

Whitney Houston's Tragic Death Could Mean a Billion Dollars in Revenue for Sony

ATLANTA – The death of pop music icon Whitney Houston has executives at Sony huddling up with marketing reps in its music and film division for an expected windfall of revenue from movie and DVD sales over the next year and many decades to come.

It is unquestionable that her music catalogue will now shoot to the top of every music chart, i.e., Billboard, I-Tunes and Amazon. And for music industry player Sony BMG, - however macabre this sounds - it could not have happened at a better time. Record sales have dropped significantly since Houston's 1985 debut as the "girl-next-door" with a squeaky-clean image. Now music fans, moved by her sad and untimely death, could generate \$1 billion in box office and album-related revenue in the near future.

Three of her movies have grossed more than a half-billion dollars alone. Houston's hit with Kevin Costner, "*The Bodyguard*", did a whopping \$400 million plus worldwide; "*The Preacher's Wife*" with Denzel Washington did about \$50 million worldwide and "*Waiting to Exhale*" with Angela Bassett grossed more than \$80 million at the box office.

Her final upcoming film is "*Sparkle*" - a remake of the 1976 original it is loosely based on the career of The Supremes, a trio of singers trying to become stars but facing issues of family strife, drugs and mobsters. It features the late Houston, American Idol winner Jordin Sparks and comedian Mike Epps. Some analyst had predicted that the film will do \$100 million at the box-office, but now expect that estimate to double or even triple.

Meanwhile on the music side, the 170 million records she sold during her career grossed more than \$2 billion dollars worldwide. Since her death 42 of her songs have jumped into iTunes top 200.

The value to Houston or, rather now, her estate is somewhere in the neighborhood of \$50 to \$500 million, depending on whether she owned her catalogue, or was signed as a regular artist, as it is believed.

When an artist owns their catalogue, they typically license their songs to the major companies like Sony BMG Music and you can retain 80 to 90 percent of all sales revenue. When you are signed simply as an artist, the record label pays a royalty rate and sometimes gives you an advance against royalties.

For example, when Michael Jackson died three years ago, despite many who disagreed, I reported on CNN the night of his death that he was not in debt per se and his catalogue was easily worth billions. A few months thereafter, every major outlet confirmed the Jackson music empire could be worth as much as \$2 billion or more to Jackson and much more to Sony, which estimates it has sold 35 million records worldwide since his death.

Whitney Houston will be no different in terms of worldwide records.

Currently, she is tracking among the top 10 on Billboard. She was originally signed to Arista (Clive Davis' company), then J Records and now Sony BMG. Collectively there are about 15 albums, which consist of six studio albums, six extended play albums, five compilation albums, five box sets, two soundtrack albums and dozens of singles released. Sony marketing will cleverly mix up songs, add never released songs and figure out a way to release music for the next 50 years and make more than a billion dollars when you combine this with film revenue and DVDs.

Houston for her part, most likely had a superstar royalty rate clause in her contract, which generally pays anywhere from 18 to 25 percent the sales price minus the label's fixed costs, depending on how her representatives negotiated the final agreement with Sony BMG.

With those superstar royalty rates, the estate of Houston would see anywhere between \$1.50 to \$2 for every record sold. Thus, assuming her re-releases sell 20 to 25 million copies over the next few years, it is easy to see how her estate could see a windfall of cash to the tune of in upwards of \$50 million dollars on just music alone.

On the other hand, had she owned her masters (the final finished project recorded), she would have seen five times as much because her estate would then just license the songs or masters to Sony, which is what the Jackson family and estate has done, paying the estate \$250 million for 10 future albums deal.

Sadly, in death, Houston, as the Queen of Pop, could very likely sell more records in the next few years than she did in her entire career and will not be here to enjoy any of it! May she rest in peace.

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