

# ADAPTING THE MUSIC BIZ TO THE DIGITAL ERA

Frances Moore became the IFPI's CEO in July and the first woman to lead the organization after she served it in various capacities since 1994. She discusses some key job priorities with Larry Jaffee



What is the first major thing you want to do – or have already done – in your new role, and why?

The music industry is driving itself forward, adapting its business to the digital era and battling for a secure environment in which to invest and develop talent. The first thing I want to do is meet all the music company heads and the key players in the industry to make sure IFPI's priorities are exactly where they want them to be in helping them meet these challenges.

What do you see as the biggest challenges for the IFPI?

The mission of music companies is to invest in talent and bring great music to the consumers. But they are doing this in an environment of mass-scale piracy that threatens the future not just for music but for all creative industries. Improving this environment is the biggest challenge for IFPI, and it means acting not on one front but on several.

First, we have to help create an environment in which music companies can continue to license legitimate music services. There are more than 400 such services out there now, offering consumers a range of ways of enjoying music. Second, we need to work for effective enforcement of copyright to contain piracy – our priority here is the 'graduated response' approach involving ISPs co-operating to contain online infringement. And third, we need to work tirelessly educate on why copyright is so crucial to creativity and the creative industries. These are all top priorities for IFPI.

Where are the greatest opportunities for an industry body such as IFPI?

IFPI has a unique network of experts working across the globe, and the co-ordination between them helps our teams in any one country punch well above their weight. We also have extremely good relations with other rights holders, from the film to the book publishing sectors. These strong relationships are crucial assets for IFPI at a time when governments and rights holders increasingly need to co-ordinate their policies on music and the creative industries.

Are the challenges of protecting music in the digital space greater than with physical media?

Physical formats still account for the lion's share of our industry revenues, and piracy of physical formats is still a major problem for the business. Our work tackling physical piracy remains an important part of IFPI's job. We are constantly working with law enforcement agencies, seeking to disrupt and dismantle illegal manufacturing, distribution and sales networks. In the physical world, one in three CDs sold globally was counterfeit.

Online, 95% of music downloads are unlicensed and illegal, with no money going back to artists, songwriters or record companies. No industry can long suffer a 'free rider' rate of 95%. Indeed, investment in new artists in some markets saturated with digital piracy has fallen as record labels are unable to recoup the initial investment they provided.

Are there more opportunities or more challenges moving away from physical?

There are huge opportunities for music companies in the digital era. For example in Europe, even with the diverse range of legitimate services available, it is a sobering thought that less than 10% of internet users actually buy music via digital channels on a regular basis. This shows the enormous untapped potential that exists if we can get the environment right and tackle the problem of piracy.

Will the music industry move away from the more closed systems, such as iTunes, to more open systems that will allow consumers to consume content across a range of devices?

The recorded music industry wants consumers to be able to shift the music they buy across the devices that they own for personal use. Music download services offer DRM-free and fully interoperable products, and music fans have unparalleled options for how to listen to music. Many fans use a combination of services. Record companies will continue to license their albums and singles to a variety of partners.

Congratulations for being the first woman to lead IFPI. Did you consult at all with Hilary Rosen while she was at the helm of the RIAA or more recently?

I have not spoken to Hilary Rosen recently, but I very much admire the work she did in representing the industry in the US. Here at IFPI, the general counsel, executive vice president of legal policy and the regional director for Asia are all women.

And speaking of the RIAA, how closely does IFPI work with it, especially considering Hilary's predecessor, Jay Berman, also had your new job a decade ago. How effective has been RIAA's strategy of suing illegal downloaders, and will IFPI take that approach too? IFPI and RIAA work very closely together. The strategy of suing illegal file-sharers who were uploading large amounts of infringing material was one that both organizations pursued. It had its merits in drawing attention to the fact

that this activity was illegal and research suggests it did deter some users from engaging in online copyright infringement. Yet it could not alone be a comprehensive solution to digital piracy, which is why both IFPI and RIAA are concentrating on the call for a graduated response approach to online infringement. Rights holders will notify ISPs of which IP addresses are being used to upload infringing material, enabling them to write to their customers and inform them they are breaking the terms and conditions of their contract and warn them they could face sanctions if they persist in flouting the law.

Research suggests that most users will change their behaviour after one or two warnings if there is a convincing sanction in place at the end of the process. That means we can migrate users to legitimate services that pay the artist, songwriter and record company for their work. But for this process to work we need ISP co-operation either on a voluntary basis or written into law.

In your official comments regarding your appointment, you said, "I relish the opportunity to play my part in taking IFPI forward into the next stage of its evolution." What will that next stage look like? How do you see the music industry in five years' time or 10 years' time?

It's impossible to say exactly how things will look in the future, of course, but I'm optimistic about the state of our business today and its prospects in the next few years. The past decade has been incredibly painful, with our sales down over a third and people from across the sector losing their employment and livelihoods. But this is an industry that never gives up, is always resourceful and continually transforms itself to keep itself in business. That is why this is such a fascinating and inspiring business to work in and why I feel privileged to be doing the job I am doing.

[www.ifpi.org](http://www.ifpi.org)

*Frances Moore was promoted from her position of executive vice president of IFPI and regional director, Europe. In this capacity she headed IFPI's European regional office in Brussels, coordinating the music industry's strategy with national groups across the 27-member EU. A barrister by training, Moore has worked for more than 20 years in government relations and public affairs, representing European and US companies in the electronics and retail sector before joining IFPI in 1994.*