

STRATEGIC

Cohen Lobbies Labels on LimeWire Licensing Scheme

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LimeWire has retained an uncanny dominance among file-sharing applications, though the company is widely expected to face the RIAA guillotine. Other big-name applications, including Grokster, BearShare, eDonkey, and Kazaa, have already been raked over the coals, a fate that followed the Supreme Court decision in *MGM v. Grokster*. The file-sharing companies were forced to pay sizeable settlements, among other concessions. But according to figures recently released by the Digital Music News Research Group last month, the offending applications were relatively small players at the time of their settlements, with each maintaining marginal installation levels. For example, once high-flying Kazaa carried an install base of just 2.7% at the time of its momentous, \$115 million agreement with the RIAA in July of last year.

But LimeWire remains a rare big fish in a highly decentralized pond. The application carried an unmatched installation level of 18.2% in November, according to the data. That makes it a major target for major labels, though the group is hoping to avoid a draconian fate. Just recently, controlling group Lime Wire LLC tapped digital music topper Ted Cohen to help forge an alternate destiny. Cohen, once an uncomfortably high-profile executive at EMI, is now representing a slate of digital music and media companies at his Los Angeles-based consultancy, TAG Strategic. "You are not going to stop it now," Cohen told Digital Music News during a conversation Tuesday evening. "If you shut LimeWire down, everybody is going to jump to something else."

Cohen and LimeWire are now selling a different strategy to labels, one that includes 99-percent downloads of P2P-based content. "At the end of six months, you will know if they are willing to pay or not," Cohen explained. "The worst result is that after six months, we find out that it was all about free." Somehow, the plan seems vaguely possible, especially since major labels are beginning to embrace MP3-based content and alternative sales approaches. Aside from a revenue split, the deal could also include the sharing of market intelligence and various upsell opportunities. Meanwhile, Amazon is reportedly pushing for an MP3-based sales model, though both deals would represent an absolute reversal in current major label strategies.

The installation percentages were recently published in the larger Digital Media Desktop Report from November. The report is available [here](#).

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About Edelman

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About TAG Strategic

TAG Strategic is a digital media and entertainment advisory firm focused on leveraging the core partners' collective 50+ years of experience, execution and expertise across music, movies, television, mobile, infrastructure and media monetization. TAG provides high-profile services to media companies, branded properties and technology providers. Visit us at www.tagstrategic.com for more information.

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