

Face The Music—Digital Summit Hits Homerun

David M. Ross

Leadership Music's first annual Digital Summit (4/5) attracted over 335 industry attendees and was held at Belmont University's Curb Entertainment Center which proved an excellent venue choice. The 5,000 seat arena was split in half (lengthwise) and the large center stage was flanked by jumbo video monitors. The day's four panels and two Keynote speakers (Napster and MSN Music) covered a variety of topics including digital music distribution, DRM (digital rights management), wireless mobile phone developments (ringtones, ringbacks, etc.), monetary and licensing issues plus a closing panel which gave online marketers a chance to hawk their wares to the industry. As one might imagine the day contained many disparate ideas and opinions, however there were several broad perceptions that seemed to achieve consensus:

- 1) Ease of use is more important than cost to consumers;
- 2) Interoperability between services, files and hardware is essential to the consumer experience; and
- 3) An astounding 98% of all downloads are still illegal.

"Follow the Money" moderated by **Bill Ivey** tackled some of the macro issues. "Digital licensing is still in an age of confusion," said **Robin Mitchell Joyce**, Intellectual Property and Technology Attorney at Bass, Berry, Sims. "I'm aggressive about protecting content, but trying to make conventional royalty models fit digital applications is not always comfortable. It is a slow process which can cause investment dollars to lose heart and give up." Joyce urged content owners, "When a deal comes across your desk, just say 'Yes.' If it's not everything you want, then just do it for a shorter time, but give things a chance to grow."

"In two years we will only be talking about subscription services," predicted **David Ring**, VP/Business Development and Affairs Universal Music Group. Ring added, "The compulsory mechanical license system is broken, it doesn't work for digital distribution." **Ted Cohen**, Sr. VP Digital Development & Distribution, EMI on an earlier panel suggested the distinction between a performance and mechanical royalty in the digital space was inappropriate, "It will end up becoming some kind of blended rate," Cohen said. "Royalties in the digital space don't fit into the neat little baskets we have in the analog world."

Ring also added perspective to the day saying, "No one has even come close yet to meeting the challenge of iTunes and [Steve] Jobs. He put his money where his product was." Unfortunately, Apple was not represented during the Summit. [Analysts credit iPod with a 70% market share for all portable digital music players.]

Involving more qualified voices from the educational and journalism sectors next year might help balance vested opinions from many of the salesman offering their company line. But regardless, the Digital Summit has great potential to become a "Girl Scout Cookie" fundraiser for Leadership Music while serving an important educational function for the community. It was a great example of Leadership Music takin' it to the streets to fulfill its educational mission.

*Tune in next Tuesday for interviews with Napster CEO **Chris Gorog** and MSN GM **Mike Conte** as they discuss DRM strategy, revenue streams and why the digital music future for record labels may be better than ever.*

