



Nfluence
Partners

CrossBorderWorks

Music Tech Consulting & Advisory Firm

Key Takeaways:

Media & Music Salon Series | What are the Big Opportunities for Music Post-COVID

August 2021

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Introduction to the Media and Music Salon Series



What are the Big Opportunities for Music Post-COVID: Diving Deep into Fitness, Gaming and Social?

This was the first in a Salon Series examining how music companies are evolving in 2021 and beyond to adapt to changing markets and opportunities bringing together thought leaders in business and finance

August
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Media and Music Salon Series (“MMSS”)



Nfluence Partners and CrossBorder Works have teamed up to bring together CEOs, executives, entrepreneurs, influencers and investors to exchange ideas and perspectives on timely topics in Music and Media

Salon Series

The Salon Series are in the style of Jeffersonian dinners, albeit virtual for now. Jefferson was known for hosting dinners in the late 1800’s in his Monticello home curating intimate groups of thought leaders / influencers to converse about a single topic, diving deep into a theme to spark collective wisdom. The purpose was to listen, learn and inspire one another through meaningful dialogue over a shared meal

“We were inspired by the group and wanted to share our key takeaways from the conversation as to the exciting, dynamic changes and opportunities happening in Music today – we hope you will be too”

- MMSS Co-Hosts (Sun Jen Yung & Vickie Nauman)

Key Participants

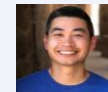
From this event that kicked off the Media and Music Salon Series (“MMSS”), a select group of 16 people from across Music, Social, Fitness and Gaming engaged in robust conversation sharing their views and included three Sparks representing different vertical opportunities:

Sparks



Perry Bashkoff

Director, Music Partnerships



Tracy Chan

VP, Head of Music



Gwen Bethel Riley

SVP of Music



Other Participating Firms



WARNER MUSIC GROUP

Key Takeaways Overview

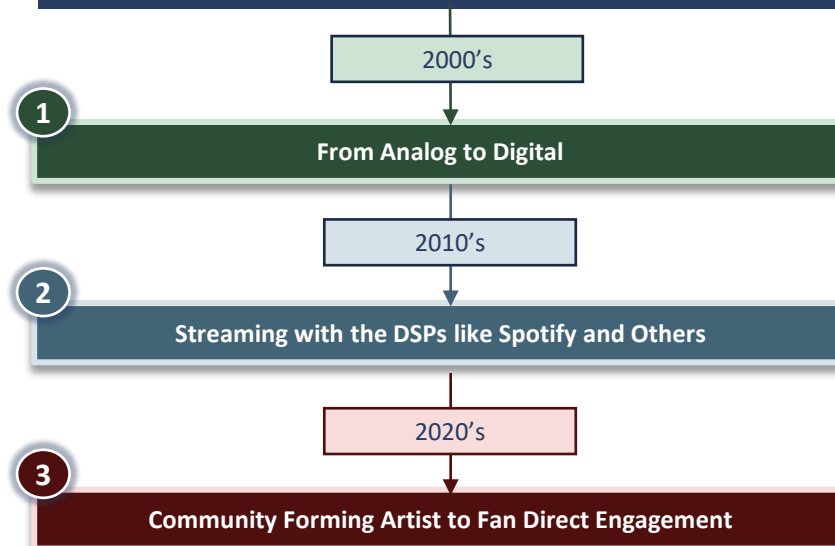
The Music Industry Through COVID

- We believe that COVID has forever changed the landscape of music, disrupting current models and creating exciting new opportunities
- These dynamics were nowhere seen better than in the Social, Fitness and Gaming sectors
- COVID was an accelerator for change - the changes we are seeing today would have taken decades instead of 18 months

Five Key Takeaways

- 1 COVID Levelled the Playing Field**
- 2 Era of the Artist**
- 3 Value of the Niche Community**
- 4 Hybrid Experiences will be the Norm – IRL and Digital**
- 5 Shared Experiences and Community are Key to Success**

A Potential Third Revolution in the Music Industry



- The first two stages have involved different ways of building the biggest audiences for an artist's music
- Smaller audiences can lead to significant monetization, setting apart the current disruption in the industry
- Ultimately, monetization and making money determines many degrees of success
- While there clearly are differences in how music is playing different verticals, artists are going to where their fans are
- Three specific verticals we will highlight later represent gamechangers for the industry

Takeaway #1

COVID Levelled the Playing Field

The pandemic was a catalyst for adoption of technologies and tools, and nowhere was this more apparent than how artists and fans interacted online

Key Interactions

Artist to Fan

- In the past, it was standard practice for artists to “only” put out high production value, pre-approved content to their fans that reflected the most polished version of their art and themselves
- When artists could no longer perform and we were all stuck at home, artists quickly adopted available tools to give raw, live performances from their living rooms using smartphones, webcams and social media
- The barrier of high-cost production fell, and in its place came authenticity and immediacy, and the realization that we can ALL do that equally

Fan to Content

- The digital landscape since inception has largely been a firehose of content pushed out to consumers
- When the pandemic hit, music and media fans were hungry for online content to replace normal in real life (“IRL”) events and they consumed everything, but as the pandemic became more prolonged, users became bored and more selective
- They followed and unfollowed artists and personalities in social media and redefined how they engage with content online based on whether it was meaningful to them; the end result being an even greater consumer power in making conscious choices

The Importance of Music

- Music via shared cultural moments became a common denominator to connect all of us while we were stuck at home, and helped us heal, share, and express emotions

Takeaway #2

Era of the Artist

- Since the inception of digital music in 1999, there has been speculation that labels and publishers would become obsolete and artists would rise above all else
- While the smart rightsholders have evolved to support more artist-friendlier terms over time, artists increasingly rely on touring revenue
- When COVID hit, live touring ceased, and it was artists who reinvented themselves and quickly pivoted to use technology and tools to engage fans in new ways

Artists Evolved Through COVID



Live Streaming

- From free, informal acoustic sets to full-blown ticketed virtual shows, artists disrupted the live business model from within the industry and developed a new revenue stream as well as a direct fan relationship
- They no longer needed venues, booking agents, promoters, and touring managers as this infrastructure completely collapsed. In parallel, fans responded with donations and paid tickets, and a new crop of artist-to-fan tools and platforms were born including virtual meet-and-greets, tip-jars, and live streaming



Entrepreneurial Spirit

- Artists have always been creative instigators, but the pandemic accelerated an entrepreneurial spirit for artists to replace their touring revenue
- They no longer needed to ask permission to go on social media and were searching for meaningful ways to reach out to their fans
- Artists also suddenly had a lot of time on their hands, and they not only shared music, videos, photos, and messages of support, but they engaged with social platforms to create serendipitous moments and more personal relationships with their audience

Takeaway #3

Value of Niche Communities

- Broad-based streaming services such as Spotify, YouTube, and Apple Music all rely on achieving mass market adoption and enormous scale for their business models to succeed
- However, music has always been about tribes and niches, and we now have a wide variety of vertical platforms that not only are monetization sources but enable users to discover and experience music in different ways

The Value of Music in Other Communities



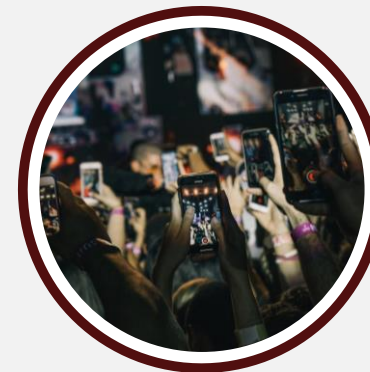
Fitness

- Music is a natural accompaniment to fitness
- During the pandemic, all our gyms closed so we started doing yoga, cycling, rowing and dance at home
- Online fitness companies integrated music into their workouts, whether just background music or placing curated songs at the center of the consumer offer
- This enables not only a new revenue stream, but also a new context and personal association with music



Gaming

- Gaming exploded during the pandemic and is no longer a subculture – it has gone mainstream
- From simple mobile games to immersive technologies, gaming will touch every demographic
- Music is a natural enhancement to gaming and the music industry has embraced opportunities for artists to perform in virtual worlds, music to be integrated into games, and new releases to debut inside games



Social

- Social media platforms may themselves be big tents, but they have small communities inside the tent that congregate around artists
- This creates not only a sense of belonging, but connection to each other and the artist in increasingly personal ways

Takeaway #4

Hybrid Experiences Will Be the Norm – IRL and Digital

A Hybrid Approach is the New Normal

Adaptation of the Fan/Artist Experience

- COVID demanded adaptation – concerts and venues were the biggest source of profit for artists and all of that had to switch overnight
- The interaction for artists and fans went from live, in-person to virtual and into a more direct relationship
- Amazingly, impromptu performances by many artists on social platforms stuck with their fans, grew their audiences in authentic, heartfelt moments and expanded their reach

The Rise of Tech in Digital Experiences

- To adapt to their environment, artists and managers were forced into figuring out tech quickly
- This shifted the balance of power between traditional and new – tech platforms became essential and not just something to use on the side
- The set of challenges in separate verticals were different but the goal to meet the fans and audiences where they are remains the same
- Travis Scott's concert in Fortnite famously reached 26 million people

In Real Life (“IRL”)

- Physical venues including live concerts and performances, fitness studios/gyms and sports events all suffered during COVID
- Coming out of this period, people want and need the social interaction that in-person or IRL provides
- But the power and reach of digital experiences are here to stay

The Hybrid Experience

- Our collective wisdom concurred that experiences combining in-person and digital likely will become the norm
- How do artists and businesses start doing offline experiences that will still connect with the digital communities that have formed
- The hybrid experience seems well suited to multiple environments, including Gaming and Social
- In Fitness it will may take on a different form, with many people opting for in person gym or fitness memberships while also paying digital fitness subscriptions

Takeaway #5

Shared Experiences and Communities are Key to Success

Bringing People Together Through Music



Community and Shared Experiences

- One thing that Social, Fitness and Gaming have in common is the power of Community and Shared Experiences
- Social interaction is a key ingredient that is helping to drive success for many companies and businesses
- It's the instant ability to share experiences with friends or people with whom you have a common interest
- It can be a live performance on Instagram, watching a gamer on Twitch, or getting your butt kicked in a Peloton workout but sticking with it because others are experiencing the same pain too



Music is a Key Enabler

- Music is a key enabler to bring people together to have that sense of community and shared experience
- The social interaction of music on social platforms, in gaming and in fitness are part of what makes the music experience different on these platforms and why its compelling
- Seeing people singing on the streets in Italy in COVID made it seem like we were all in this together across the world and had hope
- When YoYo Ma played his solo pieces, you felt like you were there with him
- Having a great playlist while exercising can transform your workout into an actual experience, not just putting in your 30-minutes on a bike or on the treadmill
- Music is one of the things that draw people back to a platform again and again, which is why all of these verticals are using it as a key experience enabler



There are Different Shared Experiences

- Not all people are looking for the same shared experience
- Take fitness for example – some people are increasingly seeing these platforms as a music discovery experience, while others just want to get their adrenalin going during their workout
- The successful companies realize that “one size does not fit all” and understand once critical mass is achieved around a community, that even smaller communities and cohorts can be successfully targeted and monetized with different experiences

Contact Us

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