Why Success of the Music Modernization Act Depends on Open Standards

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The passage of the Music Modernization Act (MMA) into law is a major milestone and opportunity for the music industry to usher in a new era of growth and innovation. Major credit goes to the individuals and organizations who worked tirelessly to pass this legislation including the National Association of Music Publishers (NMPA), the Digital Media Association (DiMA), the Recording Industry Association of America (RIAA), and the many independent publishers, songwriting groups, and other creative industry advocates.

With the establishment for the first time of a legal framework authorizing a single comprehensive, accessible database that connects copyright owners of both sound recordings and compositions, the industry can move to a new phase: one in which rights holders’ data can be secure yet interoperable across databases, systems, and applications through shared, open standards. Rights fragmentation, modern forms of multiple songwriter collaboration, data silos, and a lack of globally adopted standards have created a tremendous identification and matching challenge, which has resulted in industry inefficiencies and lost revenues. In order to ensure rights ownership accuracy and royalty flows in an interconnected U.S. and global landscape going forward, adopting a framework of shared data governance and open standards for identification of musical rights owners will benefit all in the music industry’s value chain.

The new law establishes a central U.S. mechanical licensing collective (MLC) that will issue blanket licenses, oversee selection of the vendor for the development of the aforementioned database, receive reports of usage, and collect and issue payments to publishers and songwriters under Section 115 of U.S. copyright law. The MMA also allows for other private companies to administer direct deals for mechanical rights. Globally, there are hundreds of entities that perform similar rights management and royalty distribution functions for a wide range of uses. Music rights are undergoing constant change of ownership and approximately 25,000 new songs are
released every day, with parties performing duplicative tasks to ingest, clean, and maintain metadata throughout the globe. A set of open standards from which rights ownership data can be updated and interoperably shared across other databases and systems will not only vastly improve back office functions, it will enable all parties to participate in the industry’s growth and enable greater innovation and new income generation.

We are at a critical juncture between lawmaking and implementation. The U.S. Copyright Office is already hard at work putting together the structure and processes for how the new MLC will be selected and formed. The MLC will in turn determine how a publicly accessible database of rights owners will be developed, administered, maintained, and structured, likely through the selection of a qualified third party vendor. Given this database’s critical importance to a healthy and vibrant music ecosystem, our view is that its foundation must be an open protocol for rights ownership identification that can and should serve the entire industry in a secure, shared, interoperable, and trusted manner. This protocol must be based on open standards that are overseen and set by a neutral entity and governed through an industry-wide structure.

Such a structure already exists: The Open Music Initiative was launched in 2016 by Berklee College of Music and the MIT Media Lab with this specific mission, to advance and foster music rights owner data interoperability in a digital era. Open Music has broad industry support with over 200 entities across the music, technology, and media industries having joined as signatories of the Initiative’s open protocol principles. This includes the three major labels: Universal Music Group, Sony Music Entertainment, and Warner Music Group; leading music services such as Spotify, YouTube, Pandora, SoundCloud, SiriusXM, and Napster; media companies such as Netflix and Viacom; tech companies including IBM and Intel; innovation and design consultancy IDEO; leading publishers including BMG, Round Hill Music, Atlas Music Publishing, and Downtown Music Publishing; performing rights societies like France’s SACEM, Germany’s GEMA, Canada’s SOCAN, America’s SESAC, and The Netherlands’s Buma/Stemra; digital rights entities like SoundExchange; and hundreds of artists, entrepreneurs, and startups.

The Open Music Initiative espouses an open source governance model, overseen by two leading, neutral, and non-profit academic institutions, and with its membership and governance wide open to all industry participants and vendors. Our annual summit is coming up November 15-16 in New York City, and we invite all music business stakeholders to attend and help create together the future of our industry. For more information, see openmusic.org.

Our view is that Open Music’s efforts can add tremendous value in the development of open and shared protocols necessary for the successful implementation, deployment, and ongoing maintenance of rights owner data for both
the new MLC-administered database and the global creative industry as a whole. They are critical for the proper identification and remuneration of the very people that are the lifeblood of our industry: the music creators.

Open Music’s structure is modeled around how other industries such as aviation, telecommunications, global positioning systems and the Internet itself have dramatically benefited from open standards. According to a 2013 report by McKinsey Institute, open data can help unlock over $3-$5 trillion in annual economic value across multiple sectors of the global economy.

Wouldn’t it be great if some of this value is in fact captured by the hard-working songwriters, performers, producers, record labels, music publishers, and associated rights owners in the music industry?

THE INTERNET: A MODEL FOR WHY OPEN STANDARDS MATTER

The advent of the Internet improved not only communications between people across the globe but also introduced new forms of commerce on a scale unprecedented in the history of humankind.

A key component of the Internet was the development of protocols based on open standards, which allowed any person or community to implement the standard in an interoperable manner. The independence of individuals and communities to develop solutions based on open standards allows new innovations to emerge which build on these standards with the confidence of knowing that the fundamental protocols will interoperate with each other.

When the pioneers of the Internet sent the first few bytes of messages over the rudimentary IP protocol, they could not have imagined that within a few decades the Internet would grow to include tools and services that provided rich interaction between people and communities around the world in an instant fashion. Today tools and services such as browsers, shared files, chat rooms, social platforms, music streaming, videos, and others have become a part of the daily life of users.

This variety and richness in service types and content was technologically possible due to the layers of technology, in which each layer conforms to well-developed open standards. These layers have also become the infrastructure for the emergence of new services, which are the expressions of new creative visions of individuals and communities all coordinated under a guiding set of protocols that we now refer to as the Internet.
This is the potential we have at this juncture of the music industry. A chance to reimagine a future music industry based on an innovation-driven ecosystem and architected on open standards, shared rights holder identification infrastructure and interoperability.

It is the only way forward that will not only ensure innovation, investment and growth, but, as we outline below, supercharge the industry with new technologies like cloud computing, artificial intelligence and blockchain.

ACT NOW TO SET THE STAGE FOR NEW MARKETS FOR RIGHTS AND MUSIC THROUGH NEW TECHNOLOGIES

By basing its rights owners identification infrastructure on an interoperable, open protocol, the music business has the unprecedented opportunity to take advantage of this transformation and to keep pace with other industries in data and transaction accuracy, predictive analytics potential and by extent, innovation and growth.

Layered on top of open, shared standards, new technologies like blockchain and AI have the potential to allow all participants in the digital music supply chain – songwriters, performers, producers, labels, publishers, music services, rights societies, licensors and critically, consumers – to safely and securely transact and collaborate with each other, offering unprecedented access to information and data and giving rise to rich new consumer experiences that are currently out of reach due to an antiquated, centuries-old infrastructure.

The time to act is now. Fan engagement is at an all-time high, there’s more music available in more places than ever before and revenues are growing again for the first time in nearly two decades. The industry must come together at this unique opportunity in time and set the foundational layer for a new future, one based on shared interests and therefore shared, open standards related to music rights ownership. This wave of new legislation and new technology provides the music industry with the once-in-a-lifetime opportunity to create a new, truly global market for music and rights, linking people across various creative communities and markets.

At a macro level, the combination of open standards and new technologies can provide a level of collaboration, trustworthiness, innovation and revenue growth in the music world that never existed before -- one which will benefit not just every participant in the music industry ecosystem, but society writ large.

The Open Music Initiative was launched in 2016 by Berklee College of Music in collaboration with the MIT Media Lab to advance open source standards for identification of music creators and rights holders. Its membership consists of over 200 leading music, media and technology companies as well as creators and entrepreneurs. For a full list, see open-music.org/members.
Panos A. Panay is the Vice President for Innovation and Strategy at Berklee College of Music and is a co-founder of Open Music. He leads strategic initiatives at the college and also serves as the founding managing director of the Berklee Institute for Creative Entrepreneurship (BerkleeICE). Prior to Berklee, he was founder and CEO of the online platform Sonicbids.

Professor Alex "Sandy" Pentland directs the MIT Connection Science and MIT Media Lab Human Dynamics group and previously helped create and direct the MIT Media Lab and the Media Lab Asia in India. He is one of the most-cited scientists in the world, and Forbes recently declared him one of the "7 most powerful data scientists in the world" along with Google founders and the Chief Technical Officer of the United States.

Dr Thomas Hardjono is currently the Director of the MIT Trust-Data Consortium, located at MIT in Cambridge, MA. For several years prior to this he was the Executive Director of the MIT Kerberos Consortium, championing the Kerberos protocol to become the most ubiquitously deployed authentication protocol in the world today. Over the past two decades, Thomas has held various industry technical leadership roles, including Distinguished Engineer at Bay Networks, Principal Scientist at VeriSign PKI, and CTO roles at several start-ups.