

STRATEGIC

Let's Find Out If It's About Free Music Or A Great Experience

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Seven years after the original Napster burst onto the scene with its revolutionary approach to sharing music, the shaky marriage of art and technology has reached the point where it's ready for some serious relationship counseling. It's time to start over, and this time, really feel the love.

I consulted for Napster from 1999 until I joined EMI Music in 2000 and still regret the lost opportunity to monetize the peer-to-peer (P2P) phenomenon.

At the time, Napster's management publicly expressed support for working with the labels but was not sincere. The labels were also culpable, some frozen by the paradigm shift, others angered by Napster's audacity. Today's legitimate-and illegitimate-downloading is all an outgrowth of the original Napster, for better or for worse.

Unfortunately, the main legacy of the Napster revolution turns out to have been a devaluation of music. When everything is available for free, it means only those who are willing to pay do so. And millions of consumers have shown they prefer free. Buying CDs has devolved into a practice for the technologically impaired or the seemingly even smaller population of the morally upstanding.

But file sharers, industry pundits and the Electronic Frontier Foundation argue that it's not about morality or free music, it's about freedom. The labels are behind the times, they say, being overprotective and unrealistic.

Today, it's about getting music that's not "crippled" with digital rights management (DRM) and other restrictions. It's about discovery. It's about an unlimited breadth of content: no filtering of acts like the Beatles or Led Zeppelin, who seemingly don't want their music made available digitally, and no holding back on unreleased material. They insist it's all about the community-bonding with people around the world who like the same music. It's definitely not about free. Well, maybe a little, but mostly it's about those other things. At least that's what they tell me.

All right, I say, "Let's find out." Is this argument for a P2P world completely disingenuous or a valid position based on the current marketplace? We don't really know, but that's fixable.

After six years at EMI, I'm consulting again and taking a broad look at the current landscape. I am especially interested in imagining what legal P2P might look like. So far, the efforts to create a P2P service that is "industry-friendly" and attractive to consumers have totally failed. iMesh is a ghost of its previous self, grotesquely morphed into

something that was crafted to be label-friendly and ended up devoid of any apparent consumer appeal. This was not the right solution, at least in my opinion.

What I propose is an aggressive six-month trial by a major P2P service (any takers?) that could finally give us clear insight into the behavior of P2P users. Is it about interoperability, community and deep catalog, or is it all about free? We need to know.

Here's how it would work: Leave the service exactly as it is: no filtering, no DRM, no changes to its current offering of unprotected MP3s. The rare tracks, bootlegs-they all stay there. Just charge for each piece of content and split the revenue between the service and the content owners.

Yes, I know. Deals aren't in place with labels and publishers. Some content out there (bootlegs, etc.) isn't "cleared," and yes, it might keep some accountants working overtime. But wouldn't it be better to figure out how to allocate all the revenue than not to have it at all? For the "gray" content, I suggest labels consider a 50/50 percentage share with the artists, obviating arguments on who owns it.

We need to try to monetize the behavior, not block it. Labels and artists would finally see a meaningful revenue stream from the disruption. It's truly a win-win outcome. The only difference is now consumers would pay for each track they download. Watermarking and the captured, detailed anonymous consumer behavior data would provide a degree of accuracy in assessing the experiment's success or failure. And let me state for the record this is just an experiment. The results need significant evaluation before any final action.

I've spent more than 20 years working in digital media, the last 10 totally focused on the digital delivery of music and video. We now have all the technology that we need to make this work for all concerned. We just need the common sense to utilize it properly.

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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