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Bill Of Rights

The Harry Fox Agency Branches Out In Response To Licensing Changes

This isn't your father's Harry Fox Agency.

Best-known as a licensing clearinghouse for music publishers, HFA moved beyond its core business four years ago when it began offering administrative services, providing the company with a new source of revenue growth.

"HFA suffers from being looked at through a very narrow pigeonhole," president/CEO Gary Churgin says. "HFA used to be viewed as an all-or-nothing deal."

Today HFA says it can handle each step in the licensing process—from drawing up a licensing agreement and providing data matching and copyright research services to reporting and distributing royalties and maintaining detailed publishing ownership information. HFA also can serve as an administrator for labels, digital distributors and others direct licensing agreements with non-HFA-represented publishers.

"In working with digital licensees over the last eight years," VP of business development Lauren Apolito says, "we have laid out the transaction arc, identified the pain points and come up with a solution for each one."

With the emergence of the digital marketplace, HFA recognized that it needed to disaggregate many of its services, Churgin says.

"We have taken them out of the clump to say, 'You know what? If you want to license your music just for the digital services, and/or if publishers want to become affiliates of HFA just for the digital world, or just for ringtones, we will do that,'" he says. "What we are able to do is offer almost a custom service in terms of what it is you need either as a publisher or as a licensee."

A central part of these efforts has been the continued expansion of its song database, which links more than 3.5 million ISRC codes to their underlying musical compositions, including information on writers and publishing copyrights, "something that nobody else has in the marketplace," Apolito says.

The database includes such business rules as payment instructions and who has song-commitment authority. It also has songs from

non-HFA-affiliated publishers because HFA accesses such information when providing a la carte services, like the quarterly Publishers Airplay chart that it compiles for Billboard, which calculates the share each publisher has of the top 100 songs of the quarter (Billboard, Feb. 21).

Publishers Place

ED CHRISTMAN



HFA often deals with digital music services that are overwhelmed by the number of tracks for which they need to clear publishing rights. In those instances, HFA works with the clients to help them determine which works they need to clear first and help them administer any direct deals they might have, Apolito says.

HFA is increasingly billing licensees, rather than publishers, for its services. For example, when HFA obtains song licenses for digital service providers, the licensee pays HFA for those services, and HFA then pays the publisher 100% of the publishing royalty, with nothing held back for HFA overhead.

With its expanded menu of services, HFA is treading on ground staked out by companies like the New York-based RightsFlow; Woodland Hills, Calif.-based Music Reports Inc.; and San Diego-based RoyaltyShare. "RightsFlow is one of the first companies to act on behalf of its customers—labels, distributors and online music services—to obtain licenses for publishing uses for 100% of the song approval whether or not represented by the Harry Fox Agency," RightsFlow president Patrick Sullivan says.

MRI touts its 13 million-song database as unique to the marketplace, though some music industry executives question its accuracy. Still, Les Watkins, MRI senior VP of business affairs and business development, says HFA's efforts to generate additional revenue by charging for administrative services suggests that it wasn't properly incentivized in the past to meet all its obligations to publishers who paid it to clear licenses on their works.

Churgin counters that by working with HFA, licensees get better-quality information and the security of knowing that they've obtained the



21st century Fox: HFA's GARY CHURGIN (top) and LAUREN APOLITO

proper licenses and secured the appropriate rights.

"In the absence of substantial high-volume direct data relationships with rightsholders," he says, "third-party service providers simply cannot have accurate, complete, up-to-date information."

Churgin notes that HFA's song database ranges from best-selling titles to digital tracks with fewer than 5,000 copies sold.

"HFA has become the database of record," Churgin says, "in that we have the most current ownership information available."



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