

MediaTainment FINANCE

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For Decision-Makers and Strategists
Who Value Creativity and Appreciate the Value
Creativity Brings to Business

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In this edition: News on Angry Birds theme park, Cirque du Soleil, EMI Music, erotica, Mind Candy, US cricket, Real Madrid, BBH ad agency in games, Thorpe Park soundtrack, Kevin Costner, DreamWorks Animation, UK government investment scheme, CNN, Andy Warhol, L'Oreal, Paris Saint-Germain, Canary Wharf ...pages 3-17

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In Cannes - 30-31 March, 2012
www.mipcube.com

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FILM

China opens cinema gates to US films

US major and independent filmmakers are claiming victory after the Chinese government gave them greater access to China's film sector, which is valued at more than US\$2bn in box-office receipts. Currently, China allows only 20 foreign films to be distributed annually (there is leeway for movies filmed in the country or co-productions). The situation angered the US movie sector because the restrictions violated the conditions that allowed China to join the World Trade Organization in 2001. The new relaxation follows the recent US visit by Xi Jinping, China's vice president and heir apparent to current president Hu Jintao. The Motion Picture Association of America, representing the major Hollywood studios, said the move would increase the number of US films screened legitimately in China by 50%. The Independent Film & Television Alliance also says that the new agreement will boost opportunities for both Chinese and US independent filmmakers.

*Meanwhile, Hollywood studio Dreamworks Animation has formed a US\$330m production joint venture called Oriental Dreamworks with local companies China Media Capital, Shanghai Media Group and Shanghai Alliance Investment.

Cult Japanese comic Bleach to get English-language treatment

Warner Bros. Films has bought the live-action feature film rights to Bleach, the cult Japanese comic series created by manga artist Tite Kubo. Warner Bros. is co-producing with San Francisco-based VIZ Media, which has the North America rights to Bleach. After being adapted into four Japanese-language movies, this will be its first English language movie. Bleach is already a multi-media phenomenon available as a graphic novel, a downloadable app, a TV series, a video game plus other types of branded merchandise.

Scottish funds assist zombies' Outpost to rise for third time

The UK government's Creative Scotland organisation and South West Scotland Film Commission have contributed development funding to Outpost: Rise of the Spetsnaz, the third instalment in the horror-movie franchise. Production begins in April. Produced by Scotland-based Black Camel Pictures, the movie's main backer is Matador Pictures, which won the Palm d'Or at the 2006 Cannes Film Festival for Ken Loach's The Wind That Shakes the Barley. Content Film is handling distribution.

Bollywood sings to growth thanks to digital cinema

India's movie business, still dominated by Bollywood productions, will see box-office and other revenues jump to (India Rupees) INR150bn (US\$2.98bn) by 2016, a 10.1% compounded annual growth rate, from INR93bn in 2011, according to a FICCI/KPMG India report. The increase is attributed to growing investments in digital cinema screens. The study, commissioned by the Federation of Indian Chambers of Commerce and Industry, stated that the country's media and entertainment sectors generated INR1,457bn (US\$29bn) in 2011, a jump of 12% from 2010.

Utah welcomes tourists lured by Disney's Carter and Tonto

The US state of Utah has been boasting that John Carter, the new Walt Disney sci-fi action movie based on stories by Edgar Rice Burroughs (Tarzan's creator), has boosted its tourism. The state, which offers tax credits or rebates to producers who film there, says John Carter's production created jobs and boosted the local economy during the filming in 2010. Utah hopes to see the same benefits when The Lone Ranger, the 2013 movie starring Johnny Depp, produced by Jerry Bruckheimer Films and distributed by Disney, is shot there.

TELEVISION

Content investment brightens up Sony

Sony Corp, the Japanese consumer electronics conglomerate currently feeling the financial pain caused by the success of rivals like Apple and Samsung, is looking very healthy in its TV-production business. Sony Pictures Television (SPT) has embarked on a series of acquisitions in content, TV channels and advertising production. Andrea Wong, SPT's president of international production, says we can expect more of the same. In March, SPT snapped up a majority stake in Silver River Productions, a UK independent production firm that creates documentaries, drama, comedy, and arts programming. In February, SPT also acquired the whole of Dolphin Broadcasting Limited, a UK company that operates five niche-TV channels aimed at older male viewers, including Movies4Men.

Additionally, SPT bought a stake in Dolphin Broadcasting's TV advertising-sales subsidiary Dolphin TV. The new UK acquisitions will be added to SPT's portfolio that already includes two UK production houses: Gogglebox Entertainment, in which SPT has a minority share, and joint venture Victory Television. SPT already produces more than 6,000 hours of TV entertainment in 70 countries yearly.

Bangkok's Thai 3 TV embraces social media for digital change

Bangkok Entertainment Company, a subsidiary of Thai media group BEC-TERO Entertainment and operator of the Thai 3 TV channel, is investing heavily in content for social-media platforms and mobile apps. Digital games, social-TV interactivity and original online and mobile content are being produced for the next generation of digital viewers. The company is preparing for Thailand's switch over to digital terrestrial TV from the old analogue signals. The country's digital switchover is being rolled out between 2012 and 2015.

Larry King takes his TV throne to new online channel

Larry King, the CNN news anchor whose long-running Larry King Live series was replaced by Piers Morgan Tonight in 2011, is to launch an online TV network called Ora.tv with Carlos Slim Helu, the Mexican telecommunications billionaire. The streamed-TV service, scheduled to launch sometime this year, will offer original content. Slim Helu already owns several Latin American pay-TV operations and the region's America Movil mobile-phone networks. He also has a stake in The New York Times.

Rumour: CNN to buy Mashable to strengthen digital output

CNN, Time Warner's international news network, is rumoured to be in talks to buy Mashable, the online news aggregator focusing on technology, social media and entertainment, for US\$200m-plus. Should the acquisition go through, the transaction would be another move in a trend that sees older-generation media conglomerates acquiring rapidly growing digital-media start-ups to gain a foothold in the social-media space. CNN also bought Zite, a mobile news app that allows users to create personalised news services, last August for a reported US\$20-US\$25m.

TV movies' Hallmark Channel invests in first original series

US-based Hallmark Channel, the family-entertainment cable network that specialises in made-for-TV movies, has commissioned its first ever original TV series. Cedar Cove is based on a novel by US best-selling author of women's fiction Debbie Macomber, and When Calls the Heart is an adaptation of the book by Canadian Christian-fiction author Janette Oke. Each will start with a movie pilot scheduled to air during the network's 2012-2013 season. When Calls the Heart will be co-produced by US-based Believe Pictures and Canada's Jordan Films.

MIPCube News

New disruptive TV blasts old visions at MIPCube for creativity and technology

Television, the most popular and powerful entertainment and communications medium for decades, is evolving at lightening speeds. MIPCube, a new international event being held in Cannes on 30-31 March, will gather the elite in TV entertainment and technology to debate the sector's future.

Recent developments confirm the trend. In Canada, telecommunications giant BCE has made a US\$3.38bn bid to buy Astral Media, which operates a portfolio that includes 22 TV channels. BCE hopes to use their combined TV content and telecoms technology to ensure they join the pending multi-screen revolution (flat screen, smartphones, laptop, tablets and apps). The UK's UTV Media, famous for its TV station in the commercial ITV network, is to pay £1.7m for Simply Zesty, the Ireland-based social-media branding agency. All3Media, the UK's biggest independent producer, is launching a social-TV app on connected TV sets, to sell video-on-demand programmes direct to viewers.

And the iPlayer, the online catch-up TV service offered by UK public broadcaster BBC, is now available on Microsoft's online-games platform Xbox Live. Such disruptions to the traditional way of doing TV business will be the focus of MIPCube. The international TV market is now a technology Wild West where anything can happen. But MIPCube is designed to gather the great, the good and the gifted who are rethinking how best to benefit from the pending transformations.

Start-up contests stimulate tomorrow's TV inventors

Where else could you find the "architects of the future" than at the MIPCube competitions to discover the next best minds in TV technology, creativity and concepts.

MIPCube Lab, the pitching contest for the most disruptive technology that could radically alter TV distribution, has 10 start-up finalists from Western and Eastern Europe, Canada and the US. They will be enjoying the opportunity to meet investors at the Cannes-based event on 30-31 March.

The finalists for **MIPCube Content 360**, who will be pitching new transmedia and social-media ideas for TV entertainment, can expect €8,600 combined in real cash prizes to develop their concepts.

The Content 360 finalists include contestants from France, the UK, Chile and Israel. And the inaugural **TV Hack Day** aims to discover which technology aficionado comes up with a mobile app that could stop the TV industry in its tracks. It takes place on a lavish yacht moored on the seas.

And the winner gets that exceptional chance to introduce his or her invention to influential TV-business decision makers.

TV visionary speakers illuminate the way forward for innovators

Take a look at the speakers for the first ever MIPCube, and you will know Cannes will have seen nothing quite like it. Entrepreneur Cindy Gallop (see interview on page 6), the former US president of advertising agency BBH, will be prompting delegates to rethink the way they do business with her keynote speech *Smashing Through the Screen: How to Rewire Television for the New World Order*. The keynote interview, *Hollywood's Biggest New Media Company Is Completely Virtual*, will be with Allen DeBevoise, chairman/CEO of Machinima.com. DeBevoise's company creates 3D videos aimed at the next generation of games' fanatics. Machinima.com boasted 1.3 billion video views in January alone. Other panel topics will include transmedia, branded entertainment, augmented reality, facial recognition, gesture control, social apps, gamification and, crucially, the investors in these new concepts. Check more of the same on www.mipcube.com.

MIPCube FEATURE

Cindy Gallop:

The MediaTainment Finance

Q&A

Love, pornography, gender politics, brand-building, education and entrepreneurialism: just some of the topics the irrepressible Cindy Gallop feels strongly about as she prepares for her keynote at the inaugural MIPCube event on TV's future in Cannes this month

New York-based entrepreneur, branding consultant and start-up mentor **Cindy Gallop** has a formidable reputation for bucking trends and breaking rules.

The keynote speaker at the **MIPCube** (www.mipcube.com) event focusing on the future of TV on 30-31 March in Cannes, Gallop has even publicly declared she likes "to blow shit up!"

To the uninitiated, she might seem unconventional. Talking about one of her latest ventures, an online TV network called **makelovenotporn.tv**, at the TED2009 conference of visionary ideas, she told an amused audience the concept was informed partly by relationships with younger men.

She then got to her difficult-to-dispute point: "In an era where hard-core porn is more freely and widely available on the Internet than ever before and where kids are, therefore, able to

access it at a younger and younger age, there's an entire generation growing up that believes what you see in hard-core pornography is the way you have sex. We live in a puritanical double-standards culture...so it's not surprising that hard-core pornography de facto has become sex education."

Makelovenotporn.tv, a venture scheduled to launch this year, aims to help dispel that social

Moreover, Gallop's statement, in fact, illustrates the pragmatism behind her approach to business. Instead of jumping on any latest trend, the 2003 Advertising Woman of the Year and former US president of international advertising agency Bartle Bogle Hegarty,

Gallop believes you need to think things through before you commit to an idea.

Sometimes, you need to deconstruct to be constructive.

Before **MIPCube**, she talks to **MediaTainment Finance** about her business ventures, including **makelovenotporn.tv** and **IfWeRanTheWorld.com**, a digital platform that aims to turn corporate and individual good into collective action.

She also discusses gender politics and education while teasing us about when she will disclose her views on technology's impact on TV creativity.



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MTF: "I want us to innovate in every aspect of how we design and operate this as a business venture." What experience in advertising and marketing creativity have you brought to IfWeRanTheWorld.com?

MIPCube FEATURE

Gallop: Innovating in every aspect of how we designed and operated IfWeRanTheWorld as a business venture was born out of my experience of the advertising and marketing industry NOT doing that.

IfWeRanTheWorld is the culmination and expression of everything I learned through my advertising experience. I designed it to be a marketing platform of the future, one that delivers 'action branding' – you self-identify and self-express as, you are what you do, whether a person or a brand.

Right now, the most future-forward brands are only operating at the level of 'co-creation' – ie, they invite consumers to create content and share it. I believe the future of marketing is 'co-action' – where brands and consumers micro-act together to create impacts in the real world that benefit consumers, benefit society and benefit the brand and its business.

IfWeRanTheWorld's business model is the one I believe all future businesses should operate: shared values + shared action = profit.

MTF: MakeLoveNotPorn.tv - some of the world's most successful entrepreneurs are in the pornography industry. What is your new TV venture offering to counter the violence and degradation associated with pornographic films?

Gallop: I would just challenge the assertion that some of the world's most successful entrepreneurs are in porn.

Porn is like any other sector out there (music, publishing, advertising, television...). It's become so big it's become conventional, with its own rules, norms, clichés.

It's suffering from 'collaborative competition' syndrome (where everyone in the sector competes with everybody else in the sector by doing exactly the same thing everybody else in the sector is doing).

Its old world order business model is broken, thanks to the explosion of free porn online.

And while porn has historically been at the cutting edge of digital, these days, not so much. It's a market ripe for disruption and innovation – and a potentially lucrative one.

MTF: "Women live in a world where the default setting is always male," you said in a recent article. Does gender play a role in how people approach creativity in work?

Gallop: Gender plays a role in the sense that

great creativity and innovation are born out of diversity – the convergence of different perspectives and sensibilities that spark off each other. Women and men bring different things to the table, and that's good.

Yet only 3% of advertising agency creative directors is female. Which is how BestBuy, with a customer base that is 55% female in a sector where women influence 90% of electronics purchases, comes to run an ad in the Super Bowl (which has a large female audience) featuring a line-up of inventors, innovators and entrepreneurs who are all male.

MTF: You've two Master's degrees; do you believe education can make a difference to an entrepreneur's future prospects and success?

Gallop: No, not at all. I have two Master's degrees only because Oxford University operates this rather odd thing where you get automatically upgraded to a Master's some years after you graduate.

This was in addition to the actual one-year Master's in Theatre of the European Renaissance that I did at Warwick University.

I don't believe you have to have an impressive education to be an entrepreneur – or a successful one. And there are many very successful entrepreneurs out there who are the living proof of this.

MTF: You go to one of New York City's most hedonistic night clubs; you meet someone who has only US\$1 but a brilliant creative business idea; you then meet another who has US\$1 million in the bank account but a business idea that looks doomed to fail. Which one do you sit and have a drink with?

Gallop: Both of them. I'd want to help the one with the great idea but no money find a way to make it happen. And I'd want to help the one with the bad idea make it better.

MTF: Can the TV industry's future live on technology alone?

Gallop: Ah. Just to be aggravating, you'll have to come to my MIPCube keynote at 10.15am on Friday 30 March in Cannes, 'Smashing Through The Screen: How To Rewire Television For The New World Order', to find out my answer to that one. *MTF*

MUSIC

New UK scheme aims to drive creativity

The UK government has introduced a new investment scheme that could benefit the music and other creative sectors. From 6 April, investors will be able to take advantage of the new Seed Enterprise Investment Scheme (SEIS). The scheme focuses on new small, early-stage companies.

Investors can put up to a maximum of £100,000 per year into a new label recording an album (but not to buy out the copyright) and gain tax relief for 50% of the investment, says London accountancy group RSM Tenon, which specialises in the creative industries. The resulting profits from selling their shares will also be exempt from the 28% capital gains tax but the shares must be held for at least three years. Any losses incurred from selling the shares should the company's valuation drop can be offset against income tax. Qualifying ventures can raise up to £150,000 in total via the SEIS scheme. To qualify, the venture must be less than two years old, have fewer than 25 employees, have gross assets valued at less than £200,000 and should never have been part of any similar scheme in the past.

Moshi Monsters in Sony Music's head for new Mind Candy deal

Mind Candy, the UK-based digital-entertainment company that has cornered the kids' social-network sector with the Moshi Monsters games, has clinched a multi-album deal with Sony Music Entertainment. The 12-track debut album sung by its animated characters is called Music Rox!. It will be released 2 April as a download on Apple's iTunes and as a CD at other retailers. Mind Candy's label Moshi Monsters Music is handling the recording while Sony will handle the UK distribution. Mind Candy is also planning an online TV network.

Rap act Rascals on best behaviour for EMI signing

UK rap act Rascals has been snapped up by Virgin Records/EMI Music in a "long-term" recording deal. Formerly known as Lil Rascals, the band's core members, Big Shizz, Merkez and Tempz, have worked with urban hit makers such as Tinie Tempah and Tinchy Stryder. They already have their own label (Class 90 Entertainment) for releasing mix-tapes and a YouTube channel.

*Meanwhile, EMI Music Publishing has formed a joint venture called Temperamental Music with UK rapper Plan B for nurturing new song-writing talent.

Songkick gets US\$10m boost for live music fans

Sequoia Capital has committed US\$10m into Songkick, the popular UK online platform that enables fans to engage with artists' live performances. The funds will be used to develop the technology that allows fans to access concert and tour news, information and tickets via the website, mobile apps and stay ahead of the growing competition (such as Live Nation, which is developing its own data-driven ticketing service). Sequoia has a positive track record with investments in LinkedIn, Apple, Google and Yahoo!.

Sale of EMI to major rivals raises wrath of independents

The sale of major label EMI Music has hit regulatory-related hurdles. Universal Music Group (UMG), the world's biggest recording multinational, has agreed to pay US\$1.9bn for EMI's recording business. A consortium led by Sony Music Entertainment is offering US\$2.2bn for EMI Music Publishing. However, rival Warner Music Group and independent labels in Europe have filed complaints to the US Federal Trade Commission and the European Commission, saying if the acquisitions go through, UMG and Sony's dominance in the business would hurt the business.

ARCHITECTURE/DESIGN

Doubts cover NFL Minnesota's stadium

The fate of a new US\$975m 65,000-capacity stadium being proposed for the Minnesota Vikings, the US National Football League (NFL) team, remains uncertain despite financial commitments from Minnesota State, the Minneapolis city local authority and the team. The Vikings, as they are also called, have been NFL residents at the Hubert H Humphrey Metrodome, their current home, since the early 1980s. But its limited facilities, including the lack of a retractable roof, have made the 64,111-capacity stadium unsuitable for the team's current and future needs.

In fact, the Vikings considered moving to Los Angeles instead. To keep them in Minnesota for the next 30 years, however, the state reached a preliminary agreement to commit US\$398m to the funds required. The city is willing to add US\$150m, while the team is contributing US\$427m. Nevertheless, although its construction is expected to create 13,000 new jobs, the state and city's contributions require legislative approval and that has been hindered when no conclusion was reached at a recent committee meeting at the state Capitol.

UK architect firm to bring cultural life to Kuwaiti desert

BDP (Building Design Partnership), the UK's biggest architectural practice, has won the contract to design a cultural city in Kuwait's desert. Called the Sabah Al-Ahmad City Cultural Centre, the project has been commissioned by the state's Public Authority of Housing Welfare. It will be the centre piece of a new Sabah Al-Ahmad city being built in the desert for 2,500 inhabitants. In addition to housing a variety of cultural activities, the centre will function as a landmark and reference point at the city's centre.

Legacy museum planned on London Olympic site

The British Olympic Association has unveiled proposals to build a permanent museum on the grounds of the Queen Elizabeth Olympic Park complex in 2014. The project will begin after the 2012 Summer Olympic and Paralympic Games in London finish in September. Expected to be situated next to the ArcelorMittal Orbit Tower, the 377ft steel observation tower being built on the park, the museum will be used to highlight the fact that London is the only city to have held the Games three times.

New tower overhauls Canary Wharf skyline in London

UK-based Ian Simpson Architects has clinched the contract to design Dollar Bay, a housing development in Canary Wharf, London's second biggest financial district. Appointed by property developers Londonewcastle and investment firm UK & European Investments, Ian Simpson's design will be for a 31-storey "crystalline" tower that will become part of the London skyline. It will include 121 high-end residential flats and penthouses and a basement cinema. Ian Simpson is also working on a nearby housing block, which will include affordable homes.

Navy Pier in Chicago is getting total revamp for tourism boost

Chicago's Navy Pier, one of the city's biggest tourist attractions with 9 million visitors a year and famous for its Ferris wheel, is to be redesigned by James Corner Field Operations, the New York-based landscape architect firm. It beat competitors, which included Xavier Vendrell Studio and a team led by AECOM and Bjarke Ingels Group, with a design that fulfils the not-for-profit Navy Pier Inc's ambitions to create new revenue streams and boost visitor numbers, reports The Architects Newspaper.

OUT-OF-HOME

EMI rocks theme music for park's ride

EMI/Virgin Records rock band You Me At Six have recorded what is believed to be the world's first dedicated rollercoaster soundtrack for Thorpe Park, the UK's biggest thrill theme park. Called The Swarm, the track has been recorded specially for the £20 million ride, which is also called The Swarm and is Britain's first winged rollercoaster. The ride is scheduled to go live when the park opens in March. With a 127-foot inverted drop and at 2,543-feet long, the winged rollercoaster (with pairs of passengers on either side of the coaster's track) travels at speeds of more than 60 miles per hour. The music is played as the park's visitors prepare to get on the ride, which hurtles passengers through the air in post-apocalyptic designed surroundings. You Me At Six' single is available to download via Apple's iTunes U.K. store. Some theme parks offer music-themed coasters such the Rock 'n' Roller Coaster Starring Aerosmith at Walt Disney's Disneyland Paris and Hollywood Studios but the soundtracks are back-catalogue music, not specially written ones.

Angry Birds apps catapulted into amusement park

Angry Birds Land, a new attraction at Finland's Sarkanniemi Adventure Park that opens in April, is the first mobile-app brand to be extended into a theme park. Based on the globally popular game by developer Rovio Entertainment, Angry Birds Land is also the first branded attraction at Sarkanniemi, Finland's second biggest theme park (see MTF Issue No. 6), which is operated by the city of Tampere. The new attraction is being designed by US-based BDR Design Group. Rovio plans to roll out Angry Birds Land worldwide.

AEG frontrunner in race for HMV's live business

AEG, the live-music and sports giant and owner of the UK's O2 Arena, is a favourite among bidders to buy HMV Live, the live-entertainment division of the beleaguered retail giant HMV Group, for a reported £65m. It has emerged that AEG has reached the second round in the bidding, which is scheduled to take place in April. HMV Group hopes the sale of its live portfolio, including the Rockness, Lovebox, Reading/Leeds, Vintage and Wilderness music festivals, will help slash debts of £180m.

Cirque du Soleil acquires its own creative agency

Cirque du Soleil, the Canadian group famous for its circus act-cum-street entertainment shows, has acquired a "significant minority equity stake" in Sid Lee, the Canadian multi-disciplinary creative agency that offers branded entertainment, architectural design and technology services. Sid Lee has been Cirque du Soleil's "marketing agency of record" for the past 10 years. The new investment enables them to exploit each other's resources more effectively. Cirque du Soleil has entertained 100 million spectators since its launch in 1984.

Concert song lists create new data business for Live Nation

Live Nation, the live-concerts promotion giant, is building up its portfolio of online data services with its acquisition of Setlist.fm, a crowdsourcing platform targeted at collectors of the set lists of songs played at gigs. Setlist.fm comes with database of more than 400,000 concert set lists for 24,000 acts that have performed at 70,000-plus venues globally. It reaches 1.5 million users per month. Live Nation hopes to use Setlist.fm's community to interact more efficiently with live-music fans.

BOOKS/PRINT

Erotica hit seduces e-book publishing

Could erotica be the key that opens up e-books' growth? Vintage Books, a division of Knopf Doubleday Publishing Book, has paid more than US\$1m for the rights to the "Fifty Shades" trilogy that appears to have taken the US by storm. Written by UK writer EL James, the trilogy was originally published in print and e-book by Australian independent publisher The Writer's Coffee Shop, but it was the download sales that seem to soar via word of mouth. The first title, Fifty Shades of Grey, aptly described by the UK's Daily Mail as covering "bondage, discipline, sadism, masochism", rose rapidly to the top of the New York Times fiction e-books chart. Vintage plans to market the titles, including the sequel (Fifty Shades Darker) and third instalment (Fifty Shades Freed) as one of its major 2012 releases in hardback, paperback and e-books. Bidders have approached Valerie Hoskins Associates, James' agent, for the foreign-language rights and movie

New e-books store to go live with 90,000 titles

Bilbary, the new e-books-dedicated online store, is scheduled to go live this spring, the-bookseller.com says. Bilbary's website states it "aims to offer all the e-books in the world". It will feature more than 900,000 titles available for sale and rental and will also be a multi-device service accessible via the cloud. Founded by Tim Coates, ex-managing director of UK bookstore chain Waterstones, Bilbary is funded by private investors who include John Bartle, a co-founder of leading UK ad agency Bartle Bogle Hegarty.

HarperCollins pays US\$4m for Knox memoir of Italy murder

HarperCollins has acquired the world rights to a memoir by Amanda Knox, the American student recently cleared of the murder of UK student Meredith Kercher on appeal in the Italian courts. Media reports indicate the deal is worth US\$4m. Scheduled to be published in 2013, the memoir will be Knox' version of events surrounding Kercher's murder. It initially led to the arrest of Knox and then boyfriend Raffaele Sollecito. Media reports state the prosecution team has asked for the original convictions to be reinstated.

Oldest English Encyclopaedia ends print line for digital life

The 244-year-old Encyclopaedia Britannica, the oldest encyclopaedia in the English language, is going completely digital. Encyclopaedia Britannica Inc, the company behind the 32-volume original print edition, says the printed versions will be discontinued once the current stocks run out. Generations have grown up studying from the encyclopaedia's infinite fountain of printed knowledge but the move confirms its publisher has caught up with the times. As stated on its blog, the "encyclopaedia will live on – in bigger, more numerous and more vibrant digital forms".

Audible.com schmoozes Hollywood with A-List readers

Audible.com, the audio-books company owned by Amazon.com (which is making an aggressive entry into book publishing), is planning to release 10 more titles under its new line of audio books called The A-List Collection. Narrated by famous Hollywood actors and actresses, the collection was originally launched in early March. The launch kicked off with four titles, including Samuel L Jackson reading A Rage in Harlem by American writer Chester Himes and Anne Hathaway reading L Frank Baum's The Wonderful Wizard of Oz.

ADS & MARKETING

This Thai is big enough for two teams

Real Madrid and Barcelona FC, two of Spain's fiercest rivals on the soccer pitch, have agreed to play friendly matches together following a ground-breaking US\$33m marketing deal instigated by Thailand's Thai Beverage Public Company (ThaiBev). In a win-win arrangement, ThaiBev will pay US\$16.5m for the rights to use the two teams' logo and players' images in advertisements for its Chang beverages, including beer, soda and bottled water. The remaining US\$16.5m will fund marketing events that include bringing the Spanish La Liga teams to play friendlies in Thailand.

ThaiBev executives have told the media that the investment could boost Asian and international revenues from Chang sales to US\$1.65bn. The popularity of European soccer in Asia has triggered partnerships between Asian marketers and European football clubs and players. ThaiBev is already the shirt sponsor of the English Premier League team Everton FC. Samsung Electronics has appointed David Beckham as its global brand ambassador for the London Olympic Games. Manchester United and Chelsea FC in the UK, Italy's Inter Milan and AC Milan and Germany's FC Bayern Munich are among those relying on Asian sponsors.

Disruptive French agency cracks Shanghai connection

Fred & Farid Group, the French advertising agency famous for its disruptive approach to creativity, is to open its first foreign outpost in Shanghai in September. The agency is 30% owned by Vincent Bollore, the entrepreneur who funded the company as a start-up and whose Bollore Group owns Havas, France's biggest advertising group. The Paris office plans to be connected to Shanghai 24/7 via a network of 24 screens that will be accessible by anyone of its 200 employees.

US advertising giant snaps up UK's Frukt in healthy growth

Interpublic Group of Companies, one of the world's global advertising groups, has bought Frukt Communications, the UK brand-entertainment and music marketing agency, for an undisclosed sum. Frukt, which will now become part of IPG's sports-and-entertainment subsidiary Octagon Entertainment Group, hopes to benefit from Octagon's global resources in a greater variety of entertainment-marketing strategies. Octagon will gain Frukt's broader experience in the digital-media space for international brands like Diesel, Coca-Cola and Starwood Hotels.

US\$30m investment for online ad platform Marin Software

Marin Software, a San Francisco developer of an online platform designed to help advertisers and advertising agencies manage their digital campaigns, has clinched a US\$30m investment in its sixth round of funding. The investment is led by Temasek Holdings, Singapore's state-owned investment firm and German-US venture capital company SAP Ventures. Other investors include Crosslink Capital, Benchmark Capital and DAG Ventures.

All is Possible Worldwide as Zaaz joins digital ads network

Possible Worldwide, the global interactive agency launched by advertising giant WPP last year, has been expanded to include another WPP subsidiary Zaaz under its umbrella. WPP created Possible, famous for its work on Google's Art Project, by amalgamating its various small boutique digital agencies to create an international network. These include Schematic, Bridge Worldwide, Blue, Quasar and Brazil-based Gringo. Although part of the network, Zaaz will retain its brand name.

SPORT

Cricket set to join US national pastime

The US, home of baseball, could be fielding its first official international cricket event next year. Cricket Holdings America LLC (CHALLC), a joint venture of New Zealand Cricket and the United States of America Cricket Association, is developing a US version of the Twenty20 league. CHALLC is already in talks with the International Cricket Council, the sport's global governing body and has started its strategy for selling team franchises nationwide. Cricket, considered to be the world's second most popular sport after soccer football, is the archetypal English pastime. It dominates sporting activities and businesses in several countries, especially Australia, New Zealand, India, South Africa and the West Indies, although it has never gained commercial traction in the US despite a healthy following. Twenty20 cricket was introduced by the England and Wales Cricket board in the early 2000s to promote cricket as a more dynamic, faster and, hence, more commercially attractive game than the traditional format. Twenty20 tournaments have since been held in about 17 countries, including the US' geographical neighbour Canada.

Qatar investment firm buys out French soccer icon PSG

Qatar Sports Investment (QSI) is now the 100% owner of Paris Saint-Germain (PSG) FC, the soccer club in France's top league Ligue 1. The move, which follows QSI's acquisition of the 30% owned by US-based real-estate investment firm Colony Capital, gives PSG a valuation of about €100m. Doha-based QSI already has a 70% stake in the club. QSI's president Nasser Al-Khelaifi, who is also CEO of Al Jazeera, the Qatar-originated international TV network, has said it plans to turn PSG into an international brand.

Number of Youth Olympics bidders grows to six

Six cities have tendered bids to host the 2018 Youth Olympic Summer Games. They are Buenos Aires in Argentina, Glasgow in Scotland, Dutch city Rotterdam, Poznan in Poland, Medellin in Colombia and Mexico's Guadalajara. Sportbusiness.com notes that the number of applicants is a boost to the International Olympic Committee, who had received only three bidders for the 2014 Youth Games, which was a massive drop compared with the nine cities that applied for the first Youth Games in 2010.

Indy Car drives motor-racing into animation movies

IndyCar, the governing body for the leading US motor-racing event Indy 500, has entered into its first movie-licensing deal with Turbo, the DreamWorks Animation movie scheduled for a 2013 release date. The story follows the adventures of a snail with ambitions to enter the Indy 500 race. The move is part of IndyCar's strategy to extend its entertainment brand from the motor-racing circuit into consumers' homes via movies, videos and digital entertainment.

Barcelona and Valencia to alternate in annual F1 races

Formula 1 Grand Prix motor-racing is scheduled to overhaul its racing calendar in Spain from 2013. Organisers for the two annual Spanish races, in Barcelona and Valencia, are reportedly discussing plans for just one of them to race in alternate years. Media reports indicate the move is in response to Spain's struggling economy. The contract for Valencia, which has hosted a street race since 2008, happens to expire in 2014. The Circuit de Catalunya has been the venue for the Barcelona race since 1991.

GAMES

Ad agency BBH invests in sweet games

Bartle Bogle Hegarty (BBH), the UK international advertising agency network and part of French advertising group Publicis, has become an investor in social gaming. It has joined forces with Dutch-Italian confectionery giant (and client) Perfetti Van Melle to launch a Singapore-based gaming-publishing venture called Chuck Studios via its BBH Asia Pacific division. Chuck Studios will initially specialise in creating social and casual games based on Perfetti Van Melle's famous Chupa Chups lollipops. BBH will provide the creative expertise. Although an ad agency renowned for some of the sector's award-winning creative campaigns, including the now iconic Levi's Laundrette commercial and Unilever's Axe (Lynx) Effect ads, BBH also operates an investment vehicle called Zag Invention.

This is a revenue-generating hub for conceiving branded products and/or services jointly with a brand owner. Among Zag's 'inventions' are Scootrix, which makes scooter accessories for kids; ila, which creates stylish portable alarm devices; and Playground Sessions, an app for learning how to play music. Ila is already quoted on London AIM stock exchange. Additionally, Zag is also home to BBH's venture-capital vehicle Black Sheep Fund.

New UK music games firm plays for Tenshi Ventures cash

Tenshi Ventures, the UK early-stage investment firm, has helped launch a new music-games development company called Echo Peak. Based in Brighton, on England's south coast, Echo Peak focuses on console and apps games. The management is led by Ciaran Walsh, Ste Curran and Ed Daly, previously at Zoe Mode Studios, a music-themed games firm. Between them, their experiences include working on titles like Chime (Zoe Mode) and DJ Hero (FreeStyleGames). Echo Peak's first game is currently being developed with "a major global music star".

Zynga pays US\$200m to Draw Something for mobile future

Social-games darling Zynga has acquired New York-based OMGPOP, the mobile-games developer famous for Draw Something, for an estimated US\$200m. Experts say the acquisition should give Zynga access to more social mobile-games expertise. The San Francisco company, which listed on the US' Nasdaq in December, has also developed its first game licensed from a third party. It recently released Zynga Slingo, a bingo-themed Facebook social game based on online formats made by New Jersey-based Slingo Inc. Until now, Zynga has developed only original creations.

Blizzard's anticipated Diablo III rises again in May

Diablo III, the third instalment in the dark-fantasy role-playing video game from Blizzard Entertainment, is scheduled for a 15 May re-release. The designated platforms are Windows, Apple's Mac and Sony's PlayStation. The Diablo game has sold nearly 20 million units since the title's launch in 2008 and is considered one of the bestsellers at Activision, Blizzard's owner. The news comes just as Activision is reported to be axing about 600 jobs - a sign of the recessionary times, perhaps.

TV's Walking Dead resurrected as Facebook social game

Zombies are walking from TV into games as AMC, the US network that co-produces post-apocalyptic horror series The Walking Dead, releases The Walking Dead Social Game on Facebook in April. It is an example of another creative sector evolving a brand on a gaming platform. Developed with California-based RockYou, which specialises in advertising-funded products, and the Atlanta-based studio Eyes Wide Games, the new game invites fans to interact with the show's characters and use survival tactics against the Walkers, the flesh-eating zombies.

FASHION/LUXURY

Burberry buys into Baltic markets

Media reports indicate that Burberry, currently the UK's most successful luxury and fashion house, is opening three retail outlets in the Baltic region later this year. According to Latvian online business portal Nozare.lv, there will be one Burberry store in Riga in Latvia, Tallinn in Estonia and Vilnius in Lithuania. The stores will be operated by local retail group Apranga, which already licenses other major international retail brands like Emporio Armani, Mango, MaxMara and Zara. Although the economy in the Baltic region (which officially includes Finland) has been hurt by the global recession, Apranga's CEO has told the media that signs of an economic turnaround mean the time is right for the presence of an A-List name like Burberry. In Lithuania, Estonia and Latvia alone, Apranga operates 112 outlets. The company reported a 13% increase in its turnover in 2011.

*Meanwhile, Burberry is reported to be in talks about developing a new range of perfume and cosmetics with Inter Parfums, the New York fragrance products and cosmetics maker. A separate existing contract between the two companies does not expire until 2017.

Index Venture is US\$9m nice to Nasty Gal with investment

London-based Index Ventures has committed US\$9m to Nasty Gal, the US-based international online retailer of new and vintage apparel. The money will be used to improve the technology and other operational needs to expand globally. Index Ventures has invested in other online fashion retailers, including Net-a-Porter (now owned by Richemont). Nasty Gal boasts more than 150,000 customers in 50-plus countries, more than 200,000 Facebook friends, over 30,000 Twitter followers, 50,000 Instagram followers and a growing interest among Pinterest users.

L'Oreal spends US\$1.2m on US agency's animal-free tests

L'Oreal has donated US\$1.2 million to the US government's Environmental Protection Agency (EPA) to probe the possibilities of chemical tests without using animals. The world's biggest cosmetics and beauty manufacturer (that includes ethical retailer The Body Shop among its subsidiaries) will collaborate with the EPA on various testing techniques, including the EPA's ToxCast system. This system determines the toxicity levels in the chemicals used in cosmetics and beauty products. L'Oreal will also supply data from chemicals used in its existing brands.

LVMH investment house piles up €400m for Asian markets

L Capital, LVMH Moet Hennessy Louis Vuitton's private-equity firm, has raised €400m from private investors and in-house for a new fund dedicated to developing European lifestyle fashion brands to sell in Asia and Latin America. Called L Capital 3, the fund will be used to acquire minority or majority stakes in 10 to 15 companies, each with a valuation of about €400m. The concept is aimed at the growing middle classes in countries like China, India and South America.

Hedi Slimane returns to be YSL's creative king

Hedi Slimane, who quit the fashion business in 2007 to become a photographer, is the new creative director at Yves Saint Laurent (YSL). The man who turned Christian Dior's menswear brand Dior Homme into a global sensation is replacing Stefano Pilati at YSL. *Bruno Guillon, formerly managing director at Hermes, received a reported £3.4m in shares as part of his remuneration to be CEO at English luxury brand Mulberry. *Sebastian Suhl, the ex-COO at Prada Group, is now CEO of LVMH's fashion house Givenchy.

PHOTOGRAPHY/ART

Bison artist sues Wolves star Costner

Peggy Detmers, a US artist/sculptor, is suing Hollywood actor Kevin Costner for breach of contract and loss of earnings. She claims he failed to keep to his side of an agreement signed in 2000 commissioning her to create extraordinary sculptures of bison for a resort he was building near a town called Deadwood in South Dakota. The US\$100m 1,000-acre resort, which would have featured a five-star hotel, winter-sports facilities and a golf course, was to be called Dunbar (after the character he played in the Oscar-winning movie *Dances with Wolves*). The centrepiece would have included Detmers' massive US\$4m sculpture of American Indians driving a herd over a cliff.

Court papers indicate that Costner agreed to install the work somewhere agreeable to both or to sell it and share the profit if he did not complete the resort. The sculpture was completed but the resort was not. Instead, the artwork is now part of an interactive tourist attraction called Tatanka: Story of the Bison on the same piece of land. The case is at the South Dakota Supreme Court, where Detmers is appealing against a lower court's decision in Costner's favour.

Social photo app Instagram valued at US\$500m

Instagram, the mobile-phone app developer that allows users to take photos, edit and share them before posting them on social-media websites, has seen its value leap to US\$500m from US\$25m. The boost comes after Instagram, which is designed for smartphones and computer tablets, is reported to be raising up to US\$40m in its latest funding round. It raised US\$500,000 in seed funding from Andreessen-Horowitz and Baseline Ventures, followed by US\$7m last year from Benchmark Capital and angel investors.

Zurich Kunsthaus displays The Clock just in time for this year

Gallery Kunsthaus Zurich has won the exclusive right to show *The Clock*, the time-focused video installation, in Switzerland from 24 August to 2 September. The work, which has won the prestigious Golden Lion at the Venice Biennale, features numerous film clips of clocks and watches ticking in real time. Displaying *The Clock* will be a challenge as viewers would need access 24 hours a day to appreciate the point about the time's movement. The Kunsthaus installation has been delayed once from the original date of 25 April.

Turkish government wants its antiques back before exchange

Turkey's ministry of culture is blocking the country's museums from lending works of art to London's British Museum, Victoria & Albert Museum (V&A) and New York's Metropolitan Museum of Art. The dispute is about the ownership of Turkish relics in foreign museums. The V&A had planned an exhibition called *The Ottomans* for 2014 but it has been delayed indefinitely. The Turkish government is first demanding that the UK returns the stone head of a child that had been separated from a 3rd-century sarcophagus currently being exhibited at the Archaeological Museum of Istanbul.

Andy Warhol art looking good in cosmetics licensing deal

The Andy Warhol Foundation, which looks after the legendary pop artist's estate, has signed a licensing deal with beauty manufacturer NARS to bring out a limited edition of Warhol-influenced cosmetics and make-up products. They will be available in US shops in October and internationally in November.

*Meanwhile, Warhol's *Double Elvis* (Ferus Type), his iconic 1963 life-size painting of Elvis Presley dressed as a cowboy shooting from the hip, is expected to fetch about US\$50m when put up for auction at Sotheby's in May.

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EU composers complain of TV coercion

Europe's song-writing community and composers are waiting to hear from the European Commission's competition directorate to see whether it will investigate complaints recently filed by the European Composer and Songwriter Alliance (ECSA). The organisation, which represents more than 10,000 members, is accusing the region's leading broadcasters and TV-production companies of forcing them to give up their copyright if they wish to be commissioned to write soundtracks for TV content. The ESCA says agreeing to such coercion has seen several composers lose between 50% and 80% of their potential income. *Meanwhile, India's High Court in Calcutta has ruled that 387 local Internet service providers (ISP) should block access to 104 illegal websites following complaints filed by local trade organisation Indian Music Industry. Indian music-sales revenues grew 6.2% to US\$141.2m last year, but international trade body IFPI points out the amount is still small compared with Japan's US\$4bn and South Korea's US\$119m.

UK pub landlady scores new legal goal against BSkyB sports

UK satellite-TV operator BSkyB says it will continue to fight its ongoing legal dispute with a UK pub landlady, who has won the right to use a cheaper foreign satellite TV decoder to show English Premier League soccer games. BSkyB charges £700 a month for the right to broadcast the matches in UK pubs. Karen Murphy (the UK landlady) uses a cheaper £800-a-year Greek decoder. The European Court of Justice ruled she had the right to use the cheapest service in the EU.

Rock 'n' roll veterans demand more payments for downloads

Heritage rock acts, including Toto, The Allman Brothers Band, Peter Frampton and Cheap Trick, are suing their respective record labels for not paying full royalty rates for selling the digital versions of their recordings. In a US lawsuit, the artists claim digital downloads amount to a licensing deal, for which the royalty rate is 50% of the income. Instead, the labels have been paying the lower 12%-20% rate for CD sales. So far, Sony BMG has preliminarily agreed to a settlement payment of US\$7.95m to some acts.

German publishers demand search-and-pay royalties

Hurt by slowing advertising sales, German print-media publishers insist they should be paid royalties for displaying full articles or extracts in search-engine results online. A committee set up by Germany's current coalition government agrees. It hopes to legislate for Google and other search engines to compensate print rights owners from the advertising sold around the search results. The committee's investigation follows complaints filed by the Federation of National Newspapers and Association of German Magazine Publishers.

Belgian copyright body Sabam facing infringement charge

SABAM, the Belgian royalties-collecting society, has been on the negative end of court decisions. Following a case originally filed in 2004 by Belgian composer Philippe Delhaye, SABAM could end up being tried for bribery, embezzlement, abuse of trust and, of all things, copyright infringement. No court date has been set. SABAM denies the charges. In a case SABAM filed against local social-media network Netlog, the European Court of Justice ruled the latter was not obliged to install a filter to block illegal music downloads.

REPORT

A Country Profile

Russia

From Tolstoy to technology oligarchs, this federation means business

Vladimir Putin's re-election to the presidency of the Russian Federation sums up a great deal about the country.

The election campaign was marred by protests decrying his return to ruling the country. He was originally president between 1999 and 2008, before returning as prime minister from 2008 until now. He is currently the president elect before he takes up the post again in May. But democracies tend to like change.

It cannot be easy running the world's biggest country by mass, which used to be the biggest communist regime and a super power but is now a region with 83 constituents, 160 ethnic groups speaking 60 dialects.

Yet, with a population of more than 140 million, the world's second biggest oil and natural-gas reserves, the 11th largest economy by gross domestic product and the 5th biggest by military power, you can see why Putin would want to come back in charge. In terms of export, Russia is well situated as it shares borders with the Scandinavian countries, the Eastern European markets and several Asian states, including its replacement as a super-power China.

Russia is also a land of growing capitalist wealth, the world's sixth biggest economy by purchasing power and one of the flaunted BRIC (Brazil, Russia, India, China) rapidly emerging economies.

However, the land that spawned Joseph Stalin, one of the 20th-century's notorious tyrants, is also the birth place of an abundance of creativity thanks to Leo Tolstoy, Fyodor Dostoyevsky, Sergei Eisenstein, Vaslav Nijinsky, Rudolph Nureyev, Mikhail Baryshnikov, Pyotr Tchaikovsky, Igor Stravinsky and the highly influential constructivism art movement in early 20th century.

The resulting titanic creative legacy has evolved into a pool of billionaire oligarchs spending millions on media, entertainment and related technology and being feted for it. The situation today is a far cry from the most recent calamity in the country in 2008, when

the Russian economy imploded at catastrophic levels. Various industry reports indicate that 2011 was the year the first year it seemed to fully recover from the slump suffered three years before.

Oligarchs and billionaires

Forbes' rich-list analysis concluded that there were more than 100 Russian dollar billionaires in 2011. As the imprisonment of Mikhail Khodorkovsky and the UK exile of Boris Berezovsky illustrate, their wealth is mired in the political fallout that followed the privatisation of the former Soviet Union's assets.

Several, however, have been able to cross the divide between the smoke-and-mirrors way of doing business in Russia and the more transparent approach of most Western states.

In addition to co-owning (with former Soviet Union leader and reformer Mikhail Gorbachev) Novaya Gazeta, a Moscow-based newspaper that politically opposes the current Russian government, billionaire Alexander Lebedev owns London's free weekday evening newspaper The Evening Standard, the UK national newspapers The Independent and The Independent on Sunday, and the relatively new i newspaper.

Russian-born US citizen Len Blavatnik, worth an estimated US\$10bn by Forbes, came to the global music industry's rescue when his company Access Industries agreed to pay US\$3bn for the financially troubled Warner Music Group in July 2011.

Mikhail Prokhorov (Forbes: US\$13bn) is majority owner of the American NBA basketball team New Jersey Cats with US rap mogul Jay-Z. The two of them and US property developer Bruce Ratner paid a reported US\$200m for the team, which is relocating to Brooklyn from New Jersey, in 2010. Onexim Group, another Prokhorov venture, is a private investment fund. Prokhorov ran for the same Russian presidency that Putin won.

Another Russian billion is Alisher Usmanov (Forbes: US\$18bn), a majority shareholder in

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one of the country's largest mining operations Metalloinvest Management Company. In terms of media, he owns Kommersant, one of Russia's oldest publishing companies and news organisations, which he bought in 2006. His media portfolio includes UTH Russia Holding, SUP (which owns the web portals Gazeta.ru; livejournal.com) and Sekret Firm Publishing Houses.

Usmanov is equally a major investor in a series of international social-media brands, including Facebook, Twitter, Groupon, Russia's Mail.ru, V Kontakte.ru and China's Alibaba.com via Internet-investment firm Digital Sky Technologies, and he co-owns MegaFon, Russia's second biggest telecommunications operator. Additionally, he co-owns Red & White Securities, which is part owner of London-based Arsenal FC, one of Europe's most successful soccer teams.

One billionaire more likely to be seen mingling in glamorous circles is Roman Abramovich (Forbes: US\$12bn). Having made his fortune in steel, oil and mining, Abramovich has turned his attention to the arts. He is building an arts-and-culture centre on New Holland Island in St Petersburg as part of a US\$400m redevelopment project. He also fully owns Chelsea FC, another London-based major European soccer club.

The true value of Abramovich's wealth is currently at the mercy of a court case in London. He is being sued by former business partner and a former major media owner Boris Berezovsky, a dispute that could allegedly set back Abramovich US\$5bn, if he loses.

Sistema Mass Media is part of JSFC Sistema, a major financial corporation with diversified assets belonging to Vladimir Yevtushenkov (Forbes: US\$6bn). Sistema includes rapidly growing film studio Russian World Studios, Stream Television Company, and a marketing creative agency Maxima Communications Group.

Mikhail Fridman (Forbes: US\$15bn) is founder/chairman of the Alfa Group, a private-investment conglomerate. Among its investments are stakes in two Russian telecommunication operations: VimpelCom operates the Beeline mobile-phone network, Russia's third largest, and MegaFon, the country's second largest telecommunications firm.

Like Berezovsky, Vladimir Potanin (Forbes: US\$14.5bn) is another embattled billionaire fighting to get back more of what he says is due to him at metal behemoth at Norilsk Nickel. He also happens to own Russia's biggest media group ProfMedia Holdings, which has interests in cinema chains, radio, TV and print, and is a subsidiary of Interros, a

conglomerate with interests in mining, finance, tourism and real estate.

Freedom in media

Officially, Russia recognises freedom of speech and diverse opinions. Detractors say the truth is murky. In a 2009 report, the US organisation Freedom House stated that freedom of expression does not truly exist in Russia.

Between 2001 and 2009, four journalists working at Novaya Gazeta were assassinated. Renowned for its staunch opposition to the current government, Novaya Gazeta is the popular weekly newspaper launched by Mikhail Gorbachev, the man who effectively introduced democracy to the former communist giant, and his business partner Alexander Lebedev.

State-controlled NTV is currently being sued by Democratic Choice, one of Putin's opposition activist movements, which is seeking damages for copyright infringement and a retraction for libel. NTV allegedly transmitted inaccuracies in a programme about anti-Putin demonstrations. The programme, called Anatomy of a Protest, has also been attacked on Twitter.

The editor of the Russian edition of Esquire, the men's glossy title created by US media group Hearts Magazines, was fined US\$1,350 for promoting and advertising drugs in March this year. The magazine, published in Russia by Sanoma Independent Media (also publisher of the English-language Moscow Times) in Russia, denied the charge. It claimed it was quoting someone from a company that promotes drugs. According to Moscow Times, Esquire has repeatedly clashed with the authorities for giving media space to the government's political opponents.

Media and Entertainment

VGTRK (All Russia State Television and Radio Broadcasting Company) is Russia's public broadcaster. Funded by monthly subscription fees paid by Russia's citizens and advertising, VGTRK operates several national TV channels, including the former RTR networks now known as Russia 1 (entertainment), Russia 2 (sports), the kids' service Karusel (which VGTRK jointly owns with commercial sister service Channel One) and a news service Russia 24. RTR Planet is a satellite-delivered international version of Russia 1.

Additionally, VGTRK operates about 90 local TV stations, a website, a cluster of national radio stations, and RIA Novosti, the state-owned news agency. The even more powerful

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Channel One Russia group, which owns the biggest commercial national network Channel One, is 51% government owned.

While VGTRK broadcasts locally produced traditional and conservative family-oriented programmes and classics adaptations, the more adventurous Channel One features a significant number of international programming in its line-up.

Channel One Russia also operates niche digital-only channels such as Telecafe, a history channel, a music channel and a movie channel. Channel One's sister company is Red Square Group, the largest movie, TV programme and online-content production house in the country. Channel One Worldwide is transmitted via satellite to 250 million viewers internationally.

ProfMedia Holdings is Russia's biggest privately owned media group. A subsidiary of Interros, the conglomerate owned by oligarch Vladimir Potanin, ProfMedia was formed after Potanin and ex-business partner Mikhail Prokhorov split assets in a deal linked to a company called KM Invest. Potanin paid US\$1.8bn to buy Prokhorov out of ProfMedia.

Today, ProfMedia operates three TV networks: the national entertainment channel TV3, the music-TV service MTV Russia and an animation channel 2X2; a series of broadcast and online radio stations; a cinema chain (Cinema Park), a film-and-TV sales and distribution company (Central Partnership); a print and digital publishing house called Afisha, which publishes entertainment, travel, regional and culinary titles, plus the web portals afisha.ru and nightparty.ru. Other assets include the websites Rambler.ru (search engine), price.ru (a price-comparison site), and Lenta.ru, an online news service.

Gazprom Media is a subsidiary of government-controlled Gazprom, the biggest company in Russia which yielded revenues of more than US\$117bn in 2010 alone. It is rumoured to be buying the National Satellite Company, which operates the nation's biggest satellite-TV platform Tricolor TV, at the same time, The Moscow Times has been reporting rumours that Gazprom Media might be up for sale. This is because parent company Gazprom believes the media business does not complement Gazprom's other assets, which include gas, oil and finance.

Gazprom Media currently owns NTV, once a wholly independent broadcaster until Gazprom bought it in 2000. Also on Gazprom's media books is TNT, a youth-entertainment channel,

which recently agreed to buy 75% of TV-and-movie production company Comedy Club Production for US\$337.5m. Other Gazprom Media properties are the satellite-delivered NTV Plus, cinema chains in Moscow and St Petersburg, radio stations, a print-media house that publishes a TV and radio programme guide, and the weekly business newspaper Tribuna.

Izvestia, launched during the 1917 Russian Revolution, was the second most popular newspaper after Pravda during the Soviet Union's communist years. It was later sold to Vladimir Potanin before being acquired by Gazprom. It was then sold to the current owner the privately owned National Media Group (NMG) in 2008. Once compared to The New York Times in terms of reach, status and reputation, Izvestia is now a shadow of its former self, critics say. NMG, in which Germany's RTL Group has a 7.5% share, owns significant stakes in broadcasters Channel One Russia, St Petersburg TV Broadcasting (one of the few national networks to be broadcast outside Moscow), and Media Holding Ren.

CTC Media describes itself as the largest independently owned media company in Russia. Considering the government's direct and indirect involvement in most media operations, CTC Media's claim is no small feat. It might have something to do with the majority shareholder being Sweden's Modern Times Group, which has a 38.2% share. Another 25.1% belongs to Telcrest Investments, a consortium led by Italian media giant Mediaset and NMG. The remaining shares have been sold to the public via the US stock exchange NASDAQ.

CTC's operations are led by three free-to-air national TV networks: the general entertainment channel CTC, the women's oriented Domashny and comedy channel Peretz (formerly known as DTV).

The Russian-language CTC International service is a subscription-based pay-TV channel that recently expanded its geographical footprint to the Baltic region. It is available in the US via the Time Warner Cable network, and on cable networks in Germany and Israel. It formed a new larger TV and content-production house called Story First Production last year by merging Costafilm and Soho Media, two subsidiaries. It then acquired 14 regional stations to extend the reach of Domashny and Peretz. Its footprint reaches 150 million homes, including the neighbouring Commonwealth of Independent States (CIS) which used to be part of the **Cont...page 22**

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RUSSIA — FACTS & FIGURES

POPULATION: 141.2 million
GDP PER CAPITA: US\$13,650

INTERNET USERS: 61.5 million
FIXED BROADBAND USERS: 2.9 million

MOBILE PHONE SUBSCRIBERS: 224.3 million
SMARTPHONE USERS: 9 million

VKONTAKTE REGISTERED USERS: 119 million

TV HOUSEHOLDS: 125 million (estimate)
VALUE OF MUSIC INDUSTRY (2010): US\$100.7m
AD SPEND (2011): US\$9bn

CURRENCY EXCHANGE RATE:
RUB100 = £2.16; US\$3.42; €2.59

ORGANISATIONS TO KNOW:

Russian Ministry of Culture
Russian Association of Communications Agencies
Russian Marketing and Advertisement Association
National Federation of Phonograph Producers
Russian Anti-Piracy Organisation
Russian Union of Rights-Holders
Russia Intellectual Property Organisation
Russian Author's Society
Russian Union of Cinematographers
Russian Association of Amusement Parks and Attractions
The Chamber of Commerce and Industry of the Russian Federation

Sources: The Economist; IFPI; eMarketer.com; Yandex
*Note: Vkontakte is biggest local social media network
** All figures for 2011 apart from when otherwise stated

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Soviet Union. It owns TV stations in the CIS countries Kazakhstan and Moldavia. In 2010, the company brought its TV advertising- sales in-house by setting up a new company called Everest Sales.

CTC, which saw its operating revenues jump 27% to US\$766.4m in the calendar year of 2011, has been pushing a digital-media strategy to ensure its content is available on all kinds of devices, including smartphones, tablet computers and connected TV. It makes its programmes available through a video-on-demand service on Beeline, the IPTV (Internet-protocol TV) platform offered by telecommunications group VimpelCom.

Yet, aware of Russia's notoriety for the illegal distribution of copyrighted content via the Internet, it joined forces with Vkontakte, the country's biggest social-media network, to launch an anti-piracy campaign last year.

They both promote Videomore, an online dedicated digital player that viewers can use to watch CTC content legally, and for website owners to use to delete unauthorised videos from their sites.

UTH Russia Holding is part of the empire controlled by oligarch Alisher Usmanov. Its assets include Muz TV, a youth music-TV channel and the local rival to MTV Russia. In addition, it controls Seven TV, which is now called Disney Channel Russia after The Walt Disney Company paid a reported US\$300m for a 49% stake last November.

UHT hit the headlines recently when it sued New Wave Entertainment, a US company, in Miami for failing to deliver Lady Gaga for a Muz TV awards concert in Moscow last June.

New Wave Entertainment also allegedly failed to return a deposit of more than US\$1.5m to UHT.

Sistema Mass Media, part of Vladimir Yevtushenkov's JSFC Sistema group, owns a portfolio of niche themed channels, including Hunting and Fishing, Healthy TV and Pets. Its assets include Stream Television Company, which makes the channels available internationally, and the programmes on Comstar's VOD platform in Moscow.

Is Pay-TV a bonanza?

In Russia, TV networks, including public broadcaster VGTRK, are advertising funded. VGTRK's airtime is sold by Video International Group, which has also sold ads for Channel One (51% government-owned), CTC Media and ProfMedia. CTC now has its own ad-sales house Everest-S and RTR-Media sells spots for VGTRK following legislative restrictions on the size of the market share that a single TV – sales house could have.

Yet, in a market still dominated by free-to-air TV services, pay-TV is experiencing a sudden surge. Tricolor, launched in 2005, has become Russia's largest satellite-TV platform.

Media reports indicate that by the end of 2011, the number of Tricolor subscribers had grown 30%-plus more than in 2010. Insiders predict the number of subscribers will grow to 17 million in two years' time and that satellite will account for more than 50% of the pay-TV customers, including customers of cable and IPTV-delivered services.

Technology – the Yuri effect

Russia's role in the global development of digital media is proving to be challenge. On the one hand, one of the fastest growing economies has a massive opportunity to nurture current and future generations in a world increasingly dependent on technology. On the other hand, that same technology is being exploited by the corrupt to make Russia a haven for pirates who illegally distribute copyrighted content for commercial purposes.

Yet, this is the same country where Yuri Milner comes from. Milner has amassed a fortune estimated to be more than US\$12bn in the US alone. His fans says this is because he understands Silicon Valley, the California-based technology hub producing some of today's most inventive digital creations, better than most American investors.

Milner, who attended Wharton School at the University of Pennsylvania and dabbled in selling computers, manufacturing macaroni and operating small website brands, saw and understood social media before the format went mainstream.

Digital Sky Technologies (DST), his investment vehicle, spent US\$200m on the start-up Facebook in 2009. Facebook had 200 million users then compared with 800 million-plus active subscribers it has today and US\$3.7bn in revenues earned in 2011.

DST contributed to the US\$180m invested in Zynga in 2009, and the US\$135m in Groupon in 2010. It added US\$125m to Facebook in June 2011 followed by interests in the US\$100m placed in Spotify, the streamed - music venture predicted to be overtaking iTunes in popularity among music fans.

Milner's company has interests in Airbnb, the social-network holiday-rental service hailed as a next-generation multi-billionaire start-up by The New York Times. Last year, it also added another US\$400m to Twitter's coffers. This was part of a US\$800m investment that was hailed as the largest venture-capital round in history at the time. It was also more than the US\$300m by Saudi Arabia's Prince Alwaleed

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bin Talal at the end of 2011 (see **Kingdom Holding Company profile on page 38**).

On his home turf, DST owns Mail.ru, a free-email service created after it merged with a small company Milner owned called NetBridge in 2001. Today, Mail.ru is one of Russia's most popular websites and DST has been re-named Mail.ru Group. South African media conglomerate Naspers owns about 30% of Mail.ru Group.

According to Mail.ru Group's website, it owns 21.35% of QIWI, Russia's answer to PayPal; 2.28% of Facebook; 39.99% of Vkontakte, Russia's largest social-networking website; 1.3% in Zynga; 4.44% in Groupon;

In Russia's new-media space **Tvogle Media**, an advertising-funded streamed video service, is developing into a major influence on the digital-media landscape. It has successfully signed licensing deals with UK public broadcaster BBC and Disney for the rights to show some of their hit TV series.

Advertising

According to the media-buying agency group ZenithOptimedia, Russia will be second fastest growing advertising market after China by 2014. Advertising revenues will increase by US\$4.1bn in Russia, ahead of the US\$3.9bn in Brazil, but still far behind the US\$17.2bn growth in China.

During that period, Russia will grow from the 11th largest advertising market in 2011, based on what advertisers spent that year, to the world's ninth largest with advertising spend in US\$12.4bn in 2014.

But in 2014, Brazil will be ranked higher in fifth place with advertising expenditure of US\$19.9bn, while China will be in third place, recording ad spend of US\$48bn. Russia will take a while to catch up with the US, the biggest advertising market, which will be reporting US\$173.6bn, ZenithOptimedia says.

PricewaterhouseCoopers' figures are more buoyant for Russia. It predicts that between 2011 and 2015, revenues generated by Russian media (including TV, print, filmed entertainment, video games and business-to-business) will grow to US\$35.7bn.

The Russian Association of Marketing Agencies reported that above-the-line ad spend on media yielded RUB263.4bn (US\$9bn) in 2011 compared with RUB218.6bn (US\$7.48bn) the year before. Below-the-line advertising generated another RUB68bn (US\$2.3bn) in 2011. Television accounted for the biggest share with almost three times (RUB131bn) the amount spent on print media (RUB40.4bn). But online advertising (RUB41.8bn) surpassed print for the first time.

The leading media agencies in Russia, based on RACA's most recent figures in 2010, were subsidiaries of international networks: ZenithOptimedia followed by Vizeum, Optimum Media, Starcom and Medi-aedge: CIA. The top advertisers in the same year were Procter & Gamble, L'Oreal, Nestle, Mars – Russia, and Henkel Group. The biggest Russia-originated advertiser was Beeline, the mobile-phone operator, in 7th place. Russia's top ad agencies include the Russian divisions of international agency networks: Leo Burnett Moscow, BBDO Moscow and Saatchi & Saatchi. The leading Russian agencies include R&I Group, Transformer Studio and AMK Znamenka.

Film and movies

In 2009, the number of feature films (including documentaries and animation) funded by the ministry of culture dropped to 555 from a peak of 873 in 2008. The 2008 economic slump had forced the government to slash its film funds.

This year, the government agency responsible for distributing film funds has embarked on a mission to promote more Russian films overseas. A new funding system was introduced in 2010, but critics claim it benefits only production companies that are already successful. During 15-20 October, the agency is financing Red Square Screening, an expo designed to promote Russian film to film-festival organisers and international distributors. The Hollywood Reporter says at least 40 to 50 films will be screened.

TV networks such as Channel One are also significant investors in domestic movie productions. It co-produced Vysotsky, Grateful to be Alive, the US\$12m biopic of the Russian singing star and actor who died in mysterious circumstances in 1980 and the biggest domestic box-office hit in 2011.

One of the country's best known contemporary movie directors is Timur Bekmambetov. His 2004 movie Night Watch, a supernatural thriller, became an international hit, as did its 2006 sequel Day Watch.

He is already being courted by Hollywood. Bekmambetov directed Angelina Jolie in Wanted (2008), a movie that was distributed by Universal Pictures and earned US\$41m in international box-office revenues. He has worked with Oscar-winning US independent film group The Weinstein Company, and he is currently working on a 3D horror called Abraham Lincoln: Vampire Hunter, which he is also co-producing with US director Tim Burton.

Other well-known Russian directors include Peter Buslov (Vysotsky, Grateful to be Alive), Andrey Zvyagintsev, Andrey Smirnov and

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Sergei Loban. One Russian film financier targeting the lucrative US and other foreign markets is producer Alexander Rodnyansky, who has formed a US\$120m investment fund with US-based Media Talent Group. Rodnyansky also operates Russia's biggest film festival Kinotavr, which is also known as the Sochi Open Russian Film Festival. The success of Russian and foreign films in Russia are feted at the Nika Awards, described as the local equivalent to the Oscar awards.

Out-of-home entertainment

When Gorky Park, the most famous amusement park during the Soviet Union's reign, became a neglected and dilapidated blot on the Russian landscape, no one gave much thought to the country's out-of-home leisure industry.

But when Sergei Kapkov, now in charge of Moscow's department of culture, revamped the site and created a high-quality family-friendly environment with Wi-Fi hot spots, cafes and places for taking yoga classes, the country's attitude towards outdoor leisure is changing. Reportedly, Dasha Zhukova, the life partner of billionaire Roman Abramovich, wants to locate her new culture centre in the newly regenerated Gorky Park.

Kapkov's boss, Moscow mayor Sergei Sobyenin, has announced plans to spend a reported US\$4.5bn between now and 2016 on cultural developments in the city. The goal is to boost the number of tourist visitors to 7 million a year from the current 4 million.

The plans include building the world's tallest Ferris wheel in the city for US\$330m. Called Moscow View, it will be 722ft in height, making it taller than the wheel in Singapore, the one in Nanchang, China and the London Eye. The Moscow observation wheel is being designed by US-based architecture firm Gensler.

Additionally and separately, there are rumours about investors being sought for Russia's answer to Disneyland in the north-western region of Moscow. Because of the extreme sub-zero severe winters, planners have suggested a covered theme park. The rumours are still to be confirmed.

What could become a reality first, however, is Magic World Russia, a US\$2.5bn 600-acre multi-theme park resort being developed for a site 30 miles away from Moscow.

Designed to attract 10 million to 12 million visitors a year, the funding for Magic World Russia is being coordinated by California-based Moschanko Investment Group 2000 (MIG 2000). MIG 2000 has reached agreements with some of the US largest theme-park designers, including Gary Goddard Entertain-

ment Design and ProFun Management Group. The resort will also include hotels, shops, restaurants and entertainment venues.

Music

Contemporary rock and pop music in Russia has never gained any serious traction outside the country. The most recent international success of note went to the now disbanded t.A.T.u, a female duo that had a major international hit with All the Things She Said in 2002 on the record label Universal/Interscope. t.A.T.u sold nearly 10 million records.

In total, it is difficult to assess the size of Russia's music sales because of the rampant piracy hurting both CD and digital recordings. There are constant disputes about which organisation is the licensed royalties-collecting society for music sold in the country and music sold by Russian acts overseas.

RAO was recognised as the authorised collecting society, but it seems to be working with another organisation called RUR (Russian Union of Rights Holders or Russian Copyright Owners' Union). In 2011, the Russian Phonographic Association (RPA) claimed to be representing overseas music rights owners, but its offices were raided by Moscow following allegations about the RPA's legitimacy. According to the IFPI, the international music-industry trade organisation, its affiliate in Russia is NFPF, the National Federation of Phonographic Producers. NFPF awards a Gold certificate for album recordings that sell 25,000 units and a Platinum for 50,000 units. NFPF works with a company called 2M to compile music sales and Tophit to calculate the amount of broadcast airplay received by each recording.

Despite the loss in sales caused by piracy, the domestic industry has been lifted by the success of two music-TV channels, MTV Russia, which is operated by ProfMedia via a licensing agreement with US-based Viacom International Media Networks (owner of the MTV brand) and Muz-TV. Their respective annual awards ceremony raises the profile of Russian and international acts.

Moscow and St Petersburg are regularly part of the touring itineraries of international artists. And popular Russian music festivals include Afisha Picnic, which is taking place on 21 July this year. Icelandic indie star Bjork is said to be a headliner.

Sports

Russia appears to have left behind the negative image it gained from the doping scandals that dogged its athletes in the Soviet Union's

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heyday. However, the overzealous competitive streak has not disappeared as seen the aggressive way the country competes in bids to host international sporting events. The strategy appears to be paying off, as reported in MTF Issues 2, 4 and 6.

This year Moscow will be home to the Modern Pentathlon Senior World Championships during 8-14 September. Russia also won the bid to host the 2018 FIFA World Cup football tournament. AECOM, one of the world's biggest architect, design and engineering firms, won the contract to build the next-generation 42,000-seat stadium, which reportedly played a significant role in securing the FIFA bid. Called Spartak Stadium, it was commissioned for Spartak Moscow soccer club. AECOM is also designing a 12,000-capacity arena with other entertainment facilities nearby.

Additionally, Russia is going to hold the 2014 Winter Olympic Games in Sochi, for which it made a US\$11bn bid, and it is organising IIHF World Ice Hockey Championship in 2016.

In 2013, athletics' IAAF World Championships is being held in Moscow. In the same year, Russia is holding the World Summer Universiade multi-sports event in Kazan,

And, in a seven-year contract, Formula 1 Grand Prix returns to Russia in 2014 after 100 a hundred-year absence. It will take place on a specially constructed circuit around the 2014 Olympic Village.

Games

The games sector in Russia is estimated to be worth US\$1.5bn, according to Peter Warman, an analyst at Dutch research firm NewZoo speaking in an interview for Gamesindustry-blog.com.

He said more than half of the estimated 40 million Russian citizens who play games are prepared to pay for them. But of the total game players, 47% play PC-based games. This compares with 23% who play social games at a time when investment in social games is growing the fastest in several developed economies.

One of the country's leading games developers Game Insight, however, believes Russians are acquiring a taste for social games, which is expected to generate US\$340m in revenues this year.

Game Insight owns 14 development studios in Russia and is opening its first US subsidiary in San Francisco. Forbes' Russian website says Game Insight's main investor is Ivan Matsanyuk, who sold a stake in Astrum Online Entertainment, a massively multiplayer online game company, to Mail.ru to fund the venture.

Copyright

In 2010, the US-based International Intellectual Property Alliance asked the US government's trade representative to place Russia on its Priority Watch List because of the widespread piracy in the country. It has made the same request for 2012.

Russia is a signatory to the two vital copyright treaties written with digital media in mind. They are the WIPO Copyright Treaty and the WIPO Performances and Phonogram Treaty. But IIPA still accuses the country of failing to implement the provisions.

Activities in computer-software piracy might be dropping, but it is still being committed at a rate 65% of the business. Raids by the police and other law-enforcement authorities against pirates selling online music, books, films and entertainment technology without the required authorisation also dropped in 2011.

The government is reluctant to introduce legislation that requires ISPs to block the illegal uploads and downloads of content, even when an ISP is blatantly abetting the piracy. There have been attempts to clamp down on cyber lockers that encourage copyright infringement. Filehoster.ru and Interfilm.ru allow users to exchange and store large Internet files, such as movies and TV series, easily. But the unlawful practices continue. Lawsuits are constantly interrupted and enforcement of any ruling becomes almost impossible.

There is even a local political movement called Pirate Party, which lobbies against international laws, including the US' planned Stop Anti-Piracy Act, which could give foreign authorities to right to have infringing websites blocked. The Pirate Party argues that implementing such a law in Russia would, in fact, impede innovation and democracy's development in the country.

However, copyright owners continue to work with the Russian Anti-Piracy Organisation, which is tireless in its efforts to clamp down on piracy crimes. The motion-picture industry has seen the benefits with box-office receipts jumping 11.7% to US\$1.16bn in 2011. And, according to the Russian media, Interfilm.ru's operators are facing six years in jail for copyright infringement.

Additionally, the number of legitimate digital-music websites is growing. Although iTunes is not in Russia, Russians can download or stream licensed music via authorised and licensed foreign services like Deezer, YouTube, Tele2, Nokia Music and domestic services such as Muz.ru, MP3.ru, Beeline and Yandex Music. Yandex is Russia's largest search-engine operation with a 60%-plus market share. It generated US\$662.2m in 2011, a

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60% increase from 2010. Last year, it clinched a licensing agreement with Twitter, allowing Yandex to re-transmit all the public Tweets on its platform.

Other positive developments include the commercial court of St Petersburg's recent ruling that Vkontakte, the nation's biggest social-media network, is liable for illegal downloads that take place on its website. The copyright community began to see that Russia's judiciary was starting to understand the criminal implications of pirate activities. With 110 million registered users and about US\$3.9bn in revenues, hosting illegal activities via Vkontakte could do serious damage. Moreover, the effectiveness of Vkontakte's own anti-piracy activities with CTC Media remains unknown.

In an ironic twist, Russian record labels, which belong to the Russian Copyright Owners' Union, are refusing to work with Nokia, the Finnish mobile-phone manufacturing giant, and South Korea's Samsung Electronics for breaching Russian copyright laws.

Although Nokia and Samsung are among the world's most prominent distributors of licensed copyrighted content, the Russian music companies claim the two have failed to pay the US\$41 million earned by the labels for allowing consumers to use their devices to download and play music. *MTF*

Interested in doing business in Russia?

Discover the media assets owned by billionaire oligarchs, the developments in entertainment, the investments, the facts and figures in one of the fastest growing economies

Read the Country Report in this issue of MTF - from page 18

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FEATURE

Talenthouse: THE Q&A SESSIONS

California-based technology company Talenthouse is a slick developer of branded entertainment. It is using the social mediasphere to give unknown creators a real break by partnering them with iconic superstars (Kylie, Deadmau5, Justin Timberlake) and global brands (Nokia, Dolce & Gabbana, Microsoft) seeking exposure to new audiences

If the world's creative community had its own social network, it surely must be California-based Talenthouse.

While the 2010 Hollywood movie *The Social Network* focused on the alleged acrimony, greed and bitching that ensued as success came to Facebook, the world's biggest social-media platform, Talenthouse's raison d'être is to accommodate the aspirations of talented artists and artistes.

The company uses its proprietary technology to bring an online global community of musicians, artists, writers, designers, actors, photographers, filmmakers, and other media-and-entertainment creators under the same roofs as brand owners and celebrity or industry icons.

Combined, they develop crowd-sourced branded-entertainment marketing campaigns with the following benefits: -

- 1)** the marketer uses entertainment to promote its brands and products to new consumers;
- 2)** an iconic personality attaches himself or herself to the campaign to highlight a new release or event; and
- 3)** an undiscovered talent gets a once-in-a-lifetime, career-changing opportunity to work with mega brands and superstars for global recognition.

Talenthouse's approach is to position this three-pronged collaboration as a series of contests for its more than 1 million registered members of creatives.

Celebrities and brands

Fashion designers registered on Talenthouse were asked to design a dress for

British singing star Florence Welch, of Florence + the Machine. She wore the winner's design during a concert at Terminal 5 in New York City.

Designer label Dolce & Gabbana wanted a special T-shirt for Australian hit maker Kylie Minogue to commemorate her 2010 Aphrodite world tour.

During one of his gigs, iconic Canadian house-music DJ/producer Deadmau5 wore a new version of his signature head costume designed by a Talenthouse contestant.

Other Talenthouse contests have involved Justin Timberlake sponsoring a photography contest to promote his movie *In Time*.

Most recently, Talenthouse coordinated a mixtape contest and the winning tape will be included in a new album by US rapper Theophilus London. The album will be recorded by major label Warner Bros. and funded by Microsoft search engine Bing.

Other projects include the competition called *The Warner Sound* captured by Nikon. For this, major record label Warner Music Group selected the best of the videos submitted by unknown rock bands seeking a chance to perform live at this year's South by Southwest (SXSW) conference/festival; they would also receive Nikon camera equipment.

The People's Choice winner, based on online votes, would collect Nikon kit worth \$2,000. Another competition offers an opening for aspiring models to be selected the "face of" designer label BCBGMAXAZRIA during its Spring 2013 collection.

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CEO Roman Scharf:
“Talenthouse decided to build its own proprietary technologies from the ground up to be more flexible and agile in its development”



Matt Wilkinson, GM/VP brand relations: “Talenthouse connects aspiring creative talent with leading brands and industry icons on a global level, democratising talent discovery by providing an equal opportunity to any creative worldwide.”

FEATURE

The win-win-win scenario

For each competition, the participants use Talenthouse's iFrame widget, which contains all the details needed to vote for the best submissions. Then, the crowd-sourcing kicks in.

With the widget installed on his or her website, social-media page, and/or blog, the iconic celebrity can encourage his or her followers to start voting, so can the participating brand owner as well as the creative vying for the unique break.

With each Talenthouse member having an average of more than 415 Facebook friends, plus Talenthouse's own 57,000-plus Facebook friends and its more than 40,000 Twitter followers, a Talenthouse competition can reach an aggregate of more than 250 million people online, the company says.

This is in addition to the websites owned by media companies, like Conde Nast's Vogue.com or the New York Times, that have agreed to host the Talenthouse competition via the widget.

These third-party websites, which take on the competitions relevant to their readers, are also free to earn extra revenues by selling advertising around Talenthouse's widgets. The additional beauty is that even the creatives who do not win the contests will still get extensive exposure for their works.

Artists+brand = creative ops

Since its 2009 launch, more than 250 artists and brands have hosted creative opportunities for Talenthouse members.

The company's strategy, through its Artist Relations and Brand Relations departments, has impressed content and copyright owners who would normally have used micro-sites to host similar competitions in the past. But that would have required online users to discover the micro-site in the first place.

Talenthouse has clinched partnership deals or is in talks with high-profile music groups, including Sony Music

Entertainment, EMI Music, live concert giants AEG and Live Nation.

Its tactics take the campaigns and contests, the brand owner's message, the icon's new venture and Talenthouse members' works to the relevant section of the social-mediasphere via Facebook, Twitter, blogs and third parties' online communities.

International plans

International growth has started through www.talenthouse.co.in, Talenthouse's joint venture with Indian conglomerate Reliance Group, its Series B investor. Future plans include launching a China edition later this year.

Other goals are to form partnerships with global advertising-agency networks, whose clients are increasingly creating strategies around and spending budgets on social media and branded entertainment to reach consumers in today's fragmented-media markets.

Talenthouse might be on to something truly sustainable, as supported by research firm Massolution calculated that venture-capital investments in crowd-sourcing start-ups reached US\$280m in 2011, while crowd-sourcing revenues, including those from media-and-entertainment companies, jumped 75% to US\$376m from 2010.

CEO Roman Scharf and Matt Wilkinson, general manager/VP of brand relations, explain to MTF how major brands, celebrities and industry icons can benefit from the crowd of creatives using the Internet to make a name for themselves.

MTF: How does Talenthouse describe itself and what experiences inspired its launch? Does it focus on only the music industry?

Scharf: Talenthouse is a global creative platform for artists and brands to engage and generate reach by hosting life-changing creative opportunities. For the participating creative, these open calls for submissions **cont...page 35**

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Campaign: To promote Warner Music Group's Warner Sound Captured by Nikon event at the 2012 South By Southwest (SXSW) festival

Famous icon/artist: SXSW

Brand: Nikon; Warner Music Group

Targeted creatives: Musical acts; bands; music-video directors

Invited to: Submit video of up-and-coming acts performing live

Winner's prize: Opportunity to perform live at SXSW; travel and accommodation expenses; VIP access to backstage; a new Nikon still photograph/video camera

Launched: February 2012

Winner announced: March 2012



Talenthouse Case Study

FEATURE

Talenthouse Case Study



Campaign: To promote US rapper Theophilus London's forthcoming album on Warner Bros.

Famous icon/artist: Theophilus London

Brand: Microsoft search engine Bing

Targeted creatives: Producers; songwriters

Invited to: Submit a remix of All Around The World, a London track for the new album

Winner's prize: Remix will be included in London's new album, his social-media channels and website; US\$3,500 in cash; accommodation and travel expenses; opportunity to work with London in his New York studio

Launched: December 2011

Winner announced: March 2012

Geographical reach: US

Campaign's reach: 4.8 million people via Widget, Facebook, Twitter

FEATURE

Campaign: To promote deadmau5 shows and events

Famous icon/artist: Progressive, dance music DJ/producer/
performer deadmau5

Targeted creatives: Designers

Invited to: Design a new deadmau5 head costume, the signature
mask deadmau5 wears on stage

Winner's prize: The design will be manufactured and worn by
deadmau5 during promotional events and shows; plus photo of the
winner's design on deadmau5's official website

Launched: July 2011

Winner announced: August 2011

Geographical reach: Global

Campaign's reach: 21 million people via Widget, Facebook,
Twitter



Talenthouse Case Study

FEATURE

Talenthouse Case Study



Campaign: A still photograph to promote In Time, Justin Timberlake's 2011 move distributed by 20th Century Fox

Famous icon/artist: Justin Timberlake

Brand: In Time

Targeted creatives: Photographers

Invited to: Submit a still photograph that sums up the movie's sci-fi theme

Winner's prize: Photograph will be posted on Timberlake's Facebook page (with its 12 million friends) and social-media channels; exhibited at a pop-up gallery at the film's Los Angeles premiere

Launched: September 2011

Winner announced: October 2011

Geographical reach: Global

Campaign's reach: 14.1 million people via Widget, Facebook, Twitter

FEATURE

Campaign: Art & Sole charity for the Boys and Girls Clubs of America

Brand: Ugg Australia (fashionable sheepskin footwear; apparel)

Targeted creatives: fashion designers; graphic artists

Invited to: Design a pair of Ugg boots for a good cause

Winner's prize: The design will be produced and sold at Ugg Australia stores and online in the US in 2012; portion of the proceeds will go to the Boys and Girls Clubs of America.

Launched: December 2011

Winner announced: January 2012

Geographical reach: Global

Campaign's reach: 12.2 million people via Widget, Facebook, Twitter



Talenthouse Case Study

FEATURE

provide the chance to be discovered, recognised for their work, to collaborate with industry icons and to get compensated.

Talenthouse launched in October 2009 while the idea was born years before by British producer Amos Pizzey. Amos aimed to create a platform and an outlet for the discovery and support of aspiring talent across multiple verticals of creativity ranging from music, film, fashion, art and design to photography.

MTF: What gap in the creative sectors did you think Talenthouse could fill? (In an age when all advertising agencies offer digital services of some kind, what makes Talenthouse different?)

Wilkinson: Talenthouse connects aspiring creative talent with leading brands and industry icons on a global level, democratising talent discovery by providing an equal opportunity to any creative worldwide. Talenthouse has built a cutting-edge social-media technology platform out to provide value to artists and brands creating reach and awareness as well as opportunities for emerging creative talent.

MTF: You plan to open offices/form partnerships in other countries. In which markets does Talenthouse already have a presence, where else do you hope to expand to and why is it important to have an international outlook in 2012?

Scharf: Talenthouse is currently localised in seven different languages (English, Spanish, German, French, Portuguese, Turkish and Russian), including marketing and PR efforts to build a non-physical presence in these countries. In 2010, Talenthouse launched 'Talenthouse India' as a joint venture and is planning to expand into China with a similar model in 2012.

MTF: Is important for Talenthouse to have a proprietary technology and its own metrics to determine a campaign's potential effectiveness?

Scharf: Building a disruptive, scalable and sustainable Internet start-up, Talenthouse decided to build its own proprietary technologies from the ground up not only to be more flexible and agile in its development but also to not have to rely on third-party vendors or technology parts.

Talenthouse's primary metric for a campaign's success is "cost per engagement" (CPE). That is because clicks and views are outdated, non-social (not shared) and do not measure any sort of lasting experience.

Talenthouse's "social engagements" (votes, comments, likes, shares) are always shared on the social web and, therefore, broadcast to the user's social graph with much longer engagement times and future opportunity to communicate. This is in contrast to a one-off non-shared event like a "click". CPE isn't a new metric and is being adapted by other industry leaders like SAY Media (San Francisco-based international digital-publishing firm) because advertisers and brand leaders understand the following paradigm shift: "Audiences everywhere are tough. They don't have time to be bored or brow beaten by orthodox, old-fashioned advertising. We need to stop interrupting what people are interested in and BE what people are interested in," said Craig Davis, chief creative officer, JWT.

MTF: Your clients' websites look like works of art in their own right; how do you get their consumers to know where to find them and how to interact with their campaigns

Wilkinson: It is usually a joint effort between the client and Talenthouse to promote and generate reach and awareness for a certain contest. This happens through the client's and Talenthouse's websites, existing user/subscriber base, social-media channels, newsletters, media partners and PR efforts. The Talenthouse account-management team guides and supports the client through this process and with Talenthouse's social-media platform is able to generate vast reach and engagement.

FEATURE

MTF: Everyone appears to be using social media to market their brands; how will you ensure your clients are ready for the next development in social media without feeling overwhelmed by all things digital and technology?

Wilkinson: Talenthouse provides long-lasting value, true engagement among influential creatives and an unintrusive way into a user's social graph. Talenthouse's technology is network-agnostic and can be applied to any successful current or future social-networking service.

MTF: What would be the challenges for a start-up launching, like you have done, today? Would they have a tougher time getting potential clients and partners to listen to them in the overcrowded digital domain and would investors even care to take notice?

Scharf: It took more than two years to build what we offer today with a long and steep learning curve. Talenthouse now has a highly scalable, sustainable, network-agnostic powerful technology platform to support marketing campaigns based in social engagement and a fast growing global base of more than 1.3 million members. This is hard to replicate.

MTF: How do you ensure your ideas are not copied without accreditation in an era where online users take the content is free approach?

Scharf: As for copyright, Talenthouse does not take ownership in the submitted entries and the host only receives the rights to use a submission upon the participant's approval and acceptance of incentives offered.

As for CPE measurement, more companies adopting this model will only make it easier for us to explain what we

have to offer. With regards to content and the Internet, everything else is up for society to develop a more open approach on how to share, remix and collaborate instead of trying to build higher walls.

MTF: Do you think the creative sectors—whether it be music, brands, film, fashion—are innovative enough to keep up with the pace of change in digital technology?

Wilkinson: The creative industries, especially in music, film, fashion, architecture and design, have always been spearheading, pushing the boundaries and been first to adopt new technologies and will continue to do so in the future. These are the visionaries. Brands will follow where the influencers, creatives and customers are.

MTF: And are content creators, including the music industry, making it easy for new operators of technology devices and platform to have access to their works?

Scharf: This is a whole different ball game. There is so much change already happening that maybe, with the help of Talenthouse, musicians will get paid making their music and performing and can start giving it away for free. *MTF*

READ CASE STUDIES
OF TALENT HOUSE
COLLABORATIONS WITH THE
GREAT AND THE GOOD
IN BRANDS AND
ENTERTAINMENT

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FEATURE

TALENTHOUSE

MILESTONES

- *Launched in October 2009.*
- *Now more than 1.3 million registered members from 227 countries worldwide.*
- *Generated more than 3.5 million social engagements for our clients in 2011.*
- *Generated more than 132 million pageviews for our clients in 2011.*
- *Launched more than 300 creative opportunities to date.*
- *Delivered more than 3 Billion unduplicated social impressions in 2011.*
- *Operating offices in Los Angeles, Palo Alto, New York and London.*
- *About 50 employees worldwide.*

Company	Talenthouse
Founders	Amos Pizzey (founder/president); Roman Scharf (CEO)
Executives	Matt Wilkinson (general manager/vice president brand relations), Michael Hirschbrich (CTO)
Launch Date	October 2009
Owners/Investors	Reliance Capital
Geographical Reach	Global
Offices	Palo Alto; Los Angeles; New York; London; Mumbai
Size of Company	About 50 employees worldwide

FEATURE

THE CREATIVE CORPORATE

PROFILE

Kingdom Holding Company, Saudi Arabia

Twitter now sits in the same investment portfolio as the planned tallest building in the world, thanks to Prince Alwaleed bin Talal Abdulaziz Al Saud and his Riyadh-based company Kingdom Holding Company (KHC).

The micro-blogging website that has more than 100 million people tweeting about all and sundry became the topic of big gossip last December when the prince and KHC acquired an estimated 4% “strategic stake” in Twitter for US\$300m.

The news came out of the blue because Prince Alwaleed or, as he is also known, His Royal Highness maintains a relatively low profile despite being an investor in high-profile, expensive global brands, ranging from The Walt Disney Company to consumer-goods titan Procter & Gamble (P&G).

Even when he comes under the international media spotlight because of a prominent business venture, he seems to disappear quietly without a trace into his own kingdom. People forget that this was the man who formed Kingdom Entertainment, a global joint venture with the late Michael Jackson in the 1990s, an enterprise that eventually disappeared without any fuss. At the time, however, Jackson’s image was in shreds; his records were not selling, he had divorced Lisa Marie Presley and been accused of alleged child sexual abuse a few years before.

In fact, the most recent serious media attention that the prince received came last summer as he defended the embattled media mogul Rupert Murdoch and his son James. They were being barbecued by regulators and critics for illegal phone-hacking activities that took place at British newspapers published by News International, a subsidiary of News Corp, which is controlled by the Murdoch family. The prince is News Corp’s second largest shareholder.

Prince Alwaleed’s reputation as an investor remains unsullied by the phone-hacking affair. Moreover, by paying a substantial sum for a share in Twitter, one of the world’s most popular social-media websites, he wiped his association with the still troubled Murdoch family from everybody’s mind.

Even his 5% interest in Citigroup, one of the global financial institutions with bad that became notorious in 2008 for triggering the current

global recession, has not diminished the prince’s lustre in investment circles.

So what does he and his company plan to do with Twitter, which is still loss-making six years after its launch? Twitter is trying to determine how it can emulate Facebook, the world’s biggest social-media network, which is profitable as an advertising-funded business and is already a household name among the 800 million-plus registered users.

The prince could possibly be impressed by Twitter’s growing number of subscribers at a time when its losses are dwindling. Its net loss dropped to just under US\$26m in 2011 from US\$67m in 2010. Although revenues also dropped to US\$23.8m from US\$28.5m during the same period, Twitter has publicly stated plans to streamline the costs incurred from its operations.

Prince Alwaleed’s investment was a positive endorsement, mainly because of his reputation for where he places his money.

The Arab royal connection

As the nephew of King Abdullah of Saudi Arabia, the world’s second largest oil exporter, Prince Alwaleed was affluent from the day he was born in 1955.

It is what he has done with the inheritance that the investment community has noticed. He is now the world’s 29th richest individual with a fortune valued at more than US\$18bn, according to Forbes’ rich list. He is also the Middle East’s richest individual.

Various analyses indicate that about US\$8bn of the prince’s wealth is attributed to his 94% share in KHC, which is described as the “largest foreign investor in the US and one of the largest in the Middle East region” on its website. The remaining 6% is listed on the Saudi Stock Exchange (Tadawul). In the year ending 31 December 2011, the company reported a 5.7% increase in consolidated net income to (Saudi Riyal) SAR639.6m (US\$13.m) from 2010.

According to KHC’s investment philosophy, it focuses on high-profile brands and long-term commitments. It also seeks out brands that it feels are under-valued and underperforming with an opportunity to be developed. Among the well-established brands on its portfolio are

FEATURE

some of the world's largest media-and-entertainment conglomerates.

Media and entertainment

With a 7% stake in the class B shares, KHC is the second largest shareholder in News Corp after Rupert Murdoch and his family. News Corp is considered the world's second largest media group (after Time Warner) in terms of revenue and the third largest entertainment conglomerate (after the Walt Disney Company and Time Warner). News Corp's revenues in the full year ending 30 June 2011 grew to US\$33.4bn from US\$32.8bn the year before.

News Corp's reputation has been sullied by what is turning into a serious criminal case triggered by the alleged phone-hacking and corruption at the now defunct UK Sunday tabloid newspaper News of the World and (allegedly) other sister newspapers. The situation has forced Murdoch's son and News Corp's deputy COO, James, to resign as executive chairman of News International, News Corp's UK business. In March, he also stepped down from the board of directors at Sotheby's, the international auction house. The News International incidents also appear to have scuppered News Corp's plans to take over the whole of BSkyB, the UK satellite-delivered network (and Europe's largest). News Corp currently holds a 39.14% controlling share in BSkyB.

But KHC and the prince, who gave his full-hearted support to the Murdoch family and their management of News Corp, seem untouched and unfazed by the whole incident.

The origins of KHC's stake in Time Warner shows how the Prince's investment in Twitter is not due to happenstance as he was already interested in digital media as far back as the 1990s. He had invested US\$145m for 5% of Netscape, developer of one of the Internet's first mass-market web browsers.

It was then acquired by AOL, then the biggest online portal, in 1998 before AOL merged with Time Warner in 2000.

Even though Netscape was terminated in 2008, KHC and the prince found themselves part of Time Warner, a conglomerate that owns some of the biggest entertainment intellectual property brands in Hollywood TV and movies (Warner Bros.) and print publishing via Time Inc.

Other media investments include tiny stakes in eBay (world's biggest online-auction brand) and Eastman Kodak Corp, the pioneering photography company that filed for bankruptcy protection in January.

Technology investments

A canny sense for technology's long-term

prospects in the consumer space can be seen in KHC's US\$115m acquisition of 5% in Apple Inc in 1997. This would be four years before the launch of Apple's iPod, 10 years before the iPhone was introduced, and almost 15 years before the iPad tablet was unveiled. Today, KHC holds about 1% of Apple, which has multiplied its value several times since KHC's initial interests.

The prince has about 1% in Hewlett-Packard Company, the consumer-to-business technology manufacturer, and mobile handset maker Motorola Inc. As brands, the two companies might not be as illustrious as Apple and they have had their share of financial woes in recent years. But they are still valued in the tens to hundreds of billions of dollars.

Consumer brands investments

Soft drinks giant PepsiCo, the Walt Disney Company (the world's biggest entertainment group) and consumer-goods conglomerate P&G are all part of KHC, thanks to the prince's estimated 1% stake in each of them.

The company has agreements with SAKS Inc, one of the US' biggest luxury-brand owners, which operates the high-end store SAKS Fifth Avenue in New York City. It has licensed the first SAKS store outside the US to Fashion Retail Trading Company, which is 54% controlled by KHC and operates SAKS Fifth Avenue outlets in Riyadh and Jeddah.

Prince Alwaleed's other out-of-home leisure interest lies with his 10% stake in Euro Disney SCA, the company that operates Europe's biggest theme park Euro Disneyland, which celebrates its 20th anniversary this year. The park offers 57 attractions, four permanent stage shows and 58 restaurants and received 15.6 million visitors in 2011.

Although revenues grew to €1.3bn in 2011, a 5% increase from 2010, Euro Disney reported a net loss of €63.9m. It would be the third year in a row that Euro Disney recorded a net loss, but theme parks have always been costs-intensive investments. A company statement attributed the loss to increased expenditure on longer opening hours, new entertainment and shows, plus improvements in the visitors' surroundings.

Arab media and entertainment

Because of his association with global brands and companies, not many people outside the Middle East know about Prince Alwaleed's significant interests in the region's major media-and-entertainment sector.

Through KHC, he owns 29.9% of Saudi Research & Marketing Group (SRMG), the region's biggest publishing company. This makes

FEATURE

him the largest individual shareholder. SRMG is quoted on the Saudi Stock Exchange with a market valuation of about SAR2bn.

It publishes local and regional newspapers and magazines, as well as the Arabic editions of such international titles as France's Madame Figaro and the US' Better Homes and Gardens.

In addition to newspaper, consumer and business magazine publishing, SRMG's services include printing and distribution, PR, advertising sales, digital media, TV productions, web design, and news gathering services for international clients like Reuters, BBC TV (Arabic), Russia Today TV and Associated Press. Other international connections include its partnerships with international book publishers like Elsevier, Macmillan and Oxford University Press.

Rotana's roaring growth

Rotana Group, the "largest Arab world entertainment group", is majority controlled (85.47%) by KHC. It is renowned for owning some of the Arab world's most lucrative copyrighted entertainment works.

It caught the attention of News Corp, a company that has always craved for a truly global reach. It hopes its 14.53% share in Rotana will be the key that opens up the Middle East market for its ambitions. News Corp had had the option to increase its original 9% stake, which it bought for US\$70m in 2010.

For Rotana, the strategy is to build a Middle East war chest of Arabic copyright works.

Rotana TV operates a free-to-air TV platform with mostly Arab-language services and international channels (including Fox and Fox Movies) provided by News Corp. Its Arabic services, which include Lebanon's LBC Sat, are also available via satellite to the Arab-speaking diaspora worldwide.

Expansion in the Middle East continues with the December launch of AlArab News, a round-the-clock news service jointly owned by KHC and Rotana. Bloomberg, the US financial-news service, is on board as a partner. The network will be transmitted from Bahrain, where KHC plans to transfer Rotana Group's headquarters from its current base in Riyadh.

Rotana Magazine is an Arabic weekly glossy title. Also, there are radio stations in Saudi Arabia, Lebanon, Jordan and Syria, a film studio, an advertising sales unit, a chain of Rotana-themed cafés and about 70 properties under Rotana Hotel Management Corp.

And Rotana Records is the Arab-speaking world's biggest record label. In February, it signed a licensing deal with Hamburg-based Roba Music Publishing to target the large Arab population in Germany.

21st century Tower of Babel?

Despite his apparent level-headed personality, media observers wonder whether the Prince is, at times, slightly eccentric in his selection of projects to invest in.

The most unconventional to date must be Kingdom Tower which, at 3,280 feet, will be the world's tallest building when completed.

The "supertall skyscraper" will overtake Burj Khalifa, the current world's tallest in Dubai. The Burj was designed by Chicago-based Adrian Smith + Gordon Gill Architecture, the Kingdom Tower's tower designer.

Located in Jeddah, by the Red Sea, it will be the centrepiece of Kingdom City, a US\$20bn residential and business metropolis being built by the prince and designed by US-based HOK Architects. The tower itself is expected to cost more than US\$1bn.

If and when completed, it will be first man-made structure to be taller than 1 kilometre. Its viability remains unproven, but the project has been approved by the authorities.

It is expected to take between five and seven years to complete, but the foundation's construction has yet to start.

Other investments

Apart from the substantial stakes in the global media-and-entertainment businesses and multinational consumer brands, KHC's empire includes large portions of real estate, such as 5-star luxury hotels like London's Savoy, Paris-based George V, and the Plaza in New York City. It owns the Canary Wharf Group, which invests in, develops and manages properties in London's second biggest financial district.

And one of Canary Wharf's biggest tenants is Citigroup, one of the US banking conglomerates that almost went bankrupt in 2008 until the US government stepped in with a US\$700bn bailout. The Prince is the largest single shareholder in Citigroup with an estimated 5% share.

He has invested in the financial-services giant's financially troubled predecessor Citicorp in 1991 and stayed loyal despite several corporate problems along the way.

According to media reports, the Citigroup could be a personal investment by the prince, not one made through KHC.

That assumption was virtually confirmed, especially after the prince transferred funds from the Citigroup shares into KHC in 2010 "to enable KHC to distribute dividends to its shareholders".

What is clear is that Citigroup has paid back its US\$45bn loan from the US government and says it is overcoming its financial problems.

The prince has publicly said KHC expects to earn dividends very soon. **Cont....page 43**

MTF Diary

London: Designs of the Year 2012

Ends 15 July 2012

@: Design Museum

Organised by: Design Museum

About: Oscars of the design world

Details: www.designsoftheyear.com

London: Music techpitch 4.5

27 March 2012

@: EMI Music HQ, 27 Wrights Lane

Organised by: 2Pears

About: Showcase of dynamic music-technology start-ups

Details: www.4pt5.co.uk/music.html

Cannes: MIPCube

30-31 March 2012

@: Palais des Festivals, Cannes, France

Organised by: Reed MIDEM

About: The changing face of and innovations within the world of TV

Details: www.mipworld.com/en/mipcube/

Cannes: MIPTV

1-4 April 2012

@: Palais des Festivals, Cannes, France

Organised by: Reed MIDEM

About: The freshest international showcase of TV in all its forms; unique networking and deal-making opportunities

Details: www.mipworld.com/en/miptv/

London: Music4.5 – Data Is Sexy 2

18 April 2012

@: Lewis Silken, 5 Chancery Lane, London

Organised by: 2Pears

About: Debate about impact of essential data sciences on music business

Details: www.music4point5.com/data.html

California: MLOVE ConFestival

24-26 April 2012

@: Asilomar State Beach and Conference Grounds

Organised by: MLOVE Inc

About: Inspirational talks and workshops on the mobile media and entertainment

Details: www.mloveconfestival.com

London: Sundance London

26-29 April 2012

@: The O2

Organised by: Sundance Institute;

AEG Europe

About: Inaugural London edition of Robert Redford's Sundance Film Festival

Details: www.sundance-london.com

New York: Frieze Art Fair

4-7 May 2012

@: Randall's Island, Manhattan

Organised by: UK-based Frieze Events

About: First New York edition of popular London-based art fair launches

Details: <http://www.friezenewyork.com/>

Moscow: Russian Festival of Modern Asian Culture

16-19 May 2012

@: Expos Center

Organised by: Familia Group

About: Russia meets Asian culture festivals and conferences

Details: www.rasia.com

Cannes: Festival de Cannes

16-27 May 2012

@: Palais des Festivals

Organised by: French Association of the International Film Festival

About: World's most famous film festival

Details: www.festival-cannes.fr

London: Clerkenwell Design Week

22-24 May 2012

@: 60 showrooms in Clerkenwell district

Organised by: Clerkenwell Design Week Ltd

About: Three-day festival in London's creative row

Details: www.clerkenwelldesignweek.com

London: City Showcase: Soho Flea Market

27 May 2012

@: Dean Street, Soho

Organised by: City Showcase Ltd

About: Market for designers, filmmakers, musicians, artists to support charity

Details: www.sohofleamarket.com

Monaco: Monte-Carlo Television Festival

10-14 June 2012

@: Grimaldi Forum

Organised by: Monaco MediaX

About: 52nd global gathering of global TV talent plus Golden Nymph competition for best TV shows

Details: www.tvfestival.com

King's Lynn, UK: Glade Festival

10-14 June 2012

@: Houghton Hall

Organised by: Anselm Guise

About: Hottest UK electronic-music festival

Details: www.gladefestival.com

MTF Diary

Basel: Art 43 Basel

14-17 June 2012

@: Messe Basel, Switzerland

Organised by: MCH Swiss Exhibition (Basel)

About: Top international contemporary and modern art show

Details: www.artbasel.com

Cannes: 59th Cannes Lions International Festival of Creativity

17-23 June 2012

@: Palais des Festivals, Cannes, France

Organised by: EMAP

About: Global advertising creatives compete for Lions awards

Details: www.canneslions.com

Paris: UbiQ

18-19 June 2012

@: Palais Brongniart

Organised by: UbiQ Events

About: Showcasing digital media, TV, games, music, branded entertainment

Details: www.ubiq-europe.com

London: LeWeb London

19-20 June 2012

@: Central Hall, Westminster

Organised by: Geraldine and Loic Lemeur

About: Inaugural offshoot of famed Paris Internet event

Details: www.leweb.net

Cologne: C'n'B Convention

20-22 June 2012

@: IHK, Germany

Organised by: cologne on pop GmbH

About: 50th anniversary of creativity, digital innovations and entertainment, live music

Details: www.cnb-convention.com

Wimbledon: The Championships

25 June-8 July 2012

@: All England Lawn Tennis, UK

Organised by: The AELTC

About: The most prestigious of the four Grand Slam tennis tournaments

Details: www.wimbledon.com

Berlin: MLOVE Europe

27-29 June 2012

@: Schloss Beesenstedt

Organised by: MLOVE Inc

About: CEOs, entrepreneurs and innovators debate the future of mobile media

Details: www.mloveconfestival.com

Arezzo, Italy: Italia Wave Love Festival

12-15 July 2012

@: Main stage at Stadio Città di Arezzo

Organised by: Fondazione Arezzo Wave Italia

About: Italy's most popular rock music festival

Details: www.italiawave.com

London: 2012 Summer Olympic Games

27 July-12 August 2012

@: Olympic Park and various venues

Organised by: LOCOG

About: The world's greatest sporting event takes place in England's capital city

Details: www.london2012.com

Abu Dhabi: Abu Dhabi Film Festival

11-20 October 2012

@: Abu Dhabi Theater

Organised by: Abu Dhabi Authority for Culture and Heritage

About: International promotion of Arab filmmakers' works

Details: www.abudhabifilmfestival.ae

Monte Carlo: Sportel

15-18 October 2012

@: Grimaldi Forum, Monaco

Organised by: Monaco Medias

About: Original international sports-and-media forum

Details: www.sportelmonaco.com

London: AIM Awards

29 October 2012

@: The Brewery, Clerkenwell

Organised by: Association of Independent Music

About: Second outing for celebrating indie label achievements

Details: www.musicindie.com/awards

Paris: LeWeb '12

4-6 December 2012

@: Eurosites, Les Docks

Organised by: Geraldine and Loic Lemeur

About: Europe's leading Internet and networking event

Details: www.leweb.net

Miami Beach: Art Basel

6-9 December 2012

@: Miami Beach Convention Center, US

Organised by: MCH Swiss Exhibition (Basel)

About: Biggest international exhibition and sale of art in North America

Details: www.artbaselmiami.com

FEATURE

Social issues and controversy

Prince Alwaleed and KHC's activities have not gone by without criticism, especially in a politically charged region such as the Middle East.

The prince and his wife Her Highness Princess Ameerah Al-Taweel support various humanitarian causes via several foundations. And the princess has hit the international headlines expressing strong views about various causes via her Twitter account.

Some industry observers believe her effective use of the micro-blogging website influenced the prince's decision to invest in Twitter.

Their detractors claim Twitter's massive impact on the Arab Spring demonstrations in the Saudi Arabia and neighbouring states prompted the prince to seek some control over the platform.

Equal rights

Whatever the truth, the demonstrations and protests certainly proved effective, with the Saudi government (which, as the king's nephew, the prince is part of) spending US\$130bn on housing and other social needs that its citizens were angry about.

The princess has also been annoying the Saudi royal family with her outspoken views about human and women's rights in the conservative Arab-speaking markets.

In January, the prince's family reportedly demanded that he control his wife's media activities, especially in the Western countries.

Considering the prince appointed Hanadi Zakaria al-Hindi, the first Saudi woman to be a commercial airline pilot and the chief captain of his private fleet, it is safe to assume he supports his wife's call for equal rights in the Gulf region.

The future

It is difficult to assess the ultimate goals of the prince and his KHC ventures.

As his company's investment philosophy states, he steps in for the long term when he feels a brand or a company is undervalued.

And his investments in completely new ventures tend to be personal projects.

However, the fact is that KHC has debts in the form of borrowings and loans of SAR1.46bn. And the company has announced plans to sell bonds for the first time in its history.

The world's financial communities should also take note: although it is the company that is seeking to borrow money via bonds, the prince himself is still sitting pretty on a personal fortune of US\$18bn. *MTF*

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News: Who is investing in what, when, why and how much in film, television, music, games, advertising, fashion, architecture, live entertainment, books, photography and related copyright issues

Country/Region Report: An analytical round-up of the creative industries in a different country or territory per issue. A must-read before travelling overseas to conduct business, complete deals and find new business partners and investors

Creative Q&A: A new generation of talent and content creators explain how they are breaking boundaries, disclose the technologies they use, unveil their approach to finances and discuss their growth strategies and ambitions

Creative Corporate Profile: Multinational media-and-entertainment corporations were once start-ups. Some are now also the biggest investors in creativity; MTF scrutinises their successes, failures and future

Billion Dollar Blast: Fun time! After committing millions to new ventures and toiling over exit strategies, investors chill out and disclose how they would spend a whopping (fictional) \$1 billion on their favourite works of art and entertainment of all time

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Contact: info@jaykaymediainc.com

FEATURE

BILLION DOLLAR BLAST

Investor Spotlight David Glick Edge Group



In each issue of MTF, an investor specialising in the media, entertainment and the cultural arts and related technologies, is invited to go on a Creative Spending Spree.

In this fantasy column, the investor has access to US\$1 billion to spend on ten categories of the arts and entertainment business, explaining why they believe the work's creativity and genius deserve the money allocated. Every single penny and cent must be spent. The works may be admired for their originality, imagination, inventiveness, audacity or even sheer simplicity.

David Glick loves the creative sectors so much, he founded venture-capital trust Edge Performance to invest in them. It has also influenced his tastes in the arts: "In my professional life, I have access to all the facts and figures and the opportunity to assess the management teams that will run the businesses we invest in. Assigning value to movies, books, films without this knowledge removes the science and being, I'd like to think, a canny investor, I like to always have an edge (pun intended), so I have saved the bulk of my (US\$1bn) cash for those things I really feel are priceless."

Movies: One Flew Over the Cuckoo's Nest (1975), the second movie to win all the five major awards in the history of the Oscars. It has Jack Nicholson's most moving performance.

Musical Recording: Aladdin Sane (1973) David Bowie's sixth studio album and it represented the first significant change in identities by him; it also showed what a good singer he could be. **The Girl from Ipanema** (first recording released in 1962); it is worth listening just for Stan Getz' saxophone.

Anything Luciano Pavarotti sings; if there were one voice I could replicate, it would be his.

Live Entertainment: The Book of Mormon, the religion-themed satirical musical (opened in Broadway in 2011). **David Bowie's Thin White Duke Tour** (1976) to promote the Station to Station album; I was only about 11 years old, but was able to sneak to the front row at one show; it was one of the most emotive moments I had at that age. George Gershwin's **Porgy and Bess** (1935); surely, one of the best operas of all time.

FEATURE

Television Show: The Sweeney (the 1970s UK crime TV drama); it was the first time a gritty crime series was shown on British TV. **Hill Street Blues** (US series first broadcast on NBC in 1981); ground-breaking because it was the first crime series with a storyline that continued week after week; before then, the narratives in crime shows finished in each episode. How can you not love **Curb Your Enthusiasm** (US comedy series from HBO, which debuted in 2000), and **The Sopranos** (premiered on in 1999 and considered one of the most commercially successful cable TV series of all one)?

Sport Event: 1936 Summer Olympics, where Jesse Owens won four gold medals. Any **Monaco Formula 1 Grand Prix** motor racing; it would be fun to attend as an owner. FIFA's **World Cup** football – what else!

Video Game: Delta Force: Black Hawk Down (NovaLogic's shooter game first released in 2003). **World of Warcraft** (from Activision Blizzard and originally released in 2004); I've never played it, but with more than 10m subscribers, the world's most-subscribed MMORPG is the one to own.

Advertising/Marketing Campaign: Any campaign for comparison websites, so that I can take the (UK's) anthropomorphic **Meercats** commercials for the comparethemarket.com and the ads for **Go Compare**, which features the fictional tenor Gio Compario, off air!

Work of (fine) Art: The Peggy Guggenheim Collection in Venice. The collection of works by **David Hockney**, the modern British artist who has exceeded all others.

Book: The Human Stain (2000), US author Philip Roth's award-winning novel questioning the true nature of racial identity. **Shantaram** (2003), the novel by Australian novelist Gregory David Roberts, the plot of which was influenced by his true story as a former convict and fugitive. **Any Human Heart** (2000), William Boyd's novel about how a man's destiny can be shaped by his multiple selves.

Luxury Item: I don't wear a fragrance, but **Hermes Caleche** reminds me of my Mum! For architecture, I love seeing the Regency **Nash Terraces**, including Cumberland Terrace and Chester Terrace, in London's **Regents Park**; they always make me feel at home and are pretty prime London real estate. For apparel, **the dress made of dried and silk flowers from the late Alexander McQueen's Sarabande collection**, after which he named his charity, of which I'm trustee. If I had it, I would give it to my wife, which would keep me in her good books for years to come – priceless! Personally, **a new pair of socks every day of the week, for life!**

ABOUT DAVID GLICK: Glick is the founder of the investment and corporate finance boutique Edge Group, which is best-known for specialist entertainment and media fund Edge Performance VCT, the UK's biggest venture capital trust. He initially came to prominence as a lawyer and dealmaker with a particular emphasis on the music, TV, film, sport, theatre and fashion sectors. In 2004, he formed the Edge Group of companies as a specialist investment and advisory business for the media and entertainment sector where clients ranged from new and emerging artists to highly successful popular music artists and major and independent recording and publishing companies. In 2011, Edge's legal interests were merged into Simons Muirhead & Burton. Over the past six months, Edge Performance VCT has taken stakes in animation company Chapman Entertainment, formed by Bob the Builder creator Keith Chapman, and Handmade Mobile Entertainment, the mobile app company behind the highly-successful 'Flirtomatic' app. It also backed the management buy-out of the formerly AIM-listed Coolabi plc, the children's intellectual property company which creates and/or licenses properties such as Poppy Cat, Purple Ronnie and Bagpuss. *DMG*

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MTF'S MISSION: MediaTainment Finance's mission is to learn who is investing in the creativity and craft that drive the international media-and-entertainment business, how much, where and why. From film to the fashion business, from television shows to theme-park attractions, from musical recordings to marketing campaigns, from concerts to computer games, and from printed books to photography, the creative work and content form the heart that beats inside the body of these sectors.

MediaTainment Finance aims to report on deals that indicate where the money is being spent or cut, and analyse such deals' impact on commercial culture worldwide.

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