

The start of a journey

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Who are we:

- ❖ We are a **society** of more than **104,000 songwriters, composers and music publishers** spanning every genre, and we are owned and governed by them.
- ❖ We understand that **music is a vital cultural force**.
- ❖ We **exist to help our members**, and those of overseas societies, **earn from their craft**.
- ❖ We provide businesses and organisations with access to the world's music, from the largest media corporation or retail chain to the most intimate live performance space.
- ❖ Each year, we license more than 350,000 businesses, including 300 radio stations and 450 television channels.
- ❖ Through our business relationships, we **champion the value of music** and highlight its benefits in motivating staff and creating a welcoming environment for customers.
- ❖ After deducting the costs of running our organisation, all the income we receive from licence fees is distributed back to our members.

More than
104,000 members

+100 agreements
with collecting
societies in **150
countries**

**136 billion uses of
music** tracked and
processed in 2013

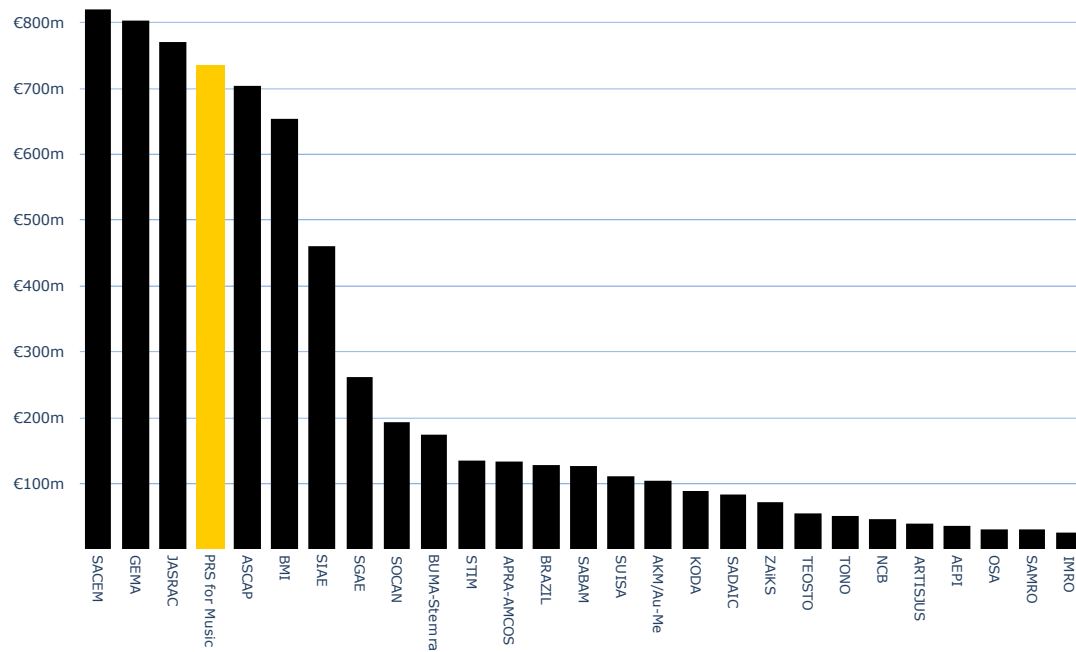
**£666m (+3.7%)
revenue** generated
in 2013

Net distributable
revenue increased
by **4.1%** to **£596m**

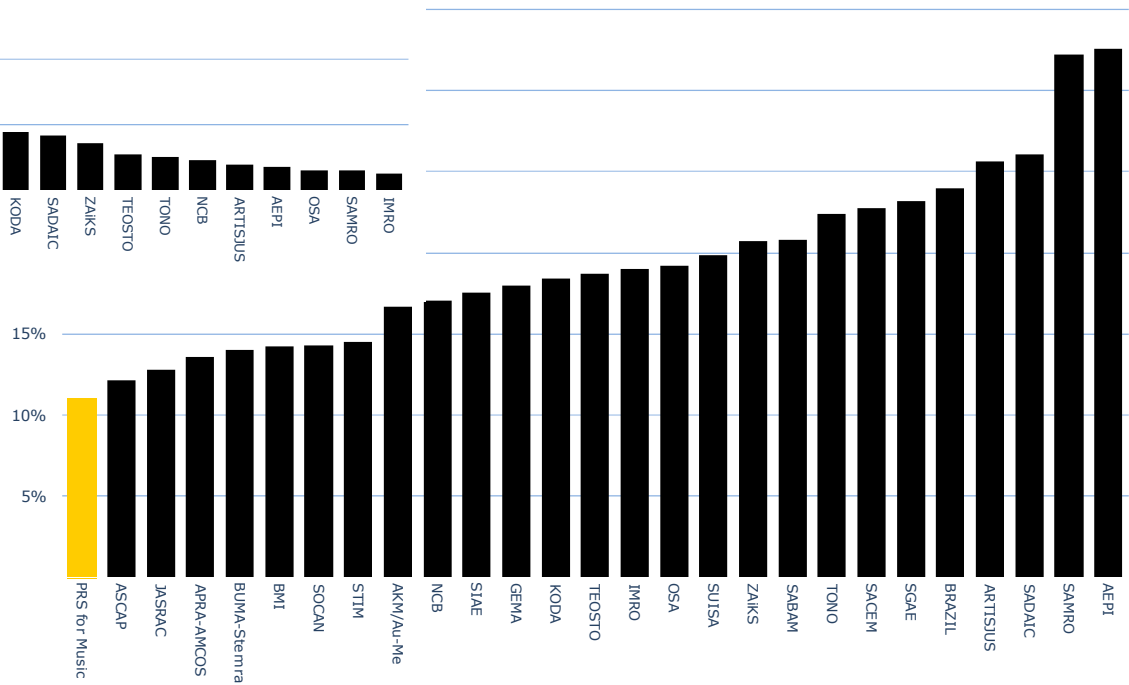
How do we compare globally?

PRS for Music is at the top of the league compared to other societies, in terms of revenue, cost:income ratio and speed of distribution.

Global collecting society revenues (2011)



cost : income (2011)



What do we use TM1 for?

2013

- ✓ Automated main revenue reporting processes
- ✓ Automated monthly performance reporting (revenue, cost and distributions)
- ✓ A framework for budgeting and in-year forecasting
- ✓ Payroll forecast model
- ✓ Users limited (business partners and corporate team)

What have we achieved so far?

From a Planning & Analysis perspective:

- ✓ One source of truth
- ✓ Self service – for power users
- ✓ Transparency and greater insight
- ✓ Improved ability to analyse and understand performance

From a Finance perspective:

- ✓ Quality of accounting improved
- ✓ Tasks, RACI, process and controls agreed and formalised
- ✓ Processes more efficient
- ✓ Spreadsheet risk reduced
- ✓ Headcount reduced

Lessons learnt?

Reality does not conform to the ideal, but confirms it.

Gustave Flaubert

The ideal...

CFO engagement...

CFO support is crucial.

A vision that guides and aligns

...

Before commencing an new system implementation, a **shared vision** and transformation strategy would be hugely beneficial

Dedicated Project resources ...

Dedicated project resource is required when processes span **multiple teams**

Mature and well documented processes...

It is imperative to **have people available** who sufficiently understand the processes.

Documented, tried-and-tested processes are ideal to **nail down system requirements.**

Logical data structures ...

Data structures in legacy systems and coding standards are ideally **logical and consistent**. The great news is that if you do not have this, TM1 can get around it.

IT support and infrastructure ...

Sufficient IT support and proper setup of production and development environments are important to avoid delays and issues.

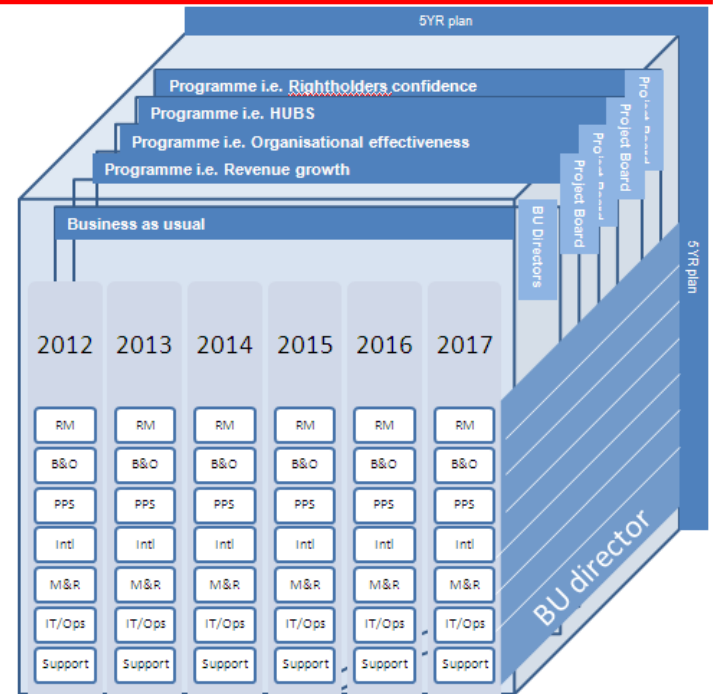
Tried-and-tested solutions ...

And last but not least, it is probably not ideal to be one of the first adopters of a new release (version 10.1 of the TM1 software)

What next?

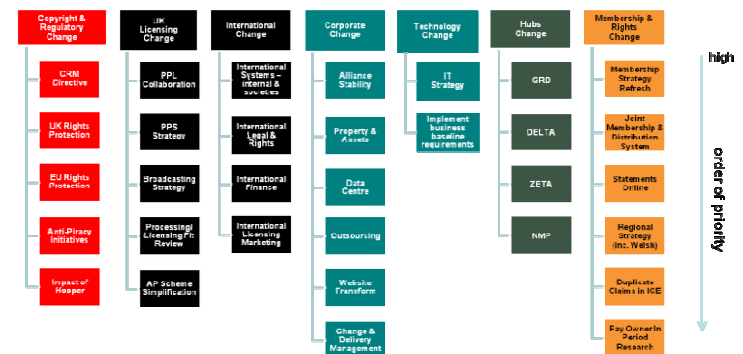
2014

- ❖ Integrated forecast models:
 - Royalty, distribution and commission or admin fee
 - Project reporting and (whole life) forecasting with ability to forecast how change impacts the current financials
 - 18 month rolling forecasts
 - Imbedding best practice
- ❖ TM1 and BI upgrade from version 10.1 to 10.2
- ❖ Roll out to key business users and increase collaboration



In the (near) future:

- ❖ Driver based royalty revenue models
- ❖ Tailored, role specific (K)PI reporting delivered to users devices (desktop, laptop, iPad etc)
- ❖ Integrated Balance sheet, cash flow and P&L forecasting



What next?

Aspiration:

- Macro economic input
- Statistical analysis and ability to predict income generating potential of works – to support and inform decision making
- Predictive analytics
- Scenario analysis on music usage and consumption, channels and media.

Key business questions

- What happened?
- How many, how often?

- Where exactly is the problem?
- Why is this happening?
- What actions are needed?

- What will happen next?
- What if these trends continue?
- What are the risks or opportunities?

Rear view

- Balance sheet, profit and loss, and cash flow statements
- Revenue and cost variance analysis

Current view

- Customer, product and market profitability
- Spend optimization
- Working capital analysis
- Market, customer and channel pricing
- Sales and supply chain effectiveness

Forward-looking view

- Cash forecasting
- Scenario-based planning and forecasting
- Strategic investment decision support
- Volatility and risk-based predictive and behavioral modeling

What next?

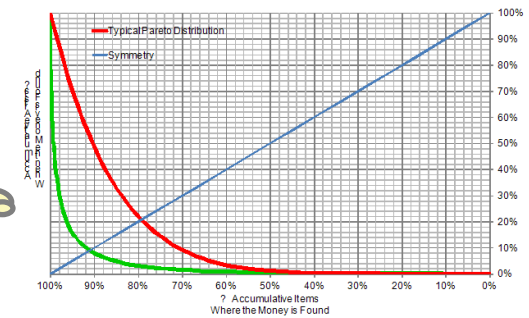
❖ Getting value out of our data ...

➤ We **exist to help our members ... earn from their craft**. How do we respond to the fact that:

- 1,424 writers are above the UK average earnings figure of £26,500.
- 45,337 earn no money at all (or 47%).

91% of earnings is made by 9% of writers

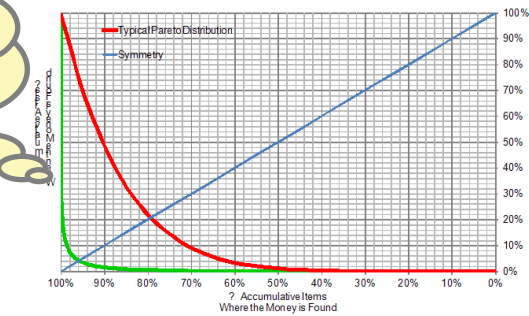
Lorenz Curve - Writer Earnings - 3 Year Average



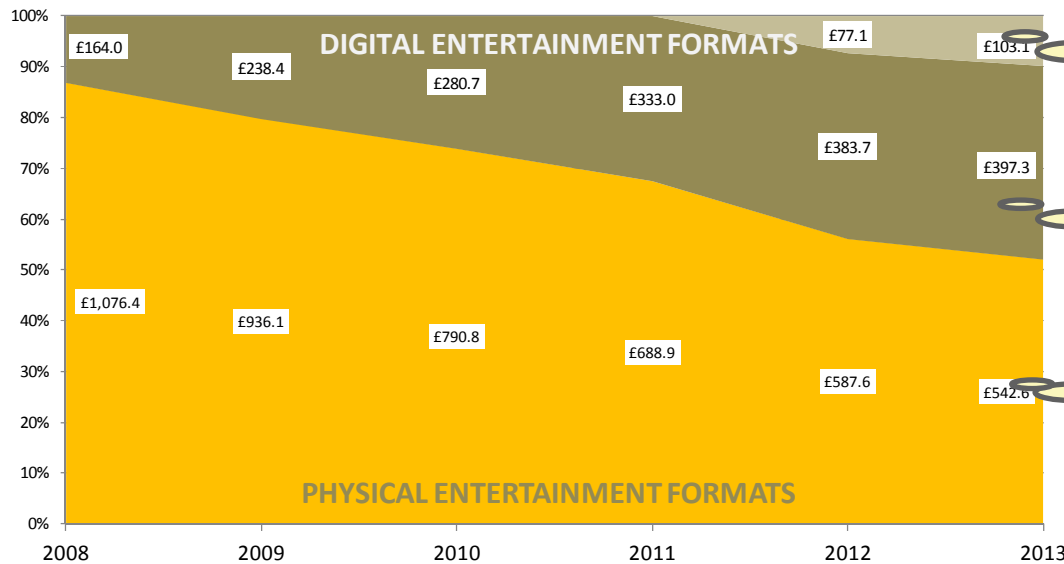
➤ Since March 2000, over 4,500 music initiatives have been supported to the tune of over £17m, through the PRS for Music foundation.

4% of publishers bring 96% of earnings

Lorenz Curve - Publisher Earnings - 3 Year Average



➤ Understanding the dynamics in music usage is important to guide licensing activity.



Subscription streaming revenues worth over £100m in 2013 – 10% of total music retail market and set to at least double in 2014

Digital download growth accelerated significantly from 2008 to 2012 but stalled in 2013

Despite huge growth in digital since 2008, music remains a physical-majority market

