

Interscope Miami Is Open for Business

With Kali Uchis lighting up the Latin charts, a new player enters the ring

By Cata Balzano

Kali Uchis' "Telepatía" is a No. 1 Latin hit.



artists signed under Interscope — among them Dekko, Dimelo Flow, Juhn, Lele Pons and Nobeat — the development opportunities that the label's general market artists have. "We try to look at everything as global at Interscope, and what we do is not put artists in any type of box or one territory or genre of music."

For Seroussi, who was looking for his next move to involve the integration of a Latin-focused team within a mass-market music company, Janick's call couldn't have come at a better time.

"I had been fantasizing about being able to work Latin from a U.S. label for a while, because historically, the two were separate," says Seroussi.

Sony, Warner Music Group and Universal Music Group each have Latin labels or divisions with their own staffs focused primarily on music aimed at Spanish-speaking markets. But it's become increasingly nonsensical to silo a sound impacting territories the world over, regardless of language fluency.

To put a number on it, a 2020 report by the Recording Industry Assn. of America estimated that Latin music accounted for 5.4% of the total \$12.2 billion U.S. recorded music revenues. That's a 19% growth from the previous year and the equivalent of \$655 million in retail value. Artists driving massive audio and video streaming numbers included J Balvin and Karol G, both with Universal Latin, and Bad Bunny, who's signed to Rimas Entertainment.

"We resisted calling ourselves Interscope Latin, because by

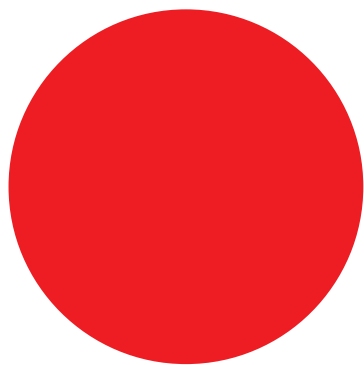
In today's borderless music business, a label still needs territorial expertise to maximize the potential of an international act.

John Janick, chairman of Interscope Geffen A&M since 2014, has long had a roster full of superstars under his purview — among them Lady Gaga, Billie Eilish and Imagine Dragons — who can sell out an arena in Boston as easily as they can in Berlin. But as he looked to the likes of Selena Gomez, who released her first Spanish-language EP, "Revelación," this year, and Kali

Uchis, whose "Telepatía" sits at No.1 on Billboard's Hot Latin Songs chart, he saw artists crossing over to a booming non-English market within which Interscope didn't have the institutional pedigree.

Enter Nir Seroussi. The veteran executive had just left Sony Music Latin after 15 years, most recently serving as president, and as these things often go in the biz: right place, right time.

"It just came by chance that Nir left his previous job," says Janick, who was looking to build a team that could provide Latin



The Hard Part: You bought a multimillion-dollar music catalog — now what?

By Jem Aswad



Bob Dylan sold his catalog to UMPG for \$300 million-\$400 million.

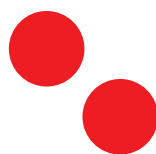
adding it, you're almost setting this unspoken ceiling, and we want artists and the team to feel like there is no subgroup," Seroussi adds. "If you're signed to Interscope, you share the same label as Lady Gaga, Maroon 5 and everybody else."

So they went with "Interscope Miami," opening offices in Coral Gables with Seroussi as executive vice president. Colombian American artist Uchis, whose first Spanish-language album, "Sin Miedo (del Amor y Otros Demonios)," was released by Interscope in November 2020, is among its early success stories.

Previously signed to a now-defunct international imprint, Uchis says she was discouraged from exploring a Spanish album: "I was told, 'You're on your own.'"

Now that "Sin Miedo" has moved some 165,000 album-equivalent units, according to Alpha Media, and topped the Latin album chart, is it a case of "told you so"? "I'm still in shock and processing it," Uchis says. "I felt like I owed it to myself, to my people and where I come from."

Similarly, Lighthouse Management's Zack Morgenroth says Gomez, as a member of the Latino community, wanted to "pay tribute to her heritage" with "Revelación," and the team looked to Interscope Miami for a "cohesive" plan for the project. "They're specialists in what they do and gave us the confidence to know that this could be executed not in a bifurcated way," he says. "Rather, everyone could help her accomplish her vision and bring something different to the table." 🎧



Over the past few years, as streaming has become the music format of choice for most of the world, the value of copyrights has soared. That value climbed even higher last year when the pandemic hobbled the live-entertainment industry and copyrights proved to be a remarkably durable asset.

Over the past few months alone, Bob Dylan sold his song catalog to Universal Music Publishing Group for \$300 million-\$400 million, Stevie Nicks sold hers to Primary Wave for \$100 million and fast-rising upstart Hipgnosis Songs acquired 50% of Neil Young's for \$100 million, as well as a 33,000-song catalog from Kobalt Music Copyrights for more than \$320 million. Dozens of artists, songwriters and producers have piled on, slicing and dicing their royalty pies in a head-spinning variety of ways, with some of them selling to investors or private equity rather than traditional music companies.

Buyer beware: Music catalogs (and related intellectual-property

management) is not a game one joins lightly. They require attentive nurturing and marketing to grow and optimize the value of the assets, although some investors seem to enter the arena under the mistaken assumption that all hit songs or artists are created equal. So now that you've bought this iconic song catalog, what are you going to do with it?

It's clear how music-publishing giant UMPG will exploit Dylan's catalog — respectful uses in film, TV, commercials and similar areas — and Primary Wave has spent 15 years building a business to monetize not just classic songs but artists as brands, spawning everything from Kurt Cobain Converse sneakers to a partnership between Alice Cooper and Cooper Tires. Primary Wave Music CEO Larry Mestel reels off an array of projects, including biopics and Broadway shows for Whitney Houston, a destination show for Bob Marley in a specially built Las Vegas theater, contests, TikTok campaigns and more. "We have 70 people in the company, almost all of whom are geared toward frontline creation of value, and we only have 25,000 copyrights," Mestel says. "Our competitors, aside from the majors, are not built to do what we do."

Hipgnosis is just three years old but has significantly disrupted the business, driving up value by investing a jaw-dropping \$2 billion plus for what it calls the "extraordinarily successful" catalogs of not only Young but also the Red Hot Chili Peppers and Shakira, as well as top writer-producers like Mark Ronson, Timbaland and Jeff Bhasker. It is dedicated to upending

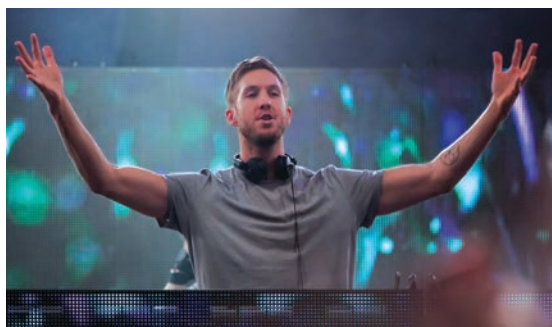
the traditional music-publishing model with an approach it terms "song management" and, like Primary Wave, offers a focus that majors, which own millions of copyrights, can't always provide.

"I believe that proper song management requires 500 to 1,000 songs per person, not 20,000, like the majors," says CEO Merck Mercuriadis, former manager of Elton John, Guns N' Roses and Morrissey. "We're about halfway to where I want to be, and ideally in a couple of years we'll have 150,000 songs and around 250 people looking after them. That's the ceiling."

Music industry veterans are quick to throw shade at private equity and other newcomers to the field. But Rob Amir, a partner at the entertainment-focused Vine Alternative Investments — which recently added the catalogs of superstar artist-DJ Calvin Harris for "around" \$100 million as well as songwriter Sean Douglas (Lizzo, Thomas Rhett) — is ready for them.

"We really believe in the long-term value of creative content, whether generating new content or enhancing the value of the existing IP," he says. While Vine has just "a couple" of full-time staffers focusing on music, "if we need more bodies, we'll take that step," he says. "We started out owning passive assets — film libraries — then we invested in more actively managed libraries, then structured investments in distribution and content-creation companies, and finally controlling interest, like we have with Village Roadshow.

"I'm not saying that's exactly going to be replicated with music. But we do have a blueprint." 🎧



Vine Alternative Investments acquired Calvin Harris' catalog for about \$100 million.