

NEWSLETTER

An Entertainment Industry Organization



The Podcasting Craze

Richard Conlon, VP Business Development, BMI

The President's Corner

Dan Butler

Our last meeting, "Breaking Bands in Film TV and Games," was truly a pleasure to moderate. Panelists Alex Patsavas, Julia Michels, Dominic Griffin, Elena Byington and Jonathan Palmer all contributed to a rowdy and informative evening, which was enjoyed by a packed house. Thanks to all our panelists and audience in attendance!

Podcasting, barely a year old, is off to a fast start and shows every sign of exploding in the near future. A Google search for "podcast" at the time I write this yields 63 million hits. As iPods continue to sell at a phenomenal pace, those white ear buds no longer are just delivering music to listener's ears, they also deliver books on tape, talk radio, and an amazingly diverse group of programs. Yahoo!, the BBC, Virgin Radio, KCRW and myriad amateur sources have all gotten into the act.

Anyone with a microphone, computer and high-speed Internet connection can now create their own programming and pass it on to subscribers or casual users, who can listen on their computers or take it with them in portable devices like iPods and cell phones.

Rather than being a threat to radio, now iPods allow users to carry their favorite radio programs with them whenever and wherever they go. Podcasting allows time shifting in the same way that Tivo enables viewers of television programs to save

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Podcasting is the latest craze in the digital media. This past week the medium hit the headlines again with the announcement of new video capabilities for Apple's iPod player and a new time shifted offering of ABC off-network programming made available for sale through the iTunes service.

A cousin of the blogging craze, Podcasting uses RSS feeds to transmit prepackaged audio and audio visual programming over the Internet to users' desktops to portable media players (these can include all media players – not just iPods). Even prior to the iTunes announcement, podcasts were capable of transmitting audio visual programming if the programs were distributed in a compatible mp format. Podcasts are the audio or audio-visual equivalent of blogs with the added benefit of automatic, direct push delivery to the subscriber's desktop.

Consumers find podcasts through aggregator sites such as Podcast Alley, iPodder or Yahoo's recently announced podcast directory. When they find a podcast that interests them, they "subscribe" to have the RSS feed automatically downloaded to their PC's as new programs become available.

Market analysts estimate that there are currently 35 million portable media players deployed in the market and foresee the universe reaching nearly 70 million hard drive and flash portable media devices by 2010.

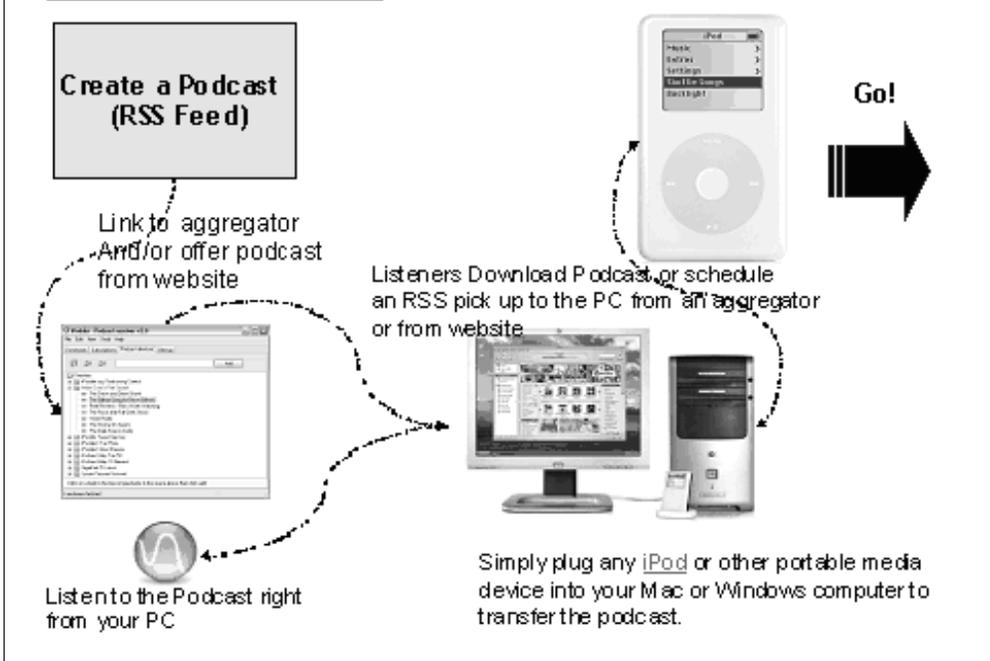
According to forecasts from The Diffusion Group, a leading consumer technology research consultancy, demand for time-shifted digital audio files or "podcasts" is expected to grow from less than 15% of portable digital music player owners in 2004 to 75% by 2010. TDG's new report, Podcasting: Fact, Fiction and Opportunity, suggests that between 2004 and 2010, the use of podcasting among US consumers will enjoy a compound annual growth rate (CAGR) of 101%.

With Podcasts, you only receive those programs to which you have subscribed. Podcasting programs cover every topic, can be minutes or hours long, and offer production values ranging from nationally syndicated radio programs to your next-door neighbor in his garage. Podcasting is reinventing the way audio programs are created and distributed with original content on every topic, from every corner of the world

Top Line Market Statistics

A review of the iTunes podcast directory in early September 2005 revealed more than 6,000 active podcasts. Podcast Alley indexes nearly 8,400 podcast programs and 180,000 episodes in their directory. Podcasts focus on everything from electronic gadgets to movies and astronomy. TDG Research (tdgresearch.com) projects that the audience for podcasts will grow from about 4.5 million to 56.8 million consumers by 2010.

Podcasting Schematic



Business Models / Revenue Streams

Most podcasts are offered free of charge and are hobbyist activities. Where revenues are generated they are usually through advertising, sponsorships, tip jars including PayPal and subscriptions. As the medium grows it is anticipated that traditional and non traditional forms of advertising, sponsorship and promotion revenue will emerge.

The podcast for sale phenomenon was highlighted by the recent introduction of audio-visual podcasts for a fee from the ABC television network where consumers can buy a podcast version of "Desperate Housewives," "Lost," and "Night Stalker" for \$ 1.99.

On the advertising front, technology provider CastFire recently created a service to network podcasters into a package to be sold to advertisers on a cumulative impression basis. Some sponsorships have also been sold. In New York radio station Z100 signed Virgin Mobile as a sponsor for its podcasts of comedy bits from its morning show.

Others use the medium as a vehicle to promote their over the air broadcast or offline entertainment businesses. Mainstream media companies such as Showtime, Fox Television, and Simon and Schuster and Bravo have turned to podcasts to help promote their core businesses.

Music Copyrights

The current rights picture has not yet been fully developed. Performing Rights Organizations BMI and ASCAP have offered standard licenses for the category on a percentage of gross revenue basis. The PRO licenses are only part of the picture however. Additional permissions need to be secured from the owner of the sound recording as well as the underlying musical work.

Podcasting requires clearance of publishing and master recording rights. Publishing rights include mechanicals, performances and synchronization when audio visual works are made available. Sound Recording rights include the interactive digital performance of the sound recording and the distribution / reproduction of the sound recording.

Musical Works

Performance rights organizations (ASCAP, BMI and SESAC) provide licenses for the performance of musical works, including their performance in a podcast. Separate licenses are necessary from each performance rights organization because each agency represents different musical works, and the songwriters and music publishers associated with them. Additionally, licenses for the mechanical rights which are triggered when copies of an underlying musical work are made are required as well as synchronization licenses for audio visual works are required. These licenses would be issued by music publishers or through the Harry Fox Agency, an industry clearinghouse.

Sound Recordings

The rights to use sound recordings are generally licensed by the record labels who own the master recordings. The activity of podcasting falls outside of DMCA compliant streaming online radio governed by DMCA statutory rates. Rates for interactive performances are set on a case by case basis by the labels. A podcast also generally includes a reproduction of a sound recording which would also require licensing by the copyright holder of the sound recording.

Currently the lack of standardized, readily available licenses from record labels and others are a roadblock for podcasters who want to use mainstream commercially recorded music in their podcasts. This may explain why only 7% of podcasts on the iTunes directory are music focused. Then again, podcasting as it is currently configured may just lend itself more to spoken word genres of programming.

What's Next?

Podcasting may be just the start of a new broadcasting revolution. As wireless networks become more robust, the potential for streaming podcasts that are distributed more like over-the-air radio and television becomes a reality. Pod2Mob (<http://www.pod2mob.com>), a streaming podcast service that retranslates podcasts for over the air wireless distribution via cellular networks, was launched in August 2005 with the mission of "cutting the white cord." Pod2mob wants to make it easier for any cellular phone subscriber to access podcasts on demand and eliminate the tie between the portable device and the computer.

Christine Iglesias of BMI assisted with research for this article.

TOP 10 PODCASTS

October 2005
Podcastalley.com

MuggleCast – Harry Potter
SoccerGirl – Web exploits and more
MacCast – about Macs
PotterCast – Harry Potter news
Keith and the Girl – talk show
Dawn and Drew – talk show
Free Talk Live – Libertarian talk
Ancestor PodBook – sci-fi serial
Distorted View – uncensored news
This Week in Tech

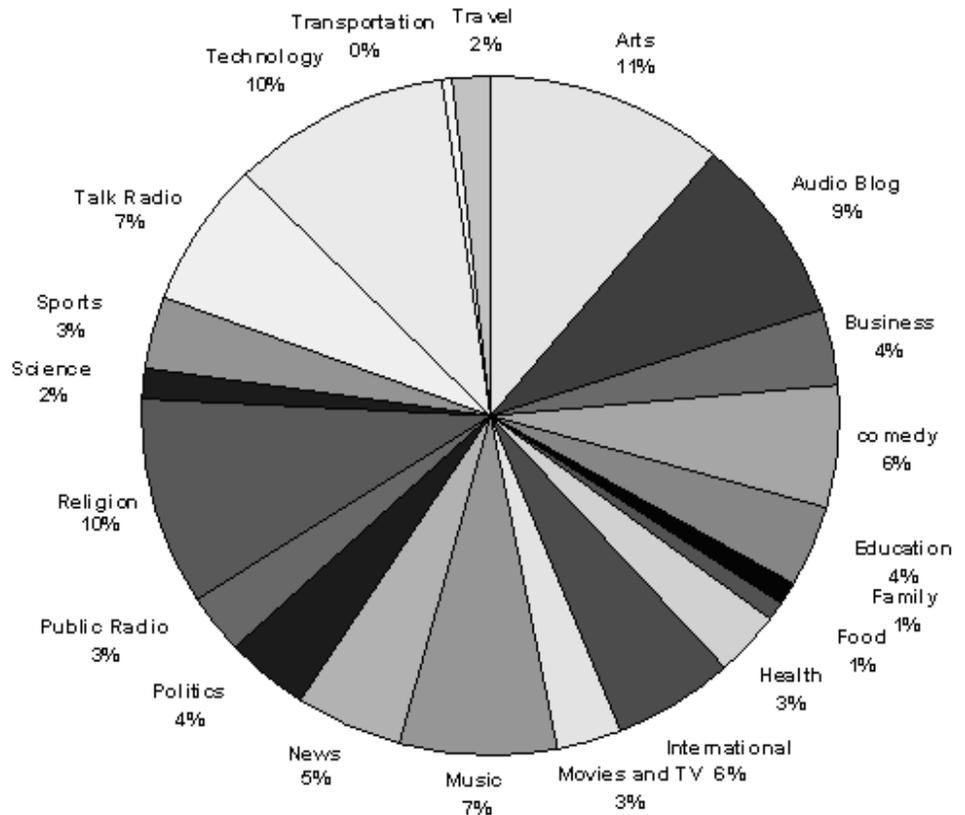
Presidents Corner *(continued)*

their favorite programs and watch them at their convenience. Music and copyright law obviously impacts the content of podcasting at the present time. So far, most mainstream music is not readily available, but podcasting presents a great vehicle for independent labels and artists to put their music in the ears of consumers.

Tonight's meeting, "Attack of the Pod People: A Look at the Short History and Rapidly Evolving Future of Podcasting" is moderated by CCC Board Member and entertainment attorney Kevin Koloff. Panelists Antony Bruno from Billboard, Columnist Bob Lefsetz and entertainment attorney Josh Wattles will enlighten us as to what podcasting is, how to experience it, and perhaps how to profit from it.

By the way, one attendee of tonight's meeting will go home with a new iPod Nano, courtesy of the CCC. Good luck!

Podcasts by Subject Matter



Source: BMI analysis of iTunes Podcast Directory

WE'RE CELEBRATING THE HOLIDAYS

Please come and join us for a wonderful evening of food and drinks at the CCC's annual holiday party. Café Cordiale is preparing a fabulous evening with three entrees: Chicken Marsala, Grilled Salmon or Linguini Cordiale (linguini with spinach, green onions, mushrooms and tomatoes in a white wine olive oil sauce), and a traditional Café Cordiale holiday dessert of warm French Apple Tart. We have the entire restaurant for the evening for our private holiday celebration. We also have fun holiday goodie bags for everyone. Don't miss the party of the year!

Tuesday, December 6th
6:30 Cocktails * 8:00 Dinner
\$35 for members * \$40 for non-members * No-host bar

Café Cordiale
14015 Ventura Blvd.
Sherman Oaks, CA 91413

**ALL RESERVATIONS MUST BE MADE BY
Friday, December 2nd**

Seating is limited

Please mail checks to:
California Copyright Conference
P.O. Box 57962
Sherman Oaks CA 91413

Or make your reservation online at www.theccc.org

CALIFORNIA COPYRIGHT CONFERENCE

P.O. Box 57962
Sherman Oaks, CA 91413

Voice Mail: 818-379-3312

Website: <http://www.theccc.org>

Our website is the place to find information on upcoming meetings and other events. Make reservations, join, or renew your membership online. To view past issues of the CCC newsletter, visit our website and click News.

MEMBERSHIP

The price of an individual membership is still only \$55 annually (renewable in July). Enjoy each dinner seminar at the special member rate of \$28; the non-member rate is \$35. MCLE credit is available.

Corporate Members (\$250, renewable in July) can send up to 10 people to each dinner seminar at the member dinner price. Our growing list of Corporate Members proudly support the CCC's long tradition of service and education.

