution policy</p>
5	<p>CEO Update <i>The brief was noted.</i></p>
6	<p>Finance</p>
6.1	<p>MPR</p> <p style="text-align: center;"><i>Stuart Edwards joined the meeting at 11:11.</i></p> <p>SE highlighted the following key points from the August IMPEL MPR:</p> <ul style="list-style-type: none"> - Overall Invoicing is ahead of schedule, currently at £10.4m - There were no distributions made in August. There was a forecast distribution of online residuals (£107k) for September, which was delayed to the October distribution due to reduce the complexity of statements. - Amazon have not paid on their outstanding invoices for Q216. JD noted that this should be flagged with licensing, who are doing paperwork to license Amazon's new Orange service. Licensing should be told to get this money in before the licence is agreed. - JD raised the fact that the delay between invoicing and distributions – focussing particularly on the fact that half of the overall money invoiced (£5.2m) has been distributed. SE noted that this will be addressed on the lead up to year-end. <p style="text-align: center;"><i>Stuart Edwards left the meeting at 11:25.</i></p> <p>Action Point: SB to notify the Board on any future planned changes to distributions for approval</p>
7	<p>IMPEL Business</p>
7.1	<p>New leads report <i>The brief was noted.</i></p> <p>Action Point: TFI to investigate the service Humm and get an update for the next Board</p>
7.2	<p>SoundCloud</p> <p>JD explained that the Major publisher representatives were present for the discussion around IMPEL distributions at the last distribution committee. At the meeting the whole group were asked (including majors) whether £2.5m of the residual payment should be allocated to IMPEL and PRS, with £350k being allocated to the participating majors, or whether £2.85m should be paid to everyone (incl. majors). There is now a conversation going on between PRS and ICE over how this should be handled. Ben McEwen is in support of the fact that the money should be allocated towards IMPEL and PRSFM.</p>
7.3	<p>IAG</p> <p>MB gave an update on the IAG, noting that the meeting was centred on Apple Music and the inclusion of lyrics within their licence. JD suggested that because there is no system in place for the licensing of lyrics currently, it is probably</p>

	best for the publishers to include their lyric rights in this deal in the meantime. JD explained that she has obtained a copy of the contract between ICE and Apple Music, which will be reviewed. It was noted that this issue will be referred to the MPA Board.
7.4	ICE Licensing and Revenue Committee <i>The brief was noted.</i>
8	IMPEL Internal
8.1	IMPEL Working Group JD noted that the working group is focussing on Distributions. SP informed the Board that there is an opportunity for IMPEL to forward their issues with the PRSfM back-office operations. These can then be fed into the RfP discussions as well as addressed in the IMPEL Working Group Action Point: TFI to consult the IMPEL Board and Members on back-office issues
8.2a	New Members JD is currently in conversations with Domino and Because Music about becoming IMPEL members.
8.2b	Leaving Members <i>The brief was noted.</i>
8.3	RfP Update MB noted that his main concern is that SOCAN will not be able to carry out their proposed deal, on a long term basis, for £10.5m. For this reason, MB asked that MCPS/IMPEL Evaluation Committee ensure that this is possible. JT voiced concerns over the fact that SOCAN have planned IT upgrades and that they are still running AS400 systems. Further to this, JT explained that SOCAN are not putting a lot of stress on their systems because they have set high processing thresholds. JD asked whether JT and MF would be able to attend the system demos with SOCAN to ask their questions directly. JT noted that IMPEL will need to take a position on distributions in the future; whether IMPEL would prefer expensive distributions which process all (or most) of the usage data, or whether IMPEL would prefer cheaper distributions. TI explained that the ability for IMPEL to negotiate their own deals should be the centre point of IMPEL's future. TI noted that Merlin are able to claim that they are not affected by any other entity. TI noted that IMPEL needs to be able to claim the same and that independent publishers are stronger in IMPEL, because they can negotiate deals directly, in the interests of their members. Further to this, TI explained that some of the IMPEL members need to pay private investors regularly and that the distribution policy will need to be reviewed, to allow for regular distributions to be made, rather than PRSfM holding money back until the full distribution committee decide on a policy. Action Point: PsJ to investigate what SOCAN's cost allocation to processing distributions will be and what their cut-offs on processing are. Action Point: TFI to organise an IMPEL Operational Issues meeting before the next Board meeting to ensure that all concerns have been identified and can be addressed Action Point: PsJ to organise an IMPEL specific SOCAN demo if required Action Point: TFI to add TI's concerns on the distribution policy to the risk register
8.4	IMPEL Communications <u>Website</u> <i>This item will be carried over.</i> <u>Communications Plan</u> MB noted that it would be beneficial to mention that IMPEL accounting is done without local society deductions. Action Point: TFI to add that IMPEL accounting is done without local society deductions to the communications plan
8.5	ICE/ IMPEL Support System <i>This item will be carried over.</i>
9	AOB

The meeting is due to finish at 12:00.

The next meeting is **Thursday 13th October at 10.00am**

Signed



Dated

26.11.16