



PlayTrekS, is an artificial intelligence driven marketing platform for the music industry. This document describes the market and need for a platform that removes all current constraints to provide transparency to all industry stakeholders.

Preface

In the cultural and creative sector, the music sector is the fourth largest employer, with approximately 1.1 million employees. The generated turnover is approximately plus minus 25 billion Euro on an annual basis.

The entire industry today is driven by technological changes. The cultural and creative sector is the most threatened by this. Piracy, the loss of physical products, new distribution channels with relatively low payouts are some of these threats that manifested themselves years ago.

This industry is dominated by a number of powerful players, the development of new business models, and a different form of consumption, which mainly revolves around digital streaming of music.

Since 2015, digital streaming of music has been the primary income stream for many parties involved. This has all the disadvantages for artists, producers, and other creatives involved in the process of music production.

In line with European Commission initiatives, everything PlayTrekS does is about promoting diversity, creativity and innovation in the music sector. An important part of this is the use of data and the processing thereof. However, this sounds easier as said as



you will understand later. The main motive of PlayTreks is to promote, develop diversity and talent and make artist-related data visible, and to support the artists in making themselves heard on a global basis, without restrictions.

Music production and consumption is international, a lot of music produced eg in Belgium is heard just as well here as in other countries. There are no limits or restrictions on music distribution in that regard. This allows for a high degree of diversity, but it is also an open door for non-transparent situations such as the loss of royalties and other income. So on the one hand, the current model is fantastic in terms of its ability to make music audible around the world, on the other hand, it is also clear that this tremendous opportunity makes it very difficult to tower above ground level and receive the money you are entitled to.

Music is consumed in many different ways, generating a lot of turnover locally and internationally. When artists go on tour it is relatively simple, they receive an amount for the performance. If recordings are distributed, it generates royalties that are ultimately paid to the artists, however the transparency of this is hard to find. Many artists are unaware of where their music is distributed.



The playing field of the music industry

The assumption may be that it is always and only the artists and producers that are at the heart of value creation, however this is not the case. The music industry consists of a complex value chain of service providers, intermediaries such as publicists, agents, managers, public relations agencies and media professionals, not to mention the streaming platforms themselves.

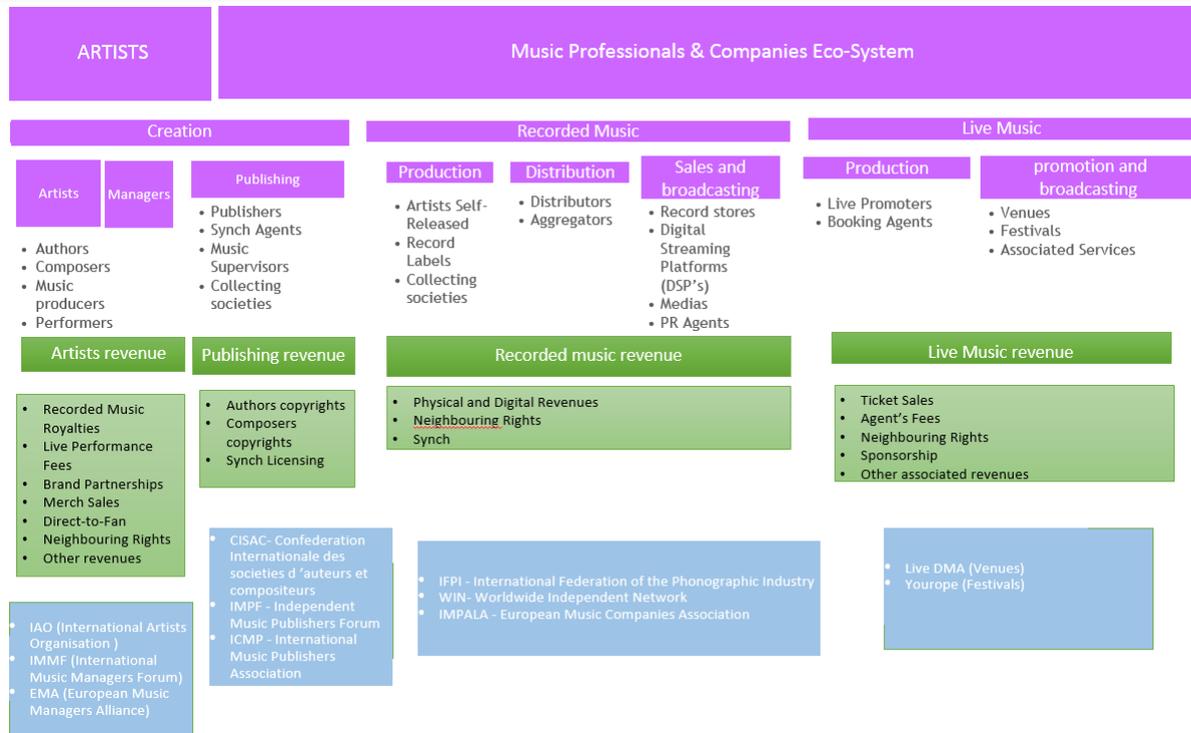
It should therefore be clear that music is not an autonomous, stand-alone economic, social or artistic activity. Everything is related to a number of sub activities such as music publication, music recordings, and live music.

The interests of these three components are not always unambiguous, and the beneficiaries are usually different parties, which ultimately makes it even more difficult for an artist to understand the success of the music produced.

The aforementioned sectors where money is earned can be looked after by various parties such as the artist himself, record labels, distributors, concert organizers, music companies and others.



The overview below shows the complexity:



Source: emee

The above overview tries to paint a picture of the music ecosystem, gives an idea of all possible parties per sub-sector, creation or production, recordings and live performances. All of these components provide an income stream that benefits various parties.

From this it can also be concluded that to build an artist profile, or a fan base, a lot of knowledge of the industry is required. And not to forget a big investment if you want to be heard. This requires guidance, which can come from the correlated data that

PlayTreks produces, without restrictions and based on artificial intelligence.



If there is no support from a platform like **PlayTrekks**, or a powerful and investment-friendly party, the music industry is a major challenge.

The challenges

In order to effectively promote, sell and distribute the artist and his or her music in a digital world without borders, it is necessary to align all stakeholders, including the artist, producers, promoters, labels, publishers, festivals and concert halls, logistics parties, but also public authorities such as Sabam in Belgium as well as online and offline distribution parties.

We can safely say that this is vain hope for now. As long as the following points are not met, despite the huge revenues, the music industry will remain a sector where a number of parties make a lot of money, but those who create the product will be left behind. This mainly applies to the largest group of artists, composers, songwriters and producers.

- Most artists have insufficient knowledge of what actually happens to their creation. This has to do with a lack of digital knowledge.
- There are many music companies that do well with their artists, but there are also many who do less well and abuse the "naivety" of the artists. Also, most music companies have no access to the necessary data, and the inability to produce the right data leads to mistrust.
- There is a lot of education available on how to defend rights interests, but one may wonder whether an individual artist can handle all this.



- Most artists depend on streaming income, and if not honored by all parties involved, it is quickly over and over for an artist and a career prospect is far away.
- Despite the fact that official music rights organizations exist by the grace of grants and do a lot to ensure that the artist gets what he or she is entitled to, these organizations only function when data is available, data that is ultimately provided by the powerful in the industry.

What can we conclude from this:

The music revenues are international Many parties are involved in the income generation.

Dependency

Artists depend on multiple streams of income such as royalties, copyrights, festivals, concerts, synchronization, merchandising, physical sales, etc., but usually rely on multiple parties to understand what is actually happening with their product.

The European musicmarket

Music consumption is growing in Europe and worldwide for that matter. This growth mainly comes from streaming and live performances. The growth trend continues according to studies by Goldman Sachs on the future of the music industry. Industry will double by 2030. Growth is mainly driven by streaming sales, + 907.1% and live performances + 72.2%



Table 2: Prospective evolution of the music market revenues 2015-2030

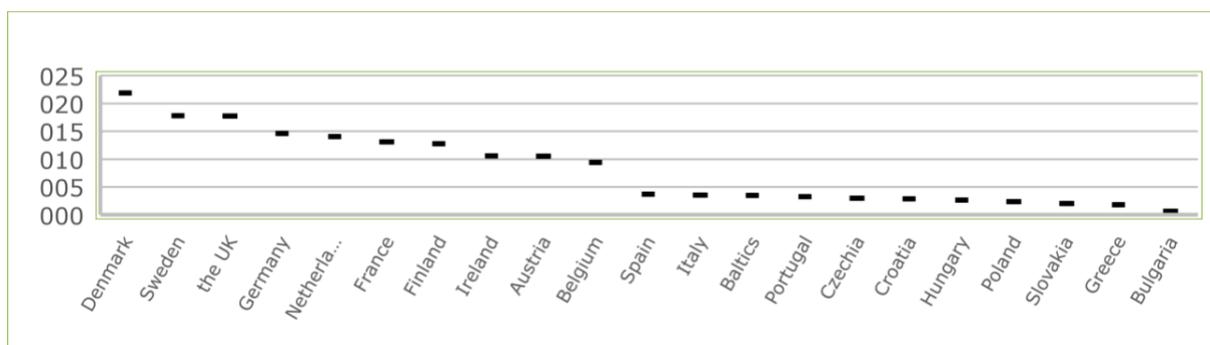
	2015 (in EUR billion)	2030 (in EUR billion)	Evolution
Recorded Music	20.23	47.86	136.50%
Streaming	1.19	11.99	907.10%
Physical	2.47	0.60	-75.90%
Live	21.00	88.32	320%
Publishing	4.59	7.91	72.20%
Radio	25.08	20.23	-19.30%
TOTAL	45.82	88.32	92.70%

Source: Goldman Sachs Research (2016) Music in the Air, Stairway to heaven & Goldman Sachs (2016) Music in the Air, Paint it Black. USD to EUR conversion rate = 0.85

Growth, led by streaming, will grow more slowly in areas where streaming is already at a high level, such as in most countries in Europe. However, in countries such as Portugal, the streaming level is lower than, for example, in Belgium. So a lot of growth is foreseen here.

Per capita analysis shows that in the 28 countries of the EU, the music market is divided between the northern countries where more is spent for electronic services than in other countries. The first category, about 10 countries, accounts for about 82% of all European streaming income, while the rest account for the rest.

Recorded music revenue per capita in EUR (2018)



Source: IFPI



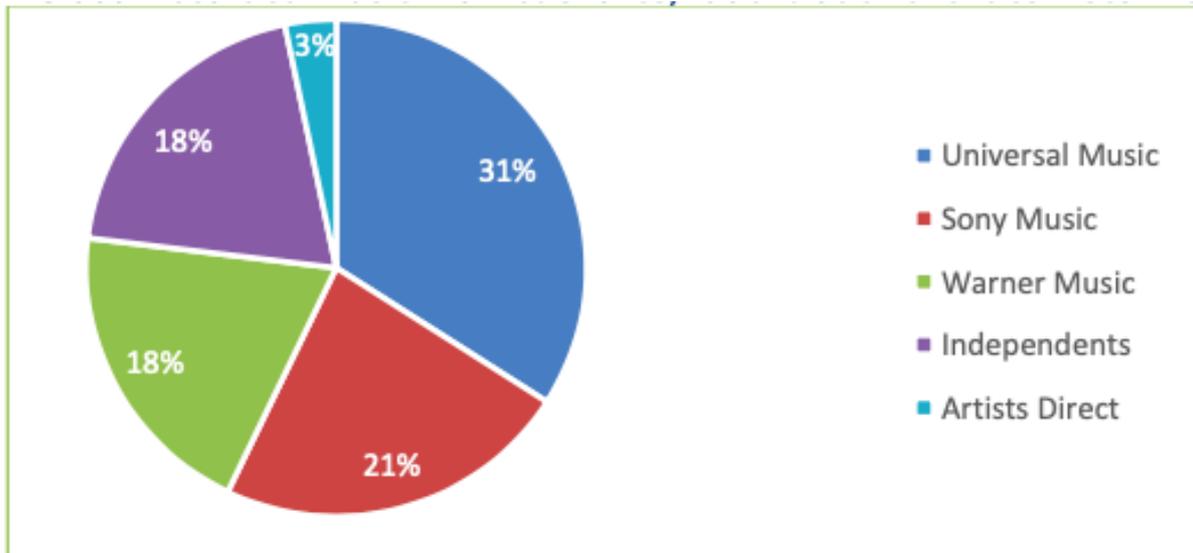
The "Recorded Music Sector"

This is dominated by three major parties, namely Sony, Universal and Warner. Tencent a Chinese player is also playing an important role. There are also independent music companies, such as Massence. These independent parties grew to almost 7 billion turnover in 2017, an increase of 11% compared to the previous year. Independent music companies are expected to grow even more strongly, from a market share of approximately 40% in 2018. Today, 80% of new music comes from independent music companies. Practicing Europe, this is the third largest market worldwide with 4.7 billion, after the USA with approximately 5.3 billion turnover. Europe's music industry is growing. The growth of the recorded music market is very motivating, growing since 2013.

	Total trade value	Physical	Other Digital	Streaming	Performance rights	Synchronisation
Germany	1,177.7	505.97	103.69	316.04	240.57	11.39
UK	1,166.52	355.73	134.3	445.53	204.7	26.25
France	823.43	299.49	42.19	239.94	219.65	22.16
Total DE+UK+FR	3,167.65	1,161.19	280.18	1,001.51	664.92	59.8
% of EU 28 recorded music revenues	67.56%	74.84%	80.21%	61.97%	65.86%	77.67%

Apart from the UK, France and Germany, where local players are still taking in a lot of talent and investing, we see the three major parties doing more exports of American music to the rest of the world. Potential Merlin is one of the organizations that manages the streaming rights of independent music companies like a number of other parties do. Research, which is hugely important to PlayTrek, has shown that independent music producers account for more than 40% of the market, and growing rapidly! These **DO IT YOURSELF** artists and producers are exactly what the primary market is for **PlayTrek**.

This is a serious emerging market.



Publishing

The publishing sector is responsible for ensuring that songwriters and composers receive money based on music rights. Music is often used in (e.g. commercials, streaming platforms and other forms). Publishers are "responsible" for copyrights, collecting royalties, and paying them out. Naturally, there are also a number of large parties here, such as Sony, Universal and Warner. However, there are more independent parties that are involved in this. Here, too, it is extremely important to have correct data to ensure that the rightholders receive what they are entitled to. The Publishing market, however, is more balanced between the major parties and the independents than with "Recorded Music". A fun fact is that Europe is the largest market in publishing rights, accounting for at least 5.5 billion a year.

Live music

The last sub sector is the live music market. Selling tickets is the biggest factor here. The income for the artist and the use of music during performances is called Neighboring rights. This is also a serious source of income.

Not part of **PlayTreks** for now, but we are considering to what extent we are able to make it visible here as well. This has everything to do with the enormously complex



situation that many parties are involved in, such as promoters, agents, the service economy, ticketing firms, public relations firms, and others.

Conclusions:

The music sector is a rapidly growing sector

There is still much to be done in terms of transparency

The number of independent artists and producers is growing rapidly

In all sub sectors it is evident that having the right data is key for the existence of artists, songwriters, composers and producers

DEMOCRATIZATION OF INDUSTRY

The European Community is committed to simplifying industry, especially in terms of rights and obligations, but this still does not solve the problem that appeals to **PlayTreks**, and hence the need for a platform such as **PlayTreks**, where all possible data sources are used to give rightsholders visibility in where their product is used.

It is fantastic to see that theoretically a lot of money is being released for initiatives such as we are developing, intended for the enormously growing group of independent artists, songwriters, composers and producers.

Even if the European community comes up with rules where platforms must obtain licenses from artists, songwriters, composers, producers, the question remains to what



extent the performance of music is made transparent for those involved. Since we started developing **PlayTreks**, democratizing the industry has been high on the agenda, and we intend to serve the independent market by providing real-time insight into the performance of existing music at any time, as well as giving direction to the artists, etc. how to make their music even more audible and ensure that they obtain what they are entitled to.

Every initiative of, for example, the EU is good, but the world is bigger than the EU, and this requires initiatives such as we are developing. Music must remain global, creators must be sure to get what they are entitled to and use the help of a platform like **PlayTreks** to help them distribute and control music, thereby ensuring their existence.

Why is this important?

As long as it is not unambiguously determined what the rights are with regard to, for example, the electronic distribution of music and large parties have the say when an artist gets paid, or when a radio station, digital or ether, reports, this business is a big wild west situation.

There is no general definition of what an artist is, how they operate. Are they self-employed or a pure hobbyist? The remuneration system is unclear, largely due to non-transparent reporting systems.

A good example is the current situation regarding Covid19. Many artists don't even know when royalties will be paid, and it is well known that many artists have little or no buffer.



If the live performances also disappear, then these creative people fall into a big black hole. All the more reason for a transparent solution such as **PlayTreks**.

DATA GAP

Many studies show that there is a huge DATA GAP when it comes to music performance. BMAT has attempted to analyze 38 countries, the EU28, Japan, South Korea, China, India, South Africa, Mexico, USA, Canada, Russia and Turkey, aiming to get an idea of where the music is original came from there, and where it was consumed, on streaming platforms as well as on the radio, ether and digital.

They used the so-called ISRC (international Standard Recording Code) codes for this, however this was a one-time ad hoc data analysis.

The top 200 streams on platforms such as Spotify, Deezer, Apple Music, YouTube, Amazon and Shazam were used for this analysis.

Important to note, again an argument for **PlayTreks**, that analyzing ISRC codes has limits. When using ISRC codes, the main focus is on where the recording was recorded, and the question is whether the reporting is complete enough to actually report this music being played.

In general, it can be stated, BMAT ordered by a special EU commission, that the ability to collect and analyze data is weak. In the study done by BMAT in 2019, it became clear that very few organizations were able to collect and analyze data in-house. The manual



impact of collecting and analyzing this data is enormous, which is why the idea behind **PlayTreks** to do all this through artificial intelligence as well as automated, and then when the artist or entitled party benefits from it.

A platform like **PlayTreks** would offer a huge solution here. The current way of working for many organizations is hampered by several factors.

- Geographical restrictions
- Visibility of artists on platforms, what and from when is reporting reported.
- Which data sources are available and which are not? How are income streams made visible and when?
- The correctness of data. Who and where generates this data? RECORDED MUSIC SECTOR AND PLAYTREKS As already mentioned, the Recorded Music sector is the most important and largest market, hence our approach to start here.

Most organizations have a lot of problems finding the so-called data gates to collect and analyze data.

PlayTreks solves this by "crawling" data on the internet, and in particular on all possible streaming platforms and social media platforms such as Spotify, Deezer, Amazon, Apple Music, Facebook, Instagram and more will follow, and "feed this data in the **PlayTreks** engine, which then organizes, analyzes the data, using artificial intelligence, and searches for relevant correlations in the presented data, resulting in extremely correct, relevant and detailed information to make better decisions, as well as a transparent to give a picture of each stage in an artist's career.



Why not just view all platforms manually and without artificial intelligence?

Okay, the data is to complete the picture, it takes more than just looking at the performance on one platform. The problem lies in the fineness of the data, which requires multiple sources (**PlayTrekS** matched data from Spotify eg with data from Last.FM and Discogs to get a better picture), this to avoid errors that record labels and distributors unintentionally created when making the music available on these platforms. The data that the streaming platforms make available usually only has one goal, and that is to buy advertising campaigns on that platform, not to provide transparency to artists about the actual popularity, performance and not to mention the possible income.

PlayTrekS can be used as the data aggregator for the music industry.

The artist on data, supplemented with data from other platforms, will provide a much completer and more necessary picture as what the individual platforms will ever be able to offer.

Conclusion

PlayTrekS offers a clear concept for the segmentation of data, across the industry and all possible platforms

PlayTrekS provides insight into the performance of music for the benefit of the artist, songwriter, composer, producer, and anyone who wants to understand music more



PlayTreks offers a clear route, a route that is hugely desired by the authorities, everyone involved, and even the streaming platforms

Our data collection strategy is very detailed and will ensure that all so-called data gates are open to anyone who benefits from them.

PlayTreks removes all restrictions from the current way of working by not using the so-called ISRC codes.

Further arguments that speak for PlayTreks:

The data restriction of official organizations, advocates and artists, composers, songwriters, producers and record labels:

A lot of research has been done through surveys, and it becomes very clear when industry stakeholders complain about the data limitations. There is a huge need to aggregate data at both national and international level, and certainly at artist level.

PlayTreks has a future-oriented view of how to do this, through artificial intelligence and without any restrictions regarding data collection.

Our development is fully in line with the needs as defined by, among other things, the European Commission, as well as on the basis of the wishes of many artists, composers, songwriters and other parties involved who complain bitterly about these restrictions.



All parties involved clearly indicate a need for transparent data, which enables the user to get a clear picture of the performance. The need to have a platform capable of unlimited data collection and analysis is enormous.

Other conclusions from research

The need to be able to make informed decisions about promotion based on well-correlated data is also enormous.

Advice based on processed data instead of guessing and gambling. Without this relevant knowledge that **PlayTrekks** generates, searching for a pin in the haystack where certain music catches on or not.

This kind of advice is exactly one of the features of **PlayTrekks**.

Strategy, activity planning and promotion advice

Market Intelligence



SNAPSHOT BELGIUM

Naturally, we also investigated what countries do individually for the cultural and music sector. We first investigated what the market means financially.

In 2018, the total Recorded Music income was approximately 100 million. This placed Belgium in 13th place in Europe. This accounts for a total of almost 2% of European music revenues.

However, we believe that this amount can be much higher.

The Live Market accounted for 193 million. (very impressive)

In Belgium, there are two regional authorities that deal with music exports, namely Wallonie-Bruxelles Musiques (WBM) and Poppunt / Flanders Arts Institute.

The budget of WBM in 2018 was 342000 Euro and mainly came from the Ministry of Culture. Pop budget in 2018 was 322,000, but the majority of this is spent on salaries.

The Ministry of Culture is also the largest lender here. Less than 2% is funded by Sabam, the rights organization in Belgium.

The activities of both organizations focus on communication, PR, networking and showcasing.



However, little is being done in favor of initiatives such as **PlayTreks** that could make a huge contribution to the welfare of artists, etc. and the actual financial impact that we could help improve through transparency.