

# Digital Audio Identification

## DAI Technology

SOCAN conducted more than two years of extensive research and impact assessment into the use of DAI technology for distribution of member royalties for performances on Canadian radio.

Digital Audio Identification (DAI) uses pattern recognition (or “fingerprinting”) to identify musical works aired on radio by comparing them against a BDS library of known works in search of a match to identify titles.

DAI allows SOCAN to:

1. Address member requests that census information be used for radio performances
2. Dramatically increase the number of radio performances captured
3. Expand our ability to provide members with additional details on their pre- and post-distribution performance data

Now, with the addition of 100% census performance data provided by DAI technology, radio distributions are comprised of the following:

1. 100% census performance data (non-CBC) – from approximately 200 radio stations, which will provide approximately 65% of SOCAN’s domestic radio revenue
2. CBC performance data – local (survey), national and regional (census) programming
3. Survey data – from non-CBC / non-census stations

Previously, SOCAN radio performance data was gathered one of two ways:

1. CBC -- 100% performance data provided for the network and regional programming as well as sample for local programs
2. All other stations - survey methodology to determine payable radio performances. Approximately 720 Canadian stations provided programming logs each quarter, to a maximum of 14 days per station per year

Survey methodology is further divided, as follows:

- a. 4 % survey (14 days per year) of all music programming for commercial and larger non-commercial stations
- b. 1 % survey (3 or 4 days per year) is provided for smaller non-commercial stations (e.g., college stations) due to the lower licence fees (less than \$2,000 / year) they pay.

## DAI FAQs

<b>Non census stations</b>	How are performances calculated for non-census stations?	SOCAN will continue to apply survey methodology to performance data for these stations.
<b>Registration</b>	Payment of census station performances	<p>A song must be registered with both SOCAN and BDS in order to be paid in the current distribution.</p> <p>A song identified in the performance data provided by BDS that has not been registered with SOCAN will be categorized as “unidentified” until it is identified, at which time payment will be processed.</p>
<b>First distribution</b>	When was the first distribution using census performance data?	The first distribution to members and international performing rights organizations using DAI data was August 2007.

## DAI FAQs cont'd

<b>Annual radio performances</b>	How many more performances will be captured by using DAI technology?	The implementation of DAI will increase the number of annual radio performances captured for SOCAN from the current 2.7-million to over 18-million at start-up. With the very first distribution (Aug 2007), stations covered by DAI technology will account for approximately 65% of all domestic radio revenue.
<b>Royalties earned</b>	Does the use of DAI increase the amount of money members earn?	The value of all radio royalties will vary from distribution-to-distribution based on the amount of airplay reported, ad revenue and what combination of census, survey and CBC stations the performances take place on.
<b>Radio statements</b>	Will there be separate radio statements for census, survey and CBC?	No. All radio performances appear on one radio statement. Census, survey and CBC performances are distinguished as RCEN, RSUR or RCBC respectively.  Members with online statements can drill down to see further details for each performance – e.g., specific station.
<b>Online calculations</b>	As part of the pre-and post-distribution service to members is an online calculator for radio included?	An online calculator for radio will be available at the end of September (2007). The calculator will allow members to calculate an estimate for <u>a</u> radio performance – census, survey <u>or</u> CBC.
<b>Accuracy</b>	How accurate is the information BDS supplies?	BDS encodes (or “fingerprints”) songs received from radio stations, record labels, managers, publishers, songwriters, etc.
<b>Unidentified performances</b>	If a “uni” has recently been identified and it had a prior performance on a station that now falls under the BDS group of stations, how will it be paid?	It will be paid as survey using the rate from the quarter in which it is paid (i.e., not the quarter in which the performance took place).
<b>Value</b>	What is the value of a performance on a census, survey and CBC station?	The value of a performance for census, survey and CBC will vary from distribution to distribution. The following performance values are provided as a guideline only: Census (non-CBC) station -- \$1.75 Survey station -- \$7.50 CBC regional and national and local – \$22.00
<b>Quarterly performance value</b>	Will the performance value for census (and survey and CBC) stations change from quarter to quarter?	Yes. The value for each performance will vary from quarter to quarter depending on the pool amount and the number of payable points.