



# Soundcheck

Volume VIII, Number 1

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## 2008 in the Crystal Ball

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

The industry numbers for 2007 have been coming in, and the forecast for traditional CD album sales continues to look downright chilly. Based upon SoundScan trends, the decline in unit sales seems to have accelerated over the past several years. In light of this, HFA is budgeting for a 10% effective decline in core mechanicals for 2008. Analyst reports project the growth of digital formats will not offset the continuing physical decline until 2012, so we may still not have hit the true bottom of this cycle.

Of course, we are anticipating key decisions regarding formats and royalty rates from the Copyright Royalty Board judges this later year; decisions that will color the financial picture for publishers and songwriters for the next five years and determine whether we will be able to receive our fair share from those digital formats when they finally replace CDs. The trial has just begun to determine compulsory mechanical rates, and although the publishers won an early victory regarding DiMA's interactive streaming challenge, we're far from being out of the woods.

We are encouraged by the experimentation of labels and artists, such as album download gift cards, value-added CDs and instant availability

of concert recordings. But it's a concern when the pressure to maintain record label profit margins is expected to be borne by publishers and songwriters.

At HFA, we're not taking these challenges lying down. We continue to work to maximize our publishers' current revenue streams and proactively pursue the royalties they are owed, while looking for new licensing opportunities to add new areas of income to mitigate the effects of declining CD sales. No one thing may be a direct replacement, but these new areas may one day take the sting out of the decline in mechanicals.

Sometimes the most creative solutions come out of periods of adversity. Despite the bleak outlook, I continue to believe that, in time, the opportunities presented by the digital era will outweigh the present hardship.

A handwritten signature in purple ink, appearing to be 'G. Churgin', is positioned to the right of the main text.

## Songfile® User Survey Results

Last fall, HFA conducted an online survey of over 32,000 registered users of Songfile®, our limited quantity online licensing service. We received great feedback from these users – in general, they find our service fast and easy to use - and we have already incorporated some of their preferred improvements, including dropping the minimum quantity to 25, and will be including others throughout 2008.

Overall, users like the service a great deal, with 97% reporting that they would use Songfile again. While the volume of licenses they may request is small, they are sophisticated customers that expect to continue annual releases of recordings. Almost 90% of respondents expect to put out a recording again, with most reporting that they release 1-5 recordings a year.

The respondents of the survey were licensing for the following uses (they chose all that applied):

- 49.1% are solo artists
- 32% are in bands
- 24.2% were a record label
- 9.3% were religious organizations
- 6.1% were associated with a school

The top genre reported was jazz/blues (29.9%), followed by pop, gospel/inspirational, and rock. Country was 19.1%, and folk/bluegrass was 18.6%.

We also received great unsolicited feedback from the Songfile community last month when we announced the new minimum and eCheck capabilities. The changes were very welcome and customers thanked us for making it even easier to comply with the law and obtain licenses.

Keeping these smaller licensees satisfied is a priority to HFA because we know it's a tremendous service for our publishers as well. We know that for a publisher, issuing licenses for these small quantities and tracking the royalties can be a nuisance. With Songfile, licensees pay the full statutory rate up front and obtain their licenses within a few minutes – and because we support the service with a user fee, HFA can distribute royalties on a commission-free basis – publishers get every cent of the mechanical royalty.

We're very pleased that the Songfile community has responded favorably to the service, and we plan to continue to deliver further improvements. Songfile licenses earned almost \$3.7 million in royalties for publishers in 2007. We want to continue to grow those dollars.

## **HFA Licensees – Kick the Paper Reporting Habit!**

Did you know you can send your quarterly royalty report to HFA electronically using a simple Excel format?

The benefits of electronic reporting:

- You can easily manage and update your data in a standardized file.
- You can use the previous period to formulate current royalty data.
- The standard format makes it easier for HFA to quickly advise you of any updates and discrepancies so any corrections can be made.
- Instant submission gains you days of processing time and there's no printing or mailing costs.

You can download an electronic version of the royalty report from our website at [www.harryfox.com/electronicreport](http://www.harryfox.com/electronicreport). When you have the form completed for the quarter, email it as an attachment to [royaltyfile@harryfox.com](mailto:royaltyfile@harryfox.com), and include your check number or wire transfer information in the body of the email.

Royalty payments and statements are due within 45 days after the close of each calendar quarter. This means they must be received **on or before** February 15 for the fourth quarter of the previous year, May 15 for the first quarter, August 15 for the second quarter, and November 15 for the third quarter.

We encourage you to try electronic royalty reporting. If you have any questions, contact HFA Publisher Services at 212-834-0100 or email [publisherservices@harryfox.com](mailto:publisherservices@harryfox.com).

## **HFA Online Licensing and Royalty Report Information Now Updated Weekly**

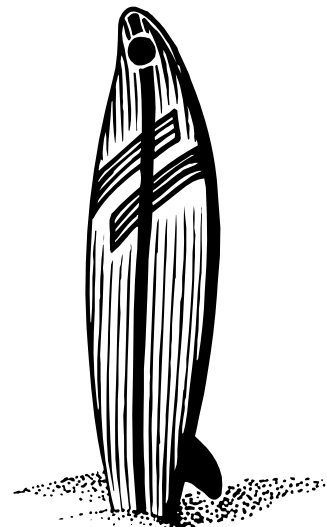
In January, HFA upgraded its reporting database so that information in licensing, royalty and income tracking reports is now updated on a weekly basis. These reports are available to publishers and licensees with HFA Online accounts. If you have not yet signed up for HFA Online, contact HFA Publisher Services at 212-834-0100 or email [publisherservices@harryfox.com](mailto:publisherservices@harryfox.com) for an application.

**Los Angeles Area Publisher Affiliates:  
Join HFA Tuesday, March 4 for a  
Beach Party on Santa Monica Pier**

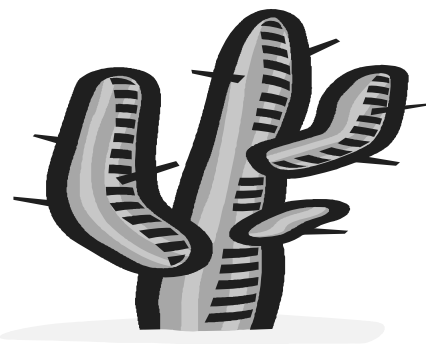
*Live Performance by Singer/Songwriter James Intveld*

Rusty's Surf Shack  
256 Santa Monica Pier  
5:30-8:00pm

RSVP by February 26 to either [press@harryfox.com](mailto:press@harryfox.com) or  
212-922-3290.



HFA VP of Licensing  
**Maurice Russell** will be on the  
panel "Digital Rights and  
Clearances for Music" on  
February 27 at the Digital Music  
Forum East in New York. For  
more information about the event,  
got to  
[www.digitalmusicforum.com/east](http://www.digitalmusicforum.com/east)



**HFA at SXSW  
March 12-16**

HFA will be exhibiting at the 22<sup>nd</sup> annual South by Southwest Music and Media Conference, which takes place March 12-16 in Austin, TX. If you're registered for the conference, be sure to stop by our booth, #324. We look forward to meeting you and answering any questions you may have. For more information on SXSW, visit [www.sxsw.com](http://www.sxsw.com).

## HFA Publisher Profile:

### **Dan Rosenbaum** **VP of Creative Services and Marketing** **Cherry Lane Music Publishing**



By Brian Durant, HFA Publisher Services Agent

Cherry Lane Music Publishing has carved a niche in the industry through innovative partnering and song placement, in particular, teaming up with movie studios, sports entertainment companies, brands and advertising agencies. As VP, Creative Services and Marketing, Dan Rosenbaum is one of those responsible for these arrangements. Working within the Creative & Marketing department, headed by SVP Richard Stumpf, Rosenbaum is charged with exploring new and creative ways to develop and exploit the Cherry Lane catalog, which includes the music of legends such as Elvis Presley, John Denver, and Quincy Jones as well as current stars John Legend, The Black Eyed Peas and will.i.am.

“Ten to twelve years ago, we began working with film and television production companies to administer the rights to their scores. This is a market in which we’ve had a lot of success,” stated Rosenbaum. For example, in 1997, Cherry Lane entered into an agreement with DreamWorks that included administration of their film and animation properties. Through this deal, Cherry Lane expanded their catalog to include music from the *Shrek* movies, *Shark Tale*, *Gladiator*, and *American Beauty*, to name just a handful. Subsequently, the publishing company inked deals with Icon Productions (*The Passion Of The Christ*) and Lakeshore Entertainment (*The Mothman Prophecies*).

Cherry Lane also has more sports clients than any other publisher, including deals with World Wrestling Entertainment, Inc., NFL Films, NASCAR and PBR (Professional Bull Riders). “Each of them realizes the importance of music in branding their sport,” notes Rosenbaum, “but each has different needs. For example, World Wrestling and NFL Films have enormous catalogs of music that need to be administered worldwide.” On the other hand, when Cherry Lane first approached NASCAR, the sports organization had no music associated with their programming. “So we worked with NASCAR and our songwriters to develop a theme song for their programming, as well as an instrumental cue library.”

While talking about his various functions as VP of Creative Services and Marketing, Rosenbaum explained, “One of my ongoing roles is to make sure that key industry tastemakers are aware of the riches of our catalog.” As an example, this past October, Cherry Lane hosted a listening party for music supervisors at Quincy Jones’ home. This was a creative way to give industry professionals a chance to rediscover the music of this legendary musician, producer, and composer.

Until recently Rosenbaum headed Cherry Lane’s efforts to exploit their catalog in the advertising arena, during a time of tremendous transition. “Music in commercials was once the province of jingle houses,” he commented. “By servicing advertising agencies, we are able to pair songs in our catalog with a company’s specific needs, creating a mutually beneficial relationship for both the advertiser and our songwriters.”

He's now passed the reins to Paul Morgan, Senior Director Creative Services and Marketing, "who's doing an amazing job getting placements for our newer writer/artists as well as classic catalog." For example, up and coming musician Johanna Stahley, whose song "I Can," off of her self-released album *I'm Not Perfect*, was used in a Wrigley's Extra Chewing Gum commercial. The ad aired during the show *The Biggest Loser* on NBC this winter and spring. Commenting on the stigma around the use of songs in commercials in the past, Rosenbaum said, "Commercials are a great way for new artists to reach a larger audience and for older artists to reintroduce themselves to the world." He added jokingly, "once Bob Dylan did that Victoria Secret ad, everyone was in."

But exploitation of the Cherry Lane catalog does not stop at sports themes and gum commercials. When Activision was developing *Guitar Hero III*, the latest version of their hit video game, they needed some serious rock music for their consumers to jam with, and the punk rock anthems of the Sex Pistols were a perfect match. So Cherry Lane made sure that the Sex Pistols were on the list to be included, and even had the band re-record the master tracks to the songs "Anarchy in the UK" and "Pretty Vacant" since the original masters were not in multi-track format, and therefore couldn't be used in the game. As Rosenbaum notes, "It was the first time that John Lydon, Steve Cook and Paul Cook had been in the studio together since the late 1970s. Having the Sex Pistols included in the game fit perfectly with other marketing endeavors tied in with the 30<sup>th</sup> anniversary release of the band's seminal album *Never Mind The Bullocks, Here's the Sex Pistols* including appearances on *The Tonight Show with Jay Leno* and *The Late Late Show with Craig Ferguson*."

When asked how he viewed the future of the industry, Rosenbaum was optimistic. "With accessibility being much broader, it's far easier to reach the consumer. This creates an infinite amount of possibilities in the ways we can create and market music. I believe that there will be an up-tick in revenue streams. It's very exciting."

For more information on the innovative ways Cherry Lane is growing and exploiting their catalog, visit their website at [www.cherrylane.com](http://www.cherrylane.com).

## The 2007 Harry Award

Each year, HFA recognizes outstanding overall employee performance with the Harry Award. The 2007 Harrys went to **Fred Beteille**, Manager, Business Affairs and Licensing Technology and **Greg Diamond**, Technical Leader, IT Client Solutions. Please join us in congratulating them for their consistent ability to deliver exceptional results for HFA's clients and customers.



Left to right: Fred Beteille, HFA CEO Gary Churgin, and Greg Diamond

## Word on the Street . . . HFA Affiliate Publisher News

**Cherry Lane Music Publishing Co.** has signed indie folk/rock singer-songwriter **Madi Diaz** to a worldwide, long-term publishing agreement. Diaz's, whose self-released debut album is titled *Skin and Bone*, began performing in bars and clubs in her teens. She's already received airplay on Philadelphia's nationally syndicated program World Café, where she was named one of their "Next Artists to Watch."

**EMI Christian Music Publishing** and **Lilly Mack Publishing**, home to the song catalogue of multi-platinum gospel artist **Kirk Franklin**, have entered into a long-term, worldwide administration and exploitation deal and new writer development co-publishing partnership. The two companies will work together in all areas of Lilly Mack's business, including promoting gospel songs to the church, as well as pursuing new music licensing opportunities for film, television, advertising, electronic gaming, and print.

**EMI Music Publishing** has extended its publishing partnership with **Norah Jones**. She has been signed with EMI since 2002. In 2003, her debut album, *Come Away With Me*, won eight Grammy™ awards including Album of the Year. To date, the album has sold over 20 million copies worldwide. Her sophomore effort, *Feels Like Home*, sold more than a million units in the US in its first week. Jones wrote or co-wrote all of the songs on her latest effort, 2007's *Not Too Late*.

olé has signed a worldwide distribution deal with **Peace Arch Entertainment Group Inc.** Under the terms of this

agreement, olé will administer the music rights for all of Peace Arch Entertainment Group's film and television properties, including the television series *The Tudors*, starring Jonathan Rhys Meyers. olé has also added **Roger Springer** to its songwriting roster. Nashville-based Springer has had 65 of his country and western swing songs covered by artists such as David Kersh, Kenny Rogers, and Clay Walker. Mark Chestnutt has recorded 20 Springer tunes, including "Thank God For Believers," "Let It Rain," and "It's A Little Too Late." Springer also penned the song "Matches," a hit for Sammy Kershaw in 1998, and the Western swing song "I Ain't Never Seen No One Like You," from George Strait's 1996 triple platinum album *Blue Clear Sky*.

**Universal Music Publishing Group** has announced the renewal of **Mary J. Blige** to an exclusive, world-wide co-publishing agreement. Under the terms of this agreement, UMPG will continue to co-publish the extensive catalog and future works of the world-renowned multi-platinum artist.

*In Other News...*

**The International Songwriting Competition (ISC)** has announced its 2007 finalists and semi-finalists. Chosen from over 15,000 entries from 100 countries, these artists represent every genre of music. To view a list of the 2007 finalists and semi-finalists and listen to the nominated songs, visit <http://www.songwritingcompetition.com/winners>. Winners will be announced in April.

*"Word on the Street" is taken from press release material.*

***“On the Road Again?”  
Make Sure Your Mail’s Not Marked  
“Return to Sender”***

On the move? Make sure HFA has your current contact information. You can obtain change of address information on our website at [www.harryfox.com](http://www.harryfox.com) or by contacting HFA Publisher Services at 212-834-0100.

The HFA website also has a list of publishers for whom we may be holding royalties due to the lack of a valid mailing address - see the “Help Us Find Publishers” link.

**Go Green! Get HFA  
Soundcheck by Email Only**

You can now opt to receive HFA Soundcheck by email only, instead of on paper. Email delivery gets Soundcheck to you faster, and helps us contain our costs for paper and postage. You will receive notification that a new issue is on the website, with a link.

If you would like to discontinue receiving the paper copy, please send an email to [Soundcheck@harryfox.com](mailto:Soundcheck@harryfox.com) and include your name and your company, and we will update your account.

If you have any comments regarding HFA Soundcheck, please contact Laurie Jakobsen at 212-834-0133 or Shaliza Thomas at 212-922-3290, or email [soundcheck@harryfox.com](mailto:soundcheck@harryfox.com).

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