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The Future of Music
Manifesto for the Digital Music Revolution

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Chapter 2
Our Top-10 Truths of the Music Business

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Our Top-10 Truths of the Music Business

These top-10 truths will guide the future of music, define the nature of the relationship between artist and fan, and likely prove to be of great significance to those in this business who wish to remain relevant. Our thinking is guided by our own experiences, and by hundreds of conversations we have had with all sorts of people working in the music business. Here, we examine the relationships and dynamics between the primary parties that make up the music industry: those who create the music, including artists, writers, and producers; those who market, deliver, and distribute it, such as the record companies and publishers; and the consumers and fans of music, who ultimately pay for it all.

1 Music matters more than ever: the music market is alive and vibrant.

By all accounts, more music has been consumed over the past five years than ever before. Again, music fans and "users" can thank the early digital music pioneers such as MP3.com and eMusic (www.emusic.com), as well as peer-to-peer ventures such as Napster, Kazaa, and Gnutella. They also owe a debt of gratitude to the heretounprotected CD format, which enables people to rip and burn CDs using personal computers. Billions of unprotected CDs have fueled the fire of digital song swapping.

Today, music fans are completely awash in music, and most are bombarded by music all day long. Anybody who wants to do so can stream, download, watch, edit, and cut and paste his own music, 24/7/365. File-sharing, transcoding (the art of turning an audio or video stream into a savable file), and online music have become the new "radio" for the digital generation. Music and the *music industry* are getting a lot of interest and attention, even though the *record industry* is on its way to the meat grinder. We are experiencing a phenomenal tidal wave of interest in music, and once that interest can be turned into better ways of discovering and enjoying music, the money will inevitably follow. Why mourn the *record* business when we will have much bigger fish to fry in the *music* business?

2 The *record* business is not the same as the *music* business.

This is a very important distinction to make. Many of us have been accustomed to thinking of the whole industry based on a simple formula: volume in CD sales = value of the industry. That is, fewer CD sales results in lower value. That is the myth, because, in fact, the record industry is a mere slice of the overall music industry pie—and many of the other slices are not even known to the average music fan. Music and event merchandising, concerts and touring, and live entertainment in general account for some $25 billion globally, while music publishing is a $12 billion business, approximately. Further, according to sources in *Pollstar*, *Billboard*, and *Music Week*, record companies make nearly $2 billion every year in "special products," such as give-away CD sets, corporate marketing items, and various business-to-business licensing activities.

What this means is that a musician does not have to be a recording artist or a performer to thrive in today's music industry. It means that you may be, at different times, a songwriter, lyricist, performer, band member, entertainer, promoter, entrepreneur, fashion designer, producer, teacher, or small business manager. Being a "creative" in the music business often means wearing several hats, doing several things at the same time, and picking up new skills on the fly. The sum of the income streams from these various activities make up the musician professional's compensation—and, of course, to be a successful musician, one must be an entrepreneur by nature, *and* operate as a business.

So, yes, the record business is suffering, but the music industry as a whole is alive and well.

3 The *artists* are the *brands,* and *entertainment* is the main attraction.

A record label is not usually a brand in its own right. The few exceptions—ECM Records, Def Jam, Motown, and perhaps Blue Note—prove the point. The artist and the record label are two entirely different things. It is the *artist's work* that everybody is interested in, while the label's identity, standing, and caché is a lesser concern for most fans—especially if the label is a large global corporation. Nobody buys a Britney Spears CD because BMG (formerly Zomba Records) puts it out, and few people cherish Columbia Records (Sony Music) because it's the home of Santana.

Prior to the 1920s, nearly every artist distributed their music "with their feet," determining who could listen to them by where they chose to perform. Artists, from medieval traveling minstrels to early Vaudeville acts, knew their audiences personally, and interacted with them in many ways. They provided entertainment in the sitting rooms of manor houses, in churches, dances, plays, fairs, clubs, operas, street parties, birthdays, funerals, weddings, and other events. Music was not about packaging, distribution, or product sales. It was about live entertainment.

But despite the productization of music that the record industry created, most people still place the greatest value on their connection to an artist. We cherish particular artists because they are purveyors of feelings, special moments, experiences that we value. We create all manner of subliminal interactions with artists to whom we get attached. We track their whereabouts, we consider every work they put out, and we study the liner notes. We harbor deeply personal ties to them, often subconsciously, which is the prime reason for the strong economic pivot position of an artist. That puts the artist in a position of great power.

Today, the artist's contribution—talent, imagination, persona, and creative energy—is as important as ever. One could argue that digital technology has made it *easier* for artists to leverage their creativity, and if that is true, more music can be created in a shorter time, perhaps for a lower budget, with much less of the outside help that record labels traditionally provided. That makes the artist more powerful, and the average record label's offerings seem much less significant in comparison. Artists may no longer need the record labels' powerful checkbooks behind them. Music production facilities are increasingly affordable, small and mid-size marketing companies offer their services directly to artists, distribution options have grown by leaps and bounds, and managers and agents are taking more proactive roles.

Once the networked and technology-driven production and distribution channels are more readily available to the artist and their managers, the greatest strengths of the "old-style" record label (read: music company) will be in finance and in marketing—and even marketing can be effectively handled by small service organizations. One cannot, however, underestimate the importance of a strong business network, and record labels often have huge business networks, with a lot of mission-critical support just a phone call away. This networking power and high level of business connectivity will remain crucial—and will be one of the key assets of a successful musician business of the future.

New technology is encroaching on that turf, as well. Witness the blossoming of social/business networking tools, networked blogs, and "dating" applications such as Friendster, Ryze, and LinkedIn. Once these technologies become more widely used, one can expect that they will enable people to develop more extensive personal and business networks by "business dating and matching" online, as well as in follow-up, face-to-face events. Maybe then, the artist will no longer need to rely on their record label to gain access to a powerful business network. In fact, one can foresee a time not too far off when artists and their managers will fish in a huge pond of business connections that are nurtured in virtual and real-life conferences, tradeshows, and ultimately, marketplaces.

The remaining functions that a record label can fulfill clearly no longer warrant the steep financial, artistic, and personal premium that artists pay when they sign away their rights in a traditional recording contract. The old deal structures no longer make any sense for the artist—if indeed they ever did. A joint venture or co-op approach will be the way forward, and is already being explored by pioneering players in the record industry such as Sanctuary, EMI, and Artemis Records. As the business paradigms in general are morphing from "owning" to "sharing"—from product to service—so will the music industry be forced to go along. The artists who used to produce "work for hire" will now call on the former industry execs to be "hired to work." What a tremendous shift for all involved parties! Artists, if they want to, are shifting into a position of power in which they are working *with* the labels, not *for* the labels.

4 Artists and their managers will shape the future.

True to the public's perception, many musicians are fairly disorganized and habitually averse to strict order or tight organization. Being more on the creative side of things, artists are not always savvy or even interested in financial, marketing, or organizational matters. Frequently, this changes only after artists reach a certain standing that incentivizes them to take a good look at their financial situation. Mick Jagger, who for some time now has been keenly interested in the business affairs of the Rolling Stones empire, is a good example. A watertight music business enterprise, the band has its own budgets, accountants, lawyers, bankers, and hardware and software to maintain its licensing, merchandising, touring, and investment enterprises.

Traditionally, managers and agents, as well as lawyers and accountants, have filled the administrative role, providing business services to musicians that could afford them. In the past ten years, managers have started to take on more and more duties, and this trend can only be expected to increase given the rapidly growing alienation between record companies and their artists. Certainly, the 2004 merger of the BMG and Sony Music will result in a good many executives being shown the door—but also, a lot of recording artists will be dropped, and this will fuel their managers' fires.

Associations such as the International Music Managers Foundation (IMMF) are poised to take the lead. Good managers will guide their artists through the myriad of choices they must make to remain in business and prosper. The artist/manager connection is very personal compared to a large record company's usual forty-three-acts-to-one-A&R-rep approach to artist management. Managers have an entirely different view on how they work with an artist and, by extension, how they get remunerated. Managers often get very low (if any) fixed income guarantees, at least initially, but in return may receive 15–25 percent of the artist's total revenues, which usually encompasses many of the available revenue streams.

Thus, managers have a more direct and immediate influence on all business decisions. Going forward, managers are likely to play a much bigger role as the central pivot point for business decisions, from publishing to marketing to touring and merchandising. Managers will lead the charge because their fame and fortune is directly linked to that of their artists. That can be a very favorable structure for the artist and leads to a much deeper level of cooperation than they would ever get from a traditional record label. Managers will select distribution channels, marketing agencies, public relations people, technology deals, and sponsorship packages. Smart managers will grow the new music economy by making their artists successful as independent musician businesses.

5 Publishing income is a crucial income stream.

Due to the complexity of a record deal and the usually lopsided terms contained therein, it is a known fact that publishing income tends to be a more valuable and reliable revenue stream than recording income—provided that the recording artist is also the songwriter. It just takes longer to build a good catalog of songs, and to get those songs into the right channels so that they are being used. Indeed, when the valuation was set for the recent acquisition of Warner Music Group, the publishing company was valued at $2 billion, compared with the $1.5 billion given for the recorded music operation.

In the U.S., a statutory mechanical royalty fee (currently ≅ 8.5 cents USD) is paid to the writers and their publishers, for every song on each CD that is sold, whether or not the writer is the performing/recording artist. In Europe, this fee is a fixed percentage of the published price-per-dealer (PPD), which usually amounts to a slightly higher amount. Public performance, synchronization (the use of a song in films, video, or advertising), and other song-related licensing incomes often provide substantial additional publishing revenue streams.

Keep in mind that the Internet and other digital networks are essentially giant publishing apparati—everything is about disseminating data (also known as "information" and "content"), getting heard or being viewed by people, and reaching out to others. Thus, publishers stand to profit greatly as technological advances enable the dissemination of data—if and when they learn to completely embrace it wholeheartedly and harness its power, rather than fight it, as many of their record company colleagues continue to do. Without a doubt, it benefits music publishers when their writers' works are disseminated as widely as possible, and digital networks can enable and monetize this like no other technology before. Once we can broaden our views on how the remuneration will be derived and start to embrace new models, the resulting revenues will be larger than ever before. One can see traces of this when looking at the flourishing ring-tone business, music for video games, and synchronization income that stems from digital media products.

Once copyright laws are amended to do what they were designed to do in the first place—protect authorship for a limited period of time so that an invention or work could be released to the public for the benefit of all—then the revenue floodgates will open, and publishers can truly harness the power of technology. Imagine the relief of reducing the importance of the good old mechanical reproduction license in favor of an "access license" that allows the public to freely use any song under a new blanket-license arrangement. The mechanical license was instituted along with the advent of the player piano as a statutory royalty on sales of piano rolls. Why would we want to hang on to a per-physical-copy payment paradigm in a digital world in which any given song can freely and without any real cost be reproduced? If the marginal costs of reproduction move towards zero, it is time to think of another way of measuring the "value" of a song—and there are many ways of doing that.

Once the mechanisms of performance royalty collection are adapted to address the new modes of song usage, music "renting," and distribution, performance royalty collection and publishing will take the lead as the primary source of compensation for musicians. Technologies such as the ones pioneered by Mediaguide, YesNetworks, and Yacast already allow us to monitor actual performance on broadcast networks with 99-percent accuracy, rather than relying on the sample-based accounting that has been commonplace until now. Under the existing structure, those who could afford it were able to individually audit performance logs, and because of the sampling-based system, they had a better chance of collecting royalties. The rich acts got richer while the smaller acts fell through the cracks. But now, we can pay each songwriter for the actual performance of their song on any monitored network. Ultimately, publishing will, by default, become inseparable from distribution. The tasks performed by what used to be "record labels" will be morphed into the publishing business—or perhaps we will see the birth of the next-generation music business.

6 Radio is no longer the primary way that people discover new music.

The days of mass-marketing records via playlist-homogenized broadcast radio stations are thankfully coming to a close. Talk radio began replacing music-centric radio some time ago. The playlists of the monolithic radio machines that do play music have, by and large, become a homogenous muck of sound-alikes, and the stations cater to advertisers more than they cater to listeners. In many ways, radio is simply a vehicle for advertising, much like network television. No single statement could be more telling than the one that appeared in

Fortune magazine, from former Clear Channel CEO Lowry Mays: "We're not in the business of providing well-researched music. We're simply in the business of selling our customers products."

Today, people are turning "off" to the radio as we know it, and "on" to the Internet, the cell phone, and to wireless and interactive technologies. Just as heavy 'Net users watch 38 percent less television, radio is losing out to digital media—or maybe it is morphing into it. Part of the reason for this is that music marketing and distribution are no longer intrinsically joined at the hip. Fans and consumers have far more convenient options for discovering new music than ever before, including the Internet, video games, television, and referrals from friends via e-mail, instant messaging, or social networks and user groups.

Digital music services such as iTunes, Musicmatch, Rhapsody, MSN, and Virgin Digital report that community features are major drivers of discovery for new music. Features such as swapping playlists with other people, or lists of the "top 10/20/100 most played songs," or "people who bought this also bought that" recommendations help fans discover new music online.

The big opportunity of the future is in finding a way to unobtrusively and effortlessly present new music. Radio as we know it will be replaced by digital music services that tie seamlessly into music distribution systems. Access and ownership will ultimately converge. If my digital "radio station" delivers my favorite playlists on demand—anytime and anywhere—the only reason I would accept another service would be that the service is more personal. It is likely that the very term "radio" will go the way of the word "record"—into the dustbin, or on to the digerati-wordsmiths to morph into the future.

Terrestrial radio in the U.S. is already threatened by consolidation, lack of diversity, and increasing censorship—just check out the declining stock prices for Clear Channel and Infinity for the last few years. As a means of introducing music to the masses, radio's effectiveness has been weakened as it has shifted to centralized playlists. Radio has also been under pressure from the FCC, with DJ Howard Stern being dropped from six markets by Clear Channel in response to heavy fines. We predict that consumers will not tolerate this kind of censorship in a world where any kind of programming is available on satellite radio or with a few taps of the computer keyboard.

Radio *as we know it* will become less relevant because people will have access to carefully programmed and custom-catalogued music anywhere, anytime. Digital music in its perfection is as good as the best radio ever was. Terrestrial radio will have to compete head to head with digital music services that deliver music via satellite or via wireless networks, just as television broadcasters compete against pay-per-view services and digital television providers.

What may keep radio attractive is the emotional connection forged through its people-factor, thus the appeal of talk radio. If radio wants to survive, it must retain the personal approach to presenting music and news, *but* must also embrace digital technologies, as the satellite radio networks Sirius and XM Radio are doing. And, it will have to adapt to being just one of the options available to people who are on the road.

7 Digital niche marketing outperforms mass marketing.

The idea that an artist has to sell more than five hundred thousand records to be successful is a bizarre myth propagated mostly by the music cartels that have to make up for the huge overhead they carry. *They* have to sell that many records to make money from any given artist, but *you,* as a musician business or small indie label, do not. If and when musicians can define their niche, truly differentiate themselves, and find efficient ways to reach out to people who are interested in their uniqueness, they can be successful on much smaller volumes reaching far fewer people. For each artist who has sold a million copies of a CD, there are hundreds that have done just fine by selling five thousand copies while keeping 80 percent of the income!

First of all, artists must embrace a more inclusive view of success—one in which great and long-lasting careers can be built on lower sales volumes of recorded music delivered directly, whether physically or digitally, from the artist to the fan. The artist can also recognize other ways of monetizing the artist/fan relationship. Without the record label as a go-between, artists can often maintain a greater degree of intimacy and involvement, and many stay in direct dialogue with their audiences.

The key to success in music niche marketing is to focus promotional dollars where they will bring the highest return—that is, maintain a low burn rate while getting the maximum results. To support this, technology can be developed to allow for the highest possible conversion rate from “interested user” to “buying customer.” Matchmaking—having the right customer run across the “perfect” music at the right time—is where the art of marketing comes in. Finding the appropriate digital exposure channel, and determining when to start charging, and for what, will be the prime job for music marketeers of the future.

Once seeded and well-tended, niche markets can be extremely profitable, especially with intangible wares such as music. There is great opportunity in this sector, both for savvy new entrepreneurs, as well as for service and technology companies. In twelve to fifteen years, niche markets may bring in close to 40 percent of the global music revenues, and a new middle class of artists may finally thrive.

8 Customers demand—and get—increasing convenience and value.

For many years, people went to record stores to purchase songs heard on the radio; it was easy and convenient to purchase a record, tape, or CD at what appeared to be a reasonable price. Music still seemed like a good value. The cash flowed from the fans to the stores to the labels, and on to the artists, writers, and producers of the music. People liked the convenience of hearing new music on the radio—which, by the way, did feel like “free” to them—and in return being able to easily buy it at the record store. The CD was a music fan’s favorite for the last twenty years because it is small, portable, easy to use, sounds great, is convenient to purchase, and, at the time, seemed to be worth the money.

Times have changed. Compared to the many burgeoning digital alternatives, the CD no longer seems like a “good value,” and no longer looks as convenient. It simply does not have the same *relative value* in today’s highly complex and competitive market . . . a market that offers alternative products such as DVDs, video games, cell phones, and digital cameras. And once the record industry shifts to copy-protected CDs that cannot be ripped to a computer’s hard disk, you will see entire populations of music fans leave the CD behind, for good. Reading the myriad of press releases that deal with the efforts behind securing digital media sound carriers, one cannot help but wonder why anyone thinks that the average customer will have anything more than utter disgust for these kinds of newly restricted products. To get customers' attention, they'll have to put in some extra value in there, in return for the added security. After all, technology empowers users, and who could expect customers to step backwards and give up some of their rights?

Some consumers may well continue to purchase CDs or other fixed-media products for the foreseeable future—especially those who do not yet have suitable computers, PDAs, or powerful Internet connections, or those who prefer a high audio quality. But once it becomes exceedingly easy and cheap to acquire high-quality recordings in other zeros-and-ones ways, as it is via the 'Net, people will switch in droves. They will follow the path of convenience and value—a simple rule of business that has been proven time and time again. Water goes where it flows most easily.

Let's keep in mind that the Internet is only the first wave of development, only to be dwarfed by the explosion of wireless services. Broadband begets content begets broadband—once that snowball starts rolling, we will be utterly amazed at the velocity of content dissemination on digital networks. We may be able to plug a leak or two in the tightly guarded dams that hold back the rivers of content, but once the dam breaks, an unstoppable tidal wave will be unleashed. Rather than build more or better dams, let's build some fat channels for the easy flow of that content. Let's replace inefficient content-protection schemes with effective means of sharing-control and superdistribution!

On to the sacrifices . . . if observed objectively, the music industry has had the amazing luxury of earning billions of dollars every year, despite the fact the consumer has had to constantly sacrifice some essential needs and desires, simply to get any music at all.

Let us name a few of those quietly accepted and now deeply ingrained sacrifices: the impossibility of getting only a certain track by your favorite artist, without having to buy the entire album; the impossibility of getting any product from lesser-known artists if you do not live in the territory it is being distributed in; and the impossibility of getting an out-of-print recording. Until the 'Net came along, music consumers had seemingly resolved to sacrifice their real needs simply to get anything from the industry at all. A bird in the hand is worth two in the bush, right? But now, customers are empowered by digital networks, and are no longer content with making those sacrifices. They no longer shell out the cash without any further ado.

More often than not, the fast-moving entrepreneurs are the ones that can exploit this opportunity better than the incumbents. Much of this is already apparent today, but will indeed be the default mode tomorrow: any information about any artist and their work can be obtained, news spreads within minutes, downloads and streams are instantly available anywhere, anytime, and territorial restrictions become meaningless. To be sure, this is a boon for users and consumers—just like E-Trade, Amazon, Mapquest, Google, Yahoo, Expedia, and EasyJet. This trend is becoming so all-encompassing that, in the music business, we will see even more consumers simply refuse to accept those old limitations, and no longer be ready to sacrifice their rights to information on the altar of ancient industry rules and traditions. A huge change but also a huge opportunity—witness the tremendous success of companies like eBay, built entirely on customer empowerment, rather than sacrifice.

9 The current pricing model goes out the window.

Singles have never been even remotely profitable for the recording artist, and the new pay-per-track online models sported by iTunes, Rhapsody, BuyMusic, and others will ultimately fare no better. Apple reports that some of iTunes downloads are for complete album packages, at album prices, but it will be very difficult to keep digital album prices up at $10-12 when the novelty wears off. The bottom line is that selling the content is very unlikely to be the main method of bringing revenue to the coffers of digital music services. Our hunch is that as much as 50 or 60 percent of the future revenues will come in from selling other products and services, and from advertising, sponsorship, and marketing tie-ins. The music itself may often only be the default ingredient in the mix, rather than the sole purpose of the transaction. The days of making lots of money from selling 100 percent "content" are over for music.

As a consequence, the traditional thinking behind recording contracts no longer applies and needs to be completely overhauled; the 1950s model is obscenely outdated in today's environment. If you consider the very nature of a digital, intangible, and limitlessly-repeatable transaction, the artist deserves a great deal more of the revenue than the 8 to 15 or even 20 percent that they theoretically would get *if* the record company accounting was fair, *if* sales were accurately reported, and *if* there were not all of these deductions and recoupable costs in their contracts. This plantation-style proposition ("You work—I own") is an insult to today's artist, and it is being rapidly abandoned in favor of a more balanced approach that marries the convenience and value of digital music with the consumers' hunger for music, in a way that actually makes sense for tomorrow's artists and fans.

Today, in larger and larger numbers, music fans are expressing their disdain for the way that music is priced and the endless marathon of obstacles that they encounter when looking to buy music. They are becoming aware that the record companies want them to pay somewhere between six to fifteen times what the artist makes from the sale of the CD. It is becoming clear that this is a very inefficient way of distributing music when one considers how much is paid and to whom, in order to get the true value of the transaction, namely the music. Customers fire up their Internet connections, and live out that deep lust for the sharing of music. Their message is: "You're not giving me what I want at a reasonable price, so I am going elsewhere."

We need to exploit the current ways that people learn about, select, legitimately acquire, and listen to music. We need to reflect the reality of the digital marketplace, not the reality of the '60s and '70s. The game has changed. In order to have a business that can thrive and blossom, we must consider the interests of the fans and artists first, and the existing incumbents' business interests second.

Existing CD Pricing Model (approximate)

Artist	**Label**	**Manufacturing**	**Shipping**	**Retailer**	**Customer**
8%	49%	8%	5%	30%	= 100%

Today's pricing scheme will be ripped to pieces by the deep habit changes within the music-fans' cultures, and by ever-increasing competition from other entertainment products. Consumers that have figured out how to get music free, like water, from the seemingly bottomless digital wells—legal or not—will not be persuaded to continue paying for the "Evian" that is today's CD. The current pricing will be replaced by a very potent liquid pricing system that incorporates subscriptions, bundles of various media types, multi-access deals, and added-value services. And, it will uphold the fair-use provisions that the customer is used to, such as the right to share and the right to resell. After all, it has proven to be impossible to make significant technological leaps, and yet take backward steps as far as user rights are concerned.

We will likely see additional relatively small "fees" that all consumers must make in order to get some basic service. Similar levies, taxes, or bundled-in fees are likely to be established for basic content services that will be available on digital networks, such as for wireless carriers, WiFi providers, and ISPs, with the caveat that they are likely to be very incremental and thus not an obvious burden to the individual user. Imagine if all of the 1.4 billion cell phone users around the world paid only one dollar each, per month, to get access to a basic music service. This would already amount to half the value of worldwide CD sales, per year. Not very realistic with today's music moguls, but very likely tomorrow, indeed.

Beyond this the consumer can choose from a variety of good-value "package deals" and "choice payments" such as premium subscriptions, memberships, donations, and pay-per-view offerings. All in all, once the pricing models have changed and music can flow freely, we may see up to 80 percent of the population in the leading markets become active music consumers. Compare this with the today's average 10–15 percent that actually buys any music, on physical media, and you can sense the profit potential of this fundamental shift.

10 Music is mobile, and new models will embrace a more liquid view of music.

Music wants to be mobile and moveable; this has been a sticking point with music fans all along. The gramophone was not very conducive to mobility, the Walkman was a huge success because it was mobility objectified, the CD's success was also about mobility, and digital music represents the very pinnacle of the mobility paradigm. If we define mobility as the ability to access music from anywhere anytime, as the ability to take it with you without undue burden, and as the ability to exchange music with others, we have the very definition of digital music. The only way this can move is up!

The music industry may need to look at some of the tactics employed by video game developers and software manufacturers: create products that are “try first, then buy,” as well as upgradeable, and develop an ever-expanding array of services and products or formats in which to sell their product: bundling, repackaging, and co-marketing. Recorded music has too long been viewed as a “static” product rather than a more fluid or participatory entertainment experience—but the latter is where its real value lies. One can already get a glimpse of that theory at work when looking at the various digital music ventures that deliver recorded concerts immediately after the show, such as Instant Live, Disc Live, eMusic Live (formerly DCN), Livephish.com, and LiveMetallica.com.

The process and pace of new releases needs to be synchronized with new means of product development and new niche-marketing activities. Fortunes will be made by those who know “the secret ingredients,” who truly understand what all involved market participants want, and who can envision the appropriate technological tools to deliver the services to them.

Multi-access to music will rapidly become the default setting in the future, allowing consumers to “fill up” their music devices using wireless as well as fixed-media or on-demand manufacturing services at gas stations, train stations, shopping malls, juke boxes, and coffee shops. Mobile phones as we know them today will be replaced by infinitely more powerful mobile communication and entertainment solutions that can network seamlessly and effortlessly. Mobile music players will connect to digital music services using GPRS, UMTS, Bluetooth, and WiFi-type connections, and will be able to stream or download music content, in addition to serving as mobile phones, PDAs, mobile gaming stations, and social software platforms. Mobile music systems will support interactivity between users, enabling playlist sharing and other community features.

Storage power will be virtually unlimited, with devices supplying up to 1 terabyte of storage within the next two to three years. Flat-fee access deals, cheap international roaming, and “content and connectivity” bundles will make mobile music offers virtually irresistible.