Before the
COPYRIGHT ROYALTY BOARD
LIBRARY OF CONGRESS
Washington, D.C.

In the Matter of	)	
	)	
ADJUSTMENT OF RATES AND TERMS FOR PREEXISTING SUBSCRIPTION SERVICES AND SATELLITE DIGITAL AUDIO RADIO SERVICES	)	Docket No. 2006-1 CRB DSTRA

TESTIMONY OF

SIMON RENSHAW

President, Strategic Artist Management

October 2006

FINAL

SX Trial Ex. 60

BEFORE THE
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Adjustment of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services	)	**Docket No. 2006-1 CRB DSTRA**

DECLARATION OF SIMON RENSHAW

BACKGROUND AND QUALIFICATIONS

I am a full-time music manager and President of Strategic Artist Management. I have been in the music business since 1974. After initially working in live concert production and promotion, I have been a full-time manager of artists since 1986. Over the last twenty years, I have been involved in the careers of musical artists in a wide variety of musical styles and genres, and of varying levels of commercial success, from new artists to international superstars. My current clients include the Dixie Chicks, who are the best-selling female group of all time. I also manage Anastacia, who has sold more than 20 million albums worldwide; Clay Aiken, who rose to fame on the American Idol television show; and country music breakout artist Miranda Lambert. Strategic Artist Management also recently signed 2005 American Idol finalist Bo Bice for representation and is developing several new young artists.

Before forming Strategic Artist Management in 2005, I served for four years as co-head of the music department at The Firm, an artist management agency, which had absorbed my Nashville-based management practice in 2001. I serve on the board of the Recording Artists'

Coalition, a non-profit recording artist advocacy group dedicated to promoting and protecting the creative rights of musical artists. In 2000, I received the Pollstar Personal Manager of the Year award.

DISCUSSION

I understand that the Copyright Royalty Board in this proceeding will establish the rates and terms to be paid to copyright owners and recording artists for the performance of sound recordings by the satellite radio services (XM and Sirius) and services that stream music over cable and satellite television. I have devoted my career to working on behalf of artists, and the compensation they receive for uses of their music is of great concern to me.

The satellite services offer a wonderful new format for the delivery of music to the public. But for this format to work effectively and fairly, there must be a proper balance between the ability of the satellite services to expand their businesses, while at the same time properly compensating recording artists. I want the satellite services to succeed, but this success should not occur based on a business model providing excessive compensation for some content like sports or certain on-air personalities, and only providing minimal compensation to the recording artists whose music is the most important content for the satellite radio services.

The ultimate success of satellite radio depends in large part on artists' hard work and creativity. Music draws subscribers to XM and Sirius, and artists should be duly compensated for providing this essential component of the satellite service business model.

I am aware XM and Sirius offer channels featuring talk, sports, news and weather. Nevertheless, music is the engine that draws the listening public to the service. It's easy to imagine XM and Sirius operating without sports or talk; it's very hard to imagine them surviving without music. I hope the rate set by the Board in this proceeding will recognize the creative

contribution of artists and the centrality of music to XM's and Sirius's services. The value that recording artists provide to the satellite services outweighs the benefit that XM and Sirius offer to recording artists.

When one of my clients releases a new album, the record label develops a promotional plan, and a major part of my responsibilities as a manager is to work with and supplement the strategies designed by the record label to promote sales of the album. Based on my years of experience managing both major stars and emerging artists, I've gained substantial knowledge about effective ways to drive sales and promote an artist's career.

Today's marketplace has a vast array of entertainment options. People listen to and learn about music and artists from a variety of sources, including television, movies, legal and illegal downloads, social networking sites on the Internet, terrestrial radio, satellite radio, retail outlets, webcasting sites, video on demand sites, and so on. Similarly, with the remarkable success of the iPod and other mobile devices, people more frequently than ever can listen to what they want, when they want, where they want.

In this vast marketplace, the artist's team tries to create effective promotional campaigns designed to sell the artist's records and promote his/her career. In my experience, securing television exposure, targeting terrestrial radio play on local stations that is coordinated with touring and other local events (i.e., combining terrestrial play with a comprehensive promotional strategy), and placing stories in major publications such as *Rolling Stone* is considered of much greater value than gaining exposure on XM and Sirius by the record labels. It is generally accepted that tours with media stops in each city, appearances on television shows, interviews with the dailies, major monthlies and regional press, and in-store appearances with retailers are

all critical components of promoting and selling a new album. And while working with the satellite services is an option, all of these other opportunities are given much higher priority.

Most of the executives that I deal with believe that there is more value to have an artist, album or song featured on one of the major Internet music platforms that have emerged in recent years, such as those operated by Yahoo! and AOL, than it is to have an artist's music played by the satellite radio services. For example, the major Internet music platforms allow visitors to their web sites to stream videos on demand. They also display news features with photographs and text about artists, lists of popular new songs, and offer fans the opportunity to click on links to listen to songs and watch videos. Getting an artist featured on these kinds of sites can be an effective part of a larger promotional campaign.

Unquestionably, the satellite services rely greatly on artists to provide quality content that entertains and holds the public's attention. The point is to keep their subscribers happy and to draw new subscribers to their services. To do this, they not only play a wide variety of music, they also advertise using prominent major artists, the point of which is not so much to promote each individual artist. Rather, XM and Sirius use the notoriety of famous musicians as a way to showcase the breadth and depth of their programming to subscribers and potential subscribers. And this is a good thing. Without the varied content provided by artists, the satellite radio services would not be as successful at enticing new subscribers with the promise of numerous channels of music programming. Undeniably, music and artists are indispensable ingredients that the services use to attract subscribers to pay for the services. In my estimation, music is at the core of their business model.

I am aware that XM and Sirius often do more than simply play an artist's songs. They are generally less constrained than terrestrial radio stations in terms of the format of their

programming. The satellite services can and do play in-studio concerts or live performances that are not typically played on terrestrial radio. Artists sometimes welcome these opportunities, but perhaps more for aesthetic than economic reasons. Satellite radio services are a friendly vehicle for artists. But I have not yet seen a direct connection between artist involvement with the satellite services and increased sales. Indeed, sad to say, it is my understanding that sales across the industry have declined even as the number of subscribers to satellite radio has grown.

The satellite services have used music more than any other content in building their businesses. The value they receive from music is greater than the value the artists receive from the services. The satellite services must still build their businesses, and they rely on music to do that. As such, they should be required to pay artists a substantial royalty reflecting the artists' hard work and creative contributions. Artists, labels, and the satellite services want this business model to succeed. Only by imposing a substantial rate paid to artists for their music will a proper balance be reached, thus ensuring a healthier music industry and a satisfied fan base. I appreciate this opportunity to provide the Copyright Royalty Board with this testimony.

I declare under penalty of perjury that the foregoing testimony is true and correct to the best of my knowledge and belief.

Date: 29th October 2006

Simon Renshaw