



Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

• [See a sample reprint in PDF format](#) • [Order a reprint of this article now](#)

---

## MEDIA & MARKETING

# Reaping Profits From Soundtracks

## *There's a Growing Business in Royalty-Free Music for Videos*

By HANNAH KARP

Updated Dec. 16, 2013 3:09 p.m. ET

Video may have killed the radio star, but video—whether on TV or the Web—still needs a soundtrack.

With video content proliferating, new models for supplying background music are taking root, with many trying to bring down the cost and avoid the complicated royalty-payment rules.

Licensing music is typically an arduous, labor-intensive process that can involve sifting through libraries of songs, manually filling out forms and keeping lawyers on hand in case a rights holder feels wronged.

Enter companies like Epidemic Sound, a startup that removes royalties from the equation. The Stockholm-based company offers TV and video producers subscriptions to its library of 25,000 original musical tracks and sound effects for a monthly subscription fee—all royalty free. Think of it as a musical version of clip art. It is also starting to allow video creators on a budget to use its music at the rate of \$1.35 per second, instead of requiring them to license an entire track for a small snippet.

Epidemic Sound pays composers up front for songs in exchange for complete ownership, meaning its users don't need to make royalty payments. Composers get \$100 to \$1,000 a song, and up to hundreds of thousands for TV-show theme songs, Epidemic says.

Co-founded in 2009 by Peer Astrom, who produces the music on the TV show "Glee," Epidemic Sound says it now provides 70% of the music broadcast on TV in Sweden and about half of the TV music across Scandinavia. And it now is expanding into the U.S.

Others venturing into this new territory include SourceAudio LLC of Los Angeles, which offers businesses subscriptions to existing music libraries for fixed monthly rates, and ScoreAScore LLC., based in Los Angeles, which allows video producers to post projects for a desired price and suggests composers for the job. Sony Corp.'s Sony/ATV Music Publishing and film composer Hans Zimmer opened Bleeding Fingers Custom Music Shop earlier this year, offering scores for lower-budget productions like reality-TV shows.

Alicen Schneider, vice president of Music Creative Services at NBCUniversal's television unit, said that because production has ramped up but budgets have stagnated or declined, "We've had to get more creative in where we get music because we can't afford to get it from the major labels anymore." Currently NBCUniversal is producing 50 shows, she said, about five times more than five years ago. To cope with the time and money crunch, she said she uses name-your-price services like ScoreAScore, which

streamlines the licensing process delivers a selection custom or existing music in a matter of hours that she can buy for one lump-sum payment with full permission from rights holders.

"We tell them what we have to spend and they pre-clear everything," said Ms. Schneider. "Within 12 hours you have 15 to 20 things you can listen to."

Peter Gannon, an executive music producer at ad agency McCann Worldgroup, said that with record sales down artists are eager to find new revenue streams. Advertisers still commission artists to create about 30% of the music they use, Mr. Gannon said, but commercials increasingly use music that already exists.

In the U.S., most networks and studios have licenses that allow performing-rights societies to collect publishing royalties on behalf of their songwriters and composers, when their work is aired. But many artists, particularly younger ones, would rather get money upfront rather than collecting tiny payments over years and years. Epidemic Sound doesn't hire composers registered with performing-rights societies like ASCAP and BMI, but many other services do. Most of the new music businesses aren't completely royalty-free on the publishing side, only on the recorded-music side.

Maker Studios Inc., a Los Angeles-based producer of YouTube videos, recently signed a deal for unlimited access to Epidemic Sound's royalty-free catalog.

"We plan to use as much content from Epidemic Sound as possible," said Maker Studios Chief Operating Officer Courtney Holt, adding that the company's demand for music has increased sharply since its launch four years ago. Maker Studios produces a wide range of videos, from fashion, news, videogames, food, comedy and music, including many videos of amateurs performing covers of existing songs.

Epidemic and Maker Studios declined to disclose terms of the deal.

Royalties have presented a problem for Maker Studios in the past. The National Music Publishers Association alleged that the studio had used songs for several years without paying or getting permission. The two sides are in settlement talks.

Maker will also continue to license music from Vivendi SA's Universal Music Group, after inking a deal this year, but with Epidemic, royalty payments won't be a concern.

The recording industry last year made \$337 million world-wide from licensing music to TV, video and movie productions—known in the industry as "synchronization licenses"—up from \$310 million in 2010, according to the International Federation of the Phonographic Industry. Recording artists and advertisers these days lean heavily on such "sync" use, evidenced by hits such as Justin Timberlake's "Suit and Tie" and Lady Gaga's "Applause" showing up in commercials when they are still on the Billboard charts.

For music publishers, which control the rights to compositions including melodies and lyrics, sync-use revenue has doubled as a percentage of total revenue over the past decade to about one-third, but mostly because record sales have declined. David Israelite, president of the National Music Publishers Association, says he expects such revenue to start rising in absolute terms as social-media outlets like Facebook and Twitter add more video advertising that includes music.

"We're very bullish on sync licensing—there's only going to be more media in the future and much of it will require music," said Geoff Grotz, CEO of SourceAudio.

Epidemic Sound's CEO Oscar Höglund said the company received tens of thousands of applications from

composers around the world and has employed about 200 of them, mostly from Sweden and the U.S.

Clients, who subscribe for up to \$100,000 a month depending on how much music they expect to use, can request playlists of suggested tunes for their particular needs, or search the library by mood, style or other key terms.

Gavin Luke, a 36-year-old musician in Minneapolis, started writing music for Epidemic Sound in 2010, enticed by the prospect of getting paid upfront instead of waiting for royalty checks. He said he typically earns \$290 per piece and can write about three a day, for projects that have ranged from Swedish cooking programs to the Swedish version of the "Survivor" reality-TV show.

**Write to** Hannah Karp at [hannah.karp@wsj.com](mailto:hannah.karp@wsj.com)

### **Corrections & Amplifications**

Epidemic Sound said it has employed about 200 of the composers who applied and that composers get up to hundreds of thousands of dollars for a TV-show theme song. An earlier version of this article incorrectly said that Epidemic Sound has employed 3,000 composers and pays up to millions for a TV-show theme song .

---

Copyright 2013 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)