Berklee College of Music

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Kobalt Music Group: Redefining Music Publishing

Music publishers have long played an integral role in the careers of songwriters. Regardless of whether or not a songwriter is a developing talent or an established name, or if full or administrative services are provided, music publishers can be invaluable to songwriters through the protection and exploitation of their songs as commercial assets. In some cases, a music publisher may even be able to perpetuate commercial success and facilitate large-scale earning opportunities for singer-songwriters whose recording careers are no longer lucrative. Whereas most recording artists have little to no ownership stake in the master recordings of their songs, a key component in the songwriter/music publisher relationship is the division of copyright ownership of the songs written. Typically, the more services the music publisher provides (i.e., developmental, creative or synch licensing), the more ownership the songwriter must give up.

Certain publishing deal models have come to be recognized as industry standards over time. In scenario A, a 50/50 publishing deal, a music publisher signs a new, prospectively successful songwriter to an exclusive publishing deal. This includes provision of career development services (i.e., arranging of co-writing opportunities); song demo recording; creative and synch licensing services and a cash advance recoupable against future earnings. The songwriter assigns one-hundred percent copyright ownership of all songs written during the term of the agreement to the music publisher, who pays the songwriter royalties based on earnings from various commercial uses of these songs (for example, fifty percent of the gross income received from mechanical and synchronization licenses). In scenario B, a co publishing deal, a successful songwriter who has established his own publishing entity signs a full service publishing deal similar to the one mentioned in scenario A, but retains fifty percent copyright ownership of any songs written given the increased leveraging power his track record affords him. Since the publisher's share of income generated from licensed usages of these songs is split between the music publisher and the songwriter's publishing entity, this songwriter stands to earn substantially more than does the songwriter in scenario A. Finally, in scenario C, an administrative publishing deal, an extremely successful singer songwriter does not require exploitative services because his song catalog has consistently proven to be highly profitable throughout his career. At this stage, the singer-songwriter enlists a music publisher simply to register his song copyrights with collection societies worldwide, as well as manage the collection of performance royalties and licensing income for a percentage of the catalog's gross earnings during the term of the agreement (with full copyright ownership of the catalog remaining with the singer-songwriter).

In each of these scenarios, the provisions of the aforementioned publishing deals may be mutually beneficial to both the songwriters and music publishers represented. For the songwriter, however, there are certain instances where additional considerations must be made in the interest of financial stability. Despite the fact that record companies account quarterly to music publishers for any mechanical royalties due, music publishers account to their songwriters semi-annually. As a result, pipeline publishing income may not be immediately accessible to a songwriter in times of financial hardship, and he may require a supplemental advance. Also, as music commerce has evolved in the digital age, it has become increasingly difficult to accurately (and definitively) track every usage of every song represented by a music publisher throughout the world. As a result, a songwriter with an extensive catalog may, in the best case, not be paid in a timely manner relative to the usage of his song in a foreign territory. In the worst case, that same songwriter may not be paid at all due to the reporting and collection limitations of his publisher. For these reasons, Kobalt

Music Group's rise to prominence as one of the most successful independent music publishers in the world is especially notable. With a technologically advanced collections system and conformable service offerings, Kobalt's innovation has led to the implementation of a new business model and redefined the role of a music publisher in the 21st century[1].

Kobalt Music Group is unique in that it operates primarily as an administrative publishing company (it does not own any copyrights), but has incorporated a fusion of creative elements into the services it offers its clients[2]. The increased efficiency and accuracy of its electronic royalty collections and reporting system, however, is at the core of its administrative services. This system – designed, owned and operated solely by Kobalt – automatically communicates with and collects directly from the majority of its international content users; the data from these transactions being managed by a singular database[3]. Given the lag time inherent in foreign sub publisher reporting and remittance of licensing and royalty monies owed, Kobalt's ability to bypass these entities allows it to pay its clients more quickly (an estimated 50% faster) and more accurately than publishers doing so by more traditional means[4]. Perhaps even more impressive is that Kobalt's clients can track the registration, licensing and digital usage processes in real-time via an online portal linked to the system at large (dubbed "Digital 3.0"). As payment transparency is essential to Kobalt's mission, this capability allows its clients to take a line item approach and break down the exact amount of monies owed for licensed usage by song, territory, or type of license[5].

Also unique to Kobalt's business model is its offering of royalty advances. Generally speaking, administrative publishers do not offer songwriters advances against future royalties and Kobalt's doing so is only one example of how it has successfully infused provisions of the full-service publishing deal into its capacity as a primarily administrative music publisher. Given the accuracy of its collections and reporting system, Kobalt is able to deliver royalty balances to its clients weekly, as opposed to quarterly or semi-annually as per the traditional music publishing model. Coupled with the fact that the advance application process is available via the Digital 3.0 portal, Kobalt's clients may be paid advances immediately rather than be required to wait for pipeline income to hit their publisher's accounts and be paid through in the next statement period[6]. While there are fees associated with this benefit (2% for next statement advances; 5% for pipeline income advances and 7% for projected revenue advances), clients do not have to sacrifice any song ownership rights because Kobalt does not own any copyrights to begin with[7].

Since its inception in 2001, Kobalt has consistently broadened the scope of the services it offers its clients. As recently as this year, Kobalt has ventured into the realm of master recording administration and neighboring rights royalty collection (outside of the U.S.) for non-featured performers and producers whose contributions on publicly performed, broadcast and digitally transmitted works are payable in some territories[8]. In keeping with the concept of an administrative/creative publisher hybrid, Kobalt has also assembled a creative and synch licensing team whose primary goal is to cultivate international songwriter relationships amongst its clients and create worldwide synch license opportunities to increase the appeal of its administrative services[9].

With a forward thinking approach to music publishing and a top-line technological mechanism in place to consistently deliver faster and more accurate results to its clients, it is no surprise that Kobalt Music Group placed fifth (behind only Sony/ATV Music Publishing, EMI Music Publishing, Universal Music Publishing and Warner Chappell Music) for the seventh straight quarter in *Billboard Magazine's* Top 10 Publisher Airplay Chart, making it the top independent music publisher in the U.S[10]. With an expanding roster of high-profile songwriters and writer-producers including Gwen Stefani (No Doubt), Ryan Tedder (OneRepublic), Joss Stone, Kelly Clarkson, Dr. Luke and Max Martin, all of whose songs represent a considerable portion of any given week's Billboard Hot 100 charts, Kobalt Music Group is poised to remain at the active forefront of music publishing and a trendsetter in modern song commerce.

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[1] Ed Christman, "The Billboard Q & A: Willard Ahdritz," *Billboard* (July 5, 2008), 25.

[2] Ed Christman, "The Publisher's Quarterly Q1 '09 – Big Idea: Creative Connections," *Billboard (*May 16, 2009), 28.

[3] Lars Brandle, "Upfront: Exclusive – Kobalt Takes 8 Mile Road: British Indie Will Administer Hits By Resto, King," *Billboard (*August 7, 2004), 7 and 69.

[4] Christman, "The Billboard Q & A: Willard Ahdritz," 25.

[5] Ed Christman, "Publisher's Place: Out In The Open – Kobalt Rolls Out Online Royalty Accounting Portal," *Billboard (*July 3, 2010), 13.

[6] Ed Christman, "Publisher's Place: Accounts Payable – Kobalt's Rollout Of Weekly Balance Updates Ups The Ante On Client Services," *Billboard (*December 11, 2010), 13.

[7] Christman, "The Billboard Q & A: Willard Ahdritz," 25.

[8] Ed Christman, "Publishing Briefs: Kobalt, Harry Fox, Cooking Vinyl, Imagem, Fig, Eastbeach, BMG, Notable, Jimmy Webb, Primary Wave: Kobalt Grows Its Business," *Billboard.biz*, http://www.billboard.biz/bbbiz/others/publishing-briefs-kobalt-harry-fox-cooking-1005009862.story (accessed November 5, 2011).

[9] Christman, "The Publisher's Quarterly Q1 '09 – Big Idea: Creative Connections," 28.

[10] Ed Christman, "Publisher's Place: Sony/ATV Prevails," *Billboard (*February 27, 2010).

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By Alexander Scott Alberti

Comments

7 Comments

1. *Dacey* says:
at

Nice article and i think they are using the best method for music publishing and this is gonna be a perfect music release

reply

2. *lionelmoorman.tblog.com* says:
at

Have you ever considered writing an ebook or guest authoring on other blogs?
I have a blog based on the same subjects you
discuss and would love to have you share some stories/information.

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reply

3. *Oliver* says:
at

I believe this is among the such a lot important information for me.
And i'm satisfied reading your article. However want to remark on some basic issues, The web site style is great, the articles is in reality excellent : D. Just right job, cheers

reply

4. *ungeschnittene filme kaufen* says:
at

Hey there! Quick question that's entirely off
topic. Do you know how to make your site mobile friendly?
My site looks weird when viewing from my iphone4. I'm
trying to find a theme or plugin that might be able to resolve this problem.
If you have any suggestions, please share. Thank you!

reply

5. *Lindsay* says:
at

I'm not that much of a internet reader to be honest but your blogs really nice, keep it up!
I'll go ahead and bookmark your website to come back later on.
Many thanks

reply

6. *shopping* says:
at

Hi, the whole thing is going perfectly here and ofcourse every one
is sharing information, that's genuinely fine, keep up writing.

Here is my weblog shopping

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7. *verivox versicherungsvergleich motorrad* says:
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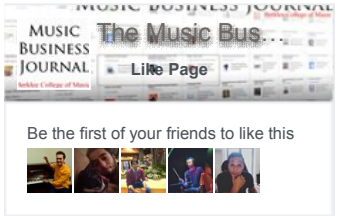

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