

The Success Story Of The New BMG

In 2008, the founding of the new BMG marked the beginning of a new era for music at Bertelsmann. A look back at major milestones in the music company's history.

2008

The new BMG is founded in Germany

The digitization of media – including music – had led to a significant decline in the sale of music CDs. Music was increasingly being downloaded from the Internet. Against this backdrop, Bertelsmann decided to set up **an entirely kind of new music business**. In August 2008, the group announced that it would focus on the management of music publishing and recording rights henceforth. Shortly before this, Bertelsmann had sold its 50-percent stake in the Sony BMG Music Entertainment joint venture to Sony. The goal was now to establish a “licensing and management platform for exploiting and marketing music rights” under the BMG brand. The cornerstone of the business was formed by European catalogs of music rights that had been acquired by Sony BMG, comprising the works of more than 200 artists. Hartwig Masuch was appointed CEO of Berlin-based BMG. The experienced music manager realized from the start that the new BMG would have to offer the industry's creative professionals a new service model: “The activities of Bertelsmann's various divisions, in conjunction with the realignment of BMG, offer countless opportunities for us to put together attractive service packages for creatives and rights owners. Our top priority will be to effectively assert the rights owners' claims and protect their interests.” A few weeks later, BMG Rights Management, as it was then called, commenced business. After receiving all antitrust approvals, the official launch date was October 1. The first prominent artists to sign with BMG in the next few months included the German bands and artists 2raumwohnung, Peter Fox, Nena and Sasha.

2009

Bertelsmann and Kohlberg Kravis Roberts (KKR) form a joint venture

Within just a few months, the company had won over numerous celebrated songwriters and performers with its service-oriented approach, signed contracts with them, and set up an international organization in six European countries. After Germany, the music rights company now had **offices in Britain, Spain, France, Italy and the Netherlands**. And its international expansion continues: in July, Bertelsmann and KKR set up a **joint venture named BMG**. Bertelsmann would own 49 percent of the shares, KKR 51 percent, and Hartwig Masuch would remain CEO. The partnership with KKR was intended to significantly accelerate BMG's business development. The market offered attractive growth opportunities: music was becoming increasingly relevant in licensing areas outside traditional CD recordings. With the clout it had gained thus far, BMG took another step toward becoming a global music rights marketer: it **entered the U.S. music market**, the most important in the world. The purchase of the music publisher Crosstown Songs was followed at the end of the year with the opening of offices in New York, Los Angeles and Nashville.

2010

BMG acquires major music publishers and catalogs in the U.S. and U.K.

BMG began gradually buying up major music publishers and catalogs in the United States, United Kingdom, and other countries, containing thousands of famous songs written by successful songwriters, and performed by many well-known artists. The “shopping spree” began with **Cherry Lane Music in the United States** in March. Cherry Lane administers the rights to 66,000 titles for some 4,000 songwriters and rights owners, sung by such celebrated artists as Elvis Presley, John Denver and the Black Eyed Peas. In June, BMG acquired the music rights catalog Adage IV in the United States – a catalog brimming with classics by the likes of Joe Cocker, The Beach Boys and – once again – Elvis Presley. The next drumroll was not long in coming, this time in Britain: **Stage Three Music** became part of BMG. This gave the company rights to works performed by such famous artists as Aerosmith, The Eagles, Eminem, Eric Clapton, Mike Oldfield, Take That and ZZ Top. In the fall, BMG also took over **Evergreen Copyrights**, an independent music rights company based in New York – another milestone for BMG on the way to becoming a leading player in the international music market. Other steps included the opening of offices in Sweden and in Hilversum, the Netherlands for the Benelux countries.

2011

Chrysalis and Bug Music become part of BMG

A heavyweight in the British music market joined BMG in 2011: the music publisher **Chrysalis**. Founded over 40 years ago, its rights catalog includes songs by stars such as Billy Idol, David Bowie, Jethro Tull, Sheryl Crow and Tears for Fears. The British catalog formed a perfect fit with the overall portfolio – as did **Bug Music**, one of the world’s leading independent music publishers, headquartered in Los Angeles, which also became part of BMG this year. Its vast catalog includes perennial favorites as well as contemporary compositions, pieces by Johnny Cash, Muddy Waters and Stevie Ray Vaughan, as well as by Iggy Pop, Kings of Leon, and Ryan Adams.

2012

BMG adds further major song rights catalogs to its portfolio

2012 is another year of numerous takeovers: The company acquired **Virgin Publishing’s major rights catalog** in the Britain, with approximately 21,000 songs by such successful stars and songwriters as Robbie Williams, Take That, Tears for Fears, OMD, Kurt Cobain, Lenny Kravitz, Human League, and Iggy Pop. Other high-profile acquisitions of the year include the purchase of the master rights catalog of the New York-based **music label Strictly Rhythm**. The publisher played a pivotal role in the early defining of house music after it was founded in 1989 – and hence gained a massive following, especially among club DJs. The BMG portfolio was further augmented by the **R2M Music music catalog** from the U.S., with rights to some 12,000 songs, including nearly all of the songs by the German punk band Die Toten Hosen – as well as a number of German Schlager songs. In France, the globally successful electronic music pioneer Jean-Michel Jarre’s music would play for BMG henceforth, as the historic music publishing and recording company **Francis Dreyfus Music** became part of BMG. All in all, this year’s purchases swelled the number of song rights in BMG’s repertoire to over one million for the first time

2013

BMG is fully owned by Bertelsmann again

After acquiring the BMG shares held by KKR to date, Bertelsmann would continue developing the music company as a **wholly-owned subsidiary**. “This is a great day for Bertelsmann,” said Bertelsmann CEO Thomas Rabe. “We are bringing the music home to our Group.” And BMG CEO Hartwig Masuch declared: “For BMG, this is a homecoming.” The idea was to have a balanced portfolio of publishing and master rights. And so, within the year BMG took over the **Mute Records** master rights catalog. The background to the deal was the acquisition of the music company EMI by Universal Music. For EU antitrust reasons, as part of its takeover process, Universal was required to sell some of EMI’s labels rights catalogs. These included Mute, with a wealth of valuable electronic and alternative tracks by artists including Depeche Mode, Yazoo and Erasure. The list of tuneful – and in some cases just plain heavy/loud – band names in its catalog includes Black Sabbath, Iron Maiden, and Motörhead. BMG also acquired a significant share in the music publishing rights of **Primary Wave Music**, giving it an interest in timeless songs such as Earth Wind & Fire’s “September,” Hall & Oates’ “Kiss on My List,” John Lennon’s “I Want to Hold Your Hand” and Marvin Gaye’s “How Sweet it is.”

2014

BMG is now represented in 70 percent of the world’s markets

Six years after its re-founding, BMG made a return to the Chinese market, meaning that the company was now represented in 70 percent of the world’s music markets. The **establishment of BMG China** at the beginning of the year, and – with the support of the Corporate Center China – the formation of a dedicated team in Beijing, was followed by the company’s first operational step in this vast market, which had by now become attractive for music companies as well. BMG China collaborated with Giant Jump, a leading Chinese music and entertainment company. And the growth story continued: In the Netherlands, after taking over Talpa Music, BMG merged its Dutch operations with the newly acquired music publisher to become **BMG Talpa Music**. BMG strengthened its master rights business with a series of acquisitions. Step by step, the labels **Skint, Loaded, Union Square Music, Vagrant** in the United States and **Infectious** in Britain were added. In total, BMG’s catalog now included nearly two million copyrights. Meanwhile, in the United Kingdom, the British band You Me at Six – and thus BMG – hit the bull’s-eye with their new album “Cavalier Youth.” Their first album published through BMG Artist Services, and fourth album to date, went directly to the **top of the U.K. charts**. Shortly afterward, the album “This Is All Yours” by Alt-J also went to number one on the British charts – as did “Hydra” by Within Temptation in the Netherlands.

2015

First number-one album in the United States

BMG grew rapidly in China, and signed an extensive digital distribution deal with **Alibaba Group’s** Digital Entertainment unit. Alibaba is one of the largest e-commerce companies in the world. The idea is for Alibaba’s Digital Entertainment business unit to promote BMG writers and artists through digital channels, such as its streaming apps Xiami and TTPod. The agreement included the digital utilization rights to BMG’s by now more than 2.5 million copyrights. Meanwhile, BMG stayed its expansionist course in the United States as well, buying the metal and hard rock label **Rise Records**, which is regarded as a pioneer in the digital music world. In the United Kingdom, BMG acquired the London-based music label

Minder Music and its entire catalog, which includes a broad portfolio of artists and tracks – from the iconic band The Fall to the theme music to British children’s TV series from the 1950s. In the United States, new albums by Iron Maiden and Scarface debuted in the top 10 of the U.S. charts, and another BMG artist went straight to number one with her new record when **Janet Jackson** topped the Billboard Top 200 with “Unbreakable,” which BMG jointly released with Jackson’s music label Rhythm Nation – all this just 18 months after BMG’s entry into the important U.S. recorded-music business.

2016

BMG opens branches in Australia and Brazil

BMG expanded its international footprint, opening a new office in Sydney, **Australia**. Shortly afterward, BMG announced its acquisition of the 131-year-old Australian music publisher and label, J Albert & Son Pty Ltd, better known as **Alberts**. BMG now operated directly in Australia, as well as in Germany, the United States and United Kingdom, France, Canada, Italy, Scandinavia, Spain, Benelux and China. Only a few months later, BMG launched in **Brazil**, Latin America’s most populous nation. The establishment of a local branch was accompanied by the acquisition of the Brazilian music publisher **Basement Brazil**. **Rick Astley**’s new album “50” became his most successful in 30 years, making it all the way to the top of the British charts. **Blink-182** managed a similar feat: The U.S. punk trio stormed to the top of the charts in America, Britain and Mexico, among others, with its new album “California.” Another megastar, **Roger Waters**, decided to entrust his songs to BMG: “Money,” “Wish You Were Here,” “Another Brick in the Wall” and “Comfortably Numb” are just a few of the world-famous hits that the musician/songwriter wrote for Pink Floyd, the band he co-founded, and whose rights BMG would be administering from now on. Waters entrusted BMG with the rights to all Pink Floyd songs he ever penned – from the debut album “Piper at The Gates of Dawn” (1967) to “The Final Cut” (1983). BMG also acquired a majority stake in the legendary **ARC Music** publishing catalog from the Fuji Music Group (FMG) in the United States. It comprises numerous greats of American blues and rock and roll.

2017

BMG Acquires BBR Group

BMG set a new milestone in its company history with the biggest single acquisition in the recorded-music business since its launch in 2008. The Nashville-based independent **BBR Music Group** (BBRMG), including the well-known country music labels Broken Bow Records, Stoney Creek Records, Wheelhouse Records and Red Bow Records, as well as the music publishing company Magic Mustang Music, were now part of BMG and hence Bertelsmann. The agreement included the rights to a number of major Country artists, including Jason Aldean, Trace Adkins, Dustin Lynch, Randy Houser, and Thompson Square. BMG founded a new business unit for the fast-emerging field of production music: **BMG Production Music**. The aim was to combine the company’s existing and comprehensive custom-production music businesses under a shared brand. At launch, the new unit had offices in Los Angeles, Nashville, London, Hilversum and Berlin, and administered a catalog of around 400,000 music titles spanning all genres.

2018

BMG enters the movie and TV business

BMG entered the movie and television business, with a view to producing and financing **music-related films and videos**. This strategic step created an even broader range of creative services for artists and songwriters. Its debut film, the documentary “Bad Reputation” about the legendary rock star Joan Jett, was followed by productions including the film “Rudeboy – The Story Of Trojan Records,” and a documentary about David Crosby. The music company now got into the business of **books** as well, publishing “The Odessey: The Zombies in Words and Images,” an illustrated volume about the British 1960s band The Zombies under the BMG Books label. More books for fans of specific bands followed. Meanwhile, other artists including Dido, Lenny Kravitz, Good Charlotte, Alice In Chains, and Cypress Hill signed with BMG, as did songwriters such as Ringo Starr, Cat Stevens, and Camille Purcell. The hip-hop label **RBC Records** and **World Circuit Records** added further top-notch artists and catalogs to the BMG portfolio. The BMG team in New York moved to significantly larger premises, and BMG Production Music acquired **Deep East Music** from London and **Tele Music** from Paris, two further production music labels. In “Writers’ Workshops,” the music company explained its working methods and values to its customers – songwriters and music producers – in the U.S. and now in Germany as well. In the U.K., BMG celebrated the second album by one of its stars to reach number one in the charts: **The Prodigy’s** new album “No Tourists.” Earlier that year, in April, **Kylie Minogue’s** album “Golden” had already topped the U.K. charts. Rolling Stones guitarist **Keith Richards** signed a new global deal with BMG for his solo recordings catalog.

2019

Successes in the streaming business

In cooperation with BMG, Gruner + Jahr launched the fan magazine “Max Giesinger – Meine Reise” (My Journey). The singer-songwriter Max Giesinger, who is signed to BMG, rose to fame with hits such as “80 Millionen” and “Wenn sie tanzt ...” BMG also continues its activities in the book publishing business. The music company released its first audiobook: “I Wrote That One, Too ...” by songwriter and composer Steve Dorff. A new office was opened in **Hong Kong** – the Bertelsmann music subsidiary’s 15th site worldwide. BMG has already been represented on the Chinese market with a subsidiary in Beijing since 2014. LP, an artist signed to BMG as a singer and songwriter, cracked the **one billion streams** mark for her music videos; her YouTube channel has 1.8 million subscribers. For the first time since 2008, BMG founds a new label of its own. Called **Modern Recordings**, it was set up to be a home for new classical, jazz and electronic music, as well as for instrumentalists, but also for singer-songwriters.

2020

Efforts to combat racism and discrimination

BMG opened its first office in **Canada**, a market with considerable growth potential. The U.S. magazine “Fast Company” included BMG in its prestigious annual list of the “**World’s Most Innovative Companies**.” BMG founded **Renew Records**, a new U.S. label for typically American genres such as folk, blues, rhythm-and-blues, and country music – this is only the second label the company has founded since it started in 2008. BMG Production Music expanded its operating activities to Canada, bringing the BMG subsidiary to eight countries. **The Rolling Stones** are back: “Living In A Ghost Town” is the name of the group’s first new song in eight years. BMG owns the publishing rights to the song. Shortly afterwards, the

song went to number one in Germany's singles charts. Triggered by the death of the Black American George Floyd as a result of police violence in the U.S., artists and BMG employees joined others in issuing declarations against social discrimination and systemic racism. Over the course of the year, BMG took action to **combat racism and discrimination** in a variety of ways. Among other things, BMG teamed up with the regional nonprofit Southern Word to launch a youth scholarship program in Nashville, USA, aimed primarily at young People of Color. This was followed by a scholarship program for indigenous peoples in Australia in collaboration with Newcastle University. Holocaust survivor Ben Lesser joined songwriters, producers and artists in a "**BMG Soundlab**" session, resulting in the EP "Choose Love." BMG and **ITV Studios** signed a worldwide partnership. Under the agreement, BMG became ITV Studios' preferred partner in all of its key lines of business. BMG and **Fremantle** renewed their partnership signed in 2017, and expanded it to the rest of the world. BMG reported its best half-year results since its establishment, mainly due to its strong performance in the music publishing business and in music streaming. BMG and the Chinese music streaming platform **Net Ease Cloud Music** with more than 800 million registered users entered into a strategic partnership, giving Net Ease Cloud Music access to BMG's extensive global music catalog. BMG was selected as the exclusive partner for all musical projects and activities of the French first-division soccer team **Olympique de Marseille**. Together they founded the new label OM Records for hip-hop, rap and R&B music. BMG decided to eliminate the "Controlled Composition" clause, which is common in the U.S., from all its contracts with immediate effect. Following the review of contract terms in the acquired historical music catalogs, this is another initiative designed to ensure fairer treatment of artists and songwriters. For the first time in its history, BMG entered the **live music business**, acquiring a majority stake in the independent German promoter Undercover. Also, BMG released its **first podcast format** in collaboration with the Audio Alliance. "The Iconic Song" illuminates the stories behind some of pop music's most influential songs. The first mini-season, released by Audio Now, is about the Scorpions' hit "Wind of Change." The **Rolling Stones** expanded their partnership with BMG. The legendary rock band will from now on use BMG's Neighboring Rights Service to collect its royalties worldwide. At the same time, Mick Jagger and Keith Richards renewed their long-standing publishing contract with BMG. The company also represents a large part of the catalog of recordings by Keith Richards, Ronnie Wood, and drummer Charlie Watts.

2021

Successful classics

In the wake of the international debate on systemic racism, Bertelsmann's music company BMG investigated whether it had acquired music catalogs through acquisitions whose contract terms discriminate against Black artists. The initial results are now in, and BMG intends to take concrete measures to **eliminate the unequal treatment**. BMG has acquired all of Fleetwood Mac co-founder **Mick Fleetwood's** royalties in the famous band's recordings, except for the first two albums. **The Scorpions** recently renewed their publishing contract with BMG; the new contract coincides with the 30th anniversary of their 1991 hit single "Wind Of Change." BMG compensated for the 3,000 tons of CO2 it caused in 2019 by investing in certified climate-protection projects. The music company plans to become the world's first climate-neutral music major. Twenty years after the release of their debut single and almost seven years after their breakup, BMG is set to release "20," the new album by the No Angels – the most successful girl band in German chart history – in June, based on an exclusive record deal between the No Angels and BMG.

Source: Bertelsmann-Intranet BENET