

Peer to Peer Technologies and Musicians

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Future of Music Coalition

www.futureofmusic.org

About FMC

The Future of Music Coalition is a national nonprofit organization that identifies, examines, interprets and translates the challenging issues at the intersection of music, law, technology and policy.

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Traditional business models

Relationships with major labels:

1. Access to resources –
recording budgets, staff, tour support
2. Access to distribution --
retail chains, promotion, infrastructure
3. Access to promotion --
commercial radio, TV, print, internet



Emerging business models

Technological developments make it easier and less expensive for musicians to create and participate:

- high-quality home/studio recording, duplication, packaging within reach of more artists

Value of internet:

- Disintermediation: ability for rapid, streamlined distribution and sales
- New promotion opportunities: digital distribution stores, internet radio, websites
- Easy to connect directly with music fans



Artists Adapting to New Technologies

Findings from Pew Internet Report “Artists Musicians and the Internet” (12.6.04) www.pewinternet.org

- 87% of the musician respondents say they promote, advertise or display their music online, and 83% provide free samples or previews of their music on the internet.
- 69% of the respondents say they sell their music online
- 63% say that they sell their music online someplace other than their own Web site
- 56% sell CDs through online stores like Amazon.com or CDBaby
- 28% sell downloadable files through digital stores like iTunes



Working toward a legitimate digital marketplace

- SoundExchange as functioning collection and distribution point
- Marketplace defined by inter-relationship between increased broadband capabilities and consumer electronic products beginning to take shape:
 1. Satellite radio
 2. Webcasting
 3. Digital subscription services
 4. Digital download stores



Key factors for future music industry structures

- artist control over copyright and career decisions
- artists able to compete in marketplace -- compensation and access to customers
- artists seen by policymaking community as valued stakeholders in policy debates -- invited to participate, input sought

