

Opening key note speech by Dan Silver at Live UK conference on 5th October 2011.

I am pleased to be invited to speak at the opening session of the conference as we are at a volatile time in what is a maturing business. But before we consider the state of the music industry we must first look at its context and the times in which we are living. There is no doubt that right now and for the foreseeable future we are living at an unprecedented time of uncertainty, volatility and ever faster change. Between the international banking and worldwide just-in-time trading system and most importantly the devastation created by “financial instruments” and leverage they have challenged the workings of capitalism today more fundamentally than Karl Marx ever did with his socialist ideas.

What is happening in the world is that the gap between those at the top and everyone else is widening, In corporate USA in the 70's a chief exec earned 25 times lowest salary – by 2000 that had become 90 times. Today when you factor in stock options it has become 500 times average pay. Venture capitalists specialise in acquiring companies, selling off assets producing enormous bonuses, loading them with debt and selling them on. And so for example you have today a business whose core activity is supposed to be taking care of the elderly and they sink under a mountain of leveraged debt.

Increasing inequality is a feature of a mature capitalism. In USA From 1980 to 2006 the [richest 1% of America tripled](#) their after-tax percentage of our nation's total income, while the bottom 90% have seen their share drop over 20%. The United States already had the highest inequality of wealth in the industrialized world prior to the financial crisis. Since the crisis, which has hit the average worker much harder than CEOs, the gap between the top one per cent and the remaining 99% of the US population has grown to a [record high](#). The economic top one per cent of the population now owns over [70% of all financial assets](#), an all time record. I would argue this trend and pay gap as usual exports from USA and translates worldwide

Governments are broke, the tax burden is being increased on all income groups but especially lower and middle income ones. And so a feature of our times is a big squeeze economically on lower and middle income groups and this is already having an impact on our business. Any comparison to the Great Depression being a good time for entertainment miss the mark, as today there are many ways of consuming music without paying for it as today's generation of internet savvy kids are very well aware. And the home centred world of today does much to inhibit going out, by offering a plethora of in home entertainment. Home is very comfortable now, much more so than in the 1980's and 90s. How to counteract this and move outside the box will be a theme over the next 2 days .

These same elements and trends can be seen at work within the music industry. But it remains first and foremost a business made up of individuals who have taken up the privilege and challenge of working in the music industry, and we are here today to celebrate that, to talk amongst ourselves and to learn from each other.

Worldwide, the terms of trade and wealth is swinging irresistibly East and manufacture gravitates wholesale to China. We have yet to see the impact of this culturally, but music is one of the few UK exports that successfully competes in terms of market offer and this

industry and its creative people is an enormous asset to the country and Government would be very well advised to encourage support and applaud such a successful exporter. Tomorrow afternoon we have some politicians here to get input from the industry and I think this is potentially one of the more important sessions to attend

Adele alone this year on 8 million albums represents a huge global income, as does the top level of the touring industry. We also look at the strategic importance of UK talent in the panel **Masters of the Universe** at midday today which is not about bankers at all, as you might expect but rather about UK Agents.

I am a long term observer of the live industry and have lived through its many changes over the past 30 years. On the one hand I see the growing accumulation of power and influence in multinationals such as Live Nation who are a one stop venue owner and promoter coupled with Ticketing and Management operations. On the other hand I see the power of the internet as a great leveller and an encouragement to innovate for everyone in this industry. I am convinced that the internet and innovation provide great opportunity for the independent sector and for people starting out today in this industry. You have only to think about social networks and begin to understand the way in which the newer consumers by which of course I mean the younger ones go about finding their music – not necessarily paying for it

In the 1980's there was a campaign called "Home Taping is Killing Music". Some countries such as Germany even managed to put a copyright tax on blank cassette sales as they argued its destiny was to hold copyright material. When I was a kid, if you wanted to steal music you had to put a 12" square package under your arm and walk away with it – it is so different today for kids. Everything is possible in the internet era - It is so easy for them to get hold of things.

In some sense you could now say that the internet is killing music sales although in reality it is being consumed today in many new and different ways. On handsets, through I pods, I pads you tube and many other portable devices. And people's use of phones is as if they are best friends, constantly touching and checking them. I defy you to have a meeting of a few people without someone checking their handset. I am convinced that if you were to visit planet earth from Mars, you would look at the human race and conclude that we are told what to do by small boxes we hold up to our ears. For many people the phone has become their internet portal and there is a real challenge of how to make content look and sound good on such small devices.

On the other hand the internet and modern technology is an enormous driver of music. Today, the biggest challenge is how to monetise every avenue and how to "stop the leaks". For example Spotify is moving towards a subscription service although for myself I am quite interested to know who is advertising and I accept these as part of the programme, in the same way that you tolerate ads on ILR radio stations.

This being an industry without any rules, I can function as Agent, Manager, Promoter, Record label, Merchandiser, and Ticket seller, Producer and even Owner of Rights. I can provide a whole range of services and advice to clients we represent. In my view, today's business

model for any act is that their most important asset is the primary relationship with their audience and they must enhance that relationship by building up a rapport and understanding with individuals that in turn supports the database that represents the Artists power base

In any start up, it becomes increasingly necessary that the Artist build their own initial path. Labels are slower to pick up on new acts and less able to invest. Although as marketing companies they have an expertise and position in the market that means they can help build on an existing power base, but my feeling is that they are less willing or less able to start things off. Self starting is needed today more than ever.

In my view the biggest own goal the Agents ever scored against themselves and their ability to negotiate for the acts they represent was the concession to the introduction of the booking fee. It has ring fenced a large piece of the income generated by live activities and even the biggest of acts find this difficult to either control or participate in. I find it notable that Irving Azoff of Live Nation / Frontline Management wants to be able to decide the end price to the consumer of the acts he manages but argues a different corner when it comes to acts his company is promoting. We can't all have his cake and eat it.

I don't want to anticipate the panel on this, I want to flag it as a major issue that continues to resonate. Almost weekly we see new entrants to ticketing primary secondary or whatever. In the day we called secondary ticketing touting. We smiled when the touts were left with unsold tickets and cried when they got 3 or 4 times face value. Now this is being institutionalised in the new business model. So **Selling the Show** is going to be an interesting panel this afternoon.

A word about Data - -one reason to sell tickets is to retain the data – I have lost count of the number of times I have tried to secure ticket sales data from Agents of every size and description to be told it wasn't possible due to " data protection act". I maintain it is the acts ticket data and I will agree to share it with the sellers provided they pass it onto me. When this proved problematic I encouraged the acts to provide a download in exchange for the data. When certain ticketing agents wouldn't accept the streaming of the download from a competitor site, we hosted and streamed it from VAT's website).

I see many challenges in the monopoly leverage business today, but innovation and the power of the internet are real levellers of leverage and are the creators of new opportunity. There is always room for innovation and discovery, one of the joys of this business – even in today's climate of regulation and codes of practise and publicly traded companies.

Up to the turn of the century record labels were considered to be the Old Kings of this industry. An interesting shift came about as the value of sales of recorded music faded and new Emperors were born within the live music industry as it overtook record sales by value and importance. But in these difficult economic times, no one can afford to be complacent and even promoters and Agents need to be careful they don't find themselves without any clothes. Innovation is a constant requirement.

The Artist as its own business is the perfect model for today' s internet opportunities. For live activities and for active managers, the message for success is to self promote. Because no one is interested until you have established a decent base, and the keys to success are currently social marketing and building up a database.

So overall, my impression is that we have an industry full of challenges for the future. The benefit of meeting in places such as this conference is that it enables you to look across the industry and to see what different sectors are up to, how they are meeting the considerable challenge of staying in and improving their business and how they reflect the need to constantly change and up your game. I hope you will all contribute to the discussion because it's a two way process and its definitely NOT just about listening to panels. Challenge what is said, let us all know how you navigate your problems and innovate and may this business which employs so many people and entertains countless more stay relevant, exciting and uniquely special.

Dan Silver. 5th October 2011