

# Features

## IMPALA TAKES ITS NEXT LEAP

As its 10th birthday passes, the indies champion is not content to rest on its laurels. Executive chair Helen Smith tells Music Week of her plans to break the music mould over the course of the next decade

### Organisations

By Robert Ashton

**HELEN SMITH IS IN A HURRY.** The Impala executive chair hurries in to Kings Place five minutes after arriving at St Pancras on an early-morning Eurostar from her office in Brussels.

She plonks down a laptop on one of the funky hotdesk setups in *The Guardian's* headquarters, fires up the MacBook and points at a file documenting some of the work she wants to achieve in the next decade – or sooner.

Impala has just celebrated its 10th birthday and a whole slate of achievements over that decade: many independents are only in business because the European indie organisation managed to put the brakes on a series of potentially devastating mergers that would have squeezed the life out of many of them.

Smith (pictured right) acknowledges the work on competition is a key part of the Impala agenda. Indeed, Impala could not have arrived on the scene at a better time for indies because a year into its life EMI and Warner began one of their many merger dances.

It was critical at the time to have clout in Brussels and put the case for the indies. Impala and its allies made life uncomfortable enough for the EMI and Warner deal to fail.

“One of our big successes has been competition work,” says Smith, sipping a double macchiato. “Our stance on Sony BMG led to remedies in the Universal BMG publishing merger and the first cultural impact assessment. That established a clear principle. Now the EC talks all the while about levelling the playing field [to make it easier for smaller groups].”

There has also been the launch of Merlin, which means indies get a fair(er) crack of the whip in the online market. Smith believes the indie group has transformed the commercial landscape because it ensures when a new digital service is talking about launching, the independent sector's basket of rights is usually on the table alongside those of the four majors. This was not always the case. “Merlin really has become the fifth major and the place for new services to contact,” she adds.

It has also achieved significant strides in ensuring creative SMEs are a top priority for the EC when it comes to new types of finance to help grow companies.

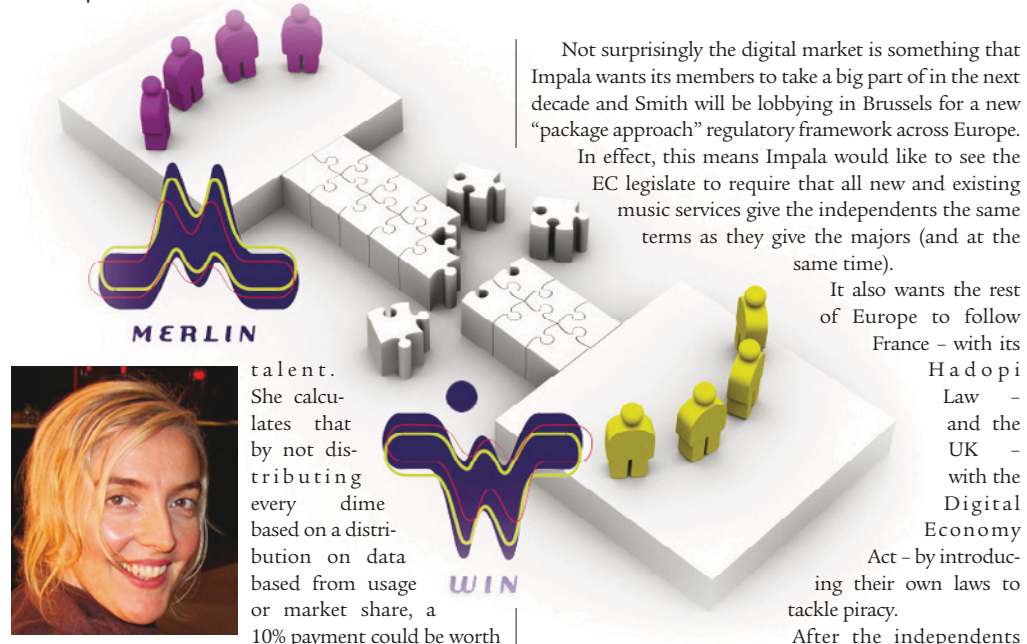
But Smith is not looking back. She is more interested in the next few years – and decade – because she knows they are critical to the future of the music industry and the independent sector's place in it.

Typically, Smith is setting the bar high. She points at the laptop screen and rattles off her big targets for the next 10 years: “increase market share, completely change how investment in talent is rewarded, level the playing field across the board – from collecting societies, to digital music services to anti-piracy settlements to promotion in general,” explains Smith.

Increase market share for sales, digital and performance? By 10%? By 2020? Okay, so nothing trivial then. Fortunately, Smith has a strategy all worked out. “Our ultimate target is to increase market share and get more artists released. This is what Impala stands for; that is our *raison d'être*,” she says. “I don't think it is unrealistic if we can get all our conditions in place.”

Those conditions form part of a number of other targets (see box) Smith has in her sights and the next priority of hers is to get the music sector to focus primarily on investment in talent. For her this means two key things must happen: collecting societies should be required to pay 10% of their future revenues on the basis of the number of tracks registered in the previous year.

This, Smith argues, would focus the societies on new



talent. She calculates that by not distributing every dime based on a distribution on data based from usage or market share, a 10% payment could be worth

something near to €40m for indies.

As part of this refocus on new talent, Impala is also proposing that the music sector borrows a well-known practice from football and pays transfer fees when an independent artist moves to a major.

Impala is suggesting the indies should get up to 5% of future earnings if an indie-found and developed artist becomes a success under a major's patronage.

Is any of this likely? According to Smith, the collecting societies and majors might actually go for it if they can see a tough new regulatory approach coming out of Brussels. The EC view of the music industry is ambivalent – regulators view it as an industry that on the one hand dumps on artists and then whines when a 12-year-old is caught illegally downloading tracks. Witness its stance on extending copyright, which has been approved by the European Parliament but still fails to muster the necessary political will to move into law. The issue remains in limbo.

“We hope to persuade the majors they would be better off working with us on a new industry approach rather than waiting for regulators to mess it all up,” she says. “In the general interest of improving the ability of the music sector to thrive and develop new talent and have a better image we have to work together and find new solutions.”

Impala also wants to see the collecting societies remodelled and as part of this overhaul it has already proposed a code of conduct, which involves full reciprocity between all collecting societies to ensure monies flow internationally.

She adds that indies are currently “scrabbling around” for their share of US internet radio revenues and if the US does eventually pay performers for radio plays the sector could be owed millions of pounds.

### Target 10 Goals for the next decade

- Independents' market share to grow by 10% for sales, digital and performance
- The music sector to refocus on investment in talent
- Collecting societies to be remodelled and the EC to impose true one-stop licensing for publishing rights
- EC to impose new “package approach” regulatory framework for digital market
- New competition rules to improve market access
- New investment measures to help indies grow
- Promote European indie music with a Mercury-style award and weekly independent Top 100 chart

Not surprisingly the digital market is something that Impala wants its members to take a big part of in the next decade and Smith will be lobbying in Brussels for a new “package approach” regulatory framework across Europe.

In effect, this means Impala would like to see the EC legislate to require that all new and existing music services give the independents the same terms as they give the majors (and at the same time).

It also wants the rest of Europe to follow France – with its Hadopi Law – and the UK – with the Digital Economy Act – by introducing their own laws to tackle piracy.

After the independents found themselves cut out of the £53m Kazaa settlement in 2006, they will also want to ensure that in future they benefit from any further anti-piracy payouts. Impala will also push other governments around Europe to roll out similar schemes to the recently-launched French Carte Musique, which gives youngsters 50% off legal music downloads.

“We have always said you need a package approach. You can't build a digital market unless you have remedies. But remedies alone are not enough. We need a package which includes making sure online services treat the independents in the same way as the majors,” adds Smith.

Another Impala aim is for new competition rules to improve market access. Central to this is that Impala is pushing for cultural diversity impact assessments to be part of all future competition and regulatory decisions, which it hopes will mean no more mergers between majors.

The treatment of SMEs over the next 10 years is also crucial so Impala will want to see preferential treatment for SMEs with tax incentives and new finance schemes.

Impala also believes that copyright needs to be treated as an asset so that SMEs can attract finance, but at present international accounting standards do not allow copyright on the balance sheet. According to Smith this is “completely contrary” to the drive for smart growth and an innovation-based economy.

Smith has already put this to EC internal market commissioner Michel Barnier and others and hopes that perhaps the UK Government, in its recently-announced review of copyright, could be pressured to change this.

Further, the EC is poised to review VAT from top to bottom and Impala will want input into that process to ensure that each member state has the freedom to introduce lower VAT on CDs in future. “We want any EC country to be able to adopt a reduced VAT for music, like they currently do for cut flowers and books,” she adds.

It is going to be a busy 10 years with Smith also considering a European Mercury awards-style show to help increase the profile of the indies. She would also like to see a weekly chart of the Top 100 independent songs.

That is quite a list and Smith is not even waiting until 2020 to tick them all off. In fact some areas, such as fiscal incentives, are expected to be delivered well before then. Well, she is in a hurry.

And if Impala manages to deliver this agenda? That is easy. She predicts, “Every single indie will be better off at the end of the day.”

**LEFT**  
Key agenda: Impala was instrumental in setting up Merlin and the Worldwide Independent Network (WIN)  
Inset: Impala's Helen Smith

**IMPALA**  
INDEPENDENT MUSIC COMPANIES ASSOCIATION

**ACHIEVEMENTS – THE FIRST 10 YEARS**

**2001**  
Impala blocks Warner and EMI attempts to merge ...signs a deal with Napster

**2002**  
...cuts deal between indies and iTunes

**2004**  
...launches the first class action against the Sony-BMG merger

**2006**  
...creates WIN to tackle worldwide industry issues ...launches Impala awards

**2007**  
...creates Merlin

**2008**  
...writes Action Plan for Music with measures to secure market access and finance

**2010**  
...proposes Action Plan for Finance, which introduces a sports style transfer fee ...publishes Impala Code of Conduct for Collecting Societies