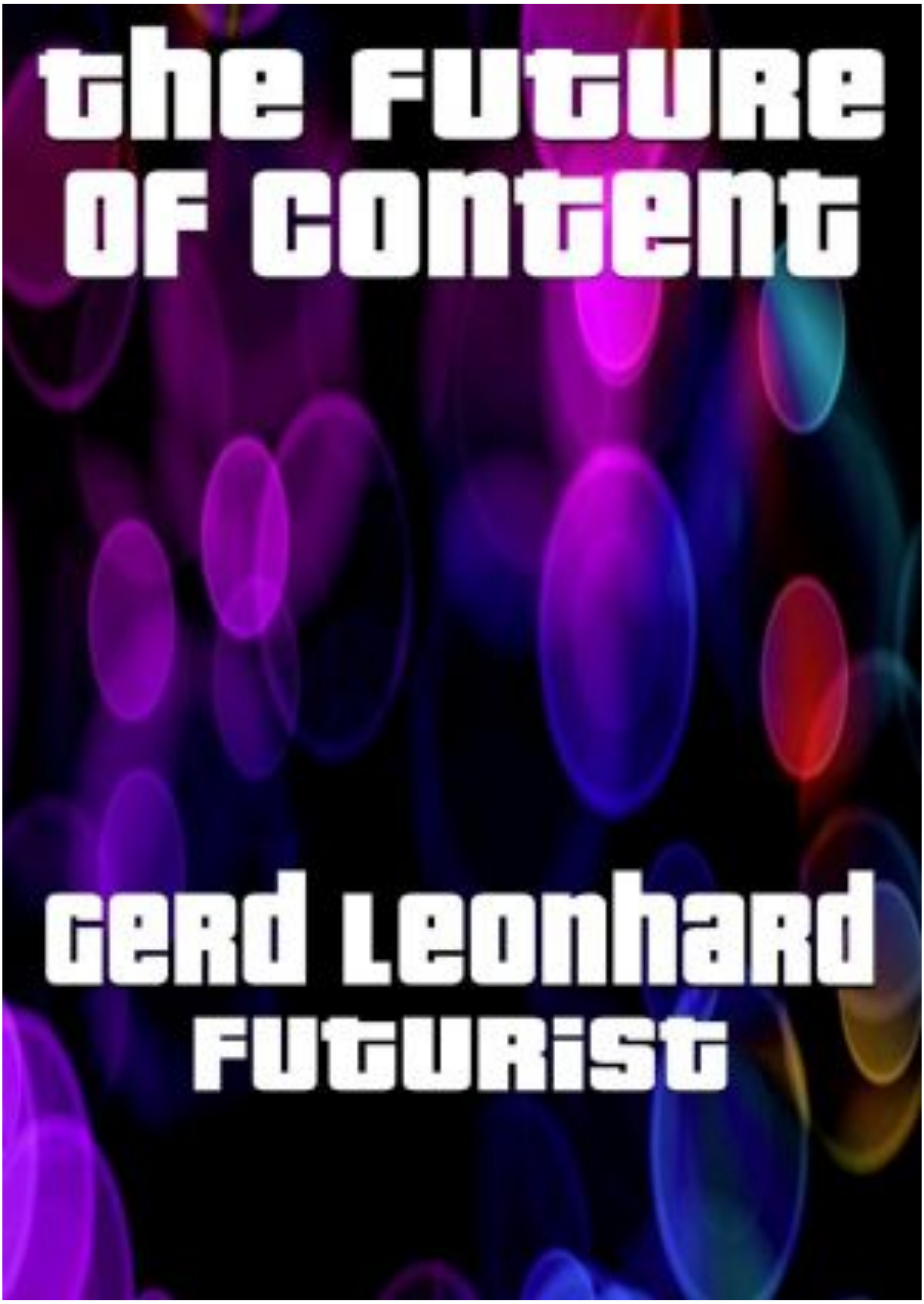

the future
of content
Gerd Leonhard
futurist

# THE FUTURE OF CONTENT

Futurist Gerd Leonhard's

Best Essays, Blog Posts and Comments
on the
Future of the Content Business

www.mediafuturist.com

from the original Kindle Edition October 2011

**FOREWORD**
by Gerd Leonhard, Author (Futurist and CEO of The Futures Agency)

I have been writing about the future of content i.e. music, film, TV, books, newspapers, games etc, since 1998. I have published 4 books on this topic, more or less, 2 of them on music (The Future of Music, Music 2.0). For the past 10 years I have been deeply involved with many clients in various sectors of the content industry, in something like 17 countries, and it's been a great experience. I have learned a lot, I have listened a lot, I have talked even more (most likely:) and I think I have grown to really understand the issues that face the content industries - and the creators, themselves - in the switch from physical to digital media.

This Kindle book is a highly curated collection of the most important essays and blog posts I have written on this topic, and even though some of it was written as far back as 2007, I believe it still holds water years later. I have tried to only include the pieces that have real teeth, here and now, and leave everything else. Please note that the original date of each piece is shown here in order to allow for contextual orientation.

My intent to publish this via the amazing Amazon Kindle platform, exclusively, and at a very low price, is to make these ideas and concepts as widely available as possible while still trying to be an example of what digital, paperless distribution can look like, going forward.

I don't want to miss the opportunity to thank everyone in my network, be it my colleagues at The Futures Agency (Ross Dawson, Glen Hiemstra, Rohit Talwar, Neil Perkin, Jonathan MacDonald, Didier Marlier and many others), my favorite blogs (such as Mashable, Read-Write-Web, Arstecnica, Paid Content, Wired, Forbes, The Guardian, The Huffington Post etc), the brilliant people I follow on Twitter such as Umair Haque, John Hagel, Jeremiah Oywang, David Forrest, HarvardBiz, the amazing online video treasure droves such as Ted.com, Fora.TV, BigThink and YouTube or my favorite book authors starting with Guy Kawasaki, Chris Anderson, Jeff Jarvis, Steve Howe, Stephen Johnston, Clay Shirky, Michio Kaku and many others.

Without all of you I would have very little to say. Thanks! I hope you enjoy this book.
Happy reading.

Gerd Leonhard

* * * * *

**CONTENT**

## 1. The Future of Content in a Connected Economy

August 11, 2011

*WHY PAY WALLS, THE IPAD, AND BRILLIANT CONTENT* may not be the saving grace of the news-media industry. What will people pay for? Context, social connections, and access, among other seemingly non-intuitive commodities and experiences the content industry should be more focused on.

Some tough questions are currently plaguing the content industries worldwide. How can you make money with content when “the copy” is free and ubiquitously available (legally or not)? How can you generate strong and recurring revenues with digital content if you can’t control who gets to access, read, view, watch, or share it?

And if, as many pundits are saying, access to content-in-the-cloud is indeed becoming the new mode of consumption, where exactly are those new revenue streams that will support content production, marketing, and distribution in the future - and make it a profitable business, as well?

*CONTROLLING DISTRIBUTION - A KEY ISSUE AND A RAPIDLY FAILING PARADIGM.* The concept of controlling distribution seems like a key issue across the board, whether it’s in the music, book, news, magazine, publishing, TV, movie, or software industries. The fear, of course, is that once a piece of digital content has been obtained by a user, it can be easily cut and pasted or forwarded to anyone else, assuming it is in an open format such as PDF, HTML, MP3, or simply delivered as a feed.

This instant and unrestricted ability to share digital content seems to be totally at odds with traditional thinking, which is that someone else should actually pay cash for that same piece of content. “How can we compete with free?” is the question that summarises this sentiment. Even worse, the music industry’s disastrous experience with DRM (Digital Rights Management software) has taught us that the same rampant sharing takes place with supposedly locked or protected digital content as well - it just takes a tiny bit longer.

Technical protection measures (TPMs) for digital content have, by and large, proven to be expensive and cumbersome, hinder or actually prevent large-scale adoption, curtail or kill social sharing (which defeats user-to-user marketing and therefore increases costs), and are largely useless when trying to thwart the real pirates such as those who have malicious, criminal intentions of stealing content to sell physical copies to others for a profit. Regardless, the prevailing assumption still is that less control over distribution equals declining revenues.

Therefore, the thinking goes, controlling distribution is what it’s all about. Pay walls are being touted as a solution to “get people to pony-up,” and bizarrely, DRM is still a big topic for most publishers selling e-books. And let’s not forget that technical protection measures play a major role in pretty much everything that Apple - once again positioning as the much-lauded savior of the content business - does. Indeed, it is fair to say that Apple is all about control - a good fit with the publishing industry’s ongoing quest for getting it back.

Here comes the iPad to “appify” the content business and solve all problems with a single piece of genius hardware! But hold on a minute. The stark reality is that no matter how much we would like this to work and how much money we spend on snake-oil technologies or savvy lawyers, we have to concede that controlling distribution of digital copies simply is not working - and will not work. Look at the music industry where free streaming is becoming the new freeloading.

Look at what is happening with online video, with links, RSS feeds and APIs, and with those very cool content-scraping tools such as Flipboard and Pulse. Copies of content are ubiquitous, and the internet is a giant copy machine. So unless we shut it down or resort to Chinese means of control, that's all there is to it. And it's going to get a lot worse with the other three billion users in the developing countries quickly coming online as well.

Control - and the tired over-emphasis of copyright as the sole driver of value - as a central pillar of monetising content is a fundamentally flawed concept. In an open, digitally networked economy, content publishers can, and indeed must, offer their goods and services in a way that no longer centers on distribution being the key factor.

*INTERACTION FIRST, TRANSACTION SECOND: THE NEW CONTROL IS TRUST*. Therefore, I propose that our thinking - and then, our actions - must urgently head in a different direction. Here is why: transactions are always a consequence of attention and attraction, interaction, communication, engagement, and trust. It is never the other way round. First a fan, then a consumer; connect with the fan, and give a reason to buy, as Techdirt's Mike Masnick likes to summarise.

The other way around (buy first, then become a true fan) was really only feasible in the unconnected content ecology of the past, back in the days when big conglomerates had total control of all pieces of the ecosystem such as production, marketing, distribution, and pricing. This is the past, and we must let it go if we are to invent a new logic. Think about it. Spending money on something you really like, something you value, something to which you have become accustomed - or better yet, addicted - to is never a problem.

Being asked to pay before you have become a loyal and engaged user, a true fan, a friend, or a follower (or whatever social media phrase you want to use) is not what any of us will really appreciate or respond favourably to. In today's mobile and always-on world, consumers are being exponentially empowered at every turn. And, like it or not, the game has changed. Control over who defines the perceived value that will drive a purchase has shifted. Now publishers must, at all times, engage not enrage to monetise their audience. There is no other choice.

*PAY WALLS ARE ATTENTION WALLS: 4 WAYS TO GET TO THE MONEY*. Any plan to monetise content must start with first attracting faithful users and enamored followers (to use the Twitter moniker) by constantly providing a stream of attractive, relevant and timely, targeted values, and to then convert this attention into money. Looking at it this way, pay walls are essentially attention walls - and therefore deadly in most cases. The time-honoured approach - "if you want this content you'll have to pay, first" - is collapsing and won't come back no matter how much we liked it. The new paradigm is: "It seems like you like my content. Here are a few options to have an even better experience."

I see four ways to make this all-important conversion from attention and audience to generating real money:

1. Subscriptions (mostly bundles and flat rates, micro-payment options, virtual currencies), many of which will start with a free level and then move into multiple levels of up-selling.

2. Advertising (not CPMs or anything like that, but next-generation, web/mobile/social reselling of attention).

3. Taxes and other, compulsory or public payments (such as blank-tape and CD-R levies, the TV/radio license fees such as they have in Europe, news media funds as proposed in France); hopefully less so over time.

4. Voluntary payment scenarios such as donations, patronage, crowd-funding, and web sites like Flattr. com and Kachingle.com, which allow a reader or content user to contribute payments to the content producers he or she likes. Think of yourself as operating a blender that will create your revenue mix based on the ingredients you have available, and you'll get the picture.

*NO RECIPES AND WELCOME TO PERMANENT BETAS*. Depending on the particular socio-cultural context of one's business or publication, the local windows of opportunity, and the speed and price of internet connectivity within a given target group, every individual revenue model is likely to be unique - and a constantly changing as well. Most publishers and media companies will likely need to proceed in some sort of "permanent beta" approach. This will be a fact of life for the next five to 10 years. This is something many incumbents may want to learn from the likes of Twitter, Google, Amazon, and Facebook: it's more important to try new concepts than to plan to perfection and never launch anything.

*FEELS-LIKE-FREE PLUS UP-SELLING*. My hunch is that we will see a lot of models that are based on what I like to call a "feels-like-free" approach. This means providing a vast stream of value - but at a very low cost - to a quickly growing number of users that become loyal followers, principally supported by next-generation advertising (i.e., mobile, social, interactive, location-aware, brand-sponsored), and then up-selling them to as many other levels of service and options as one can plausibly present.

This is a similar model to cable TV, albeit with starting at a '"feels-like-free" or fully subsidised level. I think it will first become the new standard in the music industry, which will, kicking and screaming as usual, morph into ad-supported "free streaming" as the new standard - and then sell many premium options on top. While some publishers may initially not like having to bend to what two billion-plus connected users really want, the "feels like free + up-selling" trend is not reversible.

And in my view, it will provide for some juicy revenue opportunities at much lower costs going forward. The challenge may be not so much a financial one as primarily one of clearing out those old assumptions, conquering the deep-seated fears of losing control, dealing with the internet speed of innovation, and accepting the lack of solid plan-ability.

*IPAD ILLUSIONS*. This is also why I think the current hopes for the iPad are largely illusions, albeit inspiring ones. Yes, some people will buy a few US$5 apps with the latest edition of a magazine they love, such as Wired or Popular Mechanic. Yes, they may try some paid subscriptions and dabble with the cool sweep and read interfaces.

But just like iTunes, not every consumer will spend the money on the expensive hardware - and on always-on wireless data connectivity - nor will they keep on spending money per unit, such as copies of digital content. Let's remember that almost 95% of the content on people's iPods is not purchased on iTunes but has been obtained elsewhere, and that iTunes's growth rate in digital music is stalling.

The idea of simply transferring the offline pricing logic (US$1 per song, US$5 per magazine) to a mobile device application - and then charging the same just because I can use my fingers to navigate around a glossy screen - is fundamentally short-lived and even more short-sighted. It only works during its short honeymoon of novelty. Despite the global success of iPods and iPhones, look at what has happened to the music industry. It has shrunk 65% in the past decade by hanging on, come heaven or hell, to the model of selling copies and buying into Apple's tantalising promise of being able to retain total control and make money at the same time. I admit it: I love Apple's devices, but their pitch to the content industries is barking up the wrong tree.

*THE MISSION: SELL MORE THAN CONTENT*. The bottom line is that in a connected world, you can't just sell copies of files. You also have to sell context, community, convenience, and connectivity. And this where the iPad will either sink or swim. Kevin Kelly, the co-founder of Wired magazine, summarized this years ago: when copies become free, you have to sell things that can't be copied.

The future is in selling things around the content, not just the content itself. This, to me, is the true magic formula. And if the iPad and other tablet device can do that, even better. But to do this, the ecosystem must be opened up - not remain tightly closed. Clearly, the next big opportunity is in selling bundling and packaging access and in providing an attractive menu of added-value services and timely, content-related experiences. Cross-media storytelling will become a standard since many users who used to be mere readers will now expect to be able to listen, watch, play, and interact.

Convergence is finally here, and it's forcing us to take new roles or become irrelevant. The news and publishing industries need to embrace the fact that the users - the people formerly known as "consumers" - can no longer be reduced to being mere buyers of copies and recipients of irrelevant marketing messages. Instead, imagine a digital newspaper that provides me with great insights penned by their expert writers and editors but that also curates hundreds of other great sources that provide additional - and highly filtered - opinions and insights.

One that quickly references what people in my social "tribe" (Buzz, Twitter, Facebook, Orkut, Mixi, QQ, LinkedIn, XING) are saying on this topic. One that provides a powerful interface that allows me to quickly browse and scan the latest updates on any screen available (think Google Fastflip, Flipboard, Pulse Reader, Twittertimes).

This kind of news organisation - or what we used to call "magazine" - can become a unique platform for experiences, a digital home, a valued guide. And a service I will pay for. Remember, we have always paid for packaging, for interfaces, for embodiments - not really for the words. And what's more, advertising is likely to become content, too, because it must be meaningful, relevant, and targeted.

*THE CROWD AND THE CLOUD: NEW MONETISATION OPTIONS ARE IMMINENT*. Increasingly, content hosting is moving from my own computer, my hard drives, or my mobile device, to the cloud. Many kids and the so-called digital natives (news, music, films, books, or magazines) are now clicks, not downloads. Pretty soon, if your content can't be clicked-on and viewed instantly, it basically won't exist. Just go to a party of 17 year olds.

The music won't come from the hard drive. It streams from countless sources on the web led by YouTube, DailyMotion, or Metacafe. I think this increasing disembodiment of content is good news for everyone, be they authors and content creators, publishers, rights holders, or media companies. Once most content resides "in the cloud" and once the crowd can always connect to it, it will be much easier to engage with the individual user, to find out who they are, to - with explicit permission - measure their usage and to up-sell them, individually and with their full cooperation.

I am confident that selling access will be much more profitable than selling copies. Don't worry about competing with free. Compete with value, meaning, relevance, trust, and packaging.

Originally published in the INMA ideas magazine August 2010

* * * * *

## 2. Data is the New Oil - The Future of Marketing and Media

Guest post on the DDB Blog
December 2010

With the explosive growth of the Internet, mobile devices and social networking, a connected world is indeed a very different world. Just witness the meteoric rise of YouTube, Facebook and Twitter, and the demise of the recorded music industry as we knew it. I would go so far as to argue the only reason advertising in its pre-Web 2.0 form (a global business worth approx. $400 billion per year) ever existed was simply because we were not yet truly connected as today's mobile, social and real-time Internet did not yet exist.

Now that it exists, most of us will no longer tolerate interruptions, meaningless pitches, garish popups, Las Vegas-style skyscraper ads or junk email. We are looking for truly personalized offers, real meaning, solid relevance, timeliness, and yes, transparency and truthfulness. In other words, we will be looking for merit and values that are geared 100% towards us, not to everybody else, or someone else. Think micro-sprinkler systems, not fire hoses; droplets of expression, not spigots of noise exploding off empowered consumers (many of which in fact loath that very term).

Clearly, if brands and their marketers, ads and messages do not provide real value (remember: only time is a truly scarce value now), we will quickly lock them out of our lives and put them on the 'infinitely ignored' list. One might therefore argue that advertising is indeed becoming content (“contvertising”, anyone?), since relevant and desired, opted-in and followed content is usually quite valuable to us as we spend time on it, while irrelevant messages that encourage us to purchase items we don't even need are just noise.

And the Internet has been so fabulously great at increasing the noise level that the time has come to turn that noise into meaning, to take the fire hose of data and turn it into a clever sprinkler system.

The key question for marketers, as ever, is: how can you cut the noise, how can you be relevant, be truly wanted, make a better match, and benefit from meaningful connections? How can you turn the act of selling into content, into engagement, into mutual appreciation? Is that even possible? This is where we get to the enormous value of Data.

According to an April 2010 Wired.com post and a related IDC study, the total universe of information available to us already amounts to 800.000 petabytes of data. If you stored all of this data on DVDs the stack would reach from the Earth to the moon and back! By 2020 the digital universe will total 35 zettabytes, or 44 times more than in 2009, keeping in mind that an estimated 75% of all data is already generated by the users themselves.

This makes total sense when you think about it: forwarding a link, rating a site, commenting on a blog, twittering, sharing bookmarks, allowing cookies on your computer, sharing your location, logging into websites, liking something on Facebook -- everywhere we go, everything we do, every move we make around the Net (and soon, elsewhere, as well) -- creates click-trails, leaves digital breadcrumbs, produces data exhaust, and creates what I like to call meta-content, i.e. content around content.

Now, just imagine faster mobile Internet access at a much lower cost (or even free, courtesy of Google and O3B); much cheaper, yet more powerful and smart, mobile devices, connected devices that are not phones or computers but things, objects and products; BRIC+Africa coming online at a furious pace; and computing shifting from tethered computers and mouse clicking to tablets, touch-screens and finger-sweeping, and from downloading to cloud-tapping, which without a doubt will generate seriously more data than ever before, and at an increasing faster rate.

The mind boggles (and possibly recoils) over the possibilities and over the huge challenges that these changes will pose, as well. But no matter what one's concerns may be, I think we can safely state that data is indeed the new oil, a metaphor that originated not with me but most likely with the ANA's Michael Palmer and Clive Humby.

Whoever gets to sift through this data, slice and dice it, move it around, make it useful, clear its legal and fair use, and just make sense of it all, is probably going to be more powerful than Shell, Exxon or Mobil have ever been (BigG and BigF emerge as distinct options here). This will, of course, require very careful and sensitive fine-tuning, with utmost attention to giving full control to the user, period.

Regulation will be required but should, in my view, not be hastened; however, something that we must certainly come to grips with is that privacy will become something that we must act on to get back, rather than attain or retain by mere default. Those shiny new and very powerful tools of sharing and self-publishing do require that we accept and handle new responsibilities, as well - now that all of us can easily and constantly connect, we also need to learn new limits, new do's and don'ts - and the purveyors of this new power need to help us rather than merely seduce us.

The bottom line is that the data that all of us are increasingly generating and constantly spreading as most of us are switching to an always-on mode, will be at the core of all future success in marketing, branding and advertising -- and for that alone it's roughly worth $1 trillion, already (counting advertising spend, marketing and communication budgets, data-mining etc).

In a truly connected world, i.e. within the next few years, marketers will need constant and deep access to that data, in all its various forms and levels of permissions, because without this data their efforts will be utterly useless to the people formerly known as consumers ( today's users, followers, friends and participants).

If the future TV does not know a fair bit about who we are, where we are, what we have watched, for how long, who we have shared shows with, what we have commented on, how we rate things; or if - worst case - we decide to just pay a bit more and keep our click-trails and our data off the grid (yes: Think The Matrix), then the marketers' job will become a lot harder, if not impossible. Matches can't be made, relationships can't be forced, brands can't be followed, connections are interrupted. Yelling is dead, and engagement needs permission - a tough but extremely rewarding challenge.

Getting too little or bad data -- or not understanding it-- will literally mean running out of gas in the middle of the desert. Therefore, the mission is to keep it all fueled up. And just like oil, there will be a myriad of issues (hopefully, not wars) that will arise with the responsible and fair practices of drilling, pumping, shipping, refining and dispensing of data. But without a doubt these issues will be solved in due course because this Data-Oil is very potent and because the responsible use of it will light up so many households that sufficient incentive for problem-solving exists. Telecom companies and mobile operators will want in on this game, as well - after all, it's their networks that make this all work (for now).

My prediction is that we will see a huge influx of companies dealing with the various aspects of data drilling, shipping, refining and remixing, and that the next Exxon or Mobil may well be a data-slicing company. Agencies, marketers and brands need to embrace the challenges and experiment: Get into the new Data-Oil ecosystem."

Originally posted November 8, 2010 DDB BlogStrategy

* * * * *

## 3. Is Traditional Content Licensing fit for the Digital Age?

June 2010

It seems like every single day I read about how Internet and mobile companies are struggling to obtain the rights for what they want to do, whether it's about music, videos, TV shows, films, articles, text and images.

Here are some quick examples:

* GoogleTV just can't seem to get the TV studios seriously interested in allowing them to even search their online offerings, while...

* Netflix seems to have been more successful at tackling this wicked problem of content licensing, at least to some degree, by - as cnet aptly puts it - 'building relationships in traditional means' (I guess this means playing nice with Hollywood? Read the article - those are good, old-fashioned golf-club paradigms I'd say)

* Spotify is a fantastic music service, no doubt; very much along the lines of what Dave Kusek and me envisioned as 'music like water' in our 2005 book 'The Future of Music', and subsequently expanded on in my follow -up book, Music 2.0 (free PDF here). Spotify is not officially available in Switzerland but I have been successfully using it via a UK PayPal account (after trying simfy.de and not getting anywhere with their really awkward and crash-prone iPhone app). Unfortunately, Spotify just can't seem to get the music labels and national rights organizations to bless their launch in many other territories, including the U.S. (read this Slashgear piece for more details). All of this - you guessed it - because the record companies and the music publishers have not agreed on the licensing and deal terms for those countries, yet, and despite the fact that Spotify is already spending most of its VC money on paying for the music licenses. The fact is that there are no compulsory licenses available for on-demand streaming and flat-rate access services so unless these deals are negotiated nobody can touch it. Read about it here, or here (my Spotify-related blog posts), or via my July 2009 blog post on specifically why I think Spotify is unlikely to survive, or peruse the Zemanta-enabled links below for more enlightenment by some smart people

So here is the point I am trying to make: I don't think a purely free-market-driven and unregulated approach will work, in the future. Many large, incumbent media companies, publishers, record labels and other traditional intermediaries (i.e. the 'industry' as opposed to the actual creators) have every reason NOT to be flexible or even slightly forthcoming with their licensing terms and thereby support the deployment of new cloud-based, access-on-demand and flat-rated services.

This is simply because their very existence may quickly and irreversibly change the entire playing-field, and may make it very hard for the incumbent rights-conglomerates to continue to effectively control distribution (and by extension, advertising prices) in the same way as before. These changes aren't for the better when you currently run the entire show, so why should you agree?

This is why Warner Music Group's Edgar Bronfman has said many times that he will not license any unlimited streaming-on-demand service, why Netflix - despite of (or because?) its vast growth - has been back and forth with the Hollywood studios on getting more content deals done, and why Hulu is losing steam because of the studios' concerns over future cable-TV revenue streams.

Clearly, this is all about controlling and milking the market (i.e. the 'people formerly known as consumers') as long as possible. Yes, sure, just like the big telcos used to do before they had to let competition in. This is not about 'getting the artists / creators paid' or about fighting digital piracy - it's about maintaining a comfortable and lucrative monopoly position for the longest possible time. Which is OK, too - if it wasn't for the criminalizing effect it has on every single Internet user.


Most large, international media companies (disclosure: many of which are or have been my clients in some way or the other) and almost all major TV, film and music rights-holders are used to absolute control over the distribution of the works (and artists / producers) that they own or represent, and this simple fact used to result in getting much higher license fees - the other party had no choice but to take it or leave it; no license simply meant no (legal) business.

This may sound somewhat reasonable in a mostly offline world (i.e. until just recently, when the mobile Internet started to take of), but on the Net, in a truly networked society, this kind of thinking plays out quite differently: refusal to license at a price that is affordable (and / or financially viable for a new, potentially huge but legally unprecedented player) simply encourages and produces piracy, because the desired content will become available anyway, legal or not, one way or the other.

The reality is that there is no real control of distribution of digital content, any longer, and all models based on re-achieving that control will fail miserably. Witness the 100s of illegal movie sites that now stream pretty much any movie on-demand, or the many new IP-cloaking and re-routing services (commonly used to access locally restricted content services) that are currently flooding the market. Not licensing content to new players on actually survivable terms simply lets other, parasitic entities prosper by offering it without permission. Everyone loses.

My thesis is that - just like telecom deregulation - we urgently need new, open and public mechanisms that first significantly encourage and then possibly even enforce the licensing of copyrighted works for new services that require a new and more experimental approach, and that may end up serving the consumers much better than the traditional services. A 'use it or lose it' rule may be useful to that end; and as far as music is concerned I have been proposing a new, public digital music license for a long time.

In any case, I think that a system that continues to be based on deriving future benefits ONLY for the largest and most powerful rights-holders (again, by that I do not mean the actual creators, but the industries that represent them) is, in my view, simply unsustainable and socially indefensible in this dawning broadband-culture and in a connected, networked and interdependent society. We need better and more transparent EcoSystems and less EgoSystems; less empires and more Open Networks.

* * * * *

## 4. The Future of Content: Protection is in the Business Model - Not in Technology

Guest post cross-posted from my Techdirt
April 14, 2010

Last month, Mike Masnick invited me to do a guest-post on Techdirt.com one of my favorite online destinations. It went live last night and is getting quite a few comments - check it out here. Comments and discussion is here. Retweets are here.

If I received a dollar every time I get a question along the lines of "how can the content industries compete with FREE?" -- I would be traveling first class everywhere I go. Underneath this question I often find my favorite toxic assumption: "less control over distribution means less money."

This belief is as tired as it is poisonous: enforcing control (when trust is really what's needed) will yield instant disengagement, which swiftly and surely will translate into dwindling revenues -- as the music industry keeps proving again and again. If you believe in control rather than value and trust, the content business of the future is not a good hunting ground for you.

Take eBooks: despite clear and present proof that DRM has proven disastrous in selling digital music (and now is pretty much history), technical protection measures are still being looked at to 'secure distribution'. When will they ever learn?

The thinking that the digital distribution of content must be controlled to achieve any kind of reasonable payment is fundamentally flawed because of this not-so-futuristic realization: in our open, mobile, social and digitally networked economy, content publishers need to offer their goods in a way that no longer centers on the distribution of units (digital or physical) as the key revenue factor. The idea of just selling copies is toast - selling (i.e. offering) access is where the money is. Kevin Kelly said it years ago: we must sell what can't be copied, what's scarce, not what is ubiquitous.

The irrefutable trend is that the window of opportunity of 'selling copies' (be it iTunes, eMusic, the Kindle or the iPad) is rapidly closing. The real opportunity, the TeleMedia Future, is in selling access and presenting a constant stream of up-sells (i.e. added values and offering content-related experiences). Remember, as Mark McLaughlin so rightly pointed out in the HuffingtonPost recently, consumers have never really paid for content - they paid for distribution! And now, distribution means Attention and Access.

Imagine when buying access to eBooks, you wouldn't just pay for the authorized enjoyment of the authors' words, but you would also gain instant access to highly curated and socially-networked commentary, a fire-hose of meta-content provided by your most important peers and friends that may also be reading these books, and their ratings, explanations, slide-shows, images, links, videos, cross-references -- and maybe even some direct connections with the author or the publisher. In an access-based, bundled and cloud-centric content ecology, being a legitimate and authorized user enables engagement, conversation, relevance, personalization, meaning... i.e. it unlocks really valuable benefits for the user. Connect with Fans + Reasons to Buy (as has been mentioned on this blog a few times, before, I believe) - that's where the money is.

In music, streaming-on-demand will without a doubt be available 'for free' (i.e. bundled and packaged by 3rd parties) or advertising supported, while many added values above and beyond the mere reproduction of music will not - no matter whether WMG's CEO Edgar Bronfman thinks it's a good idea 'for the industry' or not.

Just imagine where an access-to-the-cloud model could go next: if I want a high-definition version of my favorite opera or that Blue Note Jazz Club concert from last night I could buy a premium package that provides it. If I want to share my personal play-lists, ratings and comments with my Facebook friends, and get access to their content, as well, I can add the 'social network option' to my package. If the price is right (micro-transactions, anyone...?), I'll buy - because I am already hooked on the music.

The music industry needs to ask itself this question: if a permanent, unprotected download of a song would cost only $0.10, or if an ad-supported version of a on-demand, all-you-can-eat music service would be seamlessly bundled into your mobile phone subscription - would anyone still bother to scour the web to find badly ripped, virus-laced tracks for free? Would we need 3-Strikes or HADOPI or Digital Economy Bills?

Yes, I know, that price point sounds ridiculous for those record label CEOs that used to sell CDs for 15-25 Euros a piece, but hang on a second: if they can get 95% of the users to buy access at a much lower price (and almost zero cost of duplication and distribution!), and in that process really engage with them, the fans would also do the marketing for them - i.e. share the links.

Sounds like a great model to me. But of course: selling access at a much lower (or feels-like-free) price to quite literally everyone only makes sense if it actually connects directly and smoothly to a multitude of up-selling possibilities, such as interactive versions of eBooks, high-definition versions of online radio shows, albums or concerts, in-depth analysis and audio/video commentary for news, etc.

Now, content storage is starting to move from my own computer or my hard-drives into the cloud - and I think this is very good news for content creators, publishers and rights-holders because it makes it even easier to engage and up-sell to those new generatives. Crucially, the answer to the constant quest of monetization is also in the cloud: I believe most people will soon stop sharing the actual media files (since they are getting increasingly larger and larger, and therefore more unwieldy) and will share only the links, the bookmarks, the metadata or the tags, and that should be a boon for the content industries.

The perfect test bed for 'Media as a Service' (MaaS) may unfold soon, with Apple's new iPad or Google's Tablet (hopefully). Extending the concepts mentioned above, rather than blocking my wife or my kids from sharing an eBook with me it would be much more logical if I could easily read her book, as well; but beyond the 'copy of the words' all else would not be available without a micro-transaction on my part, i.e. I would not have instant access to the cool video clips, the updated links, the footnotes, the ratings, etc; i.e. all that valuable context that will make eBooks so much more powerful would be out of my reach until I validate my own access.

The bottom line: content sharing isn't the real problem: high price points, outmoded, pre-web toll-booth concepts, broken relationships and processes, low values for high prices, bad technology and service, and utter lack of conversation and engagement are.

Here is my message to publishers and content owners: lower the prices for access to your content to the point of unanimous excitement, use open standards and technology platforms that work for everyone, everywhere; bundle and package as attractively as you can (then: repeat). Team up with ISPs, mobile operators, advertisers and device makers.

Remove all the reasons that your users may have to avoid your new toll-booths and skip the desired conversion to 'paid' - the lower the hurdle for legitimate usage and paid engagement, the higher the added values, the less you will have to worry about 'competing with free'.

* * * * *

## 5. Warner Music Group 2.0: My Unsolicited Advice on how WMG could embrace the Future

February 11, 2010

Yesterday, the Net was buzzing with news from Warner Music Group's earnings call, with Edgar Bronfman announcing his intention to not license 'free' streaming services any longer. Rather than rant about this (as tempting as that may be), I thought I would just share some ideas with you, and with Edgar, on what else WMG could do to become.....well, WMG 2.0. Some of these ideas were initially presented to another major music company about 9 months ago, btw. I don't know where this ended up, though - stay tuned.

Dear Edgar,  based on what I have learned of my 16 years in digital music, and distilled from the 2 music-specific books I (co)-wrote (“The Future of Music”, and “Music 2.0”) here are a few ideas on how I think WMG could reposition itself and achieve future growth:

1) Create and offer a complete, cutting-edge online platform for your artists, writers, labels etc. Let’s call this the ArtistOS. It should pretty much mirror what Google already does for Internet users, in general, i.e. provide free access to very powerful and inter-connected Web2.0 tools that used to cost 100s of 1000s of $ to build but are now provided free of charge. These tools could include things such as music widgets and embeddable flash players for audio and video, twitter-API based marketing and communication tools, connecting tools based on Facebook- & Google-Buzz/Connect, multi-site upload and updating tools (similar to TubeMogul for videos), text/video/audio RSS feeds and syndication tools, ad-insertion tools and production technologies (for widgets and web pages), mobile phone applications for quick-launching artist and label apps (see MobileRoadie!), general content syndication and CMS tools, Google Buzz, Tumblr- and Friendfeed-like services for artists, Google-analytics-like tools for tracking and analyzing web traffic, and much more.

Building (or licensing!) these tools would require some dedicated resources but this would not be a huge undertaking in terms of budget since most of these solutions are based on existing APIs, feeds and various open source offerings. Having the ArtistOS available to anyone that works with WMG would be huge strategic advantage, and would greatly simplify marketing and promotion tasks, as well.

2) Define, publish and promote a Collective, Global and Open Licensing Platform. The biggest obstacle for strong growth in the Music 2.0 era is the utter lack of global licensing standards for the legal use of music on the Net, and apart from the admirable Jim Griffin - led Choruss initiative WMG seems to still be following the old-school path of ‘ignore & deny’, here. Not good. The current licensing procedures are causing severe friction in the digital content ecosystem, and represent a significant hurdle to innovation - and thus to creating and nurturing new revenue streams.

WMG 2.0 could solve this problem by pioneering a standardized and collective licensing platform that is open to everyone, transparent, flexible, and revenue-share based rather than fixed-fee based, therefore allowing for liquidity in the new digital market place. Providing a public, standardized yet flexible and open license to all streaming-on-demand services would be a very good way to start this process - and the time to do this is now. Yes, I know, advertising revenue splits are not bringing in much money, now - but they are dead-certain to do so within 18-24 months, when up to 25% of all advertising budgets will be shifting to digital, interactive, mobile and social platforms. Have some imagination. Build the Future (don't keep asking for it to be delivered to you).

3) Vigorously pursue flat-rate and bundling scenarios for the licensing of your entire catalog in return for flat fee payments, RAND-based revenue shares and fair splits of advertising and other revenue streams (similar to what Google has done in China, TDC in Denmark etc). Licensing access to music, rather than (just) copies, is the only way forward in a connected, always-on world that already equals listening with owning. Switch from relying on scarcity to monetizing ubiquity and abundance, and invent new models that fit this. Generate new revenues by engaging with ISPs, telecoms, ICT companies. mobile operators and search engines. Drastically reduce friction. Embrace ‘free’ models as long as somebody will pay somewhere.

4) Develop (or license) and deploy your own mobile music applications, on all platforms (iPhone, Android, Symbian, Windows etc); make mobile applications the center piece of all marketing and selling efforts, worldwide - the future of music is mobile, period. Think of mobile applications as the new CD; and therefore of music as....software. Roll out applications for all new releases, and for all your labels and brand. Make the basic apps free, but offer very attractive ways to upgrade, in all territories. It's all about the packaging!

5) In terms of future sales, think Freemium, and think access not (just) copy. Offer things that used to cost money (such as listening to a song, on demand), for what I like to call feels-like-free (i.e. in return for the users' attention); just be sure to find ways to convert 20-50% of those users (aka the friends, fans and followers) to all kinds of new premium services, such as high-definition versions, concert recordings and web-casts, special products, digital compilations etc. In addition, dramatically lower the price for physical products while providing all kinds of premium products - again, focus on selling access to music not just products.

6) Investigate the concept of crowd-sourcing new talent. Use the web's increasingly useful collaborative powers to discover new artists, and draw bloggers and pro-sumers into the A&R process, worldwide. Bloggers, in particular, are the new Radio DJs! Combine some of the 'wisdom of the crowds' with your own professional A&R people. Do what P&G has done with Innocentive, and their own 'Connect and Develop', and what DELL has done with Ideastorm, and what Kodak is doing in Social Media. The benefits seriously outweigh the risks!

7) Drop most if not all of the on-going law-suits, and switch your legal strategy to a 100% solution-oriented process. Compensation not Control is where the money is; all else is just posturing. The IFPI and RIAA-led efforts of enforcing control in an exponentially consumer-empowering media ecosystem have all failed miserably, and will not produce any monetary results in the future (except for enriching the lawyers). Here is a tough one for you: do you still need these lobbyists? Rather than spending most of the time preventing what the 'people formerly known as consumers' really want to do, all available energy should be put into exploring, building and co-developing those 'new generatives' for digital content, i.e. next generation advertising and branded content, packaging, bundling, flat rates etc.

8) Pursue drastic and large-scale innovation within - and on the fringes of - WMG. Bring the smartest possible people into the company; apart from content and talent (of course), focus on technology, mobile and next generation advertising and marketing. Invest in start-ups that can invigorate WMG 2.0 and provide significant strategic advantages.

9) Start to really talk to the music users, and have actual conversations with your customers. Engage on public conversation platforms, switch your PR and corporate communications from push to pull. Launch a WMG executive blog, start using Twitter; turn push into pull across the board. Do a Kodak - and go beyond! Create more transparency which creates trust which creates new business opportunities. Win back the trust of the consumer (better: the users) and the artists.

10) Offer profit-sharing arrangements with your artists: from a fixed pool of profit shares, each artist that is affiliated with WMG could receive a bonus payment that is proportional to their significance, every year. Do something similar with your staff.

11) Decentralize your distribution efforts, syndicate the music as wide as possible. YouTube gets 60% of its traffic from people embedding video players into their own websites - do something similar for your catalog. Instead of (or at least, along with) building or supporting central destinations, allow the users & fans to do the marketing for

you, and syndicate your assets around the web. Think RSS, feeds, XML, API, not MTV.

12) Data is the new Gold - mine it! Making money around the music (not just from or with the music) is where the future is going. Investigate new business models that are based on data-mining, next-generation advertising and branded content, and behavioral targeting.

* * * * *

## 6. Attention is the New Currency (and Data is the New Oil)

February 7, 2010

I wrote the first part (about attention) in my blog-book "The End of Control" in 2007 - and it's becoming even more true, today, so I figured I would collate some of my 2007 writings on this, below. The 2nd part (Data is the new Oil) is more recent but the 2 statements seem to make a perfect blend. Enjoy.

"Attention is the New Currency: Forget the Idea of “Controlling Distribution”. Let’s face it: In our increasingly networked world, the vast majority of media content simply cannot be kept away from its audience....in our world of Googles, Facebooks, YouTubes, and iPhones, all content is just zeros and ones, and trying to prevent its “leakage” is simply futile. There are countless potential points of leakage in the pipeline of production, packaging, distribution, marketing, and promotion – now, Friction is Fiction, indeed!

Today, distribution (legal or not) is simply a given, and it is attention that is getting scarce. Today, the good old, safe and simple old way of charging by the unit (be it CDs, DVDs, a la carte downloads, or premium TV channels) feels seriously “illiquid.” To prosper in this new digital media economy, we must support a new ecosystem built on giving the users easy, cheap, and unfettered access to content. We need to woo the users, not barge in pitching pieces of fancy plastic or copy-protected media files.

These Digital Natives are much more likely to first opt-in to a comprehensive digital service (yes, including wireless), and only then buy a physical product. Furthermore, packaged media isn’t off the table; it’s just not the first course anymore. If you don’t offer some free - or rather, feels like free - starters, they’ll eat elsewhere.

Therefore, we must create media ecosystems that will simply give the “people formerly known as consumers” (i.e. those that no longer just consume but also interact and create, themselves) the official green light to do what they would do anyway - serve themselves from this wealth of content whenever they want, wherever they are, and in whatever manner suits them. Once they have paid attention in this way (note the word “paid”), a content creator or media provider can harvest a myriad of opportunities.

The tollbooth has moved up the road a bit but this is now a trusted and reliable road that will inevitably lead to the monetization point. Put the tollbooth too early and 95% of digital travelers will turn around and look for other ways to get there! The rise of the Attention Economy in media does not just bring about The End of Control, it also brings light to what I like to call the twilight zone of content: those very large catalogs of music, films, TV shows, and books that have been out of distribution or out of print for a long time, and that languish in the archives as if they’d never been created in the first place.

What better revival of their work can any content creator hope for? Soon, they will finally be able to harvest substantial and recurring revenues via these flat-fee subscriptions (be they voluntary or built-in via public levies), in addition to the revenues flowing from integrated, intelligent, and highly customized advertising formats..." Read more at [www.endofcontrol.com](http://www.endofcontrol.com)


**7. We are shifting to an open Operating System (and not just in media)**
February 10, 2010

I just re-discovered a video of an interview with me (see below), during Picnic 2009; posted by the European Journalism Centre. There are a few important points from the video that I want to share with you:

° The new winners (with the possible exception of Apple;) are all pursuing open platforms; i.e. products and services that can easily yet deeply connect with others (I sometimes call this 'the cult[ure] of API'), companies that are ready to collaborate, co-create new business opportunities and share revenues (see Google, Skype, Twitter, SixApart, Wordpress, NPR, The Guardian, Salesforce.com, Amazon etc).

° The switch from 'The Network' to 'The Networked' and from Broadcasting to Conversation is a shift across entire societies and cultures, not just in business or technology; this is further amplified by the simultaneous move towards radical globalization and increased localization.

° In an Open OS i.e. an interconnected Ecosystem (good examples include Google *for now, and the blogosphere) you don't compete with mere force or market-power, you compete on merit and trust. This is why I believe that once the system is more liquid and there are less hurdles to 'conversion from free', good artists / creators / producers / curators will indeed prosper more than ever before (call me an eternal optimist).

° Pretty much every creator already knows it's not (just) about selling copies of his/her work, rather, in a connected and interdependent ecosystem it is about selling the brand, the perception, the experience. This is why the content industry's tradition of over-emphasizing copyright as the sole guarantor of future revenues won't work (at least not if you want to actually increase revenues rather than just maintain an illusion of control).

° In an Open Content Ecosystem it won't really matter who copies what, but how much attention you get before and during the process, and how good you are in converting it into action and / or real monetary value (and this is as true for brands as it is for content creators).

° In a digitally networked society, the value isn't so much in the content, itself, as it is in the context (see my previous post on the same topic)

* * * * *

## 8. Mobile Trends 2020: Slideshow & Select Wisdoms

January 06, 2010

Fellow mobilist and DotOpen Founder Rudy de Waele has drummed up some great predictions, bottom-lines and other assorted wisdoms from 20+ really great people (including myself...for some odd reason; in any case I am really delighted to be asked to contribute - thanks Rudy!), asking us to provide input on out top 5 mobile trends for the next decade....

Here is my stuff, excerpted (from slide #9)

1) Mobile advertising will surpass the decidedly outmoded Web1.0 & computer-centric advertising - and ads will become content, almost entirely. Advertisers will, within 2-5 years, massively convert to mobile, location-aware, targeted, opt-ed-in, social and user-distributed 'ads'; from 1% of their budgets to at least 1/3 of their total advertising budget. Advertising becomes 'ContVertising' - and Google's revenues will be 10x of what they are today, in 5 years, driven by mobile, and by video.

2) Tablet devices will become the way many of us will 'read' magazines, books, newspapers and even 'attend' live concerts, conferences and events. The much-speculated Apple iPad will kick this off but every major device maker will copy their new tablet within 18 months. In addition, tablets will kick off the era of mobile augmented reality. This will be a huge boon to the content industries, worldwide - but only if they can drop their mad content protection schemes, and slash the prices in return for a much larger user base.

3) Many makers of simple smart phones - probably starting with Nokia- will make their devices available for free - but will take a small cut (similar to the current credit-cards) from all transactions that are done through the devices, e.g. banking, small purchases, on-demand content etc. Mobile phones become wallets, banks and ATMs.

4) Quite a few mobile phones will not run on any particular networks, i.e. without [I mean unlocked] SIM cards. The likes of Google (Nexus), and maybe Skype, LG or Amazon will offer mobile phones that [may eventually] will work only on Wifi / WiMax, LTE or mashed-access networks, and will offer more or less free calls. This will finally wake up the mobile network operators, and force them to really move up the food-chain - into content and the provision of 'experiences'.

5) Content will be bundled into mobile service contracts, starting with music, i.e. once your mobile phone / computer is online, much of the use of the content (downloaded or streamed) will be included. Bundles and flat-rates - many of them Advertising 2.0-supported - will become the primary way of consuming, and interacting with content. First music, then books, new and magazines, then film & TV.

* * * * *

## 9. Happy New Year: Cell Phones up-cycled to an Interactive Art Installation

2010: ALL ABOUT MOBILE!

January 1, 2010 (via Neil Perkin)

Fellow Futurefeed Twitterer and London-based social media expert Neil Perkin is always good for an artful reminder; I found a video on his most recent post. Nice one, Neil - thanks for sharing!

This egged me to predict (or rather... post-dict;) that 2010 will be all about Mobile:

- Mobile Broadband Take-Off

- Mobile Devices 2.0 (readers, tablets etc)
- Mobile Communications X.0 (Google Wave, Twitter, apps etc)
- Mobile Reading (what... news to you? Start with my free Music 2.0 book, here;)
- Mobile Content ?.0 (drastically new, cross-media models... such as the tablet will offer)
- Mobile Applications, round 2 (and ...html5!)
- Mobile Advertising (i.e. not at all like on PC but mobile ads as targeted content) *Data is the New Oil!
- Mobile Location-Based Services
- Mobile Augmented Reality (Layar et al)
- Mobile Money (Africa, Asia)
- Mobile Me (as in...'Me' in the Cloud)
- Mobile Social Networking
- Mobile Disruption (Google Nexus is just the start)
- Mobile Music (Spotify, Pandora, RDio)
- Mobile Convergence and the coming TeleMedia Economy

* * * * *

**10. New Year's Message to the Music Industry: 9 Points**
December 21, 2009

Merry Christmas and a happy 2010 to everyone in the Music Industry! Here are my top 9 ideas for what I think needs to happen in 2010, to move this industry forward. I am using mostly links here because, well, I have said it all already way too often in the past 5 years;)

1) Stop pushing for more and more and...more legal or technical protection measures and lighten up on the constant quest for control: think (and act) compensation not control!

2) Access to music is going to replace ownership, very soon, so start thinking 'Selling 2.0' - if copies are abundant and can no longer be monetized in the same way as before, what else can you sell? This is crucial. You need to groom and build the New Generatives not push harder to pass laws to try and get the old times to magically return.

3) Friction truly is Fiction i.e. utterly wishful thinking, now, so you have a choice: get out of the way... or lend a hand (you have heard that song before). Reinvent your relationship with the artists and the 'people formerly known as consumers'. Stop hiding behind technological tricks and artificial hurdles: protection is in the business model not in the technology (need more? Check out my new book "Friction is Fiction").

4) Stop hanging on to that good old, comfortable EGOsystem paradigm - start building the new ECOsystem. The future is not in Google paying for all music online, or the ISPs paying for all music on their networks - it's in constantly moving, interconnected, fluid and tri-brid (that is hybrid+1) systems of 'I pay, you Pay, 3rd party pays'.

5) Collaborate - engage don't enrage, have real conversations not monologues, drop the big sticks and start growing more carrots. The time for Music 2.0 is now.

6) Offer a public digital music license that legalizes - and monetizes - all use of music online.

7) Music consumption via computers is getting less and less important - it's all moving to

Mobile Devices (read my mobile Music 2.0 book and see the video below;).

8) The new money is in connecting the cloud (where the music is) with the crowd (where the money is) - access comes first now, ownership is second. And this is good news!

Question your assumptions: what do you still believe that is no longer really true...?

* * * * *

## 11. Some Ebook Industry 'Leaders' are starting to sound exactly like the Music Industry 5 years ago!

December 17, 2009

I just read this very interesting piece in PaidContent.org (one of my favorite sites): "Steve Haber, president of Sony's Digital Reading Business Division... at the MediaBistro eBook Summit... decried the emphasis on the $9.99 price point for e-books. "The $9.99 price point is not a money-maker," he said. "Certain bestsellers are sold at that price for retail, competitive reasons. But you need to have a range. You could go from $10 to $20 even to $100 for an e-book.

There's no sweet spot and it's certainly not $9.99. When you walk into a bookstore and there are a range of prices. It should be the same for an e-book store." Haber went on to defend the use of DRM, which he doesn't see going away for awhile. "You need an orderly process to sell books and DRM makes that possible, mainly because it allows content creators and distributors to make money from that content".

Ouch. Have you not learned anything from happened in digital music during the past 10 years - where have you been hiding? Let me summarize it for you:

DRM is a total - and much discussed - nuisance and significant deterrent to legal consumer behavior, and it does ZERO to prevent sharing of copyrighted content online. DRM just turns users that have legal, fair and honest intentions into guinea pigs for digital rights protection schemes thought up by people who still have their emails printed for them. Wake up: protection is in the business model - not in technology. I may even concede that DRM may work in some (but increasingly rare) cases, but for books and for music...?

No chance. Imho, you have to be kidding if you think these kinds of remote-controlled-rights schemes will make you any money in the future. In my opinion, anyone that still talks about DRM being a chief part of their eBook strategy should consider taking a longer vacation, and do some serious reading and thinking (sure... you could start with my own new book "Friction is Fiction" - ask me for the free PDF if needed ;)

Face it: the price point for digital books has to be lower - much lower - than the price point for a real i.e. dead-tree, printed, shipped, physical book. Just because you can't seem to figure out how to reduce your costs across the board, start to add significant value in new areas and still turn a profit, that does not mean consumers will massively adopt eBook-reading at those price points (Kindle etc) or even above (as seems to be suggested above).

This looks like a very lame rerun of the classic and most disturbing mistakes of the music industry: the incumbent market leaders really thought they could actually increase their margin as well as their ability to control the usage (!) when selling music online, i.e. have much lower distribution and marketing costs, keep the artists down to the same old, tiny percentage, and - yes ! - increase the prices on a per-track basis.

Ask yourself this simple question: what would have happened if a download had been priced at $0.20 or even 10 cents per track (or even, yes, a flat-rate), instead of $1 - would anyone still have bothered to try and download it for free, somewhere else? Could the value of those active, engaged and happy buyers be captured, and then be extended to other things you can sell them? Clearly, the answer is YES.

This is my message to the eBook industry and the publishers: do not head into the ill-fated direction of wanting to sell digital content for the same price as the physical content (or even above...ouch) - it is a pipe-dream! Instead, make eBooks drastically cheaper, offer unique bundles and compilations, add new values all the time (cross-media anyone?), invent new packages (think mobile), and stop focusing on just selling UNITS. Flip the pricing logic before it flips you: lower prices, infinitely more engaged and legal users, and new Generatives on top!

Finally, here is something that wasn't touched on at Paid Content but that is crucial: If you think that the traditional deals with the authors will carry over into the eBook environment you are deeply mistaken. Witness what happened with Random House's eBook initiative, here. The authors (and their agents!) will need to be brought in as PARTNERS not minor players, as they have been in the past. Accept, adapt and move forward.

* * * * *

## 12. Will Algorithms run our Digital Lives?

December 14, 2009

Demand Media (see this brilliant Wired piece), one of the biggest producers and distributors of online video (see the Mary Meeker / Morgan Stanley presentation here; page 42) produces 100s of 1000s of videos on topics that are solely determined by a proprietary algorithm that crunches data on popular search terms, keywords and their current rates on search engines, and information about how many web pages already cover the topic. If a topic is 'hot' and not yet covered, Demand Media commissions an army of freelance video makers, at $20 per video (!), to quickly produce short clips on the topic, e.g. on 'how to heel-flip on a skate board' etc.

Wired's Ryan Singel talks about AOL's similar new plan: "AOL's new chief plans to combine algorithms, marketing partnerships and cheap freelance writers in order to turn the stale web property into a vibrant online content factory pumping out stories to fit the zeitgeist..." - all for the sole sake of taking advantage of the Google-page-ranking system i.e. to subsequently yield more advertising dollars.

With both examples, the idea is simple: to produce a huge a and hyper-distributed amount of fast, short - and above all - ultra-cheap content that is a perfect fit with the hottest and most expensive keywords on the web, today, so that the maximum advertising rates can be achieved at all times. In other words, this 'content' only exists as a way of garnering advertising revenues based on keyword popularity - hardly what I would consider 'adding value to the content ecosystem' ;)

In music, recommendations are already generated largely by software algorithms and data-crunching recommendation engines; some people even go as far as predicting whether a song will be a hit or not, using smart software engines (disclosure: I am on the advisory board of this company, uPlaya). Google's page-ranking system relies entirely on machine-intelligence, of course, and Twittercounter's top 1000 list is, of course, generated solely by data feeds - not by human editors (such as my own site, Futerati, which will, btw, be relaunched within the next 10 days).

Techcrunch's Arrington talks about the end of crafted content. Wired calls Demand Media a factory that stamps out money-making content. The Inquisitor talks about how this kind of approach is turning the web into an obese mess. The Washington Post sums it up, rather gloomy: "these models create a race to the bottom situation, where anyone who spends time and effort on their content is pushed out of business."

Here is what I believe:

° Content that is produced only because of keyword popularity and because eager and / or desperate producers (no blame there, btw, just stating a fact) are willing to work for exceedingly cheap rates may bring in the immediate bacon but in my opinion will not last in terms of continuous popularity and therefore in long-term revenues. And if they do, great for them - but it does not mean that all content production will move in this direction. Every single person that likes to eat fast-food still knows the difference between Wendy's and a nice meal: yes, it's more expensive and it takes longer but it's a much better experience, and it makes you feel better. Fast food chains simply co-exist with 'real' restaurants of all kinds, everywhere - and that's what we will have in the content industries, too. If you want to make a quick buck by starting a fast-food franchise, go ahead. I, personally, don't like to eat fast food, nor would I enjoy running a McDonald's franchise so I will go a different route.

° There will always be people who are willing to pay for better, deeper and more 'serious' content, and, in my opinion, increasingly so (mostly because of the trend towards mobile content consumption) - we just need to find new, web-native models of getting paid for content and translate the value of attention into tangible $. Yes, this is a real challenge, today, but new ways are emerging that will indeed provide plenty of resources for the continued creation of high-quality content. Let's have some imagination. Just because 100s of 1000s of aspiring teenagers want to see those free, ad-supported videos on pole-dancing does not mean we won't be selling video-on-demand, DVDs and books on more serious (or indeed, the same) subjects. Cheap, free and low-quality options have always co-existed with more expensive ones, and while the web has made this trend a lot more pronounced it will not spell the end of well-produced and high-quality content - the cheap stuff is simply first because so far we are lacking business models for the better stuff (for the most part).

* * * * *

### 13. Content: The Past & the Future - we must challenge our assumptions

December 12, 2009

In the past - i.e. pre-web, pre-mobile, pre-social-media, pre-twitter, pre-Facebook, pre-realtime - most larger players in the content industries were focusing on controlling distribution, production and marketing; it was all about scale and domination, and about achieving hit-driven, repeatable mass-market success. The Internet has completely changed this (or rather, it is changing this). Yes, it took much longer than we thought, back in the late 90s, but it turns out to be a much deeper and much harder change (or...reset?) than we ever anticipated.

Right now, we are in the middle of a major paradigm shift across the entire content industry framework - not just within some of the 'scenes'. Future success in content can no longer be based on control and domination (and I am saying this without any critique), rather, it has to be based on attention, trust and engagement. And much of it will start with 'free' or more precisely 'feels like free', making the challenge of getting and then converting i.e. translating that attention in actual income, even bigger. The bottom line: we must really question our assumptions if we want to stay ahead.

* * * * *

## 14. Book Publishers: please learn from the Mistakes of the Music Industry - my thoughts on what to do

October 30, 2009

I just received my new Kindle - the so-called International Edition - and as a result I have started to investigate the most recent electronic book developments. Apart from the Kindle (which I like but whose economic proposition is quite mad, frankly), I also own various Sony Readers and am a heavy Instapaper app user on the iPhone; I use it to read 100s of book-marked web-pages offline, saving 1000s of pages that I used to print.

Looking at what some large book publishers are starting to say about their digital strategies I have been getting a bit worried about a potential repeat of what happened in the music industry, i.e. of trying to keep or even expand 'control over distribution' while attempting a fruitful switch to a digital distribution model. In other words, many publishers seem intent upon using the advent of digital distribution as a way of fixing the 'flaws' of physical media (such as the CD or the book which can easily be traded, shared or lend to someone else). Well, the reality is that in this new digital ecosystem, attaining total control is an impossible mission - and this flawed world view, I think, is main reason behind the global demise of the recorded music industry.

So here, below, is a summary of what I think non-fiction book publishers could learn from the digital music disaster that has been playing out in front of our eyes (and ears) for the past 10 years. Please note that in my opinion, the distinction between fiction and non-fiction publishing is crucial, because we must take socio-cultural contexts, existing user-habits and consumers UI (user-interface) preferences into account.

For one thing, I think that readers of business books are much more likely to adopt eBooks because they are often reading several books at the same time, annotate and bookmark heavily, skip chapters or like to search inside a book - all of which is becoming quite easy to do with the new generation of eBook readers. And many of them like gadgets, too, so that's a good fit. However, people who read novels or other fiction are, in my view, less likely to quickly adopt eBooks on a large scale since the good old interface of printed books still represents a much better emotional i.e. 'touch-feel-smell' value to them.

Let me also point out that while I think book publishers can learn plenty from what happened in digital music, the two businesses are really quite different, and whatever we may discover from the music debacle cannot just be transferred to the eBooks space. Taking this into account, here are my top 5 tips for book publishers:


1) Don't (just) sell the copy of the content - sell everything around it. In fact, consider making the mere 'copies of words' (i.e. the raw data, the file) a lot cheaper to obtain from authorized sources but also start creating and offering those added values that are only possible in this coming digital ecosystem. Start building - as Kevin Kelly says - those 'new generatives' that will, over time, probably make up 75% of your total revenues. What do I mean with that? Unique, non-copyable values such as context (e.g. being able to look up a definition of a word or phrase via Wikipedia, or find a precise topic from the book you are reading in other, related books), curation and packaging (e.g. being able to read 'the best' chapters of the top 25 business books in a single, new 'compilation', or having a book edited down to 20 pages or 3 hours of audio so that I can save time and read / hear only the essential stuff), immediacy (e.g. getting the book delivered at the very moment that the last word has been written or edited), and social relevance (e.g. see what my peers are saying about this book, and what comments they may have shared). The exciting thing is that eBooks don't have to be linear any longer -

now, they can be linked, amended and interwoven; and guess what: no-one but the author and the publisher can provide these kinds of values. Read my lips i.e. tweets: Unique experiences by unique creators cannot be pirated. Imagine 10s of 1000s of people buying the basic eBook for a very low price but then 30% of them opting to pay an additional 'fan & follower' subscription fee to get all the updates, comments, links, videos and audio versions as well. My advise: look at the initial sale of 'the copy' only as the mere starting point rather than the only way to monetize, look beyond the mere copy. With eBooks, the copy is just the tip of the iceberg.

2) Don't focus on protection: focus on engagement, on attraction, on enabling followers not pushing enforcement. Realize that the more you empower the user the more money (s)he will give you. Yes, that's the Google way. As trite as it may sound to some of you: in digital content, friction really is fiction: if you keep the price too high, if you don't offer a standardized and open platform, or if you impose burdensome technical restrictions then you simply will be pointing to, or shall we say, sending your customers to those countless illegitimate places where they can just download the free files without any of these hassles. You don't compete with free - you compete with better service, trust and added values!

3) Don't try to sell what's abundant - sell what is scarce. The 0s and 1s that make up a book's content are and will always be abundantly available to those savvy digital natives, and will be captured by those 'people formerly known as consumers', no matter what you may do to prevent it. No matter how much you hate the idea: copies of digital files are abundant, meaning... close to 'free' - and that's that. What can be sold - based on a powerful, legitimate, low-priced or bundled, ubiquitous, unrestricted and super-attractive access model - is the stuff that's actually scarce which includes my own time (a great example is how the 'Wired' guru and Longtail prophet Chris Anderson sells the edited audio version of his new book "Free" for $7.49 while the basic, long-form MP3 is free), powerful creation, extra services such as special audio and video versions, and so on.

4) Technical copy protection or so-called digital rights management measures (DRM/TPM) are guaranteed not to work unless they are 100% invisible and actually add value to the user experience - in which case they become more like CRM. Most of the time, DRM is an insult to the legitimate buyers, and utterly useless in terms of actual protection simply because it is trying to solve a business problem with technological measures. It prevents (and insults) customer happiness and greatly deters future purchasing. It reduces sales and punishes those that actually do buy and pay real money for the content. Book publishers, repeat after me: DRM will cost you serious money to implement and it will do nothing to 'protect' your content. Remember: after a decade of stone-walling and criminalizing what consumers have always asked for, the big record labels have finally allowed most digital music retailers to remove the DRM and sell unprotected MP3s - and guess what: the retail of those MP3s has had zero impact on the issue of how many people 'file-share' music without permission. So, read my lips i.e. my RSS: the only protection you have is in the business model. Think bundles and flat-rates based on very personal, unlikely-to-share log-ins, the potential embedding of user-IDs and even some personal profile information into the purchase process as well as, possibly, into the file-metadata itself, and above all a powerful 'great price + service' policy that will make all those bad UI, lousy experience but free sharing sites obsolete. I also recommend to look at the concept of Social DRM.

5) There can only be one standard file format, and it needs to work on all devices. ePub looks good but DRM'ed ePub is a bad idea. As I said in my presentation at the eComm conference in Amsterdam, just yesterday: "the fastest way to economic suicide is to put walls around your content". Just like in digital music, where MP3 is what everyone has been using for the past 15 years, you need to go with an open, ubiquitous file format and not start a format war that will leave the consumers baffled and ill-served. The Kindle is

nice, yes, but just like iTunes which is only now becoming DRM free it's a tightly walled garden that forces you to stay inside and enjoy yourself only within the existing confines. Now, for me, personally, if the pricing was drastically different maybe I wouldn't complain about the fact that I can't share these books, at all - maybe if I felt like I had some kind of real power as the consumer to influence how these economics works, maybe that would be OK. But the Kindle's paradigm is based on a 'take it or leave it' rule: expensive devices, delivery fees for each book that's purchased outside of the U.S., and eBook prices that are only slightly lower than the printed book...? This is certainly not going to get those digital natives excited about becoming a 'legal' user of eBooks.

The bottom line: don't worry so much about preventing sharing or copying. Offer more, cheaper, better and more connected services, get significantly more users at a much lower prices and re-invent your business model.
* * * * *

## 15. Content 2.0: ‘Protection' is in the Business Model - not in Technology

Thoughts on the future of selling content
October 20, 2009

Fueled by the music industry's ongoing turmoil and, finally, books going digital at a very rapid pace, there is a lot of debate on how to deal with the fact that many people habitually share i.e. redistribute digital content without any of the upstream users making their own payment. How can you monetize content when the copy is free?

This question is a key issue across the board, whether it's in music, eBooks, news, publishing, TV or movies. The fear is, of course, that once a digital item has been purchased by one person it can be easily forwarded to anyone else if it is in an open format, thus seriously reducing the possibility that someone else will actually pay real $ for it, as well (of course, the same is true for supposedly locked or protected digital content as well - it just takes a bit longer). No more control over distribution = no more money. Right.

Despite the plain fact that DRM has proven disastrous in digital music (and now is pretty much history), technical protection measures are still being investigated as a plausible method of securing payment, especially in the exploding eBook sector.

This worries me greatly because technical protection measure are expensive, hinder or prevent mass-scale adoption, curtail or kill social sharing which defeats user-to-user marketing, often drastically limit fair use, and are by and large useless when trying to thwart the real pirates i.e. those that have malicious, criminal intentions of stealing content in order to sell it to others.

*Don’t just sell content - Sell Context.*

In my view, the thinking that the distribution of content must be controlled to achieve any kind of reasonable payment is fundamentally flawed because of this not-so-futuristic realization: in an open, digitally networked economy (note: I am talking about today, not tomorrow!) content publishers need to offer their goods in a way that no longer centers on distribution being the key factor. It should not (only) be the content that is sold (i.e. the mere 0s and 1s) but the context, the added values, the many others items around the content. Sell what can't be copied.

The irrefutable trend is that the window of opportunity of 'selling copies' (i.e. iTunes, eMusic, Kindle etc) is rapidly closing, at least in most developed countries. The next, and very much already-present opportunity is in selling access and added-value services, and in providing content-related experiences.

Once we embrace that the users -the people formerly known as consumers- can't be reduced to just being 'buyers of copies' we can investigate how they would want to pay for everything else, as well. For example, when buying an eBook users shouldn't merely pay for the authorized distribution i.e. the legitimate copy of the words but they could also gain access to highly curated commentary, known peers and friends that may also read this book, ratings, explanations, slide-shows, images, links, videos, cross-references, direct connections with the author or the publisher and so on. Yes: connect with fans + reasons to buy (as Mike Masnick of Techdirt has succinctly summarized many times before).

In this model, as a legitimate user, I would also get valuable context when I pay. I would get engagement, conversation, relevance, personalization, meaning... i.e. really valuable benefits to me as a person, not just a dumb, anonymous recipient of free zeros and ones. I don't get these benefits just because I get a free copy via email, Rapidshare, BitTorrent or some drop-box on the Net, because it is stripped bare of everything that really matters to me. This is the key to the future of monetizing content, and it will take many different shapes and forms depending on the content, and the culture that surrounds it.

For example, in music, it is very likely that streaming-on-demand (and the temporary buffering i.e. offline playing of those streams) will be 'free' i.e. bundled and packaged by 3rd parties, while the context and those many added values will not. If I want a high-definition version of my favorite opera or that Blue Note Jazz Club concert from last night I can buy a premium package that provides it.

If I want to share my personal play-lists, ratings and comments with my Facebook friends, and get access to their content, I can add the 'social network option' to my package. If the price is right, I'll buy (btw: this relates directly to why people buy virtual items - perception of value, and purchase after deep engagement - see my Farmville/Facebook example: they sell 800.000 virtual tractors per day ;)

As to pricing and making 'buying' irresistible: imagine if a download of a song would cost only $ 0.10 - would anyone still bother to scour the web to find badly ripped, virus-laced tracks for free? Yes, I know, that price point sounds ridiculous if you used to sell CDs for 20 Euros a pop but the argument for much cheaper access to digital content that is offered in open (i.e. copy-able) formats is really quite simple: if you can get 95% of the users to buy at a much lower price, and make them so happy they will do the marketing for you (i.e. share links;), instead of getting 5% of the market to buy an expensive product that they can't really share with anyone (i.e. iTunes music or Kindle eBooks), then you should be doing just fine. This has been my chief argument for proposing the music flat rate during the past 10+ years, and I think it still holds water (in fact, it seems to be proving itself with the recent developments at Spotify, MOG etc).

And yes: selling at a much lower price but much higher volume only makes sense if the low-priced (or flat-rated), access-based offerings actually connect directly to a multitude of up-selling possibilities, such as multimedia versions of eBooks, high-definition versions of radio shows, albums or concerts, in-depth analysis and audio/video commentary for news etc. In most content industries, I think the key is to offer a wipe-out, ueber-attractive way to get started at an irresistible price-point, and then convert most of those happy users to other offerings at a much higher price.

*Pricing and value: getting the new formulas right.*

It all comes down to pricing and values - and many decision makers in the incumbent content industry will need to accept who will set those prices i.e. who will be in charge of value perceptions: not them, but the users. Hard stop. Reality check. If you agree that the sharing of content cannot really be stopped, and that therefore the value of a mere digital copy of content will invariably decline, we must urgently re-think how we address the issue monetizing sharing, and what we can do to create and nurture those new values - the New Generatives - that will replenish those that used to be derived from being able to control distribution.

*Added values, all the time.*

The metrics of the content industries need to shift from getting a copy to rewarding engagement. As an example, let's assume I have just purchased and downloaded a movie in an open file format, and I have a hunch that 50 of my close friends would also enjoy it. I post the movie on my iDisk shared files folder (anyone on .mac can do this) and send the link to everyone.

Now, if the only value of the movie is in having received a 'copy without paying', then my friends have received the movie's entire value 'for free'. But if the value of this movie is also in the user / viewer being part of something much larger than mere 0s and 1s, i.e. a conversation or another environment of added values that are available to each individual viewer because they actually purchased access to the movie, then the mere sharing of the file is not going to be very attractive, for the upstream users will not have access to all these other values.

Imagine, then, if a legitimate movie buyer (or more likely, bundled-access-user) would also receive access to a select group of fellow users - and, crucially, representatives of the creators, producers or distributors - that would provide a myriad of additional values such as viewing exclusive, movie-related pictures, slideshows and short clips with the actors, locations or props used in the film, or getting special offers for related products such as books, games, merchandise or even HD versions of the same film, or unlocking new features within the very same file that are otherwise hidden (something that could easily be done within a mobile application, for example)... that is where it starts getting interesting.

Combined with a no-brainer price point, having a constant flow of added values available to legitimate customers would turn file-sharing into a marketing vehicle, i.e. surely I could somehow watch the movie 'for free' but would be barred from all that other cool stuff that I would have access to if I only paid my $2, myself.

*The crowd and the cloud: new monetization possibilities not based on Control.*

Content hosting is moving from my own computer and my hard-drives to the cloud - and indeed, this is very good news for content creators, publishers and rights-holders because if makes it easy to engage and up-sell to the new generatives. In addition, it is reasonable to expect that content files will get larger and larger over the next few years, since many devices are now capable to handle much better resolutions and many users are tiring of bad audio, video and image quality. The age of squashed-sounding MP3s is ending as high-end audio is becoming a reality even in the smallest devices.

Assuming those 2 trends (people receiving bigger and better files as well as accessing those files in the cloud rather than storing it on any specific piece of hardware), the key question is what 'sharing' will look like in the near future and what can be done to monetize it rather than try to curtail it.

The answer is in the cloud: I think many people will soon stop sharing the actual media files (since they are getting larger and larger, and therefore more unwieldy) and will share only the links, the bookmarks, the metadata or the tags, if the result is the same, i.e. if the shared content is made fully available to the recipient, without further ado or unwieldy registration procedures, buy-now pitches etc. How could this work?

Imagine you have purchased an ebook for 10 Euros and you want to share it with your wife so that she can read it to you while you drive, or with your son because he really should know about this great book. With a good, old-fashioned printed, dead-tree book, this is certainly not an issue, so why should it be such a problem for the electronic version? Why not create and deploy many extra values around this book (such as video, audio, images, slideshows, dictionaries etc), make the file a lot larger, and then still allow a buyer to share the book via a simple link or bookmark that provides all recipients with the basic, 'words-only' version of the book but withholds the added values until they purchase it for a very low and attractive price, themselves? Once those added values become a significant part of the user experience most users will not want to miss them - protection will be in the business model, not the software!

The perfect testing scenario may unfold soon, exemplified by Apple's new iPad. Extending the concept mentioned above, rather than blocking my wife from sharing an eBook it would be much more reasonable if I could still read the book, 'for free', but all else would not be available without a micro-transaction on my end, i.e. I would not have instant access to videos, links, ratings... i.e. that valuable context.

This would clearly drive me to purchase a 'copy' myself - if indeed I like the book enough - sounds like a fair deal to me. Engagement, interactivity, conversation and a constant stream of added values that can be produced at very low cost is what will give content owners 'protection' from rampant free-loading - not DRM, region-coding or HADOPI laws.

*Sharism and Money.*

When thinking about digital music (my original, futurist starting point), imagine an unlimited music service at a feels-like-free price, supported by advertising, brand sponsorships, ISPs / Telecoms and mobile operators. A service that allows me to stream or download the music, and enjoy it online or offline (pretty soon, a rather pointless distinction, anyway). A service that is basically cloud-based but that allows me to make temporary sub-clouds on my personal device so that I can always get to what I like the most, much like the gMail offline reader, mobile RSS readers, the Instapaper iPhone app etc.

While I may be inclined to share some of the music files with my friends, I would be highly unlikely to publish the complete access details to my personal cloud via, say, Twitter - I would risk watering down my profile and messing up my entire personalization efforts. Avoiding profile and account 'pollution' can be a major driver of payment adoption, I think.

Similarly, in books: let's assume, as a publisher, you'd allow people to log-in and get digital access to 10s of 1000s of books, at a low price (such as O'Reilly's Safari Books already does, for all those hardcore programmers and geeks around the world) - what would keep people from just sharing the log-in details and only pay for one account but have 2000 people getting everything for free? The answer: once I am really involved with a platform I like, and use every day, I am not very likely to share the account details with everyone, because I don't want my profile to be polluted, and my own experience to be negatively effected.

This is similar to having your family members use your eBay account for bidding on stuff they want to buy: not a good idea, since it will be your rating (which is the real currency of eBay) that will be negatively effected if your 15 year old son does not live up to the buyer's expectation on his last transaction. The same is true for Amazon: share your log-in details with your 12 year old daughter and you will make a mess out of your recommendations - she may love SuBo (Susan Boyle) but you don't want to keep seeing pitches for stuff she may want, for the next 9 months.

The bottom line: content sharing isn't the real problem: high price points, outmoded toll-booth strategies, broken relationships and processes, low values, bad technology and service, and lack of conversation and engagement are.

Here is my message to publishers and content owners: lower the prices to the point of unanimous excitement, use open standards that work for everyone, everywhere; bundle and package as attractively as you can (then: repeat). Remove all reasons that your users may have to avoid the toll-booth, and thereby side-step the conversion to 'paid'. The lower the hurdle for legitimate usage and paid engagement, the less you will have to worry about 'competing with free free'.

And do it now so you don't have to win people back from routing around you.

* * * * *

### 16. Open Letter to Lord Mandelson: here is how to solve the Internet Music Problem - Legalize it!

Basel, Switzerland, October 12, 2009

Open Letter to Lord Mandelson, First Secretary of State, Secretary of State for Business, Innovation & Skills (UK). The Digital Music License (DML) – why and how a new public license for the legal consumption of music on the Internet would provide a solid alternative to the proposed '3 strikes' legislation

Dear Lord Mandelson,
the proposed "3 Strikes" legislation is flawed in many more ways than I could hope to outline in this letter, and many of these issues have already been addressed in many other places. Therefore I shall provide only a quick summary of some of the key issues, and then move on to describe what a fruitful, realistic and decidedly more pragmatic alternative could look like.

Unauthorized use of music on the Internet is not a technical problem but a business issue. The reasons why the global 'free' sharing of music via the Internet (whether streamed or downloaded) is growing exponentially cannot be nullified by technological means. Rather, the digital music (r)evolution clearly poses a myriad of business and socio-cultural problems that require us to devise a new social contract that legalizes what people actually do, and then build new business models around it.


Anyone that has attempted to innovate within the music industry (including me) will attest to the fact that the largest hurdle for the monetization of music on the Internet during the past 15 years has been the astounding absence of new licensing schemes that actually fit the 'Internet Generation' i.e. the digital natives, and the new ways of consumption that connected consumers are rapidly adopting. Bottom line: the problem is not what consumers are doing - the problem is that the music industry has not blessed it with a license yet!

Therefore, any attempt to solve these business issues with technological measures – such as the proposed 3-strikes legislation – would, with utter certainty, be very expensive, have serious social and political consequences and yet fail miserably to deliver tangible monetary results for the content industries or indeed the creators; just like Digital Rights Management (DRM) which was pushed very hard by the music industry for over a decade and has now finally been acknowledged as the snake-oil it really always was. The only outcome of the proposed 3 Strikes legislation would be to further criminalize every single consumer that is interested in music, every fan and every potential customer.

So, again, let me be pragmatic: this idea means no money for the creators, no new revenues for the industry (but even more rejection by the consumer), and still no satisfaction for the music consumers. In my view, the most pressing objective must be to solve the very real problem of how music (and then, other digital content) can indeed generate new revenues via the Internet - for the old revenue streams are the past, beyond a shadow of a doubt - just look at what is happening to newspapers and print publishing! Technology will not and cannot solve problems posed by seriously outmoded business practices.

The bottom line: controlling the flow of digital files is 'Mission Impossible'. The challenging but nevertheless indisputable reality is that the very idea of reliably and consistently controlling the distribution of music files on the Internet is basically a technical impossibility as well as a social, political and cultural minefield. Today, the simple act of listening or streaming, watching or reading anything on a connected computer or a mobile Internet device is indeed the same as copying the content; one cannot be done without the other.

The Internet is a giant copy machine, by definition, by design, and now… by culture. We may not like it, and we not appreciate it, but just like the railway was hated by the people that made horseshoes and horse carriages we have no choice but to shift what we do, adapt, and reinvent ourselves. As your own kids or any so-called digital native will tell you, access is now the same as a copy i.e. ownership - in technical terms and in terms of user behavior and mindset. Crucially, of course, not yet in terms of the existing laws and prevailing licensing practices. And therein lies the rub.

I would argue that we are in fact trying to build a new business on top of the decidedly pre-Internet principle of total and exclusive copyright – a stark dilemma that has proven to create endless friction but produce very few new revenues. The very idea of being able to control the flow of files in order to extract earlier or possibly higher payments from the users is fundamentally flawed, and we must therefore look for ways to monetize it rather than to prevent it. The value of music is no longer (just) in the copied file. We urgently need to understand and accept that the value of music is no longer (just) in the mere copies of the digital files.

Our attention needs to shift from the old - and dying - business of 'selling the copy' to selling everything else i.e. the many other values around that copy (some people call that 'service' ;) but starting with providing very low-cost or flat-rated and bundled access, and then creating many new revenue generators on-top of the bundled, legalized access to music. Once legal and unlimited music distribution is build-into Internet access - when Access is Content - a revitalized music industry can focus on talent, curation and marketing, i.e. the attention-getting and the conversion of that attention into actual income. And yes, there is serious commercial value in the music industry once we regulate distribution.

80 years ago, the answer to the challenge of a then-new and vastly popular technology called 'Radio' was to legalize it and provide new licensing schemes to remunerate the content creators. The same thing happened with CableTV and with the copy-machine,

and the very same logic needs to be applied to music on the Internet. A public, collective, standardized and open license for music on the Internet needs to be either voluntarily created by the music industry, or mandated i.e. enforced by the government - and the sooner the better for everyone.

The DML would - similar to the existing radio & broadcasting licenses that are already in effect around the world - make music available on public, standardized terms and conditions, and therefore allow any and all businesses that want to use music to do so without the utterly crippling uncertainties that exist in the current marketplace.

Revenue shares and flat rates - not fixed license fees per song. The objective of the DML is to create a new, vast, and constantly replenishing ‘pool of money’ for music, i.e. to grow the revenue potential along with the growing number of users, as well as via the many new kinds of usages that will be spawned by the DML.

In my opinion, the most crucial component of the DML is this: the license fee needs to be calculated on a revenue-sharing basis rather than on a per-unit i.e. per song fee, whether streamed or downloaded. The current practice of a fixed per-track fee (usually amounting to about 1 cent U.S. per song, for the use of the master recording) for a stream and around 70 cents (U.S.) for a download has proven to be economically detrimental and utterly unrealistic for the market participants (such as Omnifone, Spotify, Rhapsody, Napster, We7 and Yahoo).

Why is this? Because of the still-very-nascent stage of the digital music ecosystem, the fact that large-scale advertising revenues for new forms of media are always 2-3-5 years behind, and given that a very large number of users - potentially all UK consumers - are likely to listen to quite a bit of music in this way.

In its formative stage, this new market does not and will not bear license fees that are fixed in this manner and that are totally unrelated to actual incoming revenue streams. Instead, the DML would need to be calculated on a flat-rate or percentage-of-revenue basis, possibly combined with a minimum 'floor' that could prevent unfair and unintended use of 'free' music as a loss-leader (if needed).

Initial DML's reserved for ISPs, telecoms and operators. Since there are many different kinds of businesses that would benefit from having legalized music available (e.g. telecoms, operators, search engines, social networks and communities, blogs, web portals, online magazines etc) but their business objectives and parameters are so vastly different, I would propose to initially make the DML only available to ISPs, mobile network operators and telecommunications providers.

This would have several important advantages: 1) once ISPs and operators are able i.e. licensed to offer music bundles and flat rates, they will have every incentive and reason to monitor (i.e. count not control!) which songs are used on their network, 2) they have very large user bases which will provide for a critical scale of payments to be obtained immediately (thus significantly lessening the perceived threat of revenue loss in the physical music market), 3) they have strong potential for the integration of next-generation, user-friendly advertising integration 4) and they already have build-in billing and payment mechanisms.

A flat fee license per user, generated in a multitude of ways. When licensing ISPs, mobile operators and other telecommunications companies it will be crucial to offer flat-rate licenses rather than to pursue revenue shares which are not going to be an acceptable way of generating music revenues from this process, at least initially.


Rather, I believe that a fixed, flat-rate license fee per user, per week or month, would be the most suitable way provided that suitable 3rd parties (see below) will also engage to contribute to the funding of each user's license fee. We must not simply declare the license fee payments to be the ISP's problem - because it isn't, and because the solution is in the creation of a new Ecosystem, a new business logic, and not in creating tax-like burdens for individual industries.

Economic experts have already done a lot of work on the flat rate model. Far from being an economist myself, I would add that a payment of 1 GBP (in the UK) or 1 Euro (in Germany, France etc) per week per user seems to be economically feasible; however the exact price point will of course need to be negotiated with all involved parties, and possibly be adapted on a yearly basis until the market is more fully developed and each party's ultimate value position can be determined. In any case -and this is crucial - the DML must clearly be so utterly affordable that every single ISP, operator and telecommunications company would immediately apply for a license.

In terms of the actual use of the music and the subsequent accounting for remuneration purposes, I propose that it should not make a difference if a song is downloaded or streamed (i.e. played on-demand while online), and - similar to CableTV - it should not make a difference if a user would use music 24 hours a day, every single day, or just download 3 songs every now and then. All music usage would need be counted, anonymized and reported, and artists would get paid fully proportional to the actual use of music i.e. according to their popularity (see below for details).

A calculation example: a pool of 2.6 Billion GBP per year for music, in the UK. As an example, a DSL provider and mobile network operator with 20 Million UK users would need to generate funds to pay for a DML of GBP 80 Million per month, i.e. 960 Million GBP per year.

Assuming, for mere calculation purposes, an average of 50 Million eligible UK residents i.e. a large percentage of the entire UK population (~ 61 Million) generating 1 GBP per week, the revenues for the music industry would amount to a very substantial 50 Million GBP per week i.e. 2.6 Billion GBP per year, which represents almost twice the UK's recorded music revenues in 2008 (1.36 Billion GBP). Any argument of 'cannibalization' of existing revenue streams such as CDs or iTunes would pale against this figure. And yes, iTunes would do just fine with and on-top of the flat-rate: remember they don't sell music, they sell iPods and iPhones!

How to fund a DML of 1 GBP per week per user. The key question is, of course, how exactly the ISPs and telecoms would raise the money to pay for the quite significant cost of the DML, every week, per user. This is a crucial issue since, again, under no circumstances should the ISPs, operators or telecoms be made solely responsible for the financial solution of this problem; it is absolutely crucial to position the DML as a business solution that will unlock strong new revenue opportunities and will be more than cost-neutral in a fairly short time.

In my view, the job of building the financial support mechanisms i.e. the ecosystem that the DML will require should be handled by a mutually respected, knowledgeable and neutral advisory board whose mission would be to 'collate' this new ecosystem and to get device makers, advertisers, premium-service providers and other interested parties aboard as quickly as possible.

Advertising is only one of the many ways to fund the DML. Of course, as in television and radio, advertising is one of the key factors that will subsidize the DML fees. The concept of advertising-supported content is not new but what will be drastically different, going forward, is the type of advertising that we will see on digital networks in the very near future. Concepts such as advertising becoming content, itself (such as in mobile phone applications) and social advertising will blossom once permission for the legal use of music is given, creating much higher advertising revenues than we are currently seeing online.

The global advertising spend currently amounts to roughly $ 670 Billion USD, per year. The UK advertising & marketing spend is forecast at approx 25 Billion GBP in 2010 (eMarketer), with - by 2012 - an estimated 25% i.e. 6.25 Billion GBP going to digital and mobile advertising. Yet, digital and mobile advertising would only be one piece of this new puzzle: handset makers could pay subsidies to get preferred i.e. 'presented by' access to users (basically a network-centric variation of the existing ‘Nokia comes with Music’ concept), social networks could contribute subsidies to legally integrate ISP-hosted music into their own networks via the DMLs that operators and ISPs would already have; search engines and portals could do the same. Imagine if Google could sit on-top of this new system of fully legalized, feels-like-free music - this is similar to how Google has already made legal music (streaming and downloading) 'feels like free' in China.

After an initial set-up period, it would be crucial that an ISP or operator that makes use of the DML would be able to fully recover the DML costs through a multitude of new revenue streams, such as next-generation advertising, the sale of mobile applications based on the unlimited availability of music (such as social music and play list applications), subsidies by CE companies i.e. handset and device makers, data-mining and cross-selling (with careful consideration to consumers’ data protection and privacy, of course) and various forms of up-selling of other product and services (including music-related premiums) such as the games industry has been offering for the past decade, already, or even by re-packaging some of the license costs to their users.

The DML is NOT a tax. Any indication that the DML essentially amounts to a tax or is yet another compulsory payment scheme levied onto the consumer (such as the existing TV & Radio licenses) or a particular industry needs to be avoided, at least in the UK market where such a proposal would probably be politically unwise. The DML is simply a new license that is made available to businesses that want to use digital music, with the funding being generated from the market participants, themselves.

Monitoring of usage and fair payment to content owners. Every song that is performed i.e. streamed or downloaded on the Internet would need to be tracked and accounted for, using already available software solutions such as Gracenote or Shazam. This data would need to be made anonymous using a mathematical formula that would protect each user’s private data while still providing actuarial tracking of which song has been used how many times, on any given day, week or month.

Each artist and rights-holder would then receive a monthly payment that is proportional to the actuarial use of their music during each tracking period, e.g. if a given artist’s music was used 1.3% of the time (e.g. in any given month), he or she or their representatives (record labels and publishers) would receive 1.3% of the total pool of money collected. All participating creators (e.g. writers, lyricists, composers, producers etc) would get their proportional payment from the same pool. I am advocating a 50-50 split between the composer and the performer (i.e. recording and publishing), at this time. Overlaps with existing rights schemes (such as public performance on the Internet, and so-called web-casting and Internet-radio) would need to be investigated and addressed, as well.

Existing examples: similar models to the proposed DML are already in place, or are being investigated in:

1) China, where Google is providing free and fully legal streams and downloads of music via their Top100.cn property, in return for a share of advertising revenues (and in full collaboration with all major labels).

2) Denmark, where the ISP and mobile network operator TDC has already made music 'free' to all of their subscribers, in return for paying a flat fee per year to the music rights organizations.

3) The U.S., where Warner Music Group, via Jim Griffin and the his Choruss project, is rolling out a flat rate music license for universities and colleges.

4) Korea, where SK Telecom's MelOn service has been providing flat rate music access to most the population (11 Million subscribers at ~$ 5 USD per month) for a few years, already.

5) Canada, where the Canadian songwriters are lobbying the government for a new flat for digital music 6) The Isle of Man Music Flat Rate project, headed by Ron Berry.

Please note: this short letter cannot possibly answer every question that may arise if this proposal is further investigated or realized. Rather, I intend to make the case for why the DML would solve the pressing problem of legalizing and at the same time monetizing the many new ways that consumers use music on the Internet.

Please keep in mind that most of the suggestions outlined above are still quite basic; prior to making any precise recommendations in regards to possible implementations a lot more research and input from all involved parties is required. Also, while my suggestions should be applied to digital music only, at this time, I do foresee similar developments within other digital content sectors such as motion pictures, TV and books - albeit within a wider timeframe (i.e. 3-5 years).

* * * * *

### 17. Lubricating the Eco-System is the Biggest Opportunity!

Pre eComm conference interview on TeleMedia Futures
October 05, 2009

I will be speaking at Lee Dryburgh's Emerging Communications (eComm) Europe conference in Amsterdam on October 28-30. Prior to this date, and to preview what I will be talking about in my presentation (last year's video is here, btw), Lee conducted an interview with me which turned out to be quite informative (if I may so, myself). I have pasted some of the 'best' snippets below, and added the MP3 version if you want to just listen to it. A big part of this interview is about what I call 'The Politics of Content' i.e. the 3 Strikes debate. The full version can be found on the eComm Europe blog.

Lee: ...there is this political push in the U.K. for three strikes, and you're cut off by your ISP or slowed down if you've been caught by your ISP for downloading "illegal" files. Have you got any comments to make there in this sudden ISP liability for content, which seems very crazy?

Gerd: I think there are a lot of more or less unfortunate things coming together on this. Basically, the content industry starting with music is rightfully worried about distribution becoming free. This is a global phenomenon. The more broadband we have the better devices, the more the push towards sharing and trading stuff without payment is clearly there.

On the other hand, the content industry has, to a very large degree, refused to license the content in so many new ways that are being asked for, starting with imeem and YouTube, and MySpace originally. The refusal to license has essentially created a vacuum to where everyone rightly then also says if we can't actually do it legally, we have two choices which is to quit or to do it without permission. Then you have companies like imeem and MySpace and YouTube initially doing it without permission.

That in return has created a need for the content industry to lobby the governments and industry organizations around the world to get the ISP to pick up the responsibility, which of course, is a rather ludicrous thought, given you could easily expand that to PDFs and JPEGs and what have you. That thought of deep package inspection for the sake of shoring up a specific business model is obviously not going to happen in Europe... I think that anybody who believes that technology exists, that you can solve this problem, is mistaken on this.

It's basically not a technology problem. It's a structural and licensing problem. It's basically a business problem. Whenever you try to solve a business problem with technology, like we have with DVD region coding, and those kinds of things, you end up really going against the consumer and sacrificing things that otherwise the consumer will hate you for.

Lee: So you feel that this motion, this three strikes push to have your ISP do policing is actually pulling value out of the system instead of adding value to the system as a whole?

Gerd: It's a fig leaf discussion. It's as simple as that. The discussion about solving this problem with technology is nothing but a fig leaf because it will never work. In a democracy, it's not actually technically feasible. If you imagine this, then I get disconnected from the web for downloading and I go to my neighbor and use his Wi-Fi. He also gets disconnected. Where do we go? We go to the Internet café and we'll do the same thing. It goes on from there and sooner or later, somebody will ask for his JPEGs to be prevented, and Murdock is going to ask for people who copy and paste from the Financial Times or The Wall Street Journal to also be disconnected. It's a whole chain reaction of issues. That is just not going to happen in Europe. That could happen in China and it is happening in China, but not in Europe.

*Lee:* So you don't see policing of every file format?

*Gerd:* The key question really is this; does any of this make any money for anyone? Does kicking people off the web because they have downloaded without permission make any money for anyone? The whole idea behind this is to say, "Well, we've got legal offerings that you should be using rather than downloading for free." If the legal offerings are so technology stupid, like using DRM, or they are so far priced out that kids can't afford it, like iTunes, then where are you going to point them to? In other words, if there is no commercial possibility to be legal, why am I being forced into those channels that I don't want to use? That is against every possible logic, if there ever was one...

You have numerous efforts around the world of creating what I call a private license, like Virgin Media and Universal, like Orange in France and the record labels, and so on. Most of that doesn't work because it's too expensive and it has technology problems. Therefore, if you think about this, think ultimately; we have roughly two billion users on mobile and regular Internets. All of these users have providers. What if two billion people were able to have legal access to music and pay $1 a week, and if that payment was bundled, i.e. hidden with advertising, with subsidies like the cell phone hardware and so on; that would be a fantastic solution to everyone.

I think telecoms are thinking, "Well, if we can make this happen, we don't just solve a huge problem which is content liability; we also create a next generation platform for the generation of new businesses, including virtual venues, virtual goods, and premium products." It's not really rocket science to think that far; that's why I was alluding earlier to imagination.

*Lee:* Great, and I am really happy that we got in contact last year and you've been pushing, not just pushing, but highlighting what is taking place. You did so at the last conference and you'll be speaking again next month. I think you're doing a 20 minute keynote. Do you want to finish this off, since we've been on this call for some time, by giving some idea of how you see the future of advertising? We've covered content, policies, where money is, but do you really think that advertising is going to "pay" for everything? What is the future role of advertising?

*Gerd:* I think Fred Wilson from Union Square Ventures said that the age of one-way communication from an unwanted or uncertified brand is over. That is what advertising used to be. You get one-way stuff dumped on you from somebody where you don't like them or don't know who they are and you don't care. The business of advertising as disruption, interruption, or a nuisance that is unavoidable is over. On the web, we're not going to take anything like this.

We're completely going to punish people that do this to us. For example email, any PR company that emails me with their pitch goes into the black list. I dump them. I punish them. Any PR company that follows me on Twitter and gets involved in a conversation and looks at what I read and what I like, and then sends me a meaningful link; they go on the white list.


* * * * *

**18. Telecom Crucial for New Media Business, says Media Futurist**
Ericsson Report
September 04, 2009

A while ago, I was interviewed by the people from Ericsson Editorial Services, on the topic of "The Future of Content and Telecom". The interview was just published, today, and I am quoting it, below, while adding some relevant links and images. Ericsson has also added a pretty cool video called "Generation Gap" which I am embedding for your additional enlightenment;). Beyond this, you may also want to watch the video from my speech at eComm 2009: The Future of Content & Telecoms: Flat Rate Content Bundles and Social Media, embedded below, as well (you can download this and other videos via my Blip.tv channel).

"Say goodbye to CDs and DVDs. In the future, most media content will be sold digitally.

And, according to Gerd Leonhard, one of the world's leading media futurists, telecom will play an important part in making the new media business both legal and profitable.

Source: Nov 3 2009 poll on www.dontdisconnect.us

Leonhard says there are two main obstacles facing the new media business. One is that operators don't understand how the media world works and what it takes to make media content popular on handsets. The other is that media companies are unwilling to change their old ways of working. "Operators need to start to think of themselves as providers of content, entertainment and general communication that goes beyond messaging," he says. "Content providers are also hopelessly stuck with a model of selling that no one wants. For example, very few people buy music online. People download music for free, and the same is true for films and TV shows."

Leonhard believes operators have to make the first move. He says they have to be willing to subsidize the use of content until mobile advertising becomes mainstream, or until there are other profitable ways of supporting media content. For instance, in terms of music, operators should integrate legal music services into their networks for free. If they do that, they can become powerful providers of music 'experiences' and this makes it easier for them to sell other things to get a return on their investments.

"The music business is essentially a 'freemium business,' which means that the first step should be free, but then the other 10 to 50 steps should be what operators charge for. Ultimately, Leonhard envisions a licensing system for digital media, just like the TV and radio license system that exists in most European countries. "In Germany, you pay EUR 150 per year for using the TV, and I believe digital music could be wrapped into this fee," he says. "A license system can also be created solely for the purpose of digital media." Let's say the fee would be about EUR 1 per week; I think most people would be happy to pay that amount. It would generate revenues and, even if tax-payers refuse to pay it themselves, the money could come from sponsors, marketing and advertising."

Leonhard says that a "digital media" licensing system will not be achievable without the support of telecom operators. "Telecom has the economic power to create a licensing system because they have the users," he says. "If the pressure is strong enough, the content owners will agree to public licenses and the telecom industry will agree to pay them." Leonhard says splitting the earnings from such a licensing system would mirror that of a radio license.

"The streaming or downloading of music could be monitored, providing a digital footprint. And, at the end of every month, you can see how many times a song has been downloaded and that will decide what percentage of the pool of money the song gets in that particular country. The more your song gets played, the more money you get."

No 'going back'. In countries where licensing systems do not exist, such as the US, Leonhard proposes a system supported by advertising. "You could listen to music or read a book on your mobile for free because you are receiving messages from advertisers and sponsors that you have selected," he says. "This is how Google, is able to support Gmail and other services free of charge. I don't think North Americans will oppose receiving ads on their phones as long as they are synchronized with the content."

Leonhard warns that if content companies do not develop or adapt to new payment models, they are in danger of bankruptcy. "Until this year, most content companies have been trying very hard to control the flow of money due to their history of monopolies and cartels," he says. "Today, they can no longer control the whole system because it's an open system. And if we are going for an open platform, all players – from media companies to telecom – have to collaborate.

"The problem is not so much that people don't want to pay, but finding the right point of payment. I always say that media content providers have a 'toll-booth problem,' meaning they have put up the booth too early, and people turn away. If they put the booth in the right place, I'm convinced people will be willing to pay to get access to their favorite content.

* * * * *

### 19. Pre-Web Content Economics vs. Web-Native Content Economics

September 02, 2009

Here are some of the key trends for the immediate Future of the Content Industries that I wanted to share with you: Pre-Web Content Economics: Consumers. Scarcity. Centralized. Computer = Internet Access. Professionals only. Everyone watching the same thing. Friction generates a nice flow of $. Total Control is crucial. EGOsystems. Content is King. Exclusive Copyright. Content Monopolies, Rights Cartels and Oligopolies. Enforcement. Push.

The large Networks rule. Walled Gardens bear fruit. Near-time Web & Database Search. Marketing = Monologs: Listen to Me. Consumers trusting Companies. Advertising = Interruption. Privacy = 'On' by Default. Mass-Media Rules. Broadcasting. All stuff is on my Machine. Pay Cash or Leave. Free = Bad. Distribution = Power. Power = Money.

Web-Native Content Economics: Users & Followers. Abundance creates new Scarcities... of Attention. Everything is decentralized. Mobile = default Internet Access. Professionals, prosumers, usators, users... all at the same time. Utter Fragmentation. Friction is Fiction. Trust is crucial (i.e. Money). ECOsystems & Interdependence. ConTEXT is King. New Usage Rights & Ubiquitous Licensing.

Open Content Platforms. Engagement. Pull & Attraction Economy. Networked not Networks. Walled gardens wither. Real-time Web & Social Search. Marketing = Conversations: Listen to each other, then talk. Trusting People Like Me. Advertising= Engagement. Privacy = 'On' is an action I must take. Mass-Niches Rule. Narrowcasting. All my stuff is in the Cloud. Pay with Attention (and Cash). Freemium=Good. Influence = Power. Power = Money - and many other kinds of rewards.

* * * * *

### 20. UK Government: disconnect Those Who Share, Return to Total Control asap.?

August 31, 2009

Bizarrely, the UK government, led by Lord Mandelson, the UK Business Secretary, seems to have done a 180-shift in the past 2 weeks by once again proposing to disconnect alleged file-sharers from the Internet. In other words: if the content industry can't get people to buy music or films, or other so-called content, by offering relevant, fair and affordable new ways to do so, maybe the government can help to force people back into buying the old-fashioned way, i.e. by the unit / copy? Rather than actually change the industry's business model, let's just change the consumers' habits - problem solved!

If you want to be puzzled, just read the UK government's announcement (PDF via Arstechnica). The Net is buzzing with news on this topic; see below. The FT has a good recent update called 'Claws & Effect' here; wherein I read (with little surprise): "Senior music industry figures, such as Lucian Grainge, head of Universal Music International, have been influential in mobilising Westminster to act".

Lobbyists succeed again? The bottom line can be summarized like this: "Let's just see if we can still force people to consume music in the way that suits us better". Never mind that the very similar French Sarkozy-'Bruni' proposal was just recently deemed illegal by the French Constitutional Law as well as by the European commission - maybe some good lobbyists can revert that, as well? Here are a few quotes I have collected on this topic.

*Those who like this idea:*
"John Kennedy, chief executive of IFPI, the organisation representing the recording industry worldwide, says: “It is not enshrined in any law anywhere that one has the right to steal music, films and books. There is a crisis in the economy, and as well as respecting rights we have to think about the economy and jobs” (FT) Related read: John Kennedy at RSA “We welcome the government’s recognition that this problem needs to be addressed urgently, so today is a step forward that should help the legal digital market to grow for consumers,” the BPI, the music industry trade body, said. “The solution to the piracy problem must be effective, proportionate and dissuasive” (FT).

*Those who don't like this idea:*
"Charles Dunstone, chief executive of Carphone Warehouse, one of the UK’s biggest providers, says: “We are going to fight [being forced to disconnect customers] as hard as we can. Our fundamental duty is to protect the rights of our subscribers” (FT).

"A Virgin Media spokesperson said: “We share the government’s commitment to addressing the piracy problem and recognise that new laws have an important role to play in this. But persuasion not coercion is the key to changing consumer behaviour as a heavy-handed, punitive regime will simply alienate mainstream consumers. The government should be ensuring a balance of action against repeat infringers and the rapid development of new legitimate services that provide a compelling alternative to illegal file-sharing" (FT).

"Internet provider TalkTalk said it would "strongly resist" government attempts to oblige Internet service providers to act as Internet police. TalkTalk said disconnecting alleged offenders "will be futile given that it is relatively easy for determined filesharers to mask their identity or their activity to avoid detection" (HuffPo).

One of my favorite quotes, via Labour MP Tom Watson: “Challenged by the revolutionary distribution mechanism that is the internet, big publishers with their expensive marketing and PR operations and big physical distribution networks, are seeing their power and profits diminish. Faced with the choice of accepting this and innovating, or attempting, King Canute-style, to stay the tide of change, they’re choosing the latter option, and looking to Parliament for help with some legislative sand bags” (FT).

I have been saying this since 1999: the solution to illegal filesharing is to legalize the way that people share content online, to create new, public, compulsory licenses for content, starting with music (yes, just like the Radio / Broadcasting license), to create fair and flexible licensing standards, and to reduce control in favor of compensation.

The UK's trend towards increased criminalization is just plain old wrong, technologically absurd and utter fantasy, culturally 500% retro, and socially unjustifiable. Techdirt's Mike Masnick sums it up nicely: "You may kick people off the internet, but does anyone honestly think that will actually get people to buy again.

* * * * *

## 21. Mobile Broadband is set to explode - so what happens to Content Creators?

August 17, 2009

Mobile broadband penetration is making vast strides, around the world. Smart phones and connected devices are getting cheaper by the minute. LTE (long-term-evolution, a next generation mobile telecommunication technology) will offer mobile data connectivity at vastly increased speeds, and at very competitive prices. Jointly with a company called O2B Networks, Google is launching 16 satellites to bring low-cost or free mobile broadband to Asia, Africa and the Middle East.

So if and when we actually have 2 Billion+ people connected to mobile broadband, in 2012 (see the forecast in the video, below), what will happen to all the Content these users will consume or shall we say... share... remix...forward...adapt? How will content creators generate revenues from this enormous, interconnected and hungry, always-on audience? In my view, the only plausible answer is to equate network access with content access, i.e. to bundle them together - once you connect, much of the content usage is included. Revenues are derived in many different ways, including next-generation (!) advertising, bundles, sponsored access, flat-rates, freemium etc.

* * * * *

## 22. Gerd Leonhard '87 Shares Ideas on how Musicians can thrive in the Link Economy

Berklee Today
August 03, 2009

Some of you may know that I went to Berklee College of Music ('86/'87) and studied Jazz guitar. I have kept in-touch with Berklee throughout the years and they just published an interview with me, in the Alumni Magazine "Berklee Today".

Here are some of the high-lights:
"Leonhard has long advocated a shift from tight control of products and copyrights. In what he refers to as the "link economy," the new commodity is the public's attention. In this climate, he predicts superstar status will be much harder to attain-and sustain-as the marketplace experiences further fragmentation and mainstream artists compete for attention with lesser-known artists in specific musical niches..." "In the link economy, the product is the marketing," says Leonhard.

"If you want to promote yourself as a musician, you publish and make everything available on the Web so that people can pick it up and go elsewhere with it. If they like you, they do the marketing for you by telling others and sending links around. In the old days, if you were a star, MTV or the Letterman Show would recognize that by putting you on. Today, your fans recognize your value and send your links to friends, who send them to more people. This is what makes someone a celebrity on the Web. And you can't buy that; you have to earn it."

Too many musicians believe that playing gigs and selling CDs or digital copies of their music are the primary ways to make money. "We have to do away with that mentality, because there are 50 other ways a musician can get paid," says Leonhard. "In the new music economy, you need to build an audience and energize them to act on your behalf and forward your music virally. Later, they can become paying customers. Don't ask them for their money first. Once fans are sold on you, you'll be able to 'upsell' them special shows, backstage passes, webcasts, a live concert download, a multimedia product, your iPhone application, a premium package for $75.

"When musicians start thinking of themselves as brands, like Nike, they will see that they have more assets than just the zeroes and ones that people can download. Other assets are their creativity, the way they express what they experience, their


performance, and their presentation. As a musician and composer, you stand for something. The Web allows you to publish things that showcase who you are and what you do. In 10 minutes of clicking around on your site, people will be able to understand who you are if you've put enough out there.

Even in a time when many have predicted doom and gloom in the music business, Leonhard is optimistic. "Current developments are good news for the artist-provided he or she is good. You have to be different, unique, and honest; have a powerful persona; and know your brand. If what you are doing is real and you are forthright, people will pay you. It's all about the creator and the person who wants the music. Musicians of the future will do well if they can view themselves as more than someone who wants to be a star and sell a lot of records."

* * * * *

### 23. Spotify rocks - but without a Compulsory, Public Digital Music License they are Doomed

July 27, 2009

Before I get into the meat of this post, let me say this, for the record: I really like Spotify, the official new darling among the many on-demand streaming and interactive music services that try to go to the legitimate route and make deals with the rights-holders, ie. the record labels and the music publishers. I like the Founders, I like some of their investors, I like what they are saying and how they do things. I even like their logo. We have met several times in the past - and something tells me Daniel et al may been reading my books and this blog, as well... all good this far.

So please note: this is not at all an attempt to rain on Spotify's well-deserved parade or discourage their investors. I am writing this post because I want Spotify to live, grow and prosper, not because I want it to crash. My comments, below, are simply meant to serve as a not-so-gentle reminder for a simple fact that we should keep in mind: while Spotify may look (or rather, sound) pretty, right now, no matter how hard they try and how much money they will raise, they cannot possibly succeed within the current music industry ecosystem, and they - by themselves - cannot possibly change that ecosystem single-handedly.

The primary reason for this is that there is no public (i.e. compulsory) license that is available for these kinds of services; therefore Spotify (and anyone else that streams music on-demand) has zero leverage whatsoever in the rights negotiations - and therefore, the entire pricing and overall economic model - with the record companies and publishers. In other words, they simply have to pay whatever it takes. And they are, indeed. Without a public license in place, this kind of situation is pretty much a suicide mission.

In my humble opinion, the chances of Spotify surviving beyond next 24 months, in the current music industry framework (call it '1.4' maybe - since we are still a long way from the Music 2.0 models that I and many of my readers and 'followers' have been discussing for the last, ouch... decade) are similar to... well, the likelihood of having a cold day in hell. If Spotify - as a possible embodiment of those Music 2.0 concepts - is to live than the entire SYSTEM must be changed - no less, no more. If you like Spotify than this, below, is what you must ask for.

*Spotify (and most other legal music ventures like it) won't survive unless:*
A public, open, fully standardized, compulsory, multi-territorial and collective digital music license is agreed upon and instituted by law or by collective, voluntary action,

SOON. Voluntary action seems highly unlikely at this point given the seriously monopolistic structure of the music industry, and the stellar 'my way or the highway'-track record of most industry bodies.

Just like the existing Radio and TV / Broadcasting licenses, such a Digital Music License will need to be a license that conclusively and pan-territorially (i.e. pan-EU, pan-Asia, US, and then, worldwide) regulates the basic commercial terms for the use of the master recordings and the underlying compositions for anyone that may want to offer or provide music online, regardless of whether it's streaming or downloading - because this decidedly 'Web 1.0' distinction is simply wishful thinking, going forward - access means copy, today. ISPs, search engines, social networks, telecoms, operators and Internet portals need to be able to avail themselves of a standard, ready-to-go license, just like anyone that starts a terrestrial radio station can use an existing license to calculate their music costs, today.

Anyone that has had the misfortune of wanting to 'do the right thing' and license music for any 'new media' i.e. online venture will agree with me on this: the current music rights licensing situation is nothing short of ridiculous, and to many outsiders the process feels like a cut & paste rendition of various "Twilight Zone" episodes. The ineffective and convoluted way that digital music rights are still being dealt with today is a disgrace that keeps causing continuous train-wrecks for anyone that wants to enter the business (and cares to do it legally), and the continuing inability of the industry's 'leaders' to solve these issues flies in the face of the massively increased consumer demand for digital music in all shapes and forms, across the globe.

I know... you may be ask: ok, yes that's not good, but if we were to license more efficiently...where's the new money? Here is my response, and I've said it many times: the problem is not that the 'people formerly known as consumers' don't want to pay for music - they just don't want to pay in those ways that the industry is currently asking them to. This is not a problem of total copyright disregard by the consumers - it's just a tollbooth-strategy question: provide real value and get real value - that is the only future there is!  Maybe.. do what Google does?

But so far, all the music industry lobbying groups (e.g. the RIAA, the BPI, and the IFPI) and their brilliant lawyers have done is to ask Billions of people to change rather than consider changing, themselves, so that maybe they can actually start serving those people. Why is anyone still paying attention to these people? As a consequence of these stone-age business practices that prevail in the music industry, Spotify has to essentially jump off the cliff every time they license a new song, and beg to do things legally 24/7/365, i.e. beg for licenses, from  each label and each publisher or rights society, in each country, every couple of months, and for every tiny change they make in their business model.

For unlike YouTube/Google, Spotify has ZERO real leverage - while the international music conglomerates and legal rights-holders (reminder: not the artists!) have TOTAL CONTROL - if the deal is not to their liking they can just refuse a license thereby rendering Spotify either instantly illegal (i.e. unlicensed) or have their users evaporate quicker than you can spell 'dead'. There is simply no way that anyone can negotiate a win-win deal in a situation like this - especially when your potential deal partners have such a long history of using pre-Internet laws a weapon to kill competition and innovation.

This legal vacuum has led to a bizarre situation where the major record labels (as well as many large independents and / or their industry associations) can basically ask for anything - they simply have the exclusive rights for these recordings, so it's their way or the highway. The same goes for the publishers, and as long as refusal to license is a sustainable option this won't change (remember when the phone companies did not have to share access to their networks with other providers...?).

And you can bet we are not just talking money here - we are talking about having to give equity to the (large?) labels, for the mere pleasure of being legal, and for being mercifully allowed to reinvent how music is being monetized. This has not changed since the days of my own streaming music widget company, Sonific - you can read all about what happened to us, here. I have been there, done that, and this industry is STILL at the same place: the music licensing system is simply dysfunctional and the markets will NOT self-regulate. Vivan Reding and the EU Commission: are you listening?

There will be no real solution for this problem until the monopolies that currently serve as the foundation of the music rights society system in most countries (not in the U.S. btw!) are done away with; until pan-European or global licensing can be achieved via a one-stop, digital, fluid and transparent service platform. And just to preempt the obvious responses on this: when I say that the monopolies need to go I am not at all saying that these societies need to go. Absolutely not. However, if you base your very existence on the practice of merely extracting value rather than adding value.

I don't see how you could possible expect to have a role to play in a digitally networked future, either. So, while the concept of licensing collectives are and will remain crucial, they cannot be very useful in the digital economy unless they are constantly adding value and become 100% open and transparent. Monopolies just don't fit in this concept - or do they? Back to Spotify: because they are enormously successful and popular right now, and because of all the other players in this turf that have paved the way and are still in the running (Last.fm, iMeem etc), and because of all the other players that tried and gave up (Yahoo Music, Musicload, MSN Music) or are about to give up (Napster, Rhapsody, MSFT), we need to make this issue a public, political, cultural and wider business issue.

We need music to be licensed for the Internet just like we license it for radio, today: with a public, open, collective and standardized license that does away with the monopolies of permission that have held us back for a decade, already.

I guess this is POLITICS now - even the European Commission has already stated that "The failed music industry business model is causing online piracy" - so if you like Spotify it's time for action (hey - there's another post - but here is a preview of my 2 cents).

Finally, let me borrow some authority here: "Change will not come if we wait for some other person or some other time. We are the ones we've been waiting for. We are the change that we seek" (President Barack Obama).

* * * * *

## 24. Broadband Culture: my favorite Web 2.0 Memes and Phrases

July 20, 2009

In the past 5 years I came up with - or more to the point - collected, co-created, PFE'd and remixed quite a few memes and phrases that end up surfacing in my work all the time, and therefore must have some sort of value, I reckon. So, below, I am sharing some of my favorite memes - obviously they are all related and interconnected. Feel free to comment and fill-in the blanks.

For my 2009/2010 think-tanks I will soon offer keynotes speeches, sessions and presentations based on these topics, as well - please check out my speaking topics list for more details. Most of these memes will be discussed in depth in my next book, "Broadband Culture" (ETA...? who knows - it's still very much work-in-progress, so stay tuned)

Gerd's Favorite Memes (July 2009)

1) The End of Control. This was the main riff in my 2007/2008 blog-book and basically describes the fact that no matter which business you are in, having total control is no longer the single most important factor that impacts financial or material success. Yes, more control equaled more money for a long time - but now, in the inter-connected digital economy, the concept sounds like wishful thinking. In fact, it seems much more likely that in the future, the more control we desire and push for the less successful we will be! If this inspires you, by all means, feel free to download all End of Control chapters here, or Google for more stories on this juicy meme.

2) Paying with Attention. This is my much-simplified way of expressing a key trend that I have been observing in many industries, worldwide. Yes, of course we have always kind-of paid with attention in order to receive free stuff i.e. mostly content (e.g. free-to-air TV, broadcast-radio). 'Buying Attention' has always been the basic premise of advertising, marketing and PR - already a Trillion $ USD business - BUT the future will bring drastic changes in regards to how all of this will actually work. For starters: advertising as interruption is finished, and advertising as engagement, conversation and yes, advertising as content (and vice-versa), is where things are going - and quickly. This is a seriously tough challenge to everyone working in the advertising and marketing industries; but since a lot more content & media companies are now looking to get paid via, from or through that huge fire-house of ad-money that will stem from next-generation and mobile marketing, maybe this will work out much quicker than we are currently anticipating?

3) Feels Like Free and Freemium. This is a crucial meme; and the discussion fueled by the release of Chris Anderson's new book "Free" (which is a must-read, btw) is certainly adding to the buzz. If more and more things-that-used-to-be-paid-for become free because of disruptive technologies that Millions if not Billions of people are starting to adopt, what will happen to those tried-and-true business models that still underpin all of those companies that are serving these sectors today? Is Freemium (note that this term is definitely not my creation) and Feels-Like-Free / FLF (kinda sorta fueled by my writing... and I own the URL;)

4) Friction is Fiction. This tagline pretty much says it all: if the success of your business is based on making a steady amount of $$ out of friction that the 'people formerly known as consumers' must endure only because there is no other way to get what you offer, then, yes, you are in deep trouble (with very few exceptions). This goes for the music industry, the news / print / publishing business, telecoms, marketing and advertising agencies and for the Radio / TV / Broadcasting giants: as soon as someone, sometime, somewhere finds a way to reduce or completely remove that friction, your old model is history. Better see to it yourself...?! Yes, btw, I do own that URL, as well;). A related podcast is here if you need it.

5) The People formerly known as Consumers. This one comes easy to most of us - and yet it describes an often harsh reality at the same time. Clearly, consumers have already become users, pro-sumers, content co-creators, followers, influencers... but now their power is growing every single day. It's the USERS, and to be more precise, the KIDS, that are in charge now. This 'economy of participation and engagement' is quite a different cup of tea - media, marketing and 'selling' anything is changing drastically because of this.

6) Data is the new Oil - and linked data is even better oil ;) I originally ran across this nugget here and was further inspired via a subsequent conversation with a Twitter

follower, via Friendfeed. What do I mean with this? Well, basically, I see a solid trend towards a continuous increase of the monetary value of the data that all of us are generating every time we connect, i.e. click on a link, share a video, post a message, embed a photo, send an SMS, rate a product or simply go from one page to another. Everyone wants this data, in it's purest, most unfiltered and 100% privacy-ignorant form, if possible, because it tells a story about who we are, what we like... and what we may purchase or otherwise pay attention to. Call it the click-stream, the digital bread-crumbs or the cyber-exhaust - the more we interact online, the more we share, the more we communicate via the Net, the higher the value of this data - it is indeed the glue for transactions, which in turn is the glue of, well, pretty much all business... you get the drift.

7) Finding and being found. An old hat, really, but given the recent explosion in accessing the Net via smart mobile devices, this is taking on a whole new meaning. Soon, if your business can't be found very easily on Google (or Nokia?) Maps and on 1000s of location-aware mobile phone applications, it will pretty much mean that you don't really exist - you are virtually a secret.

The real-time web. A very recent and radical (if not unanticipated) development powered by the likes of Twitter, Facebook, Friendfeed, and maybe MSFT's new Bing.com? In any case, this seems to one of Google's main new challenges...

9) ECOystem not Egoystem. Umair Haque from Havas Media Lab is my biggest influence for this meme, and he deserves the real credit for egging me on with this meme. A quick summary: we are in the midst of a tremendous shift in the very fabric of our society, away from the 'good' old paradigm of extreme capitalism and economic egoism, and towards the idea of a new, interconnected, collaborative, interdependent Ecosystem that allows or rather forces us to generate new revenues and new benefits, together, rather than pursue only our own agenda.

10) The 21st Century Content Ecology. This is a term I like to use when thinking about a new logic that underpins all content and media business models going forward: web-native, inter-connected, ubiquitous and friction less, i.e. liquid. To define these new economics is a major job, indeed - thankfully there are many very smart people working on this;)

11) Open is King: Open software, open mobile platforms, music without DRM, open codecs, open collaboration platforms, open APIs - open is faster and better, more competitive, more suitable for a digital society. But it's certainly not an easy switch to make - we are soooooo used to wanting control

12) Lubricating the digital economy is the biggest opportunity for a lot of players in the Telecom / ICT / TIME / Media / Technology space, in my view. With an ever increasing amount of our data, our content, our contacts, our resources and our work online, we will need faster connections at lower costs, easier and cheaper payment methods, more personalizable and customizable offerings, better bundle and flat-rate deals... and on and on and on. If you can lubricate what we want you've got a winning model!

* * * * *

## 25. The Price of Freedom: reinventing the Online Economy

RSA Journal
July 03, 2009

I was delighted to be invited to make a contribution to the RSA Journal's July 2009 edition, the printed version of which was just send out I believe, and the online edition that just went up on their website.

The complete title of my piece is: "The price of freedom - reinventing the online economy: Gerd Leonhard explains why ‘free’ content can still pay in the long term" and I really enjoyed writing this for them. Following my last presentation at the RSA, in April 2009, on 'The Future of Content and Creativity' I have had many good conversations about this topic. The audio track from this event is here, btw; and the video is embedded again, below. Enjoy. And RT;) I definitely recommend that you check out the other great features in the July 09 RSA journal, as well, there's some great gems in there.

“Free information, free music, free content and free media have been the promises of the internet (r)evolution since the humble beginnings of the World Wide Web and the Netscape IPO on 9 August 1995. What started out as the cumbersome sharing of simple text, grainy images and seriously compressed MP3s via online bulletin boards has now spread out to every single segment of the content industry – and even into ‘meatspace’ (real-life) services such as car rentals. Without a doubt, ‘free’ has become the default expectation of the young web-empowered digital natives and now the older generations are jumping in, too.

On top of the already disruptive force of the good old computer-based Web1.0, we are witnessing a global shift to mobile internet – a WWW that is, finally, so easy to use that even my grandmother can do it. While five years ago, we needed a ‘real’ computer tethered to a bunch of wires to port ourselves to this other place called ‘online’ and partake in global content swapping, now we just need a simple smart phone and a basic data connection. With a single click of a button, we’re in business – or rather, in freeloading mode.

As users, we love ‘free’; as creators, many of us have come to hate the very thought. When access is de facto ownership, how can we still sell copies of our creations? Will we be stuck playing gigs while our music circles the globe on social networks, or blogging (now: tweeting) our heart out without even a hint of real money coming our way? Daunting as it may seem, we can no longer stick with the pillars of Content1.0, such as the so-called fixed mechanical rate that US music publishers are currently getting ‘per copy’ of a song ($0.091).

Nobody knows what really defines a copy any longer when the web’s equivalent of a copy (the on-demand play of that song on digital networks) may be occurring hundreds of millions of times per day. No advertiser, no ISP and not even Google has this kind of money to pay the composer (or rather, the publisher), at least not until the advertisers start bringing at least 30–50 per cent of their global US$1 trillion marketing and advertising budgets to the table.

Traditional expectations and pre-internet licensing agreements are exactly what are holding up YouTube’s deals with the music rights organisations such as PRS and GEMA: this is what the rights organisations used to get paid for the music that is being copied, and this is what they want to get paid now. This impasse is causing significant friction in our media industries worldwide. Yet, below the top-line issue of money, there lurks an even more significant paradigm shift: the excruciating switch from a centralised system of domination and control to a new ecosystem based on open and collaborative models.

This is the shift from monopolies and cartels to interconnected platforms where partnership and revenue sharing are standard procedures. In most countries, copyright law gives creators complete and unfettered control to say yes or no to the use of their work. Rights-holders have been able to rule the ecosystem and, accordingly, ‘my way or the highway’ has been the quintessential operating paradigm of most large content companies for the past 50 years.

Enter the internet: now the highway has become the road of choice for 95 per cent of the population, the attitude of increasing the price by playing hard to get is rendered utterly fruitless. Like it or not, a refusal to give permission for our content to be legally used because we just don't like the terms (or the entity asking for a license) will just be treated as 'damage' on the digital networks, and the traffic will simply route around it. The internet and its millions of clever 'prosumers', inventors and armies of collaborators will find a way to use our creations, anyway.

Yes, we can sue Napster, Kazaa or The PirateBay and we can whack ever more moles as we go along. We can pay hundreds of millions of dollars to our lawyers and industry lobbyists – but none of this will help us to monetise what we create. The solution is not a clever legal move, and it's not a technical trick (witness the disastrous use and now total demise of Digital Rights Management in digital music).

The solution is in the creation of new business models and the adoption of a new economic logic that works for everyone; a logic that is based on collaboration, on co-engagement and on, dare we mention it, mutual trust – an ecosystem not an egosystem. Once we accept this, we can start to discover the tremendous possibilities that a networked content economy can bring to us.

Much has been written on the persistent trend towards free content on the net. It is crucial that we distinguish between the different terms so that we can develop new revenue models around all of them. 'Free' means nobody gets paid in hard currency – content is given away in return for other considerations, such as a larger audience, viral marketing velocity or increased word of mouth (or mouse). I may be receiving payment in the form of attention, but that isn't going to be very useful when it's time to pay my rent or buy dinner for my kids. Free is... well, unpaid, in real-life terms.

'Feels-like-free', on the other hand, means that real money is being generated for the creators while their content is being consumed – but the user considers it free. The payment may be made (ie sponsored or facilitated) by a third party (such as Google's recently launched free music offering in China, Top100.cn); it may be bundled (such as in Nokia's innovative 'Comes With Music' offering, which bundles the music fee into the actual handsets) or the payment may be part of an existing social, technological or cultural infrastructure (such as cable TV or European broadcast license fees) and therefore absorbed without much further thought. Feels-like-free could therefore be understood as a smart way to re-package what people will pay for, so that the pain of parting with their money is removed or somewhat lessened – everyone pays, somehow, but the consumption itself feels like a good deal.

**"Free has become the default expectation of the young digital natives"**

'Freemium' is a word concocted by VC Fred Wilson and Jarid Lukin, and popularised by Wired magazine's Chris Anderson. Freemium combines 'free' and 'premium' business models into new forms that basically follow the old marketing principle of giving away something for free only to up-sell many of those happy users to the next, paid levels. The Freemium approach has been very successfully used by many Web2.0 companies such as the broadband video, call and messaging service, Skype (get hooked on free calls and then buy Skype-out credits or local calling plans) and the internet's leading photo sharing site, Flickr (spend $29.99 for a bit more storage space and the cool FlickrPro badge).

The bottom line is that all digital content (including books) is moving from paid hard-copies to free, feels-like-free or freemium services and bundled access – and there is serious money in all of these options. And while we creators struggle to come to terms with the challenges of 'free', let's not forget that, in those good old days of paid copies, people mostly paid for the printing or pressing costs, the shipping or delivery, and the retail storage space.

Consumers did not actually pay very much for the song, for the words, or for the genius of the scriptwriter; they mostly paid for the middlemen, the studios, the publishers, distributors and retailers. Therefore, when these costs are taken out – as they are in many internet-based delivery mechanisms – it may not necessarily hurt the actual creator, but those middlemen and the industries built around them.

However, because 'free' is such a strong meme in this economy, I believe that we will see a lot of redirected creative juices flow into that crucial conversion process from the initial attraction to the faithful 'consumption' of – and engagement with – our content. Now, the mission of record labels, managers and publishers is to invent and realise new streams of income that simply did not exist until we ceased our obsession with controlling distribution and selling copies. I therefore believe that the value of a given piece of content will depend greatly on what Wired's inspirational co-founder Kevin Kelly calls 'the New Generatives' – those new embodiments of value.

The new means of content monetisation include elements such as:

° packaging and 'alternate outputting' – for example, selling a smart-phone application that provides access to all an artist's music, videos and pictures, instead of just selling a simple download of a song

° immediacy – the option of getting the new song, the new book or film right away, without having to wait

° curation and filtering. The added value of having someone programme my playlists or recommend TV shows or films

° or added values such as higher definition (including 3D) or better sound or image quality.

Personalisation, customisation and various premium-like options will make very fruitful turf for up-selling, and are already widely used across the web, such as by the blogging service Typepad. We may well see a future where the basic services are entirely free, or bundled, or advertising supported.

In the music industry, we have recently seen services such as Spotify emerge with a similar offering: the user can listen to any song on-demand for free, but can also pay to get rid of the audio advertisements or make use of better playlisting tools. My hunch is that, because of the increasing wealth of the available data and the much improved use of behavioural targeting functionalities, advertising will soon become valuable 'content' itself – thus eliminating consumers' desire to get rid of it altogether.

Again, if a global advertising and marketing budget of US$1 trillion can be partly diverted to pay for content, that should make a lot of content creators very happy. Virtual goods – products that are only sold and used in virtual environments (such as customisable avatars for my profile page) – are already big business and will grow to generate new revenue streams for all kinds of content creators.

As an example, my avatar in my digital world may want to surround himself with the latest John Mayer track when he's hanging out at the virtual beach – there's another euro for the creators. Similar to the popular ring-back tones in Asia, this is a typical case of how I am using music to present myself in a different way; rather than for my own consumption, I buy music to have others hear it – another potential growth area for content sales.

Authenticity and the official stamp of approval will become a crucial and paid-for value:

how would I know that Paulo Coelho is happy with a German translation of his latest book if I don't buy it from him or some other authorised source? Yes, I could download it for free, but I have no way of knowing if it's the real thing until I've already read the first chapter. Once e-books become more widespread (and duly Napster-ised) this will be crucial.

I anticipate authors using digital authenticity watermarks and other embedded technologies to give each authorised digital copy that special stamp of approval that will make it worth the effort. Once the costs of digital books are brought down to a level where the payment is a no-brainer rather than a punishment (10 to 20 per cent of the dead-tree versions), and the buyer feels like he/she is part of the author's authentic fan network, these models will generate enormous new revenues at much lower cost.

The other increasingly relevant issue is what actual form remuneration may take. For creators, this may be derived in many ways other than with cash payments. Flickr now boasts more than 3.5 billion images uploaded by an estimated 12 million members, many of whom happily pay their $29 for the upgrade to 'Pro' level. Photographers gain viral exposure for photos that become popular on Flickr, often getting millions of viewers and hundreds of comments from the Flickr crowd around the world.

While no content creator will sneer at real cash coming his/her way, one can still observe a strong trend that places increasing value on social capital, personal influence and what is sometime referred to as the 'reputation economy'. While these forms of remuneration may take longer to be converted into real cash (if at all), they are indeed becoming important currency in a world of hyper-connected individuals. We are about 18–24 months away from that crucial take-off point in the new content economy.

The point at which it all falls into place and it finally becomes clear how creative output will be very nicely remunerated without having to go back to what I like to call Content1.0 – to control, force and friction, such as the paid-access+micro-payments model that NewsCorp's Rupert Murdoch has recently been hinting at, again. We are beyond the point of return, the only way is forward.

We as content creators and/or content industry professionals must now put our energies into investigating and constructing web-native and deeply collaborative revenue models based on open platforms and the total embrace of the sharing economy that has already taken hold in our society. Once we move from egosystem to ecosystem, from monopolies, cartels and walled gardens to partnerships and open systems, I am confident that we will discover dozens of new generatives that will allow us, the creators, to prosper in the future.

Nothing can replace that unique human power of storytelling and creation – the more technology we employ to distribute and access content, the more we need those good stories. Ditch control for compensation, leave the monopolies behind, start trusting your users, viewers, listeners and fans, and see the value of your creative work rise above and beyond. Don't start by asking who will pay for your content, but ask who will pay attention, who will trust you, who will follow you – and then work with all involved parties to convert that attention into income.

* * * * *

## 26. Rolodex 2.0 - the Social Web is becoming our Address Book

June 26, 2009

Remember when we (meaning those of us 40+ years old) had those red moleskin diaries and notebooks with the names, addresses and phone numbers of all our friends and other contacts? Remember when we had those impressive Rolodexes on our desks, with thousands of business cards in them? When 'having a huge Rolodex' meant having a lot of power?

When we painstakingly scanned those 1000s of business cards we garnered at conferences and tradeshows so that we could load them into our databases, or maybe add them to our eMail news list? Remember when we had those crucially important mobile phone numbers in our phone's memory (or on the SIM card) only? When Outlook had all our email contacts? When having a computer hard-disc crash or a stolen machine meant that many of our contact details were lost forever because we were always sloppy with our back-ups?

Well, no more: all of this is quickly becoming the past, for these reasons:

* Everyone that I meet face-to-face is sooner or later added to at least one of my social networks (that is, if I actually enjoyed meeting them, of course), freeing me from the onerous task of having to manually keep track how exactly I met them. For me, LinkedIn has in effect become my electronic rolodex, and finding, retrieving and filtering people has become very simple. I constantly use LinkedIn to keep track of people that I have met, and to re-connect with them as needed - and I keep LinkedIn pretty much reserved for people I have met in the 'meat-space' rather than just online. The bottom line is that just like GMail has greatly simplified searching through your emails, LinkedIn, Twitter and Facebook are simplifying my people search; by far beating the traditional methods of keeping my contacts up-to-date.

* Everyone that emails me (or vice versa) is saved in my gMail contacts list - all I need to do is search (and yes, I do export my contact list regularly). Why would I export lists of addresses if I can always search for them? Why do I need Plaxo or iContact if I have GMail plus my social networks (and now, realtime search and Friendfeed streams?

* Twitter, Friendfeed and Facebook keep very good track of my current conversations and make it easy to see my most active network members, so if I need to find someone I can certainly do it here very quickly

* Google private bookmarking tools and Yahoo's Delicious (which I keep public) make it very easy to bookmark and annotate people that are relevant to me, for later retrieval. I do this with 1000s of people I have met - I quickly bookmark your profile and add a few keywords, and even if I totally forget about anyone I will still be able to find them 5 years from now.

* Apple's slick MobileMe keeps track of my datebook, my contacts and my files; and on all my Macs and iPhones and iPods

* * * * *

**27. The Future of Advertising: become like... Content**
June 2009

When ads become so targeted, personalized, contextual, location-based, meaningful and relevant that I will want to see them (or at least not try to avoid them), then we are getting somewhere. I think that "Advertising IS Content" will be the key to web-native (and therefore mobile-native) advertising and marketing - all else will fall short of getting great results. I wrote about this in June 2008, here, and in yesterday's presentation at CMMA 2009 (the future of mobile marketing).

Some nice examples that are heading in this direction are the BMWZ4 Paint by Powerslide iPhone application (a great example for branded apps), Jeep's 'have fun out there' campaign, and Apple's 'second opinion' commercial on the NYT website (thanks to Frank at MediaArts in LA, btw). What we really need is cutting-edge creative work that is based on a complete and real-time understanding of how people are starting to mix real-life experiences, the web, mobile and social media.

* * * * *

**28. The New Business Model: having the guts Not to have one?**
June 15, 2009

It used to be that you needed business plans. Revenue models. Spread sheets. Projections. Forecasts. Analysis of every possible scenario. In short, MODELS of a new reality that you wanted to build. You then raised (or just spent) the money, you built your product, you executed. According to plan, hopefully. Idea > Model > Reality. Fast forward to today: we suddenly discover countless false assumptions that our nicely designed models were built on.

We discover that by the time we roll-out our product or service the entire target market has shifted, moved on or altogether evaporated. We discover that someone in Shanghai had exactly the same idea than us - and already has 1000s of customers. We discover that we spend so much time modeling that we lost sight of what cannot be modeled: Life. Intuition. Inspiration. Context. Vision. Ideas. Improvisation. Luck. Speed. Trust.

Here is a great saying by the grandfather of all management training, the formidable Peter Drucker: "Wherever you see a successful business, someone once made a courageous decision" and - in this age of the hyper-connected digital economy - this seems to be more true than ever before. We can model and analyze until the cows come home - in the end we must decide by our intuition, by our gut feeling, by understanding. Or not?

What do you think - tell me (tweet, facebook, or comment below).Luckily, the fact that we are now all connected has seriously increased the potential of a much more open and flexible venturing approach: many of us literally have 1000s of people at our disposal that will help us with their feedback, their comments, tweets, blog posts. The wisdom of the crowds is starting to be useful.

* * * * *

**29. A New Economy of Links & APIs, and the Interdependent Content Eco-System**
June 2009

It feels like things are moving increasingly fast now - the global economic crisis has either really catalyzed people and companies into action, or it has completely paralyzed them; but there is no way to stay neutral. On my end, I am certainly seeing a lot more demand for the development of immediate (2-3 years) future scenarios than ever before - guess that's a good thing!

A new kind of currency is developing, and it's based on how connected, appreciated, vetted & verified and available you are. This can be expressed in a myriad of ways, including via the number of links that you are getting, the amount of followers and retweets you are getting (however superficial that may seem, at this early stage), the number of people that subscribe to your blog feed, and if you run a network, how many companies are building your business on-top of yours (i.e. via the use of APIs).

Of course, beyond that rather primitive approach of pure volume and easily trackable stats lurks the much tougher question of real meaning, context, merit and quality, i.e. it is really the quality of every single node in your network is what matters, not just their sheer number.

While this Link Economy is, of course, not new, it is certainly getting a real boost from the likes of Twitter and Friendfeed where it appears that good links do matter a lot, and some Twitter search results now often trump good old Google search results. This "you are what you share" mantra is, of course, just one expression of the Web'whatever.0' principle of "success is the result of adding value not extracting value"; and clearly those that add the most value now get the most mentions i.e. links or retweets etc.

If this feels a bit like some kind of race to you I can definitely sympathize but would venture to say that we will see the normalization of this process within the next 9-12 months, just like we did with SEO which is now a pretty well-established routine and feels less like a constant race. Another important point has been raised by Umair Hague several times in the last few months (and yes, I have been busy applying the 'Proudly Found Elsewhere' principles to his blog posts;), and that is the fact that we seem to be moving into an Interdependent Ecosystem, and away from what I like call the traditional EGOsystem.

In the Content & Media and TIME sectors it will simply no longer work to focus on driving revenues and profits just for oneself, and based only on one's own assets and capabilities. Instead, in the future, revenue streams will need to be discovered, invented, generated, nurtured and maintained in collaboration with other key players in the Ecosystem. This is a key point for me: we won't have recurring and scalable new generatives in the content business unless we all help to build them, in the first place. There IS no model we can apply, yet, there is no set way to cook this dish, there are no charts to play off - there's only improvisation until we have a new song. Stay tuned!

* * * * *

### 30. Picnic Interview: Gerd Leonhard on Social Media Marketing

May 14, 2009

This is from the Picnic Conference blog, taken from a telephone interview with me, last week. Please note that I am firm believer that there is NO COOKBOOK for success in social media (whatever that means!), at least as far as I can tell. And there is no certainly not a definitive correlation between your mere numbers of followers or friends, and the quality or merit of your work. We are still very much in the very first, embryonic phase of social media marketing (and the related personal branding options), and it would be very premature to equal success in numbers with success in business or even any real degree of influence. I am experimenting with this just as much as everyone else... so, read this below, in that spirit!

Btw - the Picnic conference in Amsterdam (Sept 23-25, 2009) will be well worth attending (and not just because I'll be speaking ;). Last year's event was thoroughly entertaining as well as inspirational, if sometimes a bit overwhelming due to the sheer number of topics and attendees.


From the Picnic site (comments by me are in[...]) "Last Friday, the team at PICNIC had the opportunity to pick Gerd Leonhard's brain about social media marketing and what has made him successful. Gerd is a well-known media futurist and a regular PICNIC participant. He travels the world speaking about the future of media, content, technology, communication, business and entertainment.

In less than six months Gerd accumulated over

5000 followers on Twitter and his website traffic [and RSS feed users] increased by 300% (60% of which comes from Twitter). As a result he decided to completely stop communicating with his 17,000-strong database by email and his business has continued to thrive. It was a pleasure to chat with Gerd on the subject of social media marketing and we are excited to share some of his top tips with you. Pull, don't push: Get people's attention by providing value and earn their love by engaging with them. This will naturally lead to increased website traffic and increased sales.

*Getting started:*

* Choose a plausible position and objectives you want to achieve

* Find out where your target audience is, i.e. Twitter, LinkedIn, Facebook, YouTube…

* Listen to others and decide carefully who you want to follow and get feedback from

* Track replies and keywords to help you actively participate in the conversation

* Set up multiple accounts if necessary (by topic, employee, etc)

*Building momentum:*

* Jump in: don't be afraid to start, there is no right or wrong way to use social media for marketing

* Provide value: link to content on your website or blog like videos, slideshows, tips, interviews; provide useful resources from other sites; don't be afraid to re-package existing content by putting a new spin on the story.

* Avoid sales pitches: but do offer special offers or rewards to members of your network

* Participate: develop conversations with members of your network; ask for feedback or advice

*Be transparent: people will feel more connected with your brand when they know what is going on behind the scenes

*Establish yourself as a thought leader or authority: dialogue with the right people

*Measuring success:*

* Social media marketing is not a replacement for other marketing tactics. Success with social media tools requires time and effort, not money. Success has to be defined by the individual or company.

* The number of followers or members is important, but not the only measurement of success. You can also track traffic to your website generated by social media sites, number of RSS subscribers, and increase in comments or leads.

* * * * *

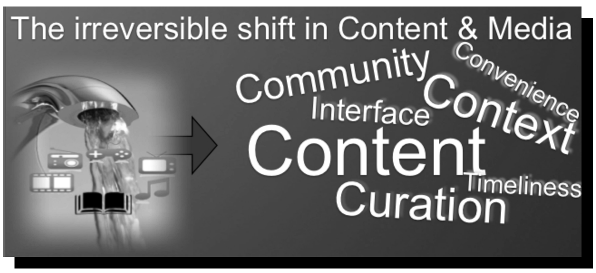
## 31. A Key Topic for 2009: Ego-System becomes Eco-System, Yelling becomes Talking, Traditional Marketing... Dies!

April 16, 2009

I touched upon this in my presentation at the Mobile Monday event in Amsterdam: I think we are going through a totally amazing and very challenging paradigm shift, right now (and this may still be a somewhat delayed consequence of the Internet (r)evolution and the first .com bubble): From EGO to ECO, from Control to Openness, from Domination to Collaboration. A few examples:

° The amazing shifts in U.S. policy and America's new global role: when President Obama implements his far-reaching plans to rewire how America works we will see this new trend towards win-win solutions rub-off everywhere else, too, and kick off chain-reactions in many other, traditionally more dominance-focused countries such as Russia, as well (and the reverse is also true). The old Bushinator mantra 'You lose - we win' has simply become unsustainable in today's networked economy, and America will doubtlessly struggle with this shift from domination to partnering for quite some time. However, I definitely anticipate a strong trend towards open systems and open platforms in the global economic and political spheres - as well as in technology and content / media - with utter transparency and TRUST becoming the key requirements for success, everywhere. There will no doubt be considerable debate on what this trend means for copyright and patent laws, globally, too, since these laws have traditionally been used for shoring up market-shares and protecting the interests of the large, dominant players in many industries.

° The music industry: the decline - or shall we say gradual vaporization - of most major record industry players due to their amazingly persistent obsession with control, makes a great case study. Rather than to finally permit new revenues to be co-developed via collaborating on win-win scenarios, the IFPI and RIAA are still looking for new enforcement and protection mechanisms such as the now flamed-out '3 strikes & out' legislation - it does make you wonder if their 'leaders' have lived under a rock for the past 5 years! In any case, the music industry is the prime example why monopolistic and totally centralized structures will simply not work in the future, and why we need government intervention when a market place is clearly dysfunctional. Many of my readers know that I have been talking about this for a looooong time, but now we are finally seeing it take shape: the music rights organizations and their related content licensing processes will undergo significant and sweeping changes in the next 2-3 years; everything is moving from a 'not allowed / not possible' default mindset to a more collaborative, open, flexible, transparent and public rights licensing logic - and they must adapt or get out of the way.




° The bottom line: If it's not based on a web-centric and connected logic it will cease to exist. As an example, the current conflict between the Music Performing Rights Organizations (PROs and MROs) such as PRS, GEMA and YouTube is based on this basic paradigm disparity: PRS and GEMA are thinking of the music rights still being firmly and exclusively their business (i.e. an EgoSystem), and Youtube/Google think of music rights as being a crucial component of a new, 21st century content ecosystem that concerns everyone and should not be governed by monopolies and cartels. Therefore, for Google I reckon that the music rights issue is something that must go far beyond the traditional structure that's based on 'I own the rights, exclusively, and you'll need to pay whatever I ask for'. My prediction is that if the traditional rights-holders and the many societies that represent them don't materially change their thinking on this very soon, they may wall see a wide-spread revolt of their younger, more progressive members, because they know that not permitting the use of music on Youtube (and Google!) is simply a suicidal move, in terms of getting attention and building your brand. Get off the Ego and think Eco!

° Microsoft's Windows OS is becoming less and less dominant (and relevant, too) as 'free' and cloud-based operating systems are gaining ground everywhere (Linux, Google).

° Most telcos, mobile operators and ICT companies are trying to switch from the traditional 'total control of the network, the infrastructure and the users' to open platforms as fast as they can (e.g. AT&T's open source plans, Skype's open Silk codec, Nokia's Open Symbian Foundation, Google's Android Mobile OS).

° In software, the continuing trend towards open-source and crowd-sourcing is clearly visible everywhere (e.g. the huge success of Firefox vs. IE, and the rise of open-source DMBS).

° Many large corporations are starting to move into crowd-sourcing, wanting to pursue increased openness in return for a chance to realize network-economy benefits. E.g. Glaxo Smith Kline's recent move to release a huge amount of cancer research data into public domain (Note: in this context, I highly recommend Yochai Benkler's fantastic book "The Weath of Networks").

° The mind-boggling popularity and global success of API-driven web portals and platforms (Twitter's amazing growth, Friendfeed, the new Facebook 'River', widgets, the UK Guardian's open API etc).

° For many large companies as well as for SMEs (small medium size enterprises), Social Media is quickly becoming CRM (customer relationship management) - rather than running expensive ads that talk about 'Me' and how great the new product is (i.e. Ego), the switch to 'having conversations with the customers aka users' is visible everywhere: Ford's new Fiesta campaign, Kraft's cool iPhone app. Brands can no longer be just BIG EGOs - they are part of Ecosystems, too.

° In Advertising, the entire paradigm of 'we'll yell until you listen' is finished - this concept was all about the Ego of the brands, and about us, the people formerly known as consumers, listening. Now it's all about the Ecosystem: Do you come recommended? Who trusts you? What makes you worthy of my consideration? Why should I pay attention to you? Who vouches for you? Who has told me about you? Are you open and transparent? Here, too, Egosystem has become Ecosystem, and a Trillion $ industry is changing as a consequence - from Push to Pull, from Yelling to Talking / Listening. Tough gig but... a gold mine if you can make it ;)

* * * * *

## 32. 8 Key Trends and some Foresight for the next 5 Years

April 07, 2009

Every now and then I get tempted into actually formulating some fore-sights. This time, the preparations for my upcoming speech on "New Media Futures" at the RSA in London have egged me on to share a few key points with you:

1) We will soon see the emergence of many different kinds of iPhone-influenced Netbook-like devices; some will be Apple-made but most will not. These devices may be 2-3 times the size of an iPhone and will connect to the Internet in every conceivable way, i.e. 3G/4G, LTE, Wimax, Wifi etc. They will be touch screen, zoom-interface enabled, cloud-computing, speech-controlled, location-aware, mobile-money equipped, socially hyper-networked, always-everywhere-on, HD-camera equipped and possibly project images and audio or even support basic holography.

In addition to the high-end, fully-loaded and perhaps still rather expensive versions that many of us in the so-called developed countries will gobble up, low cost and more basic editions for the developing markets will be sold in the 100s of millions (think India, China, Indonesia). These smart gadgets will have very low energy consumption and therefore extremely long battery life, may even sport basic solar-power options, and may ultimately cost less than 30 USD, or even be 'free' (why bother to sell the box if you can make a lot more $ with selling services.... Nokia?). It is these mass-market yet very smart and networked devices, together with cheap or free wireless broadband that will really revolutionize reading, newspapers, books and education; not to mention our music, TV and film consumption habits. Content commerce will be completely redefined as a consequence. As BTO told us a loooong time ago: "You ain't seen nothin' yet".

2) Very cheap or free wireless broadband - at fairly high speeds, i.e. at least 2MB / sec - will be available in most places, particularly in the booming new economies of Asia, India, Russia and South-America, and a bit later, in Africa. Funded by the likes of Google and by the future 'telemedia' conglomerates, governments, cities and states, wireless broadband will probably reach 3-4 out of 5 people on the globe within 5-8 years. User-generated & derived content (UGDC for those of you that must have an acronym ;), virtual co-production, mobile editing and instant network sharing will explode by a factor of 1000, making control of distribution a very distant concept of the past. UGC or UGDC may make up to 50% of the global content consumption by 2015. Consumers will be (co)-creators, marketers, sellers and buyers, and come in a hundred variations, from totally passive to totally active. Then, indeed, filtering, culling and curation will be the key to success.

3) Collective blanket licenses that legalize and unlock legitimate access to basic content services via any digital network will emerge, and are likely to take over as the primary way of content consumption, around the world (but in Asia, first). Just like water or electricity which is readily available when moving into a new home, the basic access to content will be bundled into access to digital networks, i.e. via ISPs, operators, telecoms, portals etc. This shift is starting with music (as already done by TDC in Denmark, and Google in China), and will be quickly followed by films, TV, books and newspapers. Access may often - but in local variations - 'feel like free' to the user but will in fact generate 10s of Billions of $$ via blanket licensing fees (yes... those pools of money), next-generation advertising and branding, data-mining & sharing, up-selling, re-packaging and many other new generatives. This topic will, btw, be the gist of my RSA presentation tomorrow - if you can't be there in person, you may want to listen to the live audio, via this link. (Image left via kk.org)

I think that governments around the world will call for and / or support the implementation of collective content licenses that will finally legalize content usage on the Internet, similar to how governments pushed for the radio and broadcasting licenses approx. 100 years ago. Whether these blanket licenses will be voluntary or compulsory remains to be seen - in any case the only alternative is to perpetuate a severely dysfunctional telemedia ecosystem that criminalizes almost all users and stifles innovation while generating virtually zero new revenues for the creators.

4) Fuel-cells and other next-generation mobile energy sources are a certainty. A serious increase in mobile device power (and therefore, its use) will be achieved by employing next-generation technologies such as fuel cells that could provide for up to 500x the usage time that we have today. This is likely to become a reality in 3-5 years and will revolutionize how we use - and how much we rely on - our mobile devices, especially in countries where there the fixed-line power infrastructure is much less developed or non-existent.

5) Completely targeted and personalized advertising, delivered largely on totally customized mobile computing & communication devices, will turn the $ 1 Trillion USD advertising and marketing services economy upside down. Behavioral targeting and user-controlled advertising will, of course, become an even hotter potato and a much

discussed challenge, but the good old deal of 'I give you attention & personal data and you give me value e.g. content' will be even more pronounced on the Net. In fact, advertising as we knew it is already more or less outmoded and will, during the next 2-3 years, be completely reinvented. Privacy and Trust are the #1 issues here.

The implication is that if your data (within your specific sets of permissions and opt-ins) is used to bring you perfectly synchronized advertising, than advertising really becomes more like content, too. Watch this play out in the mobile advertising space, starting this year, and quite possible boost the global value of advertising-content by more than 100% by 2015. Google will be the main driver here, plus Facebook, Nokia and yes... Twitter (soon to be = Google).

6) We will witness the more or less complete decline of most forms of physical media within 7-10 years. The very definition - and thus the core economic business models - of newspapers, magazines, CDs, DVDs and books will be completely re-written, and new forms of content packaging will rapidly emerge. We can already see a preview of how this may work in the current mobile applications boom: content as part of software packages; paying for the packaging, the curation, the bundling, the personalization - not just for the zeros and ones that are 'the copy'. This trend is important not just because it will reflect the users' (or better... followers') new consumption habits but also because of the increasing need to save energy and material costs - and moving from content products to content services will certainly go a long way in this regard. The total decline of printing in people's homes, and for personal use, will commence, as well.

7) Paying for privacy will become a distinct option. Today we pay to go online and connect; in the future we may end up paying for the luxury to go offline, disconnect, enjoy the quiet, and give our brain some rest. Maybe if we don't want to share our click-trails and usage data, we will be able to make cash payments instead - and the more you pay, the more private you can be..?

8) Travel 2.0: alternatives to 'actually going there' will explode: immersive, 3D video, virtual rooms, holography. This is a key development that will nurture new forms of entrepreneurship, education and group working.

* * * * *

## 33. YouTube vs. GEMA & PRS, Kindle vs. Book Authors, Google's Free Music in China: So what is the Value of Content??

April 06, 2009

I think 2009 will be a key year for the content industries, the creators, media companies, platforms, labels, publishers and other middle(wo)men.

In 2009, the value of content - starting with music and news - is being redefined for the Internet age. The gloves are off: the music rights societies want more money for each play, many journalists and writers are fearing a gloomy future as newspapers stop printing and shift to digital publishing around the world, and the book-authors guild is quarreling with Amazon about the Kindle2's robotic voice renditions of their works.

The bottom line is that the core logic and operating mantra that the 'Western' content industries have employed until now is becoming unstable and, economically speaking, increasingly unworkable. The Internet has severely disrupted the traditional value chains, and the promised land of advertising-supported free content has not yet materialized.

Let me outline these shifts and challenges a bit more:

A) Controlling the distribution of content - whether by technical or via legal means - is increasingly becoming an utter 'mission impossible' unless you want to adopt a seriously totalitarian Internet regime (as seems to be proposed in France last week I fear...)

B) Closed systems and walled gardens (yes, those of the telecoms and mobile operators, too) are leaking everywhere. Closed and centralized ecosystems are becoming very expensive and thus hard to maintain, e.g. Microsoft Windows versus the ever-mushrooming Google Web OS (soon to include voice communications), Android and Symbian mobile OS vs. Windows Mobile, free streaming vs. paid subscriptions such as Rhapsody, open API-based platforms such as Twitter and (now) the Guardian's Open Platform versus proprietary offerings such as iTunes or the WSJ, and so on and on.

C) On the Net, just about every mode of content consumption -aka listening, watching, reading- does in fact create copies, too, so the traditional legal distinction of 'free use/listen/watch but paid copy' is... well, toast, I would say. This creates significant legal uncertainty and pulls out the rug under the value logic of the traditional publishing industries.

I like to refer to this tectonic shift as 'The challenge of 21st Century Content Economics' (see a related swf movie here); riffing off a similar phrase I picked-up at Umair Haque's very inspiring blog. First, here are some of the most common questions I keep getting about the Future of Content:

* If everyone gets to make use of content (music, video, news, images) 'for free' or for much cheaper than before the advent of the Net, if just about everything but my dinner can be shared and remixed and forwarded, won't we just see a 'rush towards the bottom', i.e. all content gets cheaper, all the time, until it stops making real $ altogether? And how will 'open' content make any money, anyway? Who will pay for something that can be gotten for free? How can you compete with free? And beyond that, if everyone thinks they can be a creator, producer or broadcaster, too, who will still pay for the 'professionals'?

* When access finally replaces ownership on a large scale, e.g. printed newspaper-reading goes away and reading on mobile devices takes over, or streaming music on my iPod Touch overtakes buying single tracks on Amazon or iTunes (ps: I think it already does), who should pay for what, when, where and how? Is this kind of universal access monetizable like the 'copy' was? How is the current law going to help us with this... or not? When the very definition of COPY becomes unworkable, what happens to Copyright?

* If we agree that not making your content available online seems like an unrealistic option (as it indeed robs the creators of the most popular platforms and ways to present, market and promote themselves to their audiences) is the traditional right to refuse permission, based on the exclusive right of the author (or their representatives i.e. the publishers and labels, studios, rights organizations etc) still feasible and realistic? Can the law as it is now still be used to monetize our creations, or will the insistence on these pre-Internet laws just render us irrelevant, attention-wise and dollar-wise? And if we need to make our content more available, where will the new money come from? In other words, if not Control, then... what...how...when?

Here are some answers that I have been investigating (please bear with me for a few hours while I find the definitive solutions ;):

1) I think content can be both free or cheap, and very expensive. This sounds paradoxical, perhaps, but the reality is that in a system that is no longer based on selling units or copies (i.e. CDs, DVDs, books, single-track downloads, cable slots etc), the

value of content is very likely to be constantly re-determined by a multitude of surrounding and incremental factors. So the correct answer to that key question of 'what's the value of content' should probably be a solid: 'it depends'. As much as that may make the job of getting remuneration so much harder, I think it is also potentially quite liberating that we will no longer need to worry about controlling distribution so that we can sell more copies. Instead, as would be the case with the flat rate for digital music that I have been pushing for the past 7 years, we could then shift our entire focus to getting and keeping Attention and Trust - 2 factors which now are the very foundation of any commercial success. In fact, I would argue that because of the de-emphasis on copies most content marketing and promotion tasks will get a lot easier (and much less costly) since we can now use the content as a marketing tool, itself.

2) So what are those future value-determining factors? Here are a few from a long list that I have been compiling:

° The best quality experience, at the perfect time. Compare listening to a low quality audio-stream on your mobile, in the train, to enjoying an HD recording on your living room (or car?) sound system. The first one could be feels-like-free or bundled, the other one could be a premium, paid-for service. The difference is just my particular use case, not the 0s and 1s.

° A new, attractive and convenient package (or shall we say, alternate user interface?) A powerful and very recent example is 'The Presidents of The United States of America' iPhone app: the user pays a one-time fee of $3 for free, on-demand streams and videos from the last 4 albums, and lots of up-selling is built right into the app. iPhone users that are fans are very likely to shell out $3 to get this cool widget, and in a way I guess they are now actually paying for what they would otherwise have gotten for free, anyway (i.e. to listen to their favorite music, on-demand). Plus, the band now has a direct and totally unique path to their biggest fans - and that is the new gold, in my opinion. Sounds like a great deal to me: package it nicely and it will sell regardless of free alternatives.

° Also note that this same phenomena is what still sells printed books. The words i.e. the content anyone can probably get for free, somewhere, but the feel and smell of the paper, the physical format, the touch, the familiar and comfortable user-interface (UI) is what I am actually paying for when I buy the good old, dead-tree version. In other words, I pay for the design, the printing and shipping, and only implicitly for the 'words'. It is important to note, though, that nice user interfaces will soon be available on electronic reading devices, as well, therefore leading us to that very same, original question: what will we pay for when we buy content, ultimately? We may soon enter the age of content-as-software-packages: many of us may soon no longer order the printed versions of books (last not least because of environmental concerns) but we may happily pay a few Euros a month for a digital book subscription, or add it in a bundle via our mobile phone bill, only to then buy the 20 Euro multimedia / virtual world edition of a book we really like - except that it won't be printed and shipped but also downloaded to my mobile device.

° Authenticity and timeliness. I foresee a future where I will gladly pay a bit more to make sure that what I get is the bona-fide real thing, from the actual creator, in its correct version and without any shortcuts or changes. An authorized, paid-for English translation of the new Paulo Coelho book (digital or otherwise) would certainly be more enticing to me than 'free' copy that is not stamped with his approval. And if I can get it the moment that it's finished, even better (and I pay another premium).

° Selection, expert curation, filtering, culling, context, annotation. In my experience, few people have time to find the best music for a specific occasion. Why would I bother looking for a great selection of ambient 'space music' for my yoga sessions when a true, bona-fide authority such as Stephen Hill (Producer of the superb Hearts of Space / HOS online radio show) has already done this for me? My payment to HOS would therefore be not so much for the actual songs, it's more for the service of having them filtered and annotated by a real expert.

3) For the very same reason that content can be simultaneously worth a lot or very little (i.e. because of its disembodiment and the shift from selling copies to providing access), it follows that many rights holders and their agencies may no longer be able to get fixed fees per copy, or even per use of a piece of content. Simply because if they continue to do that they will make it impossible-by-design to comply with their rules and legally use their content in all but the most highly subsidized cases, because most of the time a fixed fee will not be obtained on the other end (i.e. the users), either.

YouTube simply cannot pay a fixed 1 cent per stream - even with Google's deep pocket behind it - because the Youtube users will not pay 1 cent (or even a fraction thereof, for that matter) per stream, and advertising revenues that would support these kinds of license fees are not within reach yet (because, just like content, the web's advertising and marketing logic needs to be reinvented first, as well !). This new business needs to be build together, from the ground up. We are seeing this hairy issue creep up everywhere: GEMA (the German copyright organization) reportedly wants up to 12.9 cents per music video that is played on Youtube in Germany; the reason being - and this is my personal guess - that they probably treat each video-play as an on-demand performance which would be charged almost as much as an actual copy (i.e. a download). And of course, the reality is that those digital natives are in fact using Youtube as virtual jukebox - watching my 15-year old son hang out in his room I can certainly attest to that.

So GEMA's (and PRS') point is as correct as it is pointless: these on-demand plays are very much like a download, in terms of how the users are using the content. Access is replacing ownership.

But here is the tough part that cannot be avoided no matter what: it's not the users, or Youtube (or Last.fm or Pandora or Hulu or Miro or Boxee etc) that are at fault here, it's how traditional content industry entities such as GEMA and PRS define the value of music (and other content). For them, a piece of content still has its fixed and minimum value, and if you want it, you'll need to pay up according to those rules.

* * * * *

## 34. Why Google's Free Music Deal in China is so important, and what it may Really Mean

March 31, 2009

I have mentioned Google's music-related activities in China a few times during the past 2 years; and just yesterday this topic seems to have heated up considerably. I think these developments are crucial and need further exploration.

As you may know, Google owns a good chunk (or all?) of the Chinese search engine Top100.cn, one of the biggest rivals of the Chinese super-portal and ruling search giant, Baidu. However, Google is still a more or less distant second in the Chinese search market (in 2008, Google had approx. 16.6% vs. Baidu's 76.9%) and really needs its Top100 property to better compete with Baidu.

The major issue here is - you guessed it - the availability of CONTENT- or rather, the simple displaying of links to millions of music & film files that those hungry freeloaders i.e. digital natives want to stream or download. Baidu allows this - in fact, thrives on it - while Google / Top100 does not (i.e. it filters and removes the links to the files). This is a huge handicap for Google, because the filtering of those content-links is basically driving away all of those 100s of millions of Chinese Internet users that are looking for just that.

Realizing that the real value of the users is in their participation and engagement, and then in paying-with-attention, Google has clearly pursued a strategy akin to the 'Music Like Water' model that I (and Dave Kusek, my partner-in-crime for "The Future of Music") have also described countless times: Google will simply provide the platform where music can be turned into money, by connecting the user with the content they want right where they already are (i.e. the search page), while gradually but aggressively monetizing their presence and their clicks via 3rd party payments - and this does not mean just ads. Sounds simple but maybe this has not yet been financially feasible in the past - today, any new money for the music companies is welcome, I guess, so here we are, finally: Search with us and we'll give you Free Music. Kai Fu Lee Image via NYT.

Clearly, it is much better for Google to offer and develop a new payment logic and mechanism for the music that is being used, i.e. to somehow license and pre-pay for it (I call this 'being the lubricant of the ecosystem') until such time where the revenues from advertising, up- and cross-selling are big enough to pay for everything, and quite possibly beyond that, as well. And as far as the music licenses are concerned - otherwise a no-go minefield that few Internet companies have crossed in the past - China is clearly a very good place to start as most of these new revenues will be 'found money' for the record labels.

Total Telecom reports: "Record companies will take roughly half of any revenue from banner ads placed on the page users see when they are downloading or streaming songs, with Top100.cn taking the remainder. Google could benefit from increased traffic on its Chinese site, and can sell its trademark search ads on the search page" The bottom-line? For all parties, it is better to deploy new kinds of ads (think mobile - that will certainly be key), sponsorships and affiliate links while the music is being used (fka consumed;) and to thereby fund the pool of music licensing costs, then not to get involved and leave the turf to all the other guys that don't play by the rules, anyway.

Now, Google has apparently licensed 350.000 tracks from all major labels (how long did that take... I am afraid to ask... *rant alert) and many leading Chinese record companies and artists, and if you are logged into Top100.cn, and based in China (sorry - no access from EU / US), apparently all the music is yours to stream and download. So: Google pays for the music to get our attention for their ads - sure sounds like a familiar strategy. Radio and TV broadcasting, anyone?

Another interesting morsel is that apparently streaming and downloading is treated as pretty much the same thing (again, from the WSJ coverage, see link below): "Google's Lee said songs on the service are downloaded or streamed around 1.5 million times a day, and he hopes the number will eventually be many, many times that". I believe I have mentioned this basic fact of Internet music a few times before, too: streaming & listening IS downloading, access IS ownership, and that's that. The legal artifacts remain, I guess...?

Now, just because I won't want to agree with the major labels and their lobbyists too much;) - here are my big questions:

If this works in China, why not do this everywhere else? If this works for Google, why not for telecoms, ISPs and mobile operators? If this works for music, why not - sooner or later - for music, TV, video, books and newspapers?

First: China does not have much of a business of 'selling units', i.e. there are no Billions of $ in selling CDs or single-track downloads. Therefore, any money that the rights-holders (i.e. the record labels and music publishers, and hopefully the artists) can actually get from anyone in China is probably very welcome; and that is exactly what the Google / Top100 deal will provide.

And even though it would be a fair bet to guess that this deal is probably not coming cheap for Google China, it is probably still quite doable since the 'competition' of physical music sales is negligible and so-called 'cannibalization' of traditional music sales is not a major concern for the record industry in China. This would of course be substantially different in the UK or Germany where CD sales and the omni-present iTunes still generate Billions of Euros per year. But this is the lesson: someone had to put some money down. Congrats to Google / Top100. Next: the telecoms - within 6-9 months, imho.


While the cannibalization prevention is, of course, entirely reasonable (if you still sell units), it does beg the question: why do those lucky Chinese Internet users - many of whom may never had to worry much about potential copyright issues, 3 Strikes+Out ideas or MP3-server raids - now get a de-facto feels like free music service, while we - the more or less faithful and compliant residents of 'The West' - still need to pay 1 Euro / 1 $ for each single download on iTunes, $3 / month for Last.fm (ouch) or run off to the record store, or order on Amazon.

This clearly does not make sense: it feels a bit like we are being penalized for having actually paid for our music until now. So, some will surely argue, does this mean we should stop paying for music until such deal is being offered in Europe as well? You tell me - but it's sure worth a discussion, I think. It seems to me that this model is workable around the world now - and not just for / with / via Google - and that it should be pursued in Europe and the US, as well. Give us a licensed platform provides 'feels like free' music to the users, based on collective and public blanket licenses that can enable anyone that wants to offer music with what they do, while paying for the licenses with the traffic that those offerings, the added values, the platforms, will generate.

Here is another interesting quote from the WSJ: "I can't overstate how important the new Google service is, said Lachie Rutherford, president of Warner Music Asia Pacific, which is making its entire global catalogue available in China as part of the deal: until now, the online market in China has been completely un-monetized by the music business".

This strikes me as a very interesting way of putting this: Lachie / WMG: isn't the entire Internet music-sharing economy (i.e. P2P, stream-sharing, drive-sharing etc) un-monetized, as well? And why is that? If WMG can do this in China because their is no previous unit-sales income worth mentioning, why not do it for the Internet, period? Why not license Google - and Facebook et al - and the ISPs in much the same way? Or will you just do this in places where nobody paid anything to begin with?

Techdirt has a very fitting comment, on this (see the link below): "The fact that the labels are moving forward with this plan in China, given its reputation as the wild west of copyright infringement, undermine their contention that they can solve the supposed piracy problem with legal or technological means elsewhere. Furthermore, it exposes the reality that what's staring them in the face is a tremendous opportunity, not a problem" Not much to add here, except for my usual Lessig-esque mantra "Compensation not Control". Google + Telecoms - will you do that for / with us, please? This year?

* * * * *

### 35. Marc Andreessen: “Not Allowing Your Content to be used is entirely the Wrong Strategy” - me: “IP gridlock must end.”

March 26, 2009

I just finished watching a great Charlie Rose interview with the amazing Marc Andreessen (Founder of Netscape, now Founder of white-label social network platform Ning, among many other things). Marc is one the brightest people in this turf, and I definitely recommend that you check out what he has to say about the Future of Newspapers, and the Content / Technology space in general.

In the interview (see my short, slightly time-warped but still crucial excerpt below), Marc talks about the urgent need for all content to be blessed with an ok-to-use-license on social networks and social media. I totally agree with Marc on his key message: nothing can be achieved by removing your content, or by making the legitimate use of content so incredibly expensive and complicated that few companies can actually afford it. Recent examples abound: WMG and Youtube, Youtube & the PRS, Amazon's Kindle2 versus the Authors Guild, Pandora's difficulties outside of the U.S., CBS and Boxee, my very own Sonific.com ... and the list goes on.

When content is removed from sites that deliver audiences of 200 Million+, then it's the creators and the users that lose, flat-out - no buts and ifs. Why do you think Facebook (which is starting to drive traffic in exceedingly huge numbers) does not have a music or video service? You guessed it: there is no reasonable deal to be had with the representatives of the music, film, and TV companies.

In my opinion, we currently have a severe IP-Gridlock situation: content creators, owners and their representatives (and these are very often more of a problem than the actual creators, in my experience) are still basing their monetizing strategies on scarcity, on the right to refuse the deal, and on 50-year old copyright laws, regulations and traditions. These laws - as crucial as they were back then - afford the rights-owner the exclusive right to say yes or no to pretty much any kind of new Internet-based use of their music, films or TV shows, and therefore a common misconception is that - as it has been for the past 50+ years - more control actually equals more income.

And it kind-of did - back in those days when refusal could sometimes be a very effective way of enforcing a higher payment. Well, this was then, and the future is... already here. Adhering to this strategy of refusal and monetary revenge ('now that you're a big company we'll take all we can get', see Youtube vs PRS) is a huge mistake and will beyond a shadow of doubt devalue your content very quickly, in the next 2-5 years (depending on your specific domain).

In music, this pivot point has already been reached: if your content is not available (i.e. findable and listenable) on Last.fm, Youtube, Myspace, Spotify, Facebook, QQ and so on, it quite simply won't exist for the 1.5 Billion Internet users and the soon-to-be-online 3.5 Billion mobile phone users. That means you are losing out on reaching a huge audience, and on doing so in the most cost-effective ways. It means that new routes to monetizing - those so-called new generatives- cannot be tried and co-invented.

It means that innovative and honest entrepreneurs are stifled and silenced while your content is still being dished up in other places, for free, anyway, and without your permission. It means that all the mad mole-whacking won't get you paid - it's just the lawyers that make a good living this way. It means that a new ecosystem cannot emerge because you are still insisting on doing business like it was done 20 years ago: with large advances, completely under your exclusive control, your way... or the highway. So here is a wake-up call if you're still thinking that blocking the use of your content will get you more money: it simply won't work. Period. You can't fax a cat. Really.

As to the music business (recorded and publishing), this much is obvious: either the industry will start to dial back on Economic Egoism and their obsession with Total Control, or 4 Billion Internet users will simply route around them like a river routes around a rock. To make matters worse, governments will certainly step in to force an end to a clearly dysfunctional system that criminalizes 100s of millions of people while returning zero new revenues to the creators. What will work is COLLABORATION, Trust and Mutual Respect in defining the new ways of how $$$$ can be generated for content creators - and there are plenty, once we question our out-dated assumptions.

* * * * *

## 36. Some Internet Companies are becoming more like Public Utilities and Integral Parts of our Social Infrastructure

March 23, 2009

I have observed a recent trend that I want to share and get your feedback on: some Internet companies and platforms such as Google / Youtube, Facebook, Nokia, Slideshare and Twitter are becoming so important to many of us that we would be severely challenged if they went away or materially changed their services. This makes them both very powerful but also very vulnerable - for if we chose to no longer trust them, they would quickly face their demise. Some examples:

° Google already provides the digital toolbox and 'cloud computing' infrastructure for a 100s of Millions of people: free email, domain services, calendars, docs, widgets, blogging, videos, voice (soon!) - and of course: search and advertising services. Youtube has become the de-facto next-generation TV for a lot of people, already. My slightly futuristic view is that pretty soon Youtube and the many other video sites (and of course the 100s yet unlicensed video download services) may start replacing Cable TV as the prime source of entertainment for a lot of digital natives. A fast net connection + AppleTv + Boxee + Miro ...pretty soon, that should do it!

° Facebook provides a key social platform that, for many users, has already substituted email or phone calls, and is well on the way of becoming a cyberspace 'home' for many of us, a digital meeting place and key part of our social lives. My prediction is that Facebook will become as important as Google - and they will reinvent advertising in the process, just like Google did.

° Flickr, Slideshare and Twitter - to a lesser degree, for now, compared to Google and Facebook - have become crucially important to Millions of people already (I can attest to that) because they are great platforms to share stuff; and sharing seems to be what gets a lot of people excited - not a surprise but certainly an important realization.

A bit like the good old BBC, these companies may soon face a double duty and somewhat of a conundrum: 100s of Million of people have grown accustomed to using them, and their services have become so crucial that they have become not only valuable businesses but also public utilities that we are increasingly depending on. My feeling is that once a company has reached this position, its value is much higher than the actual revenues could ever warrant, since it's no longer just about monetary value but also the social capital they have accrued, and the corresponding TRUST that we put into them.

So this is, as a result, the most important mission for those companies that make it to this point: Earn and keep my trust, every single day, with everything you do. And then, I will keep paying attention to you, give you my data to use, send my friends to you. Don't mess with the terms of use without asking me (>Facebook), ask for permission to use my click streams and cookies (see Google's approach to behavioral targeting), and don't ask me for $ too early (see Twitter's yet to be defined revenue strategy).

* * * * *

### 37. The Gloves are Off: now Google needs to Really get Involved in the new Content Economy, asap.

March 11, 2009

I already blogged about the Youtube / PRS show-down (hey - that's a great word for this) in the UK, earlier today. After reading, twittering and talking to lots of 'real' people about this today, this is my conclusion: This conundrum is not Google's 'fault' but still: Google needs to really, materially and boldly get involved with facilitating the construction of a new content logic and economy, and lead content creators, owners and representatives into a new ecosystem that will actually work for all involved parties. Because it can.

Conflicts like Youtube vs. PRS are unavoidable because the canyon between Google - imho still pretty much the primary driver of Net-fueled innovation and disruption- and the content creators (never mind the industry) gets bigger by the minute. And, in my humble opinion, Google isn't doing nearly enough to explain this to them, and to guide them more conclusively into this new domain where content isn't always king, and where it won't matter if it is or not (if it ever did). I talked about this in my speech at Authors@Google in SF last week; hopefully we will have that video available soon. The bottom line is that this will take deep, serious, multi-lateral, honest and open collaboration between these (and other) key constituents:

1) Content creators and the content industries (in that order;)

2) Telcos, ISPs, mobile operators and other telecommunications companies

3) Advertisers, brands, and their agencies

4) Social media and social networking platforms (of course all Internet companies, other search engines and portals)

5) Governments and governmental bodies

Welcome to a new Data Economy, a new Advertising Economy, and a New Content Economy. Your turn, Google.

* * * * *

### 38. YouTube will remove UK Music Videos, no agreement with PRS - when will they ever learn??

March 10, 2009

The UK / EU web is buzzing with the news that YouTube (Google) has started to block or remove UK music videos because they have not been able to strike a new music licensing deal with the PRS-For-Music, the UK rights society which represents the songwriters and the publishers. I particularly like the coverage of this issue by TelecomTV.com, here, but a lot more links to other coverage can be found below.

As is my habit, at times, I want to quote and comment. Before I get started, though, I want to point that obviously I don't know the terms of the license that were suggested by either YouTube or the PRS, so therefore I cannot comment on whether either one of them is realistic or not. I just know from my own experiences (among many others, with the now defunct - RIP - Sonific) and from many other deals that I have observed, that very often the respective proposals are 20-50x apart, i.e. one party may suggest 1 cent per stream while the other party wants 20-50 cents - mostly, simply because they can; after all, the rights holders enjoy the protection of having the exclusive rights to license their songs. I would not be surprised if that was the case, here (my exact guess is something like 10:1).

Anyway, here we go, from TelecomTV.com "Yesterday YouTube announced that it was going to take down all the premium music content currently available to UK YouTube users because it had failed to hammer out a new licensing deal with the UK's Performing Rights Society (PRS) for Music, a notoriously hard-line royalty collector. YouTube said the PRS wanted more royalty payment for each video view than YouTube could ever make from the ads situated next to each".

My comment: this points to the root of the problem, right away. Any deal between the mighty Google and the still-trying-to-find-the-right-$-model YouTube and the rights-holders' representatives has to be about sharing the revenues that are actually achievable, in the market, here and today, and jointly building a system that can generate more and more revenues, tomorrow and beyond. Again, as Larry Lessig says, and as I have proudly annexed from him, it's about Compensation Not Control! To the PRS: NO, you cannot have both - and it looks like you just decided against Compensation???

Unfortunately, this detrimental mindset has become a default setting: many if not most of the rights societies in the so-called developing world, and now apparently the PRS, too, have adopted one of these 2 strategies: a) if a potential licensee is still too small and economically insignificant to warrant their consideration, they will not offer any license at all, unless it neatly fits one of the existing templates b) if a potential licensee is large, juicy, popular and financially connected to an entity that seems to have verrrrry big pockets (see Last.FM, MySpace, YouTube, Facebook... maybe), they will ask for the moon and try take them to the cleaners.

Even better if that entity has been previously in-breach of the existing licensing traditions and regulations - more leverage is always a good thing, right? Just study the mind-boggling story of my favorite web-radio service, Pandora. Never mind that this kind of 'it's my right and I will fully exploit it as I see fit' - thinking is also pretty much what has gotten us into this horrible economic crisis, as well - but that's another story.

None of this has anything to do with real, honest and open intention of building a mutually beneficial and future-oriented model, and everything to do with what I like to call Economic Egoism that is effectively set in stone i.e. law by some outmoded laws from over 20 years ago. As long as rights organizations -whose tasks it is to license music not to forbid its use - are pursuing this strategy we will not get to a point of 'peace' with all those new entities that clearly want to use, and pay for their music.

The PRS published a very revealing statement when YouTube announced their decision to play hard-ball and remove the music videos - here is the nugget: "Google had revenues of $5.7bn in the last quarter of 2008". What does that have to do with negotiating the fair and equitable licensing rates for music? PaidContent.org has some great comments on this issue, interviewing YouTuber Patrick Walker, including this one: "to suggest that, because Google’s a big company, we should just suck it and pay a ridiculous rate is not something that we’re going to stand by...it’s hard for new models to emerge when the starting point is a massive loss on a per-stream basis".

In fact, I believe that this kind of attitude from rights organizations, publishers and record labels will most certainly lead to government intervention, sooner rather than later, since a dysfunctional market is not good for anyone - and clearly, this is what we have now, and it appears to be here to stay. I think... I have said it before:)

So here is my message to the PRSForMusic (as they are now called) and their members (hopefully they have a say in this, too): pleasssse get off this bizarre and decidedly Web 0.0 idea that Google should now be paying for everything that you think has been 'stolen' from you on the Internet. Instead, give YouTube a flexible, open, transparent and realistic license that gives everyone room and time to MUTUALLY develop this model, going forward. There is nothing to be gained by refusal! Start to cooperate rather than to try to dominate these conversations. COMPENSATION NOT CONTROL. And do it now, or have somebody else force you to.

* * * * *

### 39. Band offers Mobile App for streaming Music (ArsTechnica): Music as Software is the Next Format after the CD!

March 2 2009

Read about the Presidents of the United States of America: Bands bypass iTunes by streaming music through iPhone apps - ArsTechnica: "If you're a Presidents of the United States of America fan, you can now listen to the band's entire discography for a mere $3, but not through the iTunes Store. Fire up your iPhone and grab it from the App Store instead; the band has bypassed the record label bureaucracy and released everything on its own..."


This is clearly a very cool idea, and something I have been looking at for quite some time: in the dawning age of rapidly exploding mobile app stores, on 5+ platforms, and with something like 2 Billion always-on smart phone users, we can now start selling music as software packages, i.e. in any UI/UX, multimedia, online/offline format that fits the artists' specific users and locations. Bands and artists, their managers, agents or labels and even publishers can select any combination of audio, video, pictures, texts, news feeds, games, twitter updates and social media 'rivers' to update the bands fans at any time, anywhere in the world.

My hunch is that most artists will probably have basic free versions available, at first, followed by premium apps that offer considerably more value and will cost from a few extra dollars all the way up to even $50 per user - and most importantly, lots of up-selling will be fueled through these apps. Think live concerts webcasts and downloads, premium video footage, remote backstage access, preferred access at concerts, merchandising etc - once I am hooked on the band, using this app, I make the perfect case for pitching something else to me.

I have said this a few 1000 times in the past, but here it is again: Music as a service (i.e. get / buy / bundle access first, and only then buy products), and now, Music as mobile software packages may well be the next format after the CD.

Take it a step further and think of how advertisers, brands and other partners could (and will) sponsor or co-present these apps, and therefore align with artists that make a good match with their branding strategy (see Groove Armada & Bacardi, Sting & Jaguar), and pretty soon most mobile music apps will be free or as I like to say, Feels like Free, for the users. Of course, downloading i.e. the ability to keep music must be part of it, as well - especially in the developing countries where easily available wifi/wlan is not that far along quite yet. I would expect that this will be part of many premium mobile music apps very soon. Stay tuned - this is a major trend, for sure.

* * * * *

## 40. Amazon Kindle: Rights-Holders oppose Robotic Reading Feature, Amazon makes it an Option.

March 04, 2009

This is an interesting debate that once again shows that many rights holders will need some serious hand-holding when it's about understanding new technological implementations. I think this will be a major task, and very powerful if somewhat tedious opportunity, for the likes of Amazon, Google (Youtube), Yahoo and Facebook (yes... why? Stay tuned!) and very soon, the big agencies such as DDB, Ogilvy and Saatchi, as well as for all those Telecoms that want to play in the content & experience business (and which one does not?).

The creators and rights holders urgently need to understand and embrace the web-fueled paradigm of 'giving something' in return for 'getting something' - and the increasing empowerment of the people formerly known as consumers (aka the users) means that the creators will have to give more before they can get something back. Some people would call that the pressure of the Attention Economy - but this is the undeniable reality of the hyper-connected and mobile world we now live in, and it is not something we can switch on or off as we see fit. Ignore this trend at you own peril - witness the music industry's refusal to give more value before the purchase, and where it has taken them.

Now, Spotify, Last.fm, Myspace and iMeem provide free music on-demand, Hulu and Youtube provide free TV shows on-demand, Amazon and Google let people search-and-read-inside-the-book. And now the new Kindle will allow you to listen to a robotic voice rendition of a book - hardly a competition with the audio book, I would argue. In fact, this feature would probably drive people towards buying more audio books - free added values convert to sales based an getting better interfaces and higher quality. Sounds familiar?

This whole debate is very much like, years ago, the issue of Amazon's Search-Inside-The-Book feature. After a lot of deliberation, the publishers found out that the new feature really did increase sales (I think by something like 10%) and what's more, it got a lot of people 'addicted' to the book right there and then - which is usually the best way of snagging a new customer.

I think that Amazon should consider offering an additional, small monetary incentive to the publishers as well as some clever reporting on who is listening where (based on opt-in), and maybe even some promotional, highly targeted audio 'advertising' options to the participating book publishers, and thereby sweeten the deal. But most importantly, the publishers need to start looking beyond their constant fears of cannibalization of existing revenues, and look at all these new options with less toxic assumptions (as social media expert and fellow bloggerati Neil Perkin likes to calls them).

In addition, drastically lowering the price on digital books (the audio versions, too) would go a long way in boosting the take-up of electronic reading. And beyond that: what if you could use Kindle to have actual conversations with the readers - wouldn't that be a boon to writers and publishers?

The bottom line: switch to Openness and find new revenues. Now. Look at Nokia / Symbian, Firefox, Apache, Adobe, Android... Openness is tough but it always wins the users.

* * * * *

### 41. Control matters less, Trust matters more: new Ecosystem in the Making
February 23, 2009

I am continuously working on my new book "The End of Control", even though I have lately been wondering quite a bit about whether it still makes sense to publish a dead-tree version of a non-fiction epic these days - I may yet decide to remain entirely in the realm of bits and bytes. Stay tuned. Or better yet, tell me what you want!

In any case, a big part of "The End of Control" is about how, all around us, Control is declining in importance (as well as in feasibility!), and our emphasis is gradually shifting to Trust. Not to become too Obama-ish here but I have observed this trend pretty much in all sectors that I work in, from media & content to travel to telecom, and it is an amazing change. And a real challenge.

So, rather than trying to control what people do with a service or product they get from a company, many businesses are now starting to focus on earning, keeping and expanding the users' trust in what they do and how they do it, so that at the right time their users will indeed make the choice to pay them.

Because that is pretty much what it comes down to, now: people make implicit (bundled) and explicit (i.e. voluntary) choices to pay for what we offer them. This is especially true for content, software, media and entertainment, of course - given that many of those goods are already digital and thereby payment can often be avoided if you so wish. Examples for how trust is starting to replace control abound - here are a few:

* Twitter users make the choice to follow me (hey... don't ask me why), and now I have to constantly earn their attention with what I share on Twitter. If they like what I do, they will retweet my stuff (apparently the highest honor these days) or forward the links to other people via email or the various social media sharing tools. Yes, in case you were wondering, I have indeed been booked for speaking gigs via connections I made on Twitter (just like those that I make on this blog) - something that was a total miracle to me when it happened but now I am starting to get it. In any case, I'll be the first to advertise on Twitter when they offer it.

* Flickr: they offer a fantastic platform for sharing images (and now, video), and once people trust them, quite a few of them end up buying the Flickr Pro account for $30 or - in fact, being a Flickr Pro user has become a bit of a status symbol among 'sharers'. The bottom line: earn my trust and attention with the free stuff, and then ... allow me to pay for something else.

* Amazon's best-selling MP3 album in 2008 was 'Ghosts' by Nine Inch Nails, even though that very same album was made available under a creative commons license and free downloading by the band, itself - people made the choice to pay for something they could have had for free. Think again - compelling people to pay is starting to look like a real alternative to forcing them to pay (music industry readers, take note;).

* Google. Of course, Google is the Master of this new art of business; constantly adding value, wielding ever higher attraction and receiving copious amounts of attention - all of which converts nicely into people trusting Google, and subsequently giving Google their money; whether it's AdWords, Apps, storage space, search tools. Google is indeed the master of giving control to us, and then have us return the ultimate favor of trust. Loads of Attention which, you guessed it, turn into serious cash for them.

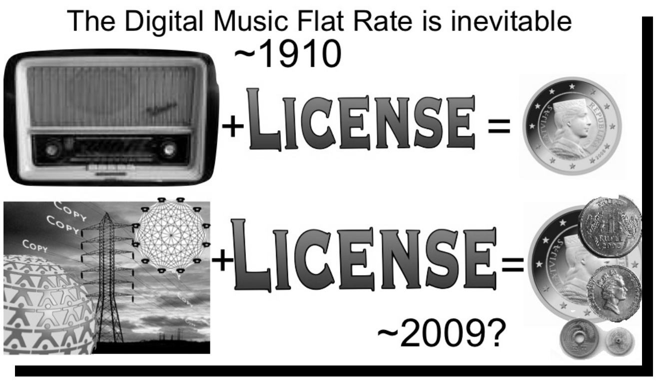
* * * * *

**42. My Comment on "The Economics of Giving It Away"**
Chris Anderson in the WSJ
February 2 2009

Chris 'LongTail & Free' Anderson has dished up another great op-ed in the WSJ. Note: this link keeps having problems... maybe try this one, instead, or this. Below are some of the best snippets - and my comments.
Chris writes: "Gratis can be a good business. How? Pretty simple: The minority of customers who pay subsidize the majority who do not. Sometimes that's two different sets of customers, as in the traditional media model: A few advertisers pay for content so lots of consumers can get it cheap or free..."

Back in late 2008, I wrote something very closely related to what Chris is saying, here: "To me, the bottom line is that most of what used to work just fine in a disconnected world of 'totally segregated consumers and producers' will simply not work in the future". In other words, the traditional media model will not work in Online Media, going forward - the mechanics are entirely different. And this is where Free or Freemium plays a crucial role - and it's a huge mission to figure out how this ecosystem will generate rivers of cash, not just data. And it will involve Collaboration between content companies and creators, telecoms, social networks, search engines and device makers.

Chris goes on: "With physical stuff, samples must be doled out sparingly -- there are real costs to be paid. With bits, the free versions are too cheap to meter and can be spread far and wide. That's why so many people businesses (expensive!) are turning into software businesses (cheap!), which is why your cranky tax accountant has morphed into free TurboTax online, your stockbroker is now a trading Web site and your travel agent is more likely a glorified search engine..."




Yes, indeed: this is why I think that the content business - starting with music - is turning into a software business, too - witness the explosion of app stores for mobile devices, and how much $$ people are paying for iPhone apps. Now imagine that content (starting with music) will be bundled into such apps, and people will perceive it as BUYING SOFTWARE or buying a cool app for their phone but in fact the content is included (yet paid for i.e. packaged).

I think that if permitted by the rights-holders Pandora could easily sell a mobile device application that could include video, audio, feeds and images - I am dead certain people will pay for that. I will have a separate post on this sometime later this week. Chris then hits the nail on the head: "Expect the shift toward open source software (which is free) and Web-based productivity tools such as Google Docs (also free) to accelerate".

Totally. Then, Chris warns (and I agree - that's why I am also hard at work on next-generation advertising models): "The standard business model for Web companies that don't actually have a business model is advertising...Two problems have emerged with that model: the price of online ads and click-through rates. Facebook is an amazingly popular service, but it also an amazingly ineffective advertising platform..."

And I also like his conclusion (and this is the first time that I see it spelled out like this, from Chris): "Does this mean that Free will retreat in a down economy? Probably not... "Free" has as much power over the consumer psyche as ever. But it does mean that Free is not enough. It also has to be matched with Paid. Just as King Gillette's free razors only made business sense paired with expensive blades, so will today's Web entrepreneurs have to not just invent products that people love, but also those that they will pay for. Not all of the people or even most of them -- free is still great marketing and bits are still too cheap to meter -- but enough to pay the bills. Free may be the best price, but it can't be the only one" I call this challenge the '21st century content economics' challenge (yes... borrowed from Umair Haque's brilliant post on this topic), and it's the main topic for my work this year. If we can figure out how to generate many new revenue streams based on Feels Like Free access to content, then we can start modeling the business plans for the next 5 years.

* * * * *

### 43. 4 Bottom Lines of the Internet Economy: Participation, Engagement, Attention, Content = ADS

January 28 2009

This, below just became clear to me this morning, on the 6.50 am flight from Basel to London (airplane trips always make good occasions for lofty thoughts I guess):

* People nowadays seem more keen to participate than to just consume - quite a stunning reversal if compared to mass media traditions. The culture of participation is spreading very quickly. See: flickr, youtube, blogs, twitter, wikipedia, amazon ratings, digg...

* People are much more likely to check out, and maybe even like, a brand (or their advertising) when they are being engaged rather than marketed-to (i.e. yelled-at). See: Nike+, Bacardi & Groove Armada, Dell Idea Storm, Comcast on Twitter etc.

* Attention is becoming more scarce by the minute (maybe even more so than time), and as a result attention-data -what do I where, how, with whom, when - is becoming more valuable as well. 'Paying with attention' will become a real option once a) content becomes available on the basis of attention-revenue sharing, b) new forms of advertising (yes, call it 2.0;) that can exploit this data are becoming more mainstream. Watch this video from my talk at Google UK, to find out more.

* Content will become completely mashed up with Advertising. Since, as Cory Doctorow said back in 2006 (!), Conversation is King - not just Content, we will see more and more innovative advertising based on sponsorship and product placement concepts injected into conversations around content - after all, this is what social networks are all about!

* * * * *

### 44. Time for Action: the Music Industry needs the Same Change that Obama Brings to America

MIDEM 09 thoughts from 'the Utopian'
January 21, 2009

Everyone that follows my work knows what my message to the music industry has been, for the past 10 years: Change. Embrace technology and empower the User. Make the Artists Partners. Give Permission. Collaborate. Innovate constantly. Get out of your own way. Compensation not Control. Until a few years ago, to talk about transparency, equality and collaboration was considered treason and people looked at me with deep pity when I suggested a radio-like license for music on the Net.

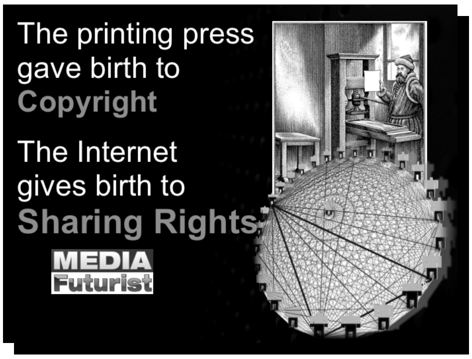
Today, the concept of blanket licensing music on the Net (no, not a tax, but a strong, open ecosystem that generates many new revenue streams) has become a solid contender for a new - and much larger - music ecosystem that is being put together as we speak.

For the last 8 years, trying to control digital music (DRM, CD protection, broadcast flags etc) has brought the music industry a fundamental and detrimental crisis, war (on file-sharers), value destruction, squashed innovations, and lost trust on all sides - artists, consumers, telecoms and brands! Well done, musical Bushs.

WHEN will the industry switch horses like America switched from Bush to Obama, from destruction to innovation, from money-just-for-us to money-for-all, from control to collaboration, from prejudice to openness, from broadcast to conversation...?

Isn't it time that we leave those professional lobbyists and purveyors of costly snake-oils behind, that we hand the wheel to the new guys, the ones that understand what music & a life around music is really like, outside of their bubble and above and beyond their severely limited assumptions?

Isn't time for the lesser-privileged minorities (such as the actual creators, and such as those that are not from the so-called Western world) to step in and catalyze those changes? Where is the Obama for the music industry?




Here in Cannes, France, at the annual MIDEM music industry conference, we have once again debated and contemplated (and wined and dined and smoked) for the last 5 days. We have noticed some 15-20% less attendance, empty restaurants and much-less-than-usual action in the exhibition halls - the music industry as we knew it is OVER. And good riddance. The organizers tried hard (and did well!) but you have to wonder: what are you (the industry) waiting for? Is it not time to VOTE FOR SERIOUS CHANGE in the music industry, and make that switch to an open, collaborative and mutually fruitful ecosystem? Like... now?

* * * * *

### 45. Open Really is King - especially now!

January 13, 2009

Open source was on a roll in 2008, already, but in the 'Crisis & Change Year' 2009 I think we will finally witness the obvious superiority of open systems (and not just in software). Here are some of the trends I see:

* The use of open source technologies for databases will continue to increase dramatically (see this cNet column); in a down economy this is of course not surprising.

* Open source mobile OSs (such as Symbian and Android) will continue to gain market-share over Windows Mobile and others, simply because they offer a much superior speed of development.

* Apple's iTunes DRM has just been dropped - and now watch what will happen elsewhere! Having said that, Apple is of course not known for their openness (to put it mildly) - but my hunch is that they will start getting off the control button this year, as well.

* Mozilla's Firefox already has over 20% market-share, and Google Chrome is gearing up, as well.

* I predict that Facebook will be making radical strides to be more open, this year (see below); partly to compete with Google Connect.

* A key embodiment of OPEN - the 'API Culture' - is seriously booming (I think Twitter alone has over 300 services based on their API), and this will only increase in 2009.

* Cloud computing is on the rise, everywhere - and open systems are a must for many of these applications.

* Mobile networks are slowly being forced to get off on their walled-garden approaches (even though the U.S. is lacking behind in this process, see below).

* "Permission and revenue sharing rather than legal action" seems to be a trend that we can clearly see in online video, for 2009. Witness Youtube, where rather than constantly asking for take-downs, the major TV networks are starting to go for revenue shares, instead (while Warner Music Group is now removing their music videos, bizarrely - another proof that some of the major music companies are heading for the cliff at the highest possible speed?).

* Print media is getting a lot more open about syndication, full-length feeds and integrating pro-am creators such as bloggers (see my action items, here). The NYT is certainly moving in the right direction here.

Related stuff:

° the essential choice we all face: openness vs control (Jeff Jarvis in the Guardian) "That is the nature of the Google economy. I call it the law of open networks: the more open a network is, the more control there is at the edges, the more the edges value the network, the more the network is worth. Bottom line: if you want to exploit the network that is the internet, you can't try to control it. That is the network paradox..."

° Wireless networks in the U.S. still not open (Business Week) "Openness and Revenues Will Go Together. So can we ever get to openness? Yes. But it will take a while. Market forces are pushing the carriers toward more openness. (Who would have thought even three or four years ago that we would ever have carriers endorse the concept of open networks?) It's likely that the best chance we have for truly open networks will come in the next three to five years as the next generation of 4G networks (LTE, WiMAX) are widely deployed. The advent of new device types (not just smartphones, but also Mobile Internet Devices and netbooks) will require a reevaluation of carrier testing and certification processes as well. Carriers will eventually be forced to abandon their current "open but highly controlled" philosophy...."

° Techdirt's Mike Masnick on Openness: underestimating the importance and overestimating the dangers: "Closed systems tend to look more elegant at first -- and often they are much more elegant at first. But open systems adapt, change and grow at a much faster rate, and almost always overtake closed systems, over time. And, once they overtake the closed systems, almost nothing will allow them to go back..."

* * * * *

### 46. Music Industry: so now you are on Twitter - so what should you do next?

January 5, 2009

I recently wrote on the MidemNet Blog why everyone in the music industry should try Twitter, and apparently some people have taken it seriously ;) since I did get a lot of new followers from within the music business; many of them first-timers. Great! But now that you are tweeting (geek talk for sending messages) - what do you actually do there? In my newly championed short-is-better style, here is what to do with Twitter and what to tweet about if you are in the music business:

1) Make sure you use a nice profile icon (i.e. your image) on your Twitter page, and that your info-box provides some short reasons (and one good link) why people should follow you. If you can, design your page background to be distinctly 'you'.

2) To be able to tweet very quickly use the Tweetdeck software or just install the really cool ShareThis extension in your Firefox or IE browser. I post 10-30 times per day but spend very little time on the process, using these tools (I focus more on the actual conversations).

3) Follow other twitter users that are in the music industry, or in related fields. To find good people (pick your follows carefully!), try Twitterholic, twellow, twitter search, or AllTop or Tweet Directories.

4) Answer the direct messages and pings that you will get from people that follow you. This is crucial to get a real networking situation going. Again, Tweetdeck is best for this.

5) Remember: it's all about LINKS. You must have blogs, myspace sites, photos or videos to link to -otherwise there is no point in tweeting. Always have a link in each post, and make it specific, too (i.e. not just the homepage). Note: if you don't yet have a lot of content to link to, you need to make sure it'll be forthcoming shortly - otherwise there is no point in tweeting. Tweets are teasers for something larger!

6) Make your tweets timely, succinct, unique and relevant. Tweet about stuff that happened today, or yesterday (or tomorrow, as in my case) but not about that great track from 1963 (exceptions may apply). Better to tweet 'new track from xyz made me crash my Vespa' than to use some pre-made PR message!

7) Most importantly, your tweets must contain strong content (yes... content and context = kings!) otherwise you will not get people to pay any attention to you. Refrain from too much marketing hype, canned stuff, self-promotion and boasting ('hottest band ever... signed to our label' etc). Instead:

8) Tweet about personal and direct stuff: how you found this new writer, why his latest video is unique, why you like the soundtrack of XYZ movie etc. Short message + concise content + link; 3-5 times per day.

9) Tweet about the hairy and current music business issues, and dish up the bottom lines; be frank, such as "really hate / love it when my music shows up on YouTube and nobody really knows how I get paid".

10) Tweet with links to unique content such as 'music by xyz artist on our label was used in xyz YouTube movie, see [link]'.

11) Always give people links to relevant, deeper content such as 'great motown techno crossover at [link] last.fm, blip.fm etc - don't send people off into another general direction.

12) Offer special deals and real value to your followers - but don't pitch. Just talk about it. Things like free tracks (with promo-codes), backstage passes, video downloads, PDFs (EPKs!!), photos etc. If you have a new writer you just signed to a publishing deal, put up his demos somewhere and offer access to anyone that pings you via Twitter.

13) Create CONTEXT. If you want to place your track in a movie, tweet something like 'seriously romantic Italian folk song available for your new film [link]' - but always keep in

mind that a tweet that goes nowhere (i.e. no or bad content) is a bad thing!

* * * * *

**47. Hold on, I'm coming: the Digital Music Flat Rate is imminent**
December 29, 2008

I will be presenting my thoughts on the digital music flat-rate in a session at Midemnet 2009, and so I thought it may be a good idea to give you a heads-up on what's coming. Many of you may of course know my work from the past 10 years and that the flat rate for digital music aka Music Like Water has always been a crucial cornerstone of my concepts for the Future of the Music Industry. First, it is really great to see that indeed, music flat rates are being considered, planned and tried literally everywhere - here are some examples, and the models that go with it.

* Google is offering free music in China, via their partnership with Top100.cn. This offering covers mostly Chinese music at this time, I think, but if you're logged-in you will get free on-demand streams (and MP3 downloads, I think - can't access it from here). Google pays license fees for the music and in return gets to sell more and better ads - plus, if this can be expanded to all music and other media, as well, Google may eventually be able to actually compete with Baidu (which is crucial for them). The model: your attention pays for the Content; i.e. Google pays the license fees (it's a split of revenues I would guess). The traffic & attention pays for the music -sounds familiar?

* Orange's Musique Max, in France (*a client of mine) now offers a flat rate for digital music to their French mobile customers, as well. Unlimited downloads to mobile and PC, for 12 Euro per month (see this press release by France Telecom). The catch is, of course, both the DRM (yes... still...ouch), and the price, and the data costs - but all 3 of those will certainly be addressed in the near future I would hope.

* TDC in Denmark: buy Internet access from them, and get the music 'for free'. Same issue with the DRM but the bundle certainly is a good concept. The model: Music is a substantial added value - the cross subsidy model that LongTail-Chris Anderson talks about a lot. Playlouder in the UK has a similar model of bundled, all-you-can-eat access.

* Nokia comes with Music (*disclosure: Nokia is a think-tank client of mine) : the latest offering by mobile device & soon-to-be Internet giant Nokia, bundling music from all 4 majors and an increasing number of independents into the purchase of the handset. Buy the Nokia music phone, and all the music is yours (yes, their are some catches but ...it's a great start). The model: a 3 party pays to promote another offering (i.e. the music is free for the user!) Sony-Ericsson pulled a similar rabbit out of their Swedish hats, just a few weeks ago, with their Play-Now-Plus service that was launched in Sweden. What about Samsung? Stay tuned...

* The German magazine Focus reports that mobile operator T-Mobile wants to offer a Music Flat Rate, as well. Clearly, operators and telecoms are going to be entering the content distribution and service business much more seriously than ever before - they have no choice. A rather funny google-auto-translated English version of the Focus article here, original German version here.

* Billboard.biz recently reported on Norway's Netcom launching an unlimited music offering, as well (albeit only with 50k tracks provided by UMG - hardly a convincing argument for the digital natives I would guess but ... baby steps are better than none).

* Swedish performing rights society STIM (also presenting at MidemNet) has been busy pushing things forward in the same direction - read their statement "how downloading could be made legal" here.

* Over in the newly re-inspired lands of Obama and Change.gov, my dear friend Jim Griffin has been trying to steer the Warner Music Group ship into the music-flat rate direction - and I would guess we will hear more from him at MIDEM, hopefully!

There are many more examples but hey - this is blog post, after all, not a Music 3.0 book (yet). But the bottom line is this:

° The flat rate for music is a certainty and we will see it become a reality in the next 2 years, so... get ready.

° New business models that are based on attention-revenues not copy-revenues must be developed asap - and this is not an easy mission during these times of transition.

° The artists and their managers, the traditional master recording rights holders and composers and publishers, as well as the many organizations that represent them must collaborate much more in-depth than ever before - and most likely the master and composition rights societies will need to actually merge to make this work.

But I don't want to jump the gun here - all of this will be part of my presentation at MidemNet. Look forward to seeing you there!

* * * * *

**48. 7 Reasons why Everyone in the Music Industry Should Try Twitter**
December 26, 2008

A lot of people ask me why I am so seriously into Twitter, why Twitter matters, and why I recommend that every music industry professional should give it a try.

First, for the still-uninitiated: what is Twitter? It's a so-called micro-blogging service that allows you to send up to 140 character messages (called Tweets) to people that 'follow you', both on the web as well as on the mobile phone. It all started out with the trivial question "what are you doing right now" - and believe it or not, millions of people started sharing those kinds of messages (e.g. 'drinking coffee at Starbucks on 46th Street') with each other.

Today, Twitter has some estimated 5-7 Million users (and traffic of 30 Million+ uniques per month), and people are sharing ideas, links, news, videos, books, tour-dates, program updates, record releases etc with each other. All this updating is generating a huge flood of calls & responses (I sometimes call this 'the river') which is - ADD effects aside - starting to become a very important new way of marketing and promoting something (sharing is caring, remember?

Ok, ok, I know: who has the time for this? But trust me: once you know how to juggle things like Twitter, you'll see first-hand what it does, and your time-wasting concerns will evaporate. You really do have to get wet to swim! All you need to do is go to Twitter.com, sign up for a free account and start following people (here is my list of people that I follow, for starters) and post a few things every day.

For handling Twitter traffic and pings I use Tweetdeck which is a great free software app that makes the Twitter user's life a lot easier. If you want to know more, here are some resources: Video on Twitter for Business (OReilly Webcast), video: Twitter in plain English. So here are my thoughts on why everyone in the music industry (really!) should get busy with Twitter:

1) It teaches us the meaning of Conversation - and we need to learn that, urgently. If

you don't tweet anything good (i.e. post relevant messages) nobody will follow you, and if you don't respond to messages people will stop looking at your tweets, as well. In 2009, the tweets of the top-twitteratis may well become more influential in this industry than anything that Billboard or MusicWeek will write so ...get ready. But as far as marketing our artists and /or services is concerned, Twitter indeed offers a crucial lesson for all of us in the music business: stop pushing, start talking. Broadcast less, micro-cast more. Stop the monolog and start the collaboration. Win by attraction not Control.

2) Instead of email, use Twitter to transmit news and updates to people: it's a lot less work, you can do it as often as you want, and nobody will complain about spam. Think of Twitter as your own, free SMS broadcast service. Example: Artistshouse Music

3) People react very quickly to what you post on Twitter - the more followers you have the quicker you can get your message out there; and with real, tangible results. As an example, when I posted the fact that those cool new Macbooks have DRM'ed displays (!) I received several responses within 2 minutes from people that thanked me for warning them - they were just about to buy one! This is a great example for the power of the Twitter network - imagine this (hopefully the other way 'round) for a new video release by an artist you are trying to promote [I still did buy that new Macbook btw!

4) Twitter really does create that direct connection, for free, between you (the artist, the label, the writer, the publisher, the agent...) and the people formerly known as consumers, the fans, the users - all you have to do is start the conversation!

5) Twitter is a great new way to monitor the buzz online, whether it's new record releases, music recommendations via blogs, the discussion around MIDEM :), music industry news, what Nettwerk Music Group is up to, the death spiral of CD sales, or the best sushi in London ;) I use this way of 'social searching' all the time, and it has opened up a world of new resources for me.

6) If you are using Twitter on your mobile phone (I use Twitterfon on the iPhone, and the OperaMini browser on my Nokia e71), you can use your Twitter network of followers to source stuff on-the-fly while traveling, incl. last minute tech-help and ad-hoc meetings or local hotel or food recommendations. I have tried it, and if enough people are following you, it works out great.

7) If you think that Twitter is just for timewasters and geeks, you are dead wrong - everyone is getting on twitter as I write this - traffic is exploding, and major brands are coming aboard. Even plants are now on Twitter, too! But seriously: Twitter is gearing up to be a fantastic marketing tool for social media 'products' such as music - and we will see a veritable explosion of twitter-charged successes in 2009.

* * * * *

### 49. Great Read on “Intellectual Property and new Copyright Law” with some nice Media Futurist-ic Quotes

via japaninc.com
December 19, 2008

This is a must read: Intellectual Property and new Copyright Law | Japan -- Business People Technology | www.japaninc.com. The best snippets:

"But are things really that dire? Some would argue that these industries are healthier now than they ever have been. With the spread of information at a never before seen level, pieces of journalism are being read more now than ever, music artists are able to reach a broader audience than ever (some by bypassing the record labels all-together), and movies are being watched by more people in more countries..."

"The issue is control, and the embodiment of that control is copyright. The music industry is perhaps most illustrative of the issue..."

"Currently in Japan, new copyright laws are being debated which could make average users subject to civil law suits from record labels or movie distribution companies. Within the walls of mega-forum 2-Channel and the Japanese blogosphere, debate has been raging over the laws and what they will mean exactly for the average user. Specifically the outright banning of illegal downloads-music, movies and games being the main points of interest-is currently being investigated by a sub-committee appointed by the central government. Presently, Japan's copyright law makes an exception in the case of downloads for personal use..."

"The industry veteran [IFPI's John Kennedy] says he believes a large increase in resources will not be needed to govern the Internet-warnings and enforcements will just need to be carried out in a similar way to any other law. "People call the Internet an 'Information Super Highway.' Well like any normal highway, it can be governed. If someone is speeding you give them a ticket and in extreme cases you take away their license." But how about finding them? "People sit in their rooms and think they are anonymous but they are not-their IP address says exactly who they are," says Kennedy..."

"Media futurist Gerd Leonhard says that in a globally networked world, with an expected 3.5 billion mobile users and Internet speeds increasing exponentially within the next two to four years, the traditional Western concept of exclusive copyright must be reviewed. "It is the purpose of copyright to generate sustainable and growing revenues for the creators, not to prevent new uses of their works that may eventually result in those new incomes. He believes that in the future, "many of these models will be more like flat-rated or bundled access models, rather than unit-sales based models."

***"A recent case involving Google may help provide a blueprint for content creators. In October, Google settled a dispute with authors and publishers over its scanning of 7 million books for digital versions of printed material. The company paid $125 million to publishers and authors and will, from now on, provide a percentage share of the profits from ads and downloading fees. Under the agreement, Google would receive 37 percent of revenue while publishers and authors would get the rest. The settlement could pave the way for similar agreements within other industries..."

"Ito continues, "While it is important to protect copyright and the incentives that copyright (and intellectual property) provide, it is important that we do not prevent many of the basic things that people want to do with content or prevent some of the potential new ways that people will be expressing themselves and sharing this expression."

"Futurist Leonhard says the key to making money in a post super-connected world is to embrace the concept of losing control. He believes that "a continued loss of control over IP and copyright and most other measures of restrictions is absolutely inevitable; and in fact, the less control we will have the more new revenues will surface." Leonhard believes that "The future of creativity, content and media is bright, as it is the human creativity and its embodiments that will be even more valuable in a world of ubiquitous access and huge growth of output. It is the value and dollar system and logic that we need to rebuild and adapt-and the law is, of course, there to support this, and will therefore be adapted. This process is not new, just more drastic since the Web is often removing many old ways to get money out of scarcity while not yet offering the same profit in a plausible new way yet. This new logic needs more than 3 percent of the global population on broadband, and always-on, to generate increasing revenues from those new ideas. Another 24 months and we should have a much better take on this."

This is really well-written and nicely researched, balanced column by Michael Condon - kudos!

* * * * *

### 50. 2009: The Year of Re-Designing the Content Business

December 23, 2008

I am planning to dedicate a good chunk of my 2009 time and energy to this crucial topic: what are those new, web-native, social & inter-connected business models that will power the future of content creators and their industries? In 2008, the disruptive force of the Internet has finally hit home, and - as is usually the case - it all came much later than we had estimated but the disruption is also much bigger than expected. A quick look at some trends in this context:

* Newspaper revenues are seriously down (25% in some cases); and magazines and other print media are severely challenged, as well.

* Digital music revenues are still going up, overall, but very very very far from enough to stop the free-fall of the recorded music industry, in general (approx 20%, globally, would be my estimate for 2008) *pennies for $$, see below.

* DVD sales are declining, worldwide, prices are falling, too - and this will only accelerate next year.

* Online video views and audiences are up a lot - but so far pretty much everybody has trouble making any real money with online video.

> Puchella's report says just 14 percent of newspapers' cash operating costs, on average, is devoted to content creation, while about 70 percent of costs are devoted to printing, distribution and corporate functions. The remaining 16 percent of costs are related to advertising sales.

My hunch is that the Internet may well - and soon - bring us an utterly scary reduction of traditional content models that is somewhere in the neighborhood of 1:5, i.e. if you keep relying on the old 'disconnected' content revenues models you may eventually see only 1/5th of the financial returns that you had before. This could vary by industry, location and context, of course, but I would dare say that if you stick to your old models the future will be bleak, either way - and this goes for the actual creators but even much more so for the businesses that are build around them.

To me, the bottom line is that most of what used to work just fine in a disconnected world of 'totally segregated consumers and producers' will simply not work in the future

This is why I think 2009 will be year of:

° Totally exploding consumer / user / fan / listener / viewer empowerment (yes, you ain't seen nothing yet - wait until 2 Billion + people are wirelessly connected via increasingly smart and easy-to-use mobile devices).

° Re-inventing content commerce (such as: charge for access... not just units, bundle content into access, freemium etc).

° Re-evaluating copyright as that sacrosanct, sole, principal, or even main driver of revenue - the solution for what I like to call 'digital payment-refusal' aka piracy is not a technological issue but a business problem.

° Re-inventing advertising (since new kinds of advertising will no doubt be one of the future drivers of content commerce, as well).

° Getting the telecoms and network operators aboard - for they can't make it work without content, either!

I do have a hunch that this old Chinese proverb holds a part of the solution: “Tell me and I'll forget; show me and I may remember; involve me and I'll understand.” Stay tuned for 2009 - this will be fun.

* * * * *

## 51. 10 Quick Ways to re-invent Print Media (Newspapers, Magazines)

December 11, 2008

I have been reading Chris Brogan's great post on how to improve blog-writing, and today I am implementing just one of his wisdoms: keep things short. Reduce. Cut the fluff. Yes, well, alright: I have been guilty of not doing that (you may have noticed). Enough.

Here are 10 ideas for future success in what used to be called Print Media (i.e. newspapers & magazines etc):

1) Decentralize your digital assets. Syndicate your strong content everywhere (and in niches, in particular!), offer full feeds, on all platforms (mobile being the top priority), make everything searchable. Finding and being found is what will make or break you. Distribution trumps destination - it's no longer just your homepage that counts; it's all those other doors, links, tags and tweets to your content - even if they are not yours!

2) Participate rather than be participated. Give permission for your content to be used, accessed, blogged, remixed, forwarded. Every ounce of protection aka friction will pull you further down to the bottom of this new ecosystem. There is real money in permission - and there is zero money in enforcing the laws that may have protected your dominant position in the past.

3) Micro-chunk. Fragment and re-aggregate. Send your content headlines out via Twitter and other micro-blogging platforms. Allow people to snack, have a light meal, or pig-out and gorge on your content. Offer all options. Slice and dice your goodness.

4) Mobilize....totally! Offer your content via mobile apps (and please, not just on the iPhone) that are easy to use, with simple UIs and strong functionalities. You may find you can sell the apps even if you can't sell the content, initially. Most of the future value may just be around the content, not just in the content.

5) Integrate the bloggers, the people formerly known as consumers, the professional-amateurs and UGC. The NYT has some very good initiatives in this turf, and so does Wired (check out their blogs and How2Wiki)

6) Engage. Engage again. And then engage some more. Talk to your readers i.e. users, get them talk to each other, and offer a unique and powerful platform for these conversations... around your content. Aggregate the conversation. Bundle it. Wrap it.

7) Filter. Curate. Contextualize. Inter-connect. Make sense of things. We, the users, need this more than ever and we will pay you to filter for, with and even through us!

8) Personalize and customize. Allow me to be me when I spend time with you. Allow me to widgetize, change my profile, look and feel, make your assets mine. Inject a bit of

Netvibes and iGoogle into your pages.

9) Connect me to 'strangers like me'. Don't stop at making connections only between yourself and me - also connect me to your other users that might be of interest to me, that might generate added values for me; again, using your platform. Amazon has this down to a science!

10) Dive into Freemium models. Give me something for free that represents real value to me, but costs you very little. And please, upsell me from there - to all the other good stuff you have to offer. See: Flickr, Google, Skype.

* * * * *

## 52. 4 Reasons why we will start printing a lot less in 2009, plus: Mobile Reading is Here!

December 1, 2008

Remember when we thought that the Internet was going to bring us the paperless office, and a 'greener' new world that would not rely on printed information at all times? This has not really happened yet but in 2009 this concept may finally become a reality for many of us. Looking around at what me and many of those clued-in people in my network do, I see the following trends:

1) Offline web-page and article reading. A lot of people will start reading their web-pages, RSS feeds and blog posts via new offline reading apps such as Instapaper (which I really love - check out their blog, here, *iPhone only), Read-it-later (very cool FF plug-in, just started using it, seems promising), the ubiquitous Google Reader (works on most mobile devices, and syncs great offline, too; with the amazing Google Gears engine), Opera Mini on my new E71 (supposedly offers offline reading), and many other cool apps that are becoming available for mobile devices (those small shiny boxes we used to call notebooks & computers;) right now.

Remember when we all had to print those top stories from all those feeds and sites we like so that we could read them on the plane, or in the train or taxi? Well... no more. On my end, I used to print 100+ pages per day (yes, sorry), and that's gone down to less than 10 now; thanks to Instapaper etc. Great!

2) Mobile apps courtesy of your favorite newspapers and magazines. If you are into reading those good old mass media newspapers and mags (no worries, I am, too!) now you can make use of some nice new apps that allow you to read them on your mobile phones. Sure, it feels different, it's rather smallish and obviously lacks the physical paper user experience, but it works well; it's free and first of all it's always there. Right now, mobile newspapers apps are available mostly for the iPhone - but this is changing very quickly.

I reckon that within 6-9 months we will see these apps become available for almost every mobile platform and OS, since this added value is indeed a major reason to buy a new smart-phone. Right now, my favorite is the New York Times app for the iPhone - it's well done, easy to use, does not crash, and gives me almost everything I need from the NYT (apart from that good old paper feel and smell;). I also like the AP news app (iPhone and blackberry)

So say goodbye to buying a 3-day old NYT at some airport shop in Europe and stuffing it into my briefcase along with my blog post print-outs (see above) - another nice time-saver, waste reducer, and minor money-saving accomplishment. And what's best for the NYT: I keep paying attention to them, and I won't be surprised if they ran customized ads on their apps, soon, too. Plus: I still buy the 'real' dead-tree NYT if I want to enjoy a more leisurely read. They've kept me as user, and that's what counts.

3) Reading entire books on your mobile device. Again, the iPhone dominates in this turf right now, as well, but this will change quickly. Wired has a good wiki on iPhone reading apps, btw. I don't use a lot of these apps yet, mostly because many of these services use bizarre copy protection schemes for their fairly limited range of eBooks, they don't have the books I want to read, and the publishers charge prices that will make you wonder if they want to punish you for trying out eBooks (hey - sorry, I thought that it's actually a lot cheaper not having to print and not having to ship anything - guess I was wrong).

The leading apps include bookshelf, stanza (which I have), ereader, feedbooks etc - here is a good list. Again, for me, reading entire books - rather than just essays, PDFs, blog posts or articles - on my mobile devices i.e. cell phones is still a very tough interface challenge; therefore I prefer to buy the print edition and haul it around (especially if the eBook price is still very much the same) - but my hunch is that this will change in 2009, too. Maybe not for fiction, though - but for business books I can imagine it.

91% of mobile users keep phone within 1 meter reach 24x7 (China Mobile 50K survey)

4) The coming boom in electronic readers such as the Kindle and, maybe, the new Sony Reader (the PS700 BC) which I just bought but have not received yet. It does sound very promising since you can read PDFs with it, bookmark paragraphs or pages and keep it running for weeks at a time. The Kindle is, sadly, not available here in Europe (due to mobile network issues I would think), so I haven't tried it, but I keep hearing good things about it; apart from people complaining about its design.

The best comment on the Kindle is probably from Seth Godin, here (Seth delivers some great comments on ebook pricing, and 'books as social objects'), and which was summarized in my blog, here. My summary and 2009 predictions:

* Many of us will print a lot less, next year - and that's already a great step

* Most manufacturers of smart phones and mobile computing devices will get seriously into supporting or integrating all kinds of reading apps (web-page / offline, pdfs, feeds, newspaper apps, book apps), and will therefore also beef up their UIs, as well. And we will use them! Next step: Google.edu?

* The next generations of eReaders will actually be usable for more than just a few of us - another 2 years and they will become mainstream.

* A $ 92 Billion industry (ink, printers, paper etc) will probably shrink as a consequence. Talk about disruption!

Printer manufacturers and ink suppliers will start to feel the squeeze in 2009; people will still buy printers, of course, but probably a lot less ink, and much less paper. And, shrinking profits aside, I think that's a good thing.

* * * * *

### 53. 6 Survival Tips to prepare for a tough 2009: Time-Wasters will become Life-Savers

December 1 2008

I have recently been getting a flood of requests from clients, my social network 'friends' and my blog readers to talk about what I could recommend as far as surviving (or even prospering) in the current economic downturn goes. As most of you know, I am not an economist or a financial expert, so instead of talking about markets, money, restructuring and ROI I figured I would talk about how to build an audience around your brand, and how to use that audience and the Internet's juice to capture new opportunities for yourself and your company. Here it goes:)

1) Network Network Network. This is the time to tap into the power of the crowd & the cloud. 2009 will be the year that everyone - no matter what business they are in and what current position they have - will seek to connect with like-minded and highly selected people using social and business networks, from LinkedIn to Xing to Facebook and many other ones. We will also see an increasing blurring of the lines between social and business contacts, as well, as business matters become even more completely and publicly intertwined with who you are, as a person.

However, the actual networking platforms are likely to remain purpose-specific (which is what I really like about LinkedIn, btw) but we will use several different services at the same time, segmenting our network and contacts accordingly. On my end, I am keeping LinkedIn connections limited to people I have actually met, face to face (mostly), Facebook is where I tend to be more open and accept most connections (but not all, either), and Twitter is wide open, for me.

Maintaining business and personal relationships in an open, transparent yet careful and individual way will soon become a crucial reason for if and why we get asked to join a project or to work with others, or not. It is already common practice that we check each other out on LinkedIn before we even commit to a meeting or a phone/skype call, and this will of course increase in 2009. Never mind plain old Googling; if you are not listed on something like LinkedIn, if you're not visible and commented-on in some peer-generated way, if you don't have a site / blog / feed / profile, and (to a lesser extend) if you don't use Twitter or in some other way share your 'river', in many cases you just won't be considered. It's being part of the Tribe (as Seth Godin likes to say) that is starting to matter more than ever before. So get connected, get the network humming, and join the tribes that are in your areas of interest.

This trend will become even more pronounced with the new Open Social, Google and Facebook Friend Connect offerings: You will do a lot more business if you are connected to the right people (this sounds like verbiage from the 50s... but it's true!), and if they are connected to you, and these platforms will make it even easier. Soon, however, it's not enough that you are just part of a network, but what you will actually do there.

So, here is my advise for getting ready for the battle of 2009: spend some time on building high quality profiles, inviting the right people, networking with your peer groups, and building your social capital. What looked like a major time-waster when I first got involved (i.e. LinkedIn back in 2003 I believe) has now become a true life-saver - we all need qualified and pre-approved connections that we can easily use when push comes to shove, and this is one of the best ways to do it. Lastly, give yourself a nice Christmas present, buy Yochai Benkler's book "The Wealth of Networks" - it rocks.

2) Show people who - what - where you really are. This trend is becoming more pronounced every single day: if you don't publish anything about yourself, who you are, what is special about you, what you stand for, and yes, what you may offer, sell or provide, nobody will care about pinging you in the first place. Today, if you are '404'-person-not-found on the Net, it usually means one of 3 things: a) you live in one of the few remaining, so-called developing countries that has not yet been uprooted by the Internet b) you are a bona-fide but under-the-radar VIP and are thus exempt from any such trivial need for self-presentation c) You apparently haven't done anything worth mentioning in the past 5 years - at least this will be people's perception when they

Google you.

In either case, a total lack of any content about you (or your company, your project or your creations) is already enough to make most more connected people suspicious, and this trend will drastically increase in 2009. No network, no 'friends', no comments, no links - and many people will feel reluctant to do business with you. This is the new power, and maybe also the curse, of the paradigm of hyper-transparency.

So how to show people who you really are? My recipe: publish stuff that you care about, content that's personal, unique and different, such as updates on your social networks, book reviews on Amazon, Flickr pictures from your mobile phone, playlists from last.fm, Ovi (Nokia) sharing updates, blog posts, comments, videos... whatever you feel most inclined to get involved with. Does it take time? Yes, but guess what: this new process of sharing will actually grow on you, and these previously considered time-wasting activities will become an important part of what you do.

Suddenly, what once looked like seriously wasting time starts looking like a good investment: a powerful network may yet spring from the wasteland of bizarre tweets, bad blog posts and random Internet friending - we just need to learn how to juggle it all a lot better. Just like 10-12 years ago, when email was often considered a waste of time and it was mostly geeks that had an email address - now it has become the essential tool for business communication. No email, no pings, no business.  In 2009, it will start to become just the same for social and business networks. And yes, soon, email will really be for old people ;)

3) Have real conversations. In 2009, you can stop pushing yourself, your products and your marketing messages via email, newsletters, snail mail, phone calls or print ads; and you can stop yelling at people to get them to pay attention to you. Start pulling them in by being part of conversations, by adding value to something that exists already. Show people that you care about an issue or a topic, signal that you have something of value to give, and they will ask who you are and what you do, and invite you to show them your goodies.


Broadcast less to the masses, and start narrow-casting to the ones that actually want you (this, btw, is the Future of Advertising, in my view). If they don't yet know that they should want you, show yourself and your value in an irresistible way: give something of value, for free. Add value and get value.

Cool down on the monologue (ouch, yes, I should be talking!) and get into 'duo-logs' i.e. conversations. Yes, this is really though; but the times of winning-by-sheer-dominance, of closing a deal because of sheer force, of 'I talk you listen', of monopoly of attention are coming to an end. In the future, you simply won't be hired if you can't talk with people, if you can't listen, if you can't attract rather than force, whether you're a lawyer, a CEO, a marketing exec or an artist. This is what I like so much about Twitter, btw: I can have real conversations with people, as microscopic as they may be. I can check them out very quickly, by looking at their links, and their followers etc, and I can get as engaged as I want - but it's all out in the open.

4) Don't think Money - think Attention, Trust, Merit (Money2.0). This is crucial: the new currency in this hyper-connected economy, is Attention and Trust, based on Merit. In other words, if what you do is good, if it has value, if it maintains that value, over and over again, and if you can get attention repeatedly (by publishing that value in the right context), and if you can get people to trust you and spend time with you, then the money, the remuneration, a very tangible economic benefit will be forthcoming, without a doubt. Money is a consequence of attention, not the other way round.

On my end, during the past 3 years, I have switched my approach completely: I publish, I pull, I try to maintain a reasonable level of quality, and I trust this will return economic benefits. And it has, indeed: 2009 looks more busy than ever before. I believe that when you ask "how does this come back with real $$ attached to it" too early, it deflates your momentum just when you need it the most.

Don't ask 'how can I make money with this' but ask 'how do I add value with this, and will I get people to pay attention and trust me with this (and of course - do I enjoy doing this!)'. Again, money is a consequence not the root (and there are other ways of remuneration, as well, not to forget) - just don't miss the point when you can harvest it!

5) Look for new collaborations, unusual partnerships and disruptive alliances. In this highly volatile and fast-moving environment, many of our roles are constantly shifting. Telecoms become content services, mobile phone makers go into the music business, airlines start social networks, newspapers get into TV production, search engines start communities, advertising agencies become R&D departments for major brands. In the near future, a lot more things will be a lot more connected than we have ever thought possible.

Your skills and what you have to offer may all of a sudden become a lot less sough-after in your traditional line of work but suddenly become a must-have in a totally unrelated field. Musicians become creators of brand-icons and corporate logos, video-making amateurs become content curators for digital TV services, bloggers become brand evangelists, marketers become social network influencers. Review your assumptions as to what you can do, look for disruptive ideas in whatever sector you are currently working in - and when the rising tide hits you jump into the raft and float with it.

6) Go for creativity. Now. In this world of ever smarter machines, devices and software, the value of so-called facts, computations and logic is greatly commoditized. If Google tells me the answer to just about every fact that I may want to investigate, the ability to connect those facts, at random, and to create context, to blend them, to envision, to compose... is where the new values lie. New jobs are emerging as we speak, and they will not be taught at schools and universities any time soon. Pursue creativity, and the future is yours.

* * * * *

## 54. The Future of Mobile: Search more, Talk less?

November 28, 2008

Ever since I got more friendly with my numerous mobile gadgets (the iPhone and iPod touch, the Nokia E71, the Asus ee and various other gizmos) I have noticed a steady decline in how many actual calls I make; apart from friends & family my professional communications have switched almost entirely to SMS, social networks, eMail, IM, Twitter, Skype etc - at least for the initial level of communication. Now, is this just me, or is this happening everywhere? Once smart phones are actually smart (and that means smart UI and UX), will we search and click a lot more than click + talk?

Some recent stats I have seen show that iPhone users already use Google 50 times as much as mobile internet users with different devices. Once again: if something really works well... we actually use it routinely (just like GPS / car navigation I guess), if not we just ignore it.

So will someone that can use Google Maps on their mobile phone still call your office for directions? If you can use a Starbucks 'coffee ordering' app will you still use the phone to pre-order a round of coffee for your office mates? If you can tweet your friends that tonight's concert is canceled will you still need to call everyone to make sure they know?

Will someone that looks for the next Chinese take-out place still ask a stranger on the street rather than search on his mobile? Will you buy 'Time-Out' magazine to find the best Sushi restaurant in London when you can search Twitter, or pull up Tridadvisor or the NYT reviews on your mobile? Probably not. It looks like there are many calls we can do without, and if our mobile device (via a browser or more likely via a specific application) can do the job quicker and more thoroughly I think we'll be switching sooner rather than later.

The opposite is true for personal calls, of course - they will become more meaningful (and appreciated) than ever before; but only if there is a real need for it. If I can see my friends' immediate location on my mobile (using something like Loopt ) would I still call them or would I just go there and meet them?

This trend is also why I think Social Search on the Mobile has a great future - rather than searching the entire world, I search in the subsections and realms of my friends (real and otherwise), friendfeeders or tweet streams. I already use the Search functionality in Twitter (see the pic - via the cool Tweetdeck application - check it out; they rock) and in Friendfeed to do that. This is also why I am excited about next-generation gizmos like 3's INQ1 Facebook 'phone' - clearly, this is showing us where things are headed. Soon, we may be doing more searching - and finding - than calling.

* * * * *

### 55. The Long-Tail Questioned - The Register says, it's all Bunk. I say they are Wrong

November 10, 2008

Update: Chris Anderson commented here (thanks to ricetopher) Andrew Orlowski at the Register (UK) just published an interesting opinion piece that basically says that Chris Anderson's LongTail concept is a bunch of Silicon-Valley utopia, and self-perpetuating hype.

His main argument is that 'evidence' collected by MCPS's Will Page et al suggests that digital music sales don't display a longtail characteristic, at all - rather, they exhibit the very same top-heavy, hit-centric income patterns that we've had in content sales since... well, the advent of electricity and the phonograph, I guess: the few hits make most of the money. Here are some quotes from Andrew and El Reg, followed by my comments:

"They discovered that instead of following a Pareto or "power law" curve, as Anderson suggested, digital song sales follow a classic Log Normal distribution. 80 per cent of the digital inventory sold no copies at all - and the 'head' was far more concentrated than the economists expected. "Is the 'future of business' really selling more of less?" asks Page. "Absolutely not. If you had Top of the Pops now, you'd feature the Top 14, not Top 40. Anderson bet that the orange portion - the "Tail" - has more value than the red portion - the "Head". But it doesn't.

"The Long Tail's argument is that the pattern of consumption for media is bent out of shape by the limits of the shops selling them. Digital media lets the nature of people's demand flow free. Well, we now know what the shape of that demand curve looks like. Bud told the conference that the basic shape of consumer demand for digital music clearly fits the Log Normal distribution, "with eye-watering accuracy".

That's no surprise, he says, because so many sales curves he's seen over the past ten years follow this distribution. "Now we've seen what happens when tens of millions of choices are thrown in the air and people can go pick them up. What was astounding was the degree of inequality between the head and the tail - by a factor of three. It's specifically the Log Normal shape that leads to a rather poverty stricken Tail. "There are Tails where the Tail lives as a kind of welfare state. Not this one. You starve in this Tail....

In another surprise, 80 per cent of the revenue came from 52,000 songs. What's eye-catching about the number? Well, the typical inventory of a conventional high street record store was around 4,000 CDs. Or ... around 52,000 songs"

To me, Orlowski's LongTail-shredding efforts are fairly typical of a recently rather prevalent, short-sighted pessimist's view of the world based on the process of crunching statistics and numbers - which admittedly feels much safer - but are totally skewed to begin with (quote "But he [Chris Anderson] didn't examine the numbers closely or critically enough, say the economists"). Isn't a journalist supposed to give us a viewpoint of what is coming, rather than what has been, and isn't he supposed to look beyond the numbers?

Why in the world would I use numbers taken from how digital music has actually been sold during the past few years, when every single aspect of digital music commerce has been flawed and - at best - represents 2-3% of the digital music potential, in total? Why would I want to make assumptions about a new, future model of music commerce based on the obviously abject failure of an old model? 6 Billion (or so) sold songs on iTunes and the various WMA-based services in the past 4 years will show me the patterns of FUTURE CONSUMPTION? Don't believe it.

Here is why the numbers and the research that (the otherwise smart and clued-in) Will Page et al, and now Andrew Orlowski, have based their 'longtail is bunk' assertions on, are ill-suited for any such conclusion:

1) Until just recently, there was no real easy way to obtain i.e. buy digital music online - unless you bought into the Apple or MSFT digital content schemes, or went all-indie with EMusic; and that is why very few consumers actually did it. All digital music was copy-protected with that wonderful snake-oil called DRM (which industry bodies such as Page's MCPS supported very strongly), and you had to buy per-track which made any real engagement a very expensive proposition.

So - no surprise - what do you think those very very very few people that would actually go though the trouble of legally obtaining music in this way (i.e. mostly via iTunes) would buy: yes, you guessed it, the Hit Songs, the stuff they know from the artists they know, because it is expensive and one cannot afford to experiment - and try longtail stuff you may not be sure about, yet.

To assert that this is a realistic reflection of what people would select if in fact there was an open-format, very likely flat-rated and economically easy way of point-click-buying music is like saying that people really love Shell gas if there are only Shell gas stations within a 1000 mile radius! In other words, the economic model for digital music that the music industry has for the past decade tried to force on the consumers has obviously resulted in a total (and I would say, very welcome) reflection of their offline revenue model: only the hits make any real money.

2) Therefore, the question is not at all what the 'learnings' from those DigitalMusic1.0 statistics would be -because we already knew that the basis for these numbers was an artificial, limited and controlled environment before we read Orlowski's piece or Page's presentation- but what they WILL BE once we actually have a real Music 2.0 economy, where the users can click on, play and select any song they like, try out anything, anywhere, anytime, share, forward and link, without having to pay extra, without having to ask for permission, without having to buy into the MSFT or Apple club - and those

possibilities have only recently emerged (at least in a legal way).

Orlowski then tops it all off by saying: "The propensity of journalists - even highly experienced journalists - to fantasize about the world rather than examine it critically is one of the defining features of modern technology coverage..." Andrew, never mind that you don't like Futurists, but please: where would we be if we could not fantasize about the world and its future, and look forward, beyond the oh-so-sacred numbers we have now, the so-called facts called from our painstaking research...? If you were to make decisions solely based on the obvious facts drawn from past actions you would be in deep trouble, indeed.

I am with Paolo Coelho when he stipulates the exact opposite: "Whenever we need to make an important decision, it is best to trust impulse and passion, because reason usually tries to remove us from our dream, saying that the time is not yet right. Reason is afraid of defeat, but intuition enjoys life and its challenges" (Acceptance speech delivered to the Brazilian Academy of Letters)

* * * * *

## 56. 5 Steps to finding another Way forward - getting on the right Track to the Future of the Music Business

November 5, 2008

I really enjoyed Ted Cohen's MidemNetblog post from last week as it quite succinctly pointed out the urgency to act now, and to implement real changes in the way the music industry works. I feel strongly that there may very well not be too many gatherings like MIDEM in the very near future if we don't embrace CHANGE much quicker than we have been. I wrote on the SAG's strike and a project called Strike.TV on my Mediafuturist blog yesterday, highlighting the fact that the rule seems to be that we don't change unless the PAIN gets big enough. Well, it seems to me that we are there, right now, so here are 5 things that I believe would help us get there:

1) Truly collaborate to arrive at sweeping and effective solutions: the music industry has been notorious for in-fighting, wide-spread distrust, clubbiness and ludicrously fragmented business procedures and licensing rules. We need an industry-wide innovation initiative that looks at new business models from a global joint perspective of labels and publishers, artists and managers, agents and promoters, startups and societies. We need to rethink our traditional business rules and put the cards on the table - or that very table will start to burn down while we're sitting at it.

2) Watch and listen to the kids i.e. the digital natives, and then offer business models that will serve them in the way they want to be served, not as we would prefer them to be served. This is seriously ingrained problem in the music industry: all too often, we are assuming the 'consumer' aka user to be different than they really are, and / or we are thinking of them to act like we do. This is a deadly mistake, as it will be those very same 15 year old kids that do Facebook, Twitter, Loopt, Spotify, Songza or Youtube that are our future customers. This ignorance has cost us billions already so let's stop acting like we can control them or tell them what to do.

3) Question our fears and assumptions - because they guide us inadvertently to faulty conclusions. I can't tell you how often I run across this problem when I do my speaking gigs: those deep-seated and mostly unspoken fears of 'not getting paid', of being ripped off, of losing an advantage, of losing control, are often at the heart of many decisions that are made in the music industry. If we don't start facing and containing those fears, and the assumptions that stem from them (e.g. 'nobody wants to pay for anything on the Internet', or 'those kids can't be trusted), we will always decide on the wrong course of action. It is time to take an honest look at where we really are, and how things work in

today's world.

4) Question our desire to keep control at all times. This goes with point the 3rd one, of course: when watching the music industry actions, it all too often seems like it's more important to our 'leaders' (?) to remain and assert control than it is to make money. This is a deadly attitude that needs to change asap so - on the risk of sounding like a broken record here - let me spell it out for you: we will not, and we cannot control what people do with our music, going forward. How much they share, when and how, how they re-use it, how and when and where they listen to it, and which music they like. We can only participate, get their attention, get them to become fans, and then turn their attention into dozens of possible revenue streams. It's now solely about TRUST and Merit, not about selling copies. Give up control and get ready for much larger things to come back to you!

5) Open up and have real conversations with everyone, whether it's users and fans, or the government, the media, other industries, ISPs, startups etc. How many music industry 'leaders' are blogging? How many have a twitter feed? How many would reply to your email? How many are on Friendfeed? How many are on Facebook, joining the conversation? How many really want to HEAR from the public and show that they are open to conversation? Again, let me spell this out for you: Markets are Conversations. If the music industry does not want to have real conversations with it will shrink inevitably.

* * * * *

### 57. The New York Times Earnings report Parallel Recorded Music Trends: Digital Revenues not Nearly enough to offset steep decline in traditional business

October 24, 2008

Via Inquisitr: The New York Times (see my story on their Times Select efforts, here) just published their 3rd quarterly report, and things are not looking good: "The company reported 3rd quarter net income of $6.5 million, compared to $13.4 million for the same period last year. Advertising declined 16% in the quarter after reporting an 11% fall for the first half of the year.

Print advertising took the biggest hit with an 18.3% fall for the quarter, with classified advertising down 28%. Online advertising was up 10.2% off an increase of 16% at about.com, but the online gains were not enough to offset the decline in print, with online advertising making up 12.4% of advertising revenue for the company, but up from 10.6% for the same time last year"

Traditional revenues are seriously down; digital revenues are up but clearly not enough to get even close to anything resembling growth. No surprise here: the very same thing has happened in the recorded music sector: CD sales are nose-diving (or shall we say grave-diving?) but download sales are not anywhere close to making up for that loss.

So here, unsolicited, is my take on why this is happening, and what I think could be done to change this. Why is this happening? The bottom line: much too little & way too late. Even though the NYT has recently really stepped up their efforts (see below), it took both the newspaper / print publishing and the recorded music industries years (or shall I say, a decade, in the case of the major record labels) to even start thinking about how they could embrace & then monetize the irreversible changes brought on by the digitally networked kids and young adults that will be the readers / listeners / viewers - the people formerly known as consumers - of tomorrow. Years ago, the NYT put their admittedly great content (and their archives) behind the Times Select subscription wall, and very few people (257.000 I think - a really disappointing number considering the global leadership status of the NYT).

Meanwhile, the major record labels - severely disconnected from reality in their corporate suites and limousines, and not to be outdone by a bunch of kids armed with p2p software - secured their precious digital music with a bunch of messy and utterly disruptive software locks (the very epitome of snake-oil fka DRM), and then cleverly hid it behind the pay-per-track wall of iTunes, Napster and Rhapsody, as well.

The result: very few people buying. iTunes? Nope, while it's a nice-to-have for the labels, and an even greater trojan horse for iPods, the approx. 6 Billion songs purchased via iTunes (which owns ~75% of the market) in the past 3 years is not a major achievement for the record labels - it's a nicely dressed-up failure since it ignores about 95% of the market, i.e. the average user who will simply not buy music on a per-unit basis, at this price-point. This indeed seems to be the music industry's specialty: pyrrhic victories.

In other words, the failure of the NYT (until about 18 months ago) and the Record Industry (well... mostly the major labels) to really jump in all-the-way and give the users what they actually want (what a concept!), has led them to this point where - as large incumbents - they are much worse off even most cash-crunched startups, for they have infinitely higher costs (staff, overhead, salaries, executive compensation plans etc etc) and a closet full of smelly skeletons that severely restrict them from pursuing the much needed innovation they need at this time.

This list includes items such as content provider & artist contracts that are 10+ years old and don't provide for any wiggling room on digital distribution, legacy businesses such as special products and record clubs that they want to maintain but that are not sustainable in a digital environment, CEOs and executives that are still utterly clueless about where things are really going. While the NYT may actually be an exception as far as utter cluelessness is concerned, the music industry still wins the grand-prize with UMG's Doug Morris who does not miss any opportunity to show the world how little he gets and how much he intends to remain in control no matter what the price - he'll take Control over Money, any day!

One thing is for sure: if I were to put money into the future of newspapers and publishing, I would rather put it into SixApart or Twitter than the NYT (or ask them to buy both, first!) and if I were to - foolishly - put money into music I would rather put it into Terry McBride's Nettwerk Music Group, Denmark's Spotify, or Holland's Sellaband. Anything that disrupts and creates a new logic will probably be better than most traditional players who will almost always try to reinsert friction into an already liquid digital ecosystem, forever chasing bygone illusions.

Now, having said all that I must admit that I love most of the good stuff that the NYT has done during the last 18 months - and they are certainly miles ahead of the record industry (not that this is a tough mission, really;). Blogrunner (they now call it 'the annotated Times' - nice!) is a great idea, taking down Times Select is a great idea, bringing in top level bloggers is a good move, adding more videos is a good move, and adding value with things like the Times Machine is cool, too.

The bottom line is that unlike the major record labels - which have utterly destroyed any trust across the board, both from the music fans as well as from the artists, and therefore are pretty much doomed - I think the NYT has a good chance of coming out the other end, but it needs to act now. So, here are a few "turbo-charge the NYT" ideas that come to mind:

* Buy Twitter or at least get very cozy with them. Micro-blogging is here to stay - it's the next ubiquitous global communication tool after SMS.

* Offer the entire NYT's daily edition via all kinds of mobile apps (iPhone, widgets, Android etc) and widgets. Take a page from the new mobile gmail app - and start selling

targeted and personalized advertising right within these apps.

* Get a lot deeper into video - this is a multimedia, watch-this world now. This should include downloadable feeds and video-casts, rich-mediaRSS and streaming apps for mobile devices - you've got the brains so why not offer something for the eyes, too?

* Build or white-label a social network for NYT readers, writers, contributors, and base it around the great content you have.

* Get a lot more into conversations and ditch the monologs. The READERS are the new content, too. And... the new testing ground for next-generation advertising.

* Get into next-generation advertising, and become a leader in this turf: how about widgets, mobile ads, branded content, video advertising...?

* Widgetize and decentralize everything. People should be able to read (and watch) NYT content everywhere, no matter where they are.

* Bring a lot more good bloggers aboard: they have the goods, they are very cost efficient, and they need your audience, now more than ever!

* Get seriously into eBooks and eReading. Watch what people are already doing with all the cool reading apps for the iPhone (such as Instapaper), and where Amazon's Kindle is going: the electronic book business is about to take off - in another 12-18 months this will be a huge opportunity (imagine: rather than spending all that cash on printing and shipping of newspapers and books you could spend it on the actual content production).

* * * * *

**58. Take Note: Free for the User is not the same as 'Unpaid" For the Creators!**
October 21, 2008

One of the most common reactions during or after my many Music 2.0 / Future of Media & Content presentations or keynotes is renewed fear of not getting paid for what you have painstakingly created, be it music, books, films or TV shows. These 'fear & worry' moments usually come from the often deeply-seated misunderstanding (or should I say assumption) that 'Free' for the end-user means 'No Payment' for the creator.

This is, of course, not correct - and increasingly so: the Internet has not just disrupted the cherished traditional value model of selling copies, but at the same time the Web has also brought us powerful new ways of selling content as access and service, at a much lower cost and with global reach.

Just like Radio is free for the listener (in most cases - at least we don't have to insert our credit cards in order to be able to listen to radio), it also does generate substantial amounts of income for creators (in most countries;) - and if we could finally agree on a suitable deal for online and interactive radio, it would drastically increase in the next few years, as well.

Most performance rights societies (PROs) around the world are confirming this trend: public performance income is UP, and copy-related income (i.e. mechanical reproduction) is down. In the near future, it is not too far-fetched to imagine a revenue share for interactive radio streams that are tied directly into search results on the most popular search engines!


Now, let's take it a step further: since the Internet is essentially the next Radio and TV - and places like Facebook are likely the next broadcasters - why not license the Internet (yes, streams AND downloads) just like we licensed radio? This will take us to the discussion on the flat rate, of course, see more here - I have a hunch that we will embrace this topic at MidemNet, as well ;)

But, back to FREE: Radio & TV licensing in Europe makes for a great example - most of us pay Radio & TV license fees if we own a device that can receive terrestrial (and now, digital) broadcasts. Many of us don't exactly like paying this fee (I think it's something like 150 GBP in the UK, per year and per user, for example), but we have simply gotten used to this unavoidable and accustomed payment and it's just something we tacitly adhere to; at least until just recently when the debates over the archive access for public broadcasters got started.

Therefore, the BBC, ARTE (one of my favorites), ZDF etc already feel like free to us, and so does the new BBC iPlayer that allows UK citizens access to broadcast archives for 7 days after the initial showing. Maybe one of these days access to legal content via the Internet - at least on some basic level - could also be wrapped into the existing TV & Radio fees, or better yet: targeted, opt-in, permission-based advertising and brand marketing could provide the cash injections on our behalf!

Another great example for 'FREE to the user' that will generate real cash is Google's new offer in China: anyone that uses Top100.cn (Google's Chinese search engine) can stream and download feels-like-free music that is provided by 1000s of Chinese artists in return for a revenue share of the advertising on the search pages. The result: Free Music, Money for the Creators, Happy Users.

And consider Last.fm where their new owner - CBS - is paying for their users to enjoy 'free' music-on-demand, Myspace Music (same deal, except that the large ownership stake of the major record labels will make this a much tougher proposition for everyone that is not yet in their privileged club of shareholders), or Nokia's Comes-with-Music, where Nokia is paying for the music as a new (and I think very interesting) way of marketing their mobile devices fka mobile phones - i.e. instead of running expensive ads they simply pay for the music to give to their users 'for free' (some people would call that branding I guess).


We will see this model explode in the next 12 months, and that's great news for rights-holders and creators that are willing to give permission rather than intend to build ever-larger dams around the raging sea of user-empowerment that is the Internet: Music will Feel Like Free (FLF), 3rd parties will pay plenty, and the pie will grow for everyone - if we are reasonable about licensing fees and terms. Because, as Kevin Kelly has been pointing out for the last 10 years or so: if you can't sell copies anymore, sell something that can't be copied.

My expansion on his theme: If and when copies feel like free (but usage still generates cash, too) let's up-sell to the EXPERIENCES of music based on having the users' attention already.

In this context, Kevin Kelly's wisdoms on the 8 New Generatives is a must read for anyone looking to understand how this works. Let's embrace Feels Like Free as only the first step to many new income streams - there is more money in creating good content than ever before!

* * * * *

**59. Email is for Old People (and that includes me, I guess) - The End of Email as Social Tool?**

October 15, 2008

I am 47 and I just realized something (probably belatedly so) that I think is important to share with you: the Digital Natives [Wikipedia explains] the Net Generation, the 10-27 year-olds, don't use email like we do. For them, emailing means business, parents, government and other unfortunately unavoidable stuff. If they want to communicate (and that means 2-way now), they will twitter each other, leave messages on Facebook or Myspace, Orkut, Cyworld, StudiVZ, Mixi, or subscribe to each other's blog feeds or follow each other on Friendfeed (well.. yes, mostly the geeky ones), or chat on IM, via QQ or talk / video-talk on Skype, or SMS each other (worth $100 Billion in 2007).

Even more importantly, they share stuff in order to im- and explicitly communicate to each other by aligning with personalized content that shows who they are, such as posting and commenting on youtube, sharing pictures on Flickr, bookmarking stuff they find on delicious, sharing slideshows and presentations on Slideshare, music recommendations on Last.fm and iLike... and so on.

Email is way too formal, too direct, too organized, too PUSH for them, and is usually used more in the same way that we 'older' people used the fax or even good old snail mail. And the age range that deserts email as a social tool is increasing every week - this is one of the reasons why I recently junked my monthly email newsletter: it had become pretty much like flogging a dead horse, there was no conversation, no 2-way process.

This trend makes a huge difference for marketing and selling stuff online (or... rather, period): you don't get to push to these people anymore, you must PULL. You must get them to befriend you on the social networks, sign up for your RSS feed, follow you on Twitter - in other words, you must offer value and merit, and build trust. You don't own them, somewhere deep inside your databases - they own YOU in their minds, or Not. Ouch. Good. Yes? Talk back --- comment below!

* * * * *

**60. The Paperless World is coming! Reading via Mobile Devices is finally becoming a Real Option - Book 2.0 anyone?**

September 25, 2008

For the past decade I have been looking hard for a new solution that spares me from having to print 100+ pages from various websites and blogs every single day, only to subsequently stuff 1500+ pages in my computer bag and end up making a huge mess in airport lounges around the world as well as on the plane, reading and desperately bookmarking (high-lighting) the best stuff. A huge waste all-around and impossible to really retrieve anything.


Apart from reading even more PDFs like this one on my computer (which is far from convenient or easy-to-do), I have now discovered that some of my many mobile devices are actually starting to be very suitable alternatives for reading printed paper. Leading the pack here is of course the iPhone and the iPod Touch' and some select Nokia devices which I will cover in a separate post - I currently use both but the iPhone's app-store does make it a lot easier to give this a try.

Not only can I now read webpages that I have converted and stored for offline use via the cool instapaper app but now I can also read real books (well... not fiction, really - that would be a stretch) using the eReader app for the iPhone. The selection at eReader is not very large, yet, and the prices are quite high (surely that isn't their fault I would reckon), and of course there's DRM galore but it's still something worth looking at - convenience trumps those hurdles only for early adopters like me, though, that's for sure.

I do wish that the publishers would wake up and see this as a much, much bigger opportunity than they seem to do, at this time: there is simply no reason whatsoever for a book to cost $15 via the eReader - give me a break please - there are no shipping and no printing costs. Darn - you could make this a real, liquid, low-cost, ubiquitous global business.

In any case, what I do now is to save the longer web-pages on my instapaper page (on the computer), sync with iPhone or one of my iPod Touch devices (it would be great to have that on the Nokia phones, too!), and then read it when in the taxi, on the train, or in the plane. For annotating stuff, I simply carry a small paper (!) notepad and pen so that I can quickly jot down the most important realizations from what I read - I have found that actually writing stuff down really makes a difference when trying to retain information, anyway, so that works fine for me.

Using Instapaper, the webpages are converted and very easy to read, btw, and scrolling is easy with the pro version. Next, if I want to read a book, I think I'll start using eReader for that (I am trying it with the free books right now) - but here again, if I could have a flat rate now that would be good; don't punish me for my interest, punish me for buying the dead tree version.

And if you live in the U.S. - which I don't - there is Amazon's Kindle which seems to be making some serious headway and the OLPC XO2 (see pics on Flickr) which allows book-like reading and looks great - hope they don't really get stuck with the MSFT OS, though.

The bottom line is this, and I think it's really exciting: easy and comfortable electronic reading is just now becoming a real possibility using mobile devices, and this will have serious impact on the entire publishing industry, from newspapers to magazines to books. As usual, if content owners and their representatives can ease up on the Control a bit I think we're looking at another huge opportunity for those that actually create the content to begin with. The business models? Stay tuned - I am working on it;)

* * * * *

## 61. The Future of Music. More Income from Attention & Performance, less income from Copies - but overall growth once we accept this trend.

via Midemnetblog
September 16, 2008

I have recently been busy reading Kevin Kelly's 'Out of Control' book (the re-issued PDF) and his very insightful 'Technium'-blog as well as Yochai Benkler's great book "The Wealth of Networks" and wanted to share a few key findings with you - the Future of the Music Industry is very much related to what Kevin and Yochai are writing about, whether you want to call it Music 2.0 or not.

First and foremost, I believe that it is fairly certain that in the near future we will see

Attention Revenues eclipsing Copy Revenues. Attention revenues can be described as either revenues that come from licensed and monitored public performances (radio, concerts, broadcasts of any kind) or from more indirect sources where music is receiving a revenue share in returning for adding value to something else (such as a revenue share from sites that run advertising).

New attention-based revenue streams will come from many flat-rate offerings that will be rolled out in the next few years, next-generation advertising, commercial sponsorships and product placements, up-stream selling and cross-marketing, contextual sponsorships and branding, linking and referring; and they will indeed surpass the traditional copy & unit-sales revenues once permission is given and revenues can be shared. This quote, by Google China's President Kai-Fu Lee summarizes it very nicely "... mutual interest, rather than monopoly, is the key to sustainable growth".

The recent launch of MySpace Music already drew comments that sound a lot like the model I am describing here - read this column ad Adage.com. I forecast that during the next 3-5 years we will continue to sell less music products (whether digital / downloads or physical / CDs) but will witness a constantly increasing number of access-based services (i.e. streams, public performances, concerts, synchronization etc) that will be paid for 'with attention' i.e. 3rd parties will pay for the music in order to have direct access to those users.

This future will bring many new and expanded kinds of attention-based revenues; albeit not really - and this is crucial - from the advertising-as-we-knew-it, i.e. interruption-based advertising, pop-ups and 30 second commercials. Nobody would tolerate this kind of advertising on their iPhone or IPTV channel or YouTube or the PSP - the new kinds of ads will feel and look very much like content, themselves, and as a consumer I will want to see / hear / read them. But more on that soon...

The timeframe: I would say it will be 3-4 years for attention-based revenues to amount to more than 50% of the total amount of revenues for the music industry (defined as recorded music companies and publishers - but that distinction, of course, is quickly outmoding as well.) Note that this will probably happen much sooner in Asia (look at the Google Music deal in China for example) where 'selling copies and no much else' has never been the chief money maker for the music industry.

In this future many music creators of around the globe are very likely to generate more income based on what they and their brand stands for, based on their fans / listeners / users having real, meaningful experiences with or through them, and based on who pays attention to them, when and how. Many of us in the music industry have always been aware that the concept of selling enough 'units' to make selling copies the sole source of our livelihood has in reality always been reserved to those very, very few that are at the top of the heap and manage to stay here, i.e. not in the so-called longtail... or even the upper body!

But those hits are much harder to come by now since people have a lot more choice and are therefore making more diverse choices - this goes for music just like it does for restaurants, holidays and movies.

In our immediate future - both as actual content creators or as the companies and industries that serve them - it will be all about gathering, keeping and then converting Attention.

In a web-native music business - and since there is no other option, this is where we are headed, kicking and screaming - most musicians and songwriters will, again, make more money with attention and performance-related activities (i.e. not just concerts but also web-casts, live-streams, on-demand and regular Radio, TV, synchronization, sound branding, music in public spaces, etc) then they used to with selling actual copies of their songs or albums.

Soon, of course, it won't even matter anymore whether a use of music is deemed to be a copy or a stream (performance) since all content will need to be legally available in the network 'cloud', anyway, and it will be access that counts, not if it's a copy or a 'listen'.

We can already observe this trend by looking at the steadily increasing revenues of public performance organizations (such as ASCAP, BMI - see this chart from eMarketer) while the rest of the recorded industry's unit-selling revenues (and the so-called mechanical revenues) are headed for the vaporizer. eMarketer has some good comments on that trend, here.

Let's take a look at how artists (and their representatives, in turn) can convert attention into real cash (Kevin Kelly lists some similar points in his brilliant essay, here, calling them the New Generatives):

* Public Performance (whether in person or through an increasing choice of media types - remember: the Internet is indeed the next Radio and TV!)

* Contributions to other people's work and productions (contract work, licenses, remixes etc)

* Endorsements by brands, companies, sponsors, and fans (that's pretty much how the music industry in China already works I think)

* Referring, linking and connecting to others that gain from the connection (generating affiliate and referral fees)

* Lending Credibility and adding value by their participation (events, campaigns etc)

* Generating an increasing number of new up-stream revenues - once you have attention there are many ways to upsell your users to the next level of engagement!

So what is the future role of music companies i.e. publishers, labels, agents... the 'industry', if it's all about the creators' brand and his/her increased attention? The answer may sound simple but the current paradigm switch-over phase is tough, no doubt: future music companies will facilitate, syndicate, amplify, contextualize, catalyze, administer and most importantly provide scale - anything that can repeatedly generate more attention and harnesses those new revenue flows will be highly valued.

I personally think much of this will be done by SMEs (small and medium size companies) that will provide agency-like services to the creators - but of course, once the web is actually ubiquitous and always-on, everywhere, scale and speed will matter, no doubt, so yes - size can be an advantage then, too.

* * * * *

### 62. The Future Revenues for Content: Attention revenues up, Copy Revenues down - get used to it

September 3, 2008

Update: download and watch my flash-movie on "Paying with Attention". While watching some videos and reading the latest writings of Kevin Kelly and Yochai Benkler, it struck me that we are indeed heading into a future of Attention Revenues exceeding Copy Revenues - and I am talking within 3-4 years here, and probably much sooner in Asia where 'selling copies' has never been the #1 money maker for content creators.

A Future where all kinds of attention-based revenues (i.e. not just advertising-as-we-knew-it but revenue sharing of flat-rate offerings, next-generation '2.0' advertising, up-stream selling and marketing, sponsorships and branding, linking and referring, etc) will very likely surpass copy & unit-sales revenues.

A Future where many content creators of all kinds, in all locations, and within all levels of accomplishment will make more money based on what their brand stands for, based on their fans aka users having real, meaningful experiences with or through them, and based on who pays attention to them, when and where.

**Attention is the new Currency**

Selling enough copies of one's work (whether physical or digital, whether books, songs, movies, software or games) to make this the sole pillar of one's livelihood has in reality always been reserved to those very few creators that are at the top of the heap (i.e. not in the so-called longtail or even the body).

And of course, being hit-driven, the companies that have marketed those that can sell millions of copies globally are the ones who will have the most to lose in the short term and during this paradigm switch-over - Hollywood's latest disaster movies are not going to be the most-watched movies in India, China and Brazil in the future, anymore.

In our immediate future as content creators and companies that serve them, it's all about gathering and converting Attention - at least until the world is so well-served with feels-like-free content in return for attention that physical copies become desirable again (and they will).

Most musicians and songwriters will make more money with performance-related activities (i.e. concerts, web-casts, life-streams, on-demand and regular Radio, TV, synchronization, sound branding, music in public spaces, etc) then with selling copies of songs or albums. In fact, in less than 3-4 years it probably won't matter anymore whether it's deemed a copy or a stream since all content will be available in the network cloud, anyway, and it will be Access that counts, not if it's a copy or copy - at least if you're not a recording industry lawyer.

We are already seeing this trend if we look at the steadily increasing revenues of public performance organizations (such as ASCAP, BMI, BUMA etc) while observing the rest of the recorded industry's unit-selling revenues (and so-called mechanical revenues) heading for the vaporizer.

Of course, most book authors (and there are increasingly many - with an estimated 3000 new books published per day) already know that the real money in writing books is not in selling them. Instead - just like with free / open-source software creators - it's in the increased reputation, in the bolstered credibility, in the enhanced public perception where the income is: book authors get hired to speak, ask to sit on boards of companies, join academic organizations, advise governments, provide input on film and TV productions, and so on.

While nothing new, this is a nice example for the rising importance of the Attention Economy: a lot more people can now become their own publishers and can have a go at becoming Author-Brands; the gates are now wide open to either prove yourself or be demolished by your peers (yes... it does work both ways).

The likes of Twitter, Friendfeed, Google, Amazon and Youtube have now given all of us a fairly reliable way of checking what a writer's reputation and buzz is - and faking it will become nearly impossible to do. The reality is, of course, that 99% of book authors have nowhere to go but up: their revenues from unit sales never did amount to a meaningful income, anyway, so if Attention Revenues are the way forward... it's all up from here.

Film-makers and TV/Video producers have a lot to gain from this switch to attention-based revenues, as well, even though high production costs will be initially hard to justify for small, niche audience productions - as many web-based TV startups have found out, there is no real money in the long-tail TV/video market yet; mostly because only 3% of the world is on broadband at this time, and those that are paying too much for it (imho).

But let's keep in mind that public performance (i.e. showings) of motion pictures, TV shows and videos have always generated a very large part of the cash that came in: box office revenues are, after all, nothing but performance i.e. converted attention-based revenues -- selling the experience not the copy. And as this won't change in the future, the movie industry still has a real leg up on the music business.

So let's take a look how creators (and even their representatives) can turn attention into real cash:

° Public Performance (whether in person or through an increasing choice of media)

° Contributions to other productions (contract work, licenses, remixes etc)

° Endorsements by sponsors and brands (that's pretty much how the music industry in China does it)

° Referring, linking and connecting to others (generating affiliate and referral fees)

° Lending Credibility and adding value by their participation (events, campaigns etc)

° Generating an increasing number of new up-stream revenues - once you have attention there are many ways to upsell your users to the next level of engagement!

So what is the future role of media companies, publishers, labels... the middlemen, the 'industry', if it's all about the creators' brand and increased attention? And if the users - fka consumers- also become involved in content (co)or(re)-creation... what will happen to the definition of content ownership?

The answer sounds simple but the paradigm switch-over period will be tough: media companies (and those aggregating or represent creators) must facilitate, syndicate, amplify, contextualize, catalyze, administer and most importantly provide scale - anything that repeatedly generates more attention and harnesses those new revenue flows.

I think much of this will be done by SMEs (small and medium size companies) that will provide agency-like services to the creators - but of course, once the web actually is ubiquitous and always-on, everywhere, scale and speed WILL matter, no doubt, so yes - size can be an advantage then, too.

* * * * *

## 63. The Fear of Change - and why we must get wet if we want to learn how to swim!

June 16, 2008

I am very fortunate to meet a lot of interesting and open people at my various keynote speeches and think-tank engagements - from 20-year old, hungry newbies to 60+ year old CEOs; in Asia, Europe and the U.S. Sometimes I think I inadvertently learn more from them then they do from me (but... don't tell anyone please).

In many conversations, fear is one of the biggest stumbling blocks I encounter again and again. Fear of change, fear of the unknown, fear of being excommunicated because of 'holy cow violations', fear of questioning authority, and of course: fear of losing control, in all its variations. Deep seated fears (and the associated, often unaware believes and assumptions that cause them) are what puts the boot on a lot of urgently needed changes, often leaving us disadvantaged and unprepared. Fear tells us to shut up and just continue down the path that we know and trust - don't be a fool and stray away.

The most gripping fear, of course, is to suddenly and irreversibly lose control because some carefully worked-out logic, social chemistry or business tradition is crumbling due to some tiny thing that has been messed with, one harmless molecular change that endangers the entire formula. Instinctively, we therefore avoid those moments of uncertainty, those treacherous waters that may sink our ship because we run into an unexpected cliff or get stuck in the sand.

The problem is that if we always stay in safe and well-charted waters we will most of the time not reach new shores, ever; instead we only glance at them while we sail by and peer through our telescopes. Therefore, we don't get a real feel for what it would be like, while our fears keep suggesting that it's not worth it to deviate at this time. Many of us therefore keep coming back to the same 'beaches' that we know and trust; others just follow those courageous (or foolish?) pioneers that have the new turfs scouted out, already.

In the media and communication industries, fear is one of the key hurdles for change, and for facing the huge paradigm shifts that require us to happily sail into new lagoons and probe new waters - we fear these changes because these waters are utterly unknown, and our map just shows blank spots.

Sometimes we can send others, and if they perish we feel bad but vindicated in our fears. If they land in a nice tropical paradise we swiftly follow and reward them richly for taking us along (see NewsCorp & Myspace, Google & Youtube, CBS & Last.fm...). Let someone else be fearless first looks to be a better strategy.

But just for a moment, let's take a look at the most popular fear inducers:

* Markets are conversations (fear-fueled reaction: "omg: do I have anything good to say.... will I ever get a word in.... will anyone ever listen to me again... how can I do talk to all these people and still get any work done... is everyone going to call me now?)

* The LongTail (fear-fueled reaction: omg: will all this niche content prevent me from getting attention for my expensive hit content... if more people consume niche content where will my mass media viewers come from... if amateurs can be journalists what do I get paid for... will the world just turn into a huge user-made content landfill...?)

* The End of Control (fear-fueled reaction: omg: how do I make money when I can't force people to pay me)

* Peer Production - Now, Users are Content Creators, Too (fear-fueled reaction: omg: now we are losing our monopoly on ideas and creativity, and the world will be knee-deep in meaningless content)

* * * * *

## 64. A Couple of important Keywords that keep popping up in my speeches (and everywhere else)

May 31, 2008

I have done 10 or so presentations and speeches in the past 4 weeks, all over the place and on many different topics, but these key subjects, below, keep popping up; so I figured I could share them with you.

° The good old Longtail (i.e. the concept of the digital economy enabling substantial revenue streams with or from content or products that are much lesser known, i.e. not 'hits') - the antidote to the Hit Economy that we've had in media for a long time (in music, I call this the Rolls Royce or Bicycle Syndrome). Read Chris Anderson's Longtail book or his blog to find out more, or dive into all the stuff that I have written about the Longtail. Yes....I know this is an old hat for many of you but it still needs to go into this list.

° Wikinomics: the concept of mass collaboration changing 'everything', as set forth by Don Tapscott in his mind-boggling and inspiring book Wikinomics. Wikipedia notes: "according to Tapscott, Wikinomics is based on four ideas: Openness, Peering, Sharing, and Acting Globally" Well... read for yourself but these concepts are everywhere now, and reinforcing each other, too.

° Paying with Attention: this is a central point for the formulation of new Advertising 2.0 scenarios: users will indeed pay with their attention to ads (or rather, content that advertises products;) in return for receiving free content. I have, of course, made a video on this, here, and have pontificated on this all over the place, but this is still very much work in progress. PWA goes with those juicy keywords of Freemium (as coined by VC Fred Wilson), and FeelsLikeFree.

° The End of Control: the concept that in this networked economy control-obsession causes loss of relevance and consumer trust, user-rejection and overall decline (yes... the music industry is a great example!), while reliance on openness, and furthering trust and engagement can breed success. Of course, I have been working on this topics a LOT lately, given that I am slaving away on a new book on this topic (subtitle: Open is King), you can dive into some previews here. Erick at Techcrunch wrote a nice piece on this topic, too.


° Last but not least: Markets are Conversations. Media is 2-way. Don't just talk TO people, talk with people. Yes... the good 'old' Clue Train Manifesto.

* * * * *

## 65. Future Stories #2: The Future of Telcos - Content & Service Pipes

May 21, 2008


Traditionally, telecom companies simply offered various types of phone services and connectivity, and moved lots of data around - maintaining and constantly improving pipes & networks was the primary mission. Today, the basic connectivity offerings have become seriously commoditized: prices are dropping towards zero in a ‘feels like free’ way, and due to the ever-increasing P2P action the comfortable old position of being a ‘dump pipe’ is no longer a viable option, no matter which way you look at it.

The bottom line is that there is no way that Content and Services will not end up packaged into those expensive pipes, cables and wireless networks. But take note of those keywords: PACKAGED and BUNDLED and Feels Like Free.

Increasingly, the Future of Telecoms is more in the com than in the tele; in facilitating communications based on, around and ‘lubricated’ with Content and Services. Voice traffic will only be a small and probably diminishing slice of the pie here - similar to how CDs and digital music ‘unit sales’ will make up only a fraction of the future revenues of record labels.

In a networked ecosystem that wants to serve and empower those pesky ‘always-on’ digital natives, telcos and operators have no choice but to branch out into adjacent or even completely alien sectors - if they don’t, other players such as device & handset manufacturers, web portals, social networks and search engines will feel compelled to fill the gaps and push the pipe & network guys further and further down to the bottom of a digital ecosystem that has only just now begun to flourish (remember: only about 2% of the world is on broadband, today - there is a long way to go, yet).

Imagine a Facebook Mobile Network, a Samsung Mobile Video Platform, and (of course) a Google eBook Reader?

*(image via Kevin Kelly)*

Clearly, those Web0.0 ‘dumb pipes & walled garden’ concepts are dead and gone - now it is all about what comes through those pipes, not where they come from. And crucially, content must now be defined much broader: not just as a piece of ‘professionally made’ and bona-fide copyrightable work that is being transmitted but also inclusive of all the surrounding user interactions, attention kernels and click streams (oooopps... sorry for the geek speak). Context becomes very valuable Content, too.

TwitterMusic, Google VidRead, Gone.MTV, Skype.TV, MotoTube…

For telcos, it’s about time to get into a new game, and it’s called Media2.0 - a vast and mind-boggling opportunity for (pro)aggressive networks to literally leapfrog over some of those incumbent and still future-shocked media companies, giving birth to or simply fueling new disruptors that could very well be the next Viacom, CBS, BBC or Warner Music. Deutsche Telekom, Orange or Telefonica should have bought Last.fm, not CBS!

Now, witness Nokia packaging UMG’s and SonyBMG’s music into their handsets, and sell it together. Witness Google trying to package ‘free music’ into their Top100.cn search engine in China; witness CBS’s Last.fm API’ing ‘free interactive, on-demand music’ into social networks. Services such as Last.FM, Pandora, Flickr and Twitter (and there are many others) already make heavy use the telco’s networks to ship and distribute data at an ever increasing pace and volume. Now, many telecoms and network operators around the world are starting to realize where their future is taking them: Content + ConText + Communications + Services + Ads2.0.

So let’s plot a few futuristic scenarios:

Twitter may just start to provide pre-loaded content-’links’; users would be able to receive messages with a hot medialink to a file that is pre-loaded somewhere, and instantly stream it via any flash-enabled mobile device. MicroMedia anyone?

A telco (Verizon? SingTel? TMobile?) will buy whatever is left of SonyBMG when Bertelsmann finally drops out of the joint venture; and SK Telecom may well end up buying a majority stake in Warner Music, globally (they do already own 50% of their Korean JV with WMG). My take is that Music2.0 is likely to coincide with Telco2.0 if the large (but quickly shrinking) music conglomerates and the forever-at-snail-pace music rights organizations keep on playing hard-to get with anyone that has the audacity to want to actually use their music legally.

China Mobile will start ChinaSpace, a social network build around content that is generated entirely by the users (or shall we say Usators).

Within 18-24 months, a major telecom (Vodafone? Telefonica? NTT?) will announce that they are entering the music business. They will start from scratch, unencumbered with back-catalog, contracts and Music1.0 (;) people and concerns, working with new artists and with those well-known brand name acts that have finally left their labels for good, riffing off the various Music2.0 blue-prints that have been making their way around the Net (including my own humble Music2.0 book I hope;).

This will be fueled by the fact many incumbent record labels (no, not just the major labels and the RIAA) have famously succeeded in being ubiquitously hated by the music fans i.e. the users, their artists, the general public, and - you guessed it - the telecom execs, themselves. 10 years of back-patting and spending 100s of Millions of $ to convince these guys to somehow give the consumers what they really want - no wonder there is serious thirst for revenge here. Telcos are fed up and will cut their slavish ties to the old major label system in the next 9-18 months.


Flat-rate music offerings will become a standard - and fuel the telcos of tomorrow. Smarter toll-booths for more traffic.

Skype will be sold by eBay to either a major social network (F….k?) or a major telecom, and will come back full circle to how it got started: a powerful network for sharing data the cheapest possible way, be it phone calls or other bits and bytes i.e. content (read: music, film, TV, books...). Skype is where legal P2P will happen, first.

Within 12-18 months, together with Google, one of the leading advertising and communication agencies will strike a deal with a major telco and jointly launch ad-supported and user-generated content services based on an Advertising2.0 approach, completely side-stepping traditional content production and licensing procedures and offering new artists (and out-of-contract acts) yet another way to go direct.

So, dear Telcos, Operators and ISPs, here are my 2 cents:

* Stop worrying about pleasing the incumbent music & media industry players and ‘the studios’- either they will follow your lead and give 5 Billion users what they want, how

they want it, or you need to leave them behind as quickly as possible

* Play your hand now for it is strong: you have the network, you have the users, you have the billing relationships - you can get the content the way you need it, too!

* Like the Radio and Broadcasting Industries before you, start by demanding a new, standardized blanket license for full-length, interactive music streaming followed by unlimited downloading of music on digital networks; and while this is being negotiated start making deals with Ad Agencies and Advertisers to prep the Advertising2.0 pipeline.

* It's music first and then Film, Video, TV…. $700 Billion of Advertising per year are ready to be traded in this battle for content in return for attention. Seize the day.

* * * * *

**66. Broadband 2.0 (via Wired) and then? Content 2.0 and Copyright 2.0?**
April 23, 2008

Wired has a good feature on what they call, of course - but hopefully with some mocking intentions - Broadband2.0. As I have said many times before, we are just at the tip of the iceberg as far as SHARING of Content is concerned, and we will need an altogether different logic of copyright and understanding of 'content' monetization to deal with this. I shall pontificate further on this, in the future, but for now check out this short video.

Here are some high-lights from the WIRED feature, and my comments:
"Now two of the largest ISPs in the United States are hoping to kick off yet another broadband renaissance, this time with home connections that promise to reach 50-100 Mbps, enabling a slew of high-definition content, better-quality video-sharing sites and even 3-D video.

Call it Broadband 2.0. Experts say this increased bandwidth -- when it becomes widely available -- will have a profound effect on everything from our social interactions on the web to the way we consume media."

My comment: High definition is certainly the key to a meaningful content consumption (or shall I say 'content engagement') on the Net, in the long run. Forgot those lousy MP3 sounds and give me full CD quality - another 3-4 years and we'll have that, as well, imho - and I just can't wait.

"Mr. Waters says that first and foremost, we can expect everything to go high-definition: We'll download HD movies from Netflix, upload HD content to YouTube, and watch more sophisticated HD content on our televisions. The added bandwidth may even spur development of extra goodies, like stereoscopic 3-D video and high-fidelity audio. Believe me, the minute someone puts the pipes out there, people will find a way to use them," Waters says."

My comment: this is why Telecoms, ISPs and Wireless Operators must engage with Content NOW. It's time to leave the good old idea of the 'stupid pipe' behind and move onto the Service + Content Pipe concept. This, to me, means a concerted push for new content licenses and flat rates. The Internet is the new Broad[Narrow]Casting Platform, and it needs to be licensed accordingly.


This is not at all an argument for ISP liability - rather, in my view, the liability for monetizing this development rests with the Content Owners not with the Networks. Put up (i.e. license) or shut up - to speak frankly.

"If you put a 60 Mbps service out there, people are also going to want to have services associated with it. Yet no one is going to create those services unless the 60 Mbps is there," Water says. That hesitation may not last long, because consumers always find ways to use up whatever bandwidth is available -- and then some -- says Rudolf van der Berg, the author of a recent study on the future of fiber networks (.pdf)."

Content is now Context and Conversation, too - and therefore, and in this new definition only, is King, once again.

* * * * *

## 67. Music 2012 - Totally Secure, really (like… completely) , so scarce and so very very valuable again

April 28, 2008

Warning: this is fiction. For now.

The herculean efforts of the world's most eminent legitimate music rights- and intellectual property owners, represented by the RIAFPIAAMP (the all-encompassing global content producers' organization led by former U.S. President George 'Hard Work' Bush whose favorite battle cries "We have a right to get paid a lot more, dammit" and "Copyright-is-worth-dying-for" are now found even on free coffee-mugs and roadside bulletin boards) and the organization's numerous allies from law enforcement, the military and leading anti-terrorist experts around the world have finally been victorious: Music is now 100% scarce again, and the threat of hardened juvenile criminals and the so-called Digital Natives freeloading via the Internet without restraint has been eradicated.

The War on Sharing was costly, indeed: tens of billions of $s, Euros, Yens and Rupees were spend and some unfortunate collateral damage had to be absorbed as well, but finally the battle has been won by the rightful leaders of the global music industry corporations - music is, once again, totally and permanently secured and under the rights holders' exclusive and unflinching control. Copyright is sacred again - hallelujah.

No device can play any music whatsoever unless it has been authorized by the Central Music Device Approval Authority in London. All music recording devices are forbidden, period, and special permits are required to even mention their existence. Robotic device-control-squats patrol the subways, clubs, bars and schools around the globe, looking for RFID pings from any device that could be used to engage in stealing. Unless a device is properly authorized to deploy music, a user attempting to do so will get a recorded and looped message alerting him to the fact that the device is illegal and that he needs to cease his activities immediately.

Repeat offenders that do not follow the warnings may suffer severe burns on their fingertips, courtesy of the new BurnThoseThieves hard- and software that is now embedded in all audio devices, thereby making these criminals easily identifiable to the global MP7 (Music Protection Prevention Prohibition Purposeful Peer Panic Production) task force that has been set up since the Criminal Music Consumption Act (CMCA) was passed in 2011. Hospitals everywhere are fully collaborating.

No ISP, telecom or wireless operator can move even a single 0 or 1 of any registered piece of music (and soon, film or TV show, photo, logo, txt file, pdf or any other of the 387 indexed file formats) through the network unless it is listed on the 'approved for network distribution' list. All telecoms around the world must get written approval for any data transfer that could be perceived to contain intellectual property; apart from voice (and even that is monitored as well - see below).

This slows things down things just a tiny bit but one can still get a 12k stream on the paid-for and authorized on-demand music providers pretty much any day; this is hugely popular in penal colonies, on arctic cruise-ships and at genetic food research labs all over Siberia and New Mexico. Finally, ISPs can keep their noses & pipes clean and concentrate on running their networks without worrying that copyright crimes will be committed through them - a great relief to everyone!

Consumer-to-consumer bluetooth file transfers using cell phones and other mobile devices were disabled years ago, when the RIAFPIAAMP sued Samsung, Nokia, Motorola and Apple for 250 Billion dollars - and won. This was directly after the UMMFFRECUR (the United Music Managers for Forced and Really Equitable Content Use Remuneration) and the CPFELC (Content Publishers for Eternal Life of Copyright) teamed up with the RIAFPIAAMP to force BT, France Telekom, Verizon, China Mobile, T-Mobile and Vodafone into shutting down their networks until they could finally clean out the music pirates, for sure. 18 months without wireless services sure taught everyone a lesson!

Apart from Bluetooth transfers which are just not legal, period, wireless file transfers of any kind must now be approved by the CWCTA, the Central Wireless Content Transfer Authority in Gütersloh, Germany, but most consumers don't even dare to apply for a permit since they would be certain to have their names entered into their MicroGooHoo NetworkID file system which prevents undesirable individuals from entering places where any attainable content could be found, such as clubs, bars, music stores, airports, libraries and schools.

Automatic 1strike+out(TM) network disconnection is build into all computers, digital Radios, TVs and mobile devices, worldwide. Playing any piece of music that is longer than 1.2 seconds and that is not properly approved results in immediate disconnection from the Internet. The software was developed by the German Army and it's doing a fabulous job here.

Anyone that has been disconnected must apply for 'reinstatement of connectivity' to the Internet Re-Connection Investigation and Approval Authority in Dublin, Ireland, led by a subsidiary of a well-known music management and artist branding company that has been able to patent the serious-infringer-detection technology back in 2008.

Anyone that is caught capturing  and uploading an image or a video of an artist that is represented by the RIAFPIAAMP or their sister organization, the World Content Ownership and Administration Committee (WCOAC) will face immediate remote destruction of all memory contained on his or her equipment. In order for this to work flawlessly, all memory chips and hard-drives are now wirelessly connected to the Central Content Security Database in Langley, Virginia and Nice, France.

Repeat offenders will be barred from buying any digital equipment, whatsoever (including coffee makers, watches, washing machines or toasters) and anyone lending such equipment will be considered guilty of contributory infringement.

Since 2011, all private phone calls are monitored by United Phone Call Screening Systems (UPCSS) in Mumbai, India, on behalf of the WCSC, the World Content Security Council (based in Geneva, Switzerland) since the rapid increases of unauthorized public performances of music on mobile phones has led to losses of billions of dollars to the rightful owners and wardens of the master recordings and compositions.

People calling each other to listen to music has been officially declared THEFT in the 2012 Singapore Total Rights Forever Treaty (STRFT). The system is working so very smoothly that only those pre-approved and fully licensed users that have adequate legal representation in at least the 100 WCSC signatory countries can actually listen to music via digital devices at this time -everyone else's attempts at enjoying music without proper permission has been thwarted so that the monetary value of music can be maintained, and even elevated, again.

Thankfully, a new format, the UeberCD, has been launched by AppSonips a year ago and that's pretty much the safest and cleanest way you can get music now - pay before you listen, while you listen, and after you listen - the way it should be! Everybody has to buy UeberCD players and sound carriers in the UeberCD format, and there is only one authorized place in each country that can produce them.

Each player unit and each UeberCD is equipped with a wifi / wimax / GSM chip as well as with RFIDs, making it easy to find out how many times people are playing the music, where, and when, and helping honest people stay honest, and not exceed the permissible maximum of daily plays.

All UeberCDs that leave the country where they were produced automatically lock-up and stop working, and the self-destruct. In most cases, the authorities are alerted, leading to many arrests of hardened criminals all over the world.

Music making is restricted as well, and subject to a 'official creator license', since many people disguising as musicians had taken to secretly listening to the artists and songs that they liked a lot, using old analog equipment of the late 90s, and were thereby influenced by ideas and inspirations that they had absolutely no rights to, whatsoever.

Now, with the new government 'License to Rock' Version 2.98 it is finally possible to produce new music without constantly flirting with accidental or inadvertent copyright infringement: musicians and composers must subject to a strict clearing procedure by the Creators Approval Committee before they are allowed to use one of the many RIAFPIAAMP's Creative Bunkers where they can go about their work in total isolation for a minimum of 15 months before they can surface again. Now that's what we call clean!

All in all, this is a great world to live in: clean, orderly and all-paid-for, all the time - welcome to Music 2015.

Some of this story is influenced by a recent read of Cory Doctorow's book 'Overclocked'

* * * * *

### 68. TV can avoid the Music Industry's Fate and survive the Digital Age

via The Atlantic, Michael Hirschhorn
April 11, 2008

The Atlantic has a good feature on the future of TV here. Some of it really rocks, some of it I would question. As usual, here are some highlights and comments:

"My friend Mike and his wife had done away with their TV entirely and instead had set up their 20-inch iMac wide-screen as the focal point of a kind of jerry-rigged home theater; with no grievous loss in quality, they were feeding it with content from iTunes, various other Web-based media services, and DVDs. In doing so, they had dispensed with those hefty cable bills and had asserted an icono-clastic form of control over their media lives...."

My comment: This is exactly what I am planning to do at my home - if this trend holds up it certainly changes the TV landscape ;)

"In the future, TV will mean a cacophony of professional and amateur short- and long-form content shipped via a variety of platforms to a variety of devices, only one of which is the Sony BRAVIA taking up too much space in your living room. Then, that content will be edited, poked at, commented on, parodied, and rebroadcast by you the former viewer-now “user”-to whomever you choose. Who gets paid by whom to deliver what to whom in this new dispensation is, as in every moment of grand tectonic digital shift, the $60 billion question...."

Well put!

"According to a recent study, the majority of Internet users watch roughly 3 hours of video on the Web each month, compared to the average person’s 4.5 hours of TV each day. For all the hype surrounding Web video, it was not surprising that NBC, responsible for 40 percent of iTunes’s video sales, had earned only $15 million last year on those sales..."

My comment: good stats (but it's not the same outside of the U.S.!), so yes indeed, we are early - much like digital music 3 years ago. But now it's the only game in town. It takes longer but when it hits it's huge.

The next quote is very important since it addresses the differences between Music and TV:

"The traditional-TV model is altogether more user-friendly. It’s free, or at least the costs are buried in cable bills (where, my Houston friends notwithstanding, years of learned behavior dictate that this is simply a cost to be borne), or they are buried in the more recent “triple play” offerings from Comcast and other companies that bundle cable with phone and high-speed Internet, obscuring the costs even more..."

My comment: this maybe a key point to the future of music - the costs must be bundled more, obscured if you wish, made less painful... i.e. feels like free!

The next paragraphs is where I don't quite agree: "In the past couple of years, the TV networks have thrown their shows onto the Web willy-nilly, some on their own sites, some via AOL, Yahoo, and so forth, and some on new ventures like the aforementioned Hulu. The logic is that if they don’t, someone else will; indeed, a dedicated surfer can find most any show through sub-rosa peer-to-peer file- sharing systems that are used by an astonishing proportion of Web surfers, perhaps as much as 70 percent of the total.

In the age of distributed media, you give the people what they want when they want it, where they want it. “If they want their show to succeed, they’ve got to get it out in front of as many people as possible,” an analyst for the technology research firm Forrester said of the Big Four broadcast networks, articulating the moment’s conventional wisdom and following it with a typical note of alarm: “The window is very short.”

But as the music industry learned very quickly (and the newspaper industry before it), this model swiftly turns you from a business to a charity, undermining the value of your product even as it brings your content to a larger audience. This is because advertisers and broadcasters have yet to settle on a protocol to sell advertising to accompany the near-infinitude of available content, and consumers are not yet ready to spend a lot of money paying for downloads. As NBCU’s Zucker put it in announcing the end of the network’s iTunes deal, “We don’t want to replace the dollars we were making in the analog world with pennies on the digital side.”

My comment: This is a real valid concern, of course, but here is the bottom line: you may not like it but you don't have the choice of withholding your content from the digital networks, and from those users that will convert, slice & dice, and upload them, as they see fit. Yes, in principle, you have copyright laws, you have enforcement tactics, you have leverage - but will the insistence on Copyright Law and the long- standing tradition of Exclusive Control actually make you money in the future? Will the old system i.e. the good many $$$ you made while ruling the analog world still be available? Will you have the luxury of choice and prior approval? Will you be able to refuse the license? Refuse participation?

Well, I think the answer is clearly NO. While this may be upsetting it's not the end of the world -it's just the end of the media-tollbooth system of the past; i.e. who pays who for what, and when. Spend your energies on setting up a new tollbooth logic, and not on enforcing what worked in the past. Read my TV2.0 post.

Michael (the author), finishes it off with a nice twist, then: "As TV and the Internet converge into something generically known as broadband, the distinctions between the two will soon become nugatory from a consumer point of view. But will this resulting hybrid be more like TV, plus interactivity; or more like the Internet, plus TV?

The distinction will be worth billions to whoever gets there first and organizes this mess in a fashion that's satisfying for consumers. The networks and cable companies, therefore, will need to move quickly to find a way to package the different streams-professional and user-made, broadcast and Internet-into a huge, interactive library, all easily and pleasingly accessible on demand and portable to whatever device people are overpaying for at that moment. When they do, they can call it Web 3.0, and everyone will want to get it...."

* * * * *

### 69. Future Stories #1: Blogs will be record Labels, Bloggers will be the new Music Moguls

April 2008


Within 2 years, the leading music blogs will become what used to be called 'Record Labels'. The people running them will be those sharp, tuned-in, hyper-networked and resourceful BlogJs formerly known as bloggers. They will use their blogs as the primary attention channel (yes - attention really is the new distribution) and will dish up a complete, interactive and highly relevant multi-media experience that will include TV shows, chats, webcasts and games. Forget about 'websites' and browsers - the BlogJs will do it on all platforms and devices.

The future brings 1000s of micro-music-channels that will literally broadcast - or rather, 'narrow-cast' their longtailing creations - be it text, audio, images or videos - to their hungry subscribers using MediaRSS feeds and customized my-stuff-pages such as [fiction alert] imoogli, beatwibes and muflakes that will 'live' on any connected device, e.g. your mobile, your TV, your computer, your interactive bathroom screen, your wrist watch, your wimax-ing car radio, or your new P2P global gaming network.

Widgets will continue to become instant, ubiquitous mini-site modules that will allow anyone to re-distribute any kind of content, to any device and any platform, anywhere.

Most marketing will be done through and with the users - and some of them will get paid for it, too.


BlogJs will attract an influential, engaged and proactive audience by flouting their charismatic personalities - indeed, these disruptors, thought leaders and influencers will be our future broadcasters. Like digital-age editions of 'analog' radio personalities such as the BBC's John Peel (rip), these BlogJs will lead the way in matters of coolness, style, technology, gadgets, trends, politics, fashion and games, using new platforms like [fiction alert] Muserati, Digggster, Musicious, Lovenotion, MyDace and many others. And yes, many of them will be from China, India, Russia, Brazil, Indonesia or Mozambique. Goodbye anglo-centric blogoshere...

Social Networks are the new Broadcasters
...and they will broadcast to (and from!) those always-on, always-within-reach and utterly personalized mobile devices fka mobile phones, not just to or from computers. Blogs will amalgamate with, and integrate into social networks. Personal publishing will evolve to include entire 'me-casting' toolboxes. My taste, my list, my ears, my audience, my artists, my network i.e.... you guessed, it, my record label. Another 9-12 months and we will have the first BlogJ signing the first hot new artist to a agency-type agreement.

Music blogs will explode with the advent of the new music fat rate. Sites like [fiction alert] Quadrogum will rule, and blog aggregators like UeberFeed will become the next Infiniti Radio. Widgets will become as common as email (which will fade away).

Hundreds of niche-obsessed BlogJs will emerge, becoming trusted opinion leaders that will draw 10s if not 100s of 1000s of networked music fans that will discover new music this way - strictly by lifestyle i.e. genre and sub-sub-sub-sub genre. Much like it used to be in music-television; coolness and credibility will rule here. (photo above from flickr.com/lynetter)

Those former MP3 pirates and stream-rippers are the new Clive Davis's and Ahmet Erteguns - they have the ears for the new artists and a direct pipeline (read: feed) to perfectly matched audiences, around the globe.
BlogJs will open clubs and spaces where their 'readers' can meet, both in RL (Real Life) as well as virtually.

Think [fiction alert] HypdaBar. The [fiction alert] nipho9-5 (see box on left) will be their weapon of choice, fully loaded with a 20 mega-pixel camera and HD Video recorder, quadrophonic real-time sound remixer, 10+ ways of always-on connectivity, 2.5 terrabyte of flash storage, and a build-in image projector.

Once flat-rate music offerings become the standard - and they will, without a doubt (see more details here) i.e. by early 2009 - music-based blogging will be unleashed in a major way and stands to become very powerful very quickly - everyone is going to want a piece of that hot new BlogJ.

This is when we will see blogs become record labels and music publishers (albeit with an altogether different operating paradigm), filling the gaping void that has been left by the dinosauric and hopelessly control-obsessed major labels, those large indie label chiefs that still hope to become major label bosses themselves before the money dries up, short-sighted and technologically hyper-challenged managers, and eerily self-outmoding public broadcasters.

In less than 2 years from now, ubiquitous and fully legal yet 'feels like free' music offerings will bring us music bloggers that will become bigger than the biggest radio DJs we've ever had. And just like a lot of successful radio personalities before them they will move on to become A&R people and label owners, too. The difference is, of course, that they will have powerful, direct, zero - friction distribution channels at their disposal, and a loyal global audience, built-in and ready to go. All they have to do is keep on earning and retaining the attention of their users.

Look for those new BlogJ's to attract highly-targeted and 'loaded' advertisers, steered by forward-looking major-brand CMOs and next-generation creative agencies such as TribalDDB or Droga5. These ads will pay as much as $5 per click-thru (CPT), with major brands 'sponsoring' music blogs that fit their exact brand vision.

Once the bizarrely overdue and tired issue of 'how to legally provide streams and downloads of any song I choose' is solved, so that a BlogJ can finally use music just like a radio station uses music (i.e. powered by a collective voluntary blanket license), music blogs will explode and quickly increase their reach beyond the current blogosphere inhabitants and netizens, beyond the computer, and most importantly beyond the web browser.

Imagine a blog that streams a personalized radio channel via a mobile application that sits within your favorite social network - this is the next radio! Whether or rather how you will get to keep the music will not be relevant any longer - what matters is the selection, the endorsement, the context, the relevance.

No longer are we going to be hungry for just any music provided that it's free, now we are hungry for relevance. So, here is some advise for the last few incumbent record labels of today:

* Dive into music blogging, NOW - either start your own or engage with existing ones...

* Build a global network of bloggers that you can 'feed' with your music. Engage, talk, learn...

* Get ready to invest time & money in the top blogs

* Look at bloggers as your next A&R people

Soon, a music-RSS feed from the leading goa-pop guru can be just as valuable as those hip shows programmed by Nick Harcourt at KCRW or by Stephen Hill at Hearts of Space (and theirs will be even more renowned).

Once broadcasting is legally and officially delivering music and the myriad of bizarre licensing problems fall by the wayside, bloggers will quickly morph into record labels. Artists will 'sign' with them to get their official approval which will mean instant notoriety in your target audience.

* * * * *

### 70. Breaking the Law to get a Break

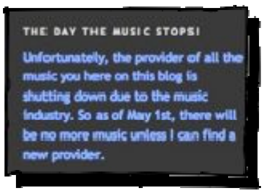
Sonific's challenge of making it work with 'legal' HIT content
via washingtonpost.com
March 21, 08

For many other start-ups, it's a tough trade-off to become legitimate. Like Imeem, Sonific, an online service that allows users to stream music to blogs or personal Web pages, is trying to strike licensing deals with large record labels to expand its music library, which now has about 250,000 tracks from smaller, independent labels.

But Gerd Leonhard, the site's founder, said it cannot get the interest of labels because of its relatively small pool of 100,000 users. "Our major hurdle is that we're trying to do it legally," he said. "You're either forced to use the music without the proper permission or you just don't get your audience."

Nice to see that that Kim Hart (the Post writer) got this right. I have written about this a few times before: right now law-abiding startups like Sonific are essentially penalized and severely handicapped by the lack of clear licensing procedures and the major labels' outmoded business strategies.

Here are some more thoughts on this: While there are countless startups providing any and all music catalogs under some 'fig-leaf' licenses or without any permission whatsoever (whether using streaming widgets or other means... nope, sorry, no names here;) the major record labels still manage to choke any intention to license their catalogs by demanding exceedingly large cash advances, insisting on fixed per-stream payments, asking for ‘free’ company equity to get deals done, and on top of it all want to impose bizarre usage restrictions. Mission impossible.




Clearly, they seem to prefer this turf to remain unlicensed rather than to allow workable market-based solutions to emerge. This behavior is killing a very powerful newly emerging ecosystem because one cannot operate a music-based service with just the 'longtail' content - a dog without a head simply does not walk, yet.

A startup such as Sonific that wants to provide interactive streaming 'music widget' services - and that will clearly need a large audience to be relevant - must either

a) live with being constantly criticized by the users for the lack of hit content, and therefore not attain a sufficient audience

b) proceed to use music without the required licenses, and therefore be at the total mercy of the record labels at some point in time, i.e. when they feel like dropping the ‘copyright infringement’ hammer

c) build a huge audience very quickly, based on having all content available - permission or not -, and then quickly sell themselves to a large company that will take care of placating the labels while the money is plenty and the pockets are deep.

I don't know about you, out there, but none of these choices sound good to me. Almost a billion people now use music to stream on their blogs, social network pages, home-pages and user profiles – this is indeed a veritable gold mine for music marketing.

Yet, the established players in the music industry are still looking to simply squeeze 'permission fees' from companies that want to serve this market, instead of building a new market together.

* * * * *

### 71. The End of Control: Mobile Media un-control in your Pocket!

March 20, 2008

Remember when, a decade ago, being online meant sitting at a large, loud, and ugly machine that was tethered to a wire that got you the digital juice? Now return to today, where the Net lives in our pockets, inside silent, slick, always-on devices that are getting cheaper by the minute, propelled by bandwidth and storage costs that are plunging as well.

What a difference this is making to how we consume media! Zoom forward another ten years and you'll see Control of Media faded in the rearview mirror, a tiny blip thousands of miles behind you.

You will also see Anglo-American media dominance fade: Recent Infonetics statistics show that worldwide, 47% of mobile subscribers come from the Asia-Pacific region; 36% come from Europe, Africa, and the Middle East; and a mere 9% come from North America.

Geographical differences, electrical power issues, and a lack of wired infrastructure mean that many people will see their first webpage on a mobile device, not on a computer.

So, first, two clarifications:

1) A mobile phone is a computer is a media device is a copy machine is a radio is a broadcast tower - here, today, now. This mind-jarring convergence of devices and previously separate realms of technology is already upon us, and will be even more pronounced in the future. And yes, there will be no single user interface, no single type (or brand) of device that will dominate, like the good old transistor radio did. Instead, people of different ages, in different cultures, and in different locations will buy many different types of devices, some bundled with content, some not. Fifteen-year old kids in America may buy slick devices that are interconnected but mostly not used as telephones, 22-year-olds in Asia will want online chat rooms, virtual worlds, and VoIP-calling fully integrated. But either way, this is certain: the days of the single-purpose, stand-alone (i.e., disconnected) media player are over, and so is any chance to control what content can be stored in it. Technology has already led the quest for total control into absurdity; now we have to be smarter to generate some trust-based "control" (what I have come to think of as Trustol in this new system.

"The handset will be the world's Internet platform, and it will be open." -GigaOm

2) There is no such thing as the "mobile Web" - no special place to go if you're on your mobile, no special technology to use, no plug-in to install, no special way of accessing the Net. There are, of course, vast differences in design and user interfaces (driven by size, power restraints, and display types), as well as wide-reaching differences in user behavior. And therefore, different kinds of content will be successful in different contexts. But when we talk about mobile media, we can no longer assume some sort of separate realm that is cordoned off the overall Net. Therefore, any hopes that mobile media will not go where the Web has already gone - albeit in a mostly tethered, desktopped, crude kind of way - are not realistic. Moreover, any hope of "protecting content" (a pitiful euphemism for setting up hurdles to somehow wrest unavoidable payments from the users) now seem quite far-fetched. Far better just to make the content available and meter its use.

*- A Third Dimension in Change: Time, Place & Location Shift*

Mobility is now the major driver in media, and this trend will become even stronger. First the People Formerly Known as Consumers got used to time-shifting (via cassette recorders, TiVo, VCRs, and DVRs), then they came to like place-shifting (witness Slingbox, Avvenue, SongBirdNest, et. al.), and now they can get it all, anywhere, anytime, even while moving around - and for what feels like free!

Media companies used to be able to control not just what and when we consumed, but also where: whether in front of the TV (i.e., the living room), in the car (as with terrestrial radio), or, more recently and in a already much lesser way, in front of that clunky, tethered desktop computer.

In the future, most of these tried-and-tested means of control are toast: People will consume their media when they want, how they want, and where they want - and chances are it will be while they are on the move, with the only real distinguishing factor remaining their customized user interface, their personal media canvas.

Now put yourselves in the shoes of a major media company, and you'll get a glimpse of the annoying headaches this immanent change is sure to produce. Just tell yourself, "Most of my users - the people formerly known as consumers - will start using mobile devices for their basic content needs within the next five years, and the harder I make it for them to get my content, the less I will matter to them." Loss of mattering equals loss of audience equals loss of revenues. Are you with me so far?

*- Got Trustol?*
Just like every phone now also has a camera (and if not, it is by design, not by omission), every mobile device and every phone will soon be constantly connected to the Internet as well, and we will come to think of them as those little boxes that can do pretty much the same things as our good old desktop computers.

The only difference will be the interface, of course - and that is where some elements of what I have come to call Trustol (i.e., some element of user control based on trust) comes back in.

Creators and their representatives (managers, media companies, and rights organizations) must therefore act urgently on the basic fact that all media is rapidly moving to mobile devices rather than being confined to computers or traditional media boxes such as TV and radio. If you thought it was hard to control what people do with your content on the computer, you should think again: Mobile devices will make this look like a walk in the park, with media-sharing via those "boxes formerly known as computers" representing only the tip of that 1,000-foot iceberg.

*- The Default Media 2.0 Box is the Mobile*
While only ten years ago mobile devices meant cell phones, PDAs, or MP3 players, today mobile devices are full-fledged computers. In many newly developing countries, in fact, many users will never even buy one of those Media 1.0 boxes.

They will use mobile devices to listen to music, access the Web, connect to favorite social networks, watch TV shows and movies, and connect with each other at the same time. The previously disconnected media-playing device has now become part of the connected ecosystem - see the iPod Touch or Nokia N95. Soon, it will be hard to tell whether a device makes phone calls via the cellular network or via the Internet, connected through Wi-Fi or WiMAX.

In fact, the very definition of "phone call" will likely be rewritten, since it's not longer a phone making a call but just a mobile computer calling another mobile computer, "phone" UI or not.

*- Mobile Control-Stoppers*
Let's consider the crucial characteristics of mobile devices and why they are control-stoppers in the purest form:

1) They connect to high-speed data networks and the Internet.

2) They connect to the devices of other users, whether nearby or virtually local.

3) They offer instant communication and sharing with other users (as well as other computers).

4) They can do something on the go that used to require a fixed location, i.e., bookmark a song, image, or text; exchange tags or feeds; scan a bar-code; record and distribute a video; listen to digital radio; record and distribute audio, etc.

It is these endless combinations and possibilities that make mobile devices so powerful and habit-forming (and thereby impossible to control): All of a sudden we can read our customized, always-updated newsfeeds anywhere, anytime (including offline); we can identify songs we like, bookmark them and download them when near a broadband; we can pull up maps of favorite locations and send them to anyone on our buddy list; we can shoot a video and send it to our friends or upload it to a media portal; we can remix a ringtone and Bluetooth it to anyone in range.

Mobility is blowing the top off the house of cards that was “controlled media”; it’s the final nail in the coffin of DRM, TPM and whatever other M’s were cooked up in those disconnected ivory towers. With a click on the button, we are now connecting via the cellular networks, via Bluetooth, via cable, via WiMAX, via HD and DAB chips...and that’s only the beginning.

With the price of some high-end mobile devices already surpassing cheap laptops and desktop computers, it is not surprising that mobile device capabilities are exceeding computers now as well, with the next big frontiers being fuel cells and new display technologies.

Now, it’s no longer the mere access we long for, it’s to have someone solve the Paradox of Choice for us: too much, too quick, too-many-options media content will pose much more significant challenges than getting access ever did. (I’ll address this opportunity in my upcoming chapter on the Paradox of Choice.)

*- Digital Natives: Hyper-Powered by Mobile Media Devices*
Just imagine these powerful mobile devices in the hands of those pesky digital natives, the download generation, the echo-boomers: Five hundred gigabytes of media at their instant disposal as they roam public places, eat in a restaurant, or sit in a subway car.

Instant connections made with buddies and new friends, on the spur of the moment. Music passed around like personal greeting cards, music being remixed by several users simultaneously, and then uploaded to their favorite social networks. On-demand streams of music and video, provided by more than a billion people who mingle on thousands of social networks.

New mobile media applications will be developed that will make Shawn Fanning’s original Napster look like a Model-T Ford, with installs of hundreds of millions for the hottest apps not unthinkable.

This is, naturally, manna from heaven for the hardware manufacturers, the companies that make these devices formerly called phones: people who want to connect, communicate, share, listen, and watch - while on the move - everywhere on the planet.

And once the already omnipresent digital content actually is blessed with legality, in the form of blanket licenses and flat rates, it will be a boon for the telcos, too. (I discuss this in my upcoming chapter “Telco 2.0: More Dollars with Less Control.”)

If we can say one thing for certain it is that any restriction that could possibly reduce the users’ power will be avoided like the plague. Competition will be fierce, and with sales in the hundreds of millions of units, the profit potential is significant and any impediment to fast user adoption would be suicide. In other words, no mobile device or handset manufacturer, or operator, will risk alienating their users with content-protection related malware or other software hurdles; rather, the enormous potential of mobile media will further accelerate the adoption of flat-rated content and connectivity models - starting with music.

*- Media Is the Mobile Lubricant*
Now and in the future, media content is that crucial lubricant that drives the ever-increasing use and ever-faster adoption of new devices (and their related services); it's the oil in the engine of communications, and the higher the performance of the device, the better the oil must be.

Looking at the first few groundbreaking devices that fit the "mobile computer" category, such as the Apple iPhone, Nokia N95, and Samsung F330, it is already quite apparent where this is going: more powerful means of media consumption and communication (which means more sharing, all the time), lesser restrictions designed to spur large-scale user adoption, and a seriously increasing pace of device convergence.

Get ready to make Skype calls on your PSP, watch live television on your iPhone, listen to KCRW or Danish Radio or the BBC on your Oakley MP3 sunglasses, and receive RSS feeds on your wristwatch.

While Apple may, for now, try to cling to a tight control over what new iPhone and iPod applications can be developed and offered, I would already consider it a key "EoC Moment" when Apple concedes that it must actually open the iPhone platform to outside developments and make an SDK available.

I predict that in the long run even their control concerns will fade. If indeed they want to become a truly dominant player in this turf and not just a cool, exclusive brand for individualists, they will have no choice but to open up their nicely walled gardens.

Watch for Apple to compete directly with Nokia, Samsung, LG, and Motorola for dominance in mobile entertainment and communication devices - and my bet would be on Nokia since it has the most longterm view of what it wants to do, the most balanced culture-vs.-business mindset, and the sheer tenacity that will be required to address a myriad of issues. But then again, there is Google....

*- Caveat Emptor: Will Mobile Media Promote a Blip Culture?*
Clearly, mobile media will be subject to even more competition for attention than media consumed on those big boxes in our living rooms. While you scan the news feeds on your mobile device, a new text message may arrive, a Bluetooth-powered friend may want to connect, or some location-based service may make itself known - and all this while your customized Internet radio station is playing and your emails are coming in. The user's attention will be seriously contested, and that may change the way that people package the content they send.

Whether this is for the better or the worse remains to be seen. But a real concern is that due to the level of "attention competition," any content that is too deep, too ambitious, or simply too long would fall by the wayside - and that would severely dilute the quality of media offerings. In the meantime: Be mobile, be liquid - or be gone.

* * * * *

## 72. Welcome to Paul McGuiness' next version of the Internet: Policed, Censored, Throttled and Fully under his Control

A comment on Paul's speech at MIDEM 2008
February 13, 2008

Here, finally, is my rather long-winded response to Paul McGuinness' MIDEM 2008 speech. On January 29, 2008, I sat in an auditorium at the MIDEM conference in

Cannes / France, listening to U2's manager, Paul McGuinness. Paul delivered a chilling speech that, hands-down, accounts for one of the worst moments in my 10+ years at MIDEM (and yes, there were a few others).

I was very seriously challenged to listen to Paul's entire spiel without jumping up and telling him how much he is barking up the wrong tree, and how much damage he is doing with this performance. But the worst part was yet to come: after Paul's speech a panel of managers ensued that that – apart from a good friend, the ever-sparkling Peter Jenner - was so obviously fanning Paul that I simply had to leave the auditorium in a hurry.

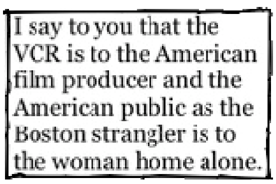
Paul's speech single-handedly ruined my day, overshadowed an otherwise quite interesting MIDEM and left me with a sinking feeling about the Future of the Music Industry, a topic that I have occasionally addressed in the past;).

Imagine one of the most progressive musicians (Bono), one of the most amazing bands ever (U2), represented by a man that sounded like he has been out snow-camping in Greenland with his buddies from the IFPI, BPI, RIAA and UMG for the past 5 years. Ouch.

So, here are few comments on some of the hand grenades that Paul threw into the audience during this occasion.

To quote Paul: "And as it turned out, the "Safe Harbour" concept [that governs the ISPs' liability] was really a Thieves' Charter. The legal precedent that device-makers and pipe and network owners should not be held accountable for any criminal activity enabled by their devices and services has been enormously damaging to content owners and developing artists…"

Let me ask you this, Paul: do you really advocate web sites, communities and networks scanned and censored, emails read and screened, Instant Messenger conversations monitored, Skype calls supervised, USB sticks DRM'ed, hard-drives sealed, flash memory cards locked, rootkits and software locks on our computers, a read-only web, the end of remixes, and the implementation of an online police state that without a doubt will only bring us new censorship and the demise of fair use and free speech while the un-paid and unlicensed trading of music will soar to new heights in 100s of new ways that we don't even know about today?


I say to you that the VCR is to the American film producer and the American public as the Boston strangler is to the woman home alone.

If, according to the gospel of McGuinness, this should be done with music, how about films? TV? Cartoons? Logos? Images? Texts? Books? Magazines? Who decides what's okay to use and what not? You? U2? AllofU? Your new company maybe? Your buddies at UMG? Or someone you assign and control?

Any hope that I may have had about the managers - along with the artists they (I thought) represent, and maybe along with the writers and composers - forcing some real change on the music industry right now were obliterated by Paul's rant which most of time sounded like it was remotely scripted by RIAA, IFPI, BPI or UMG. Lobbying talk in its most classic form. Any hope that I had for the ISPs and telecoms even wanting to discuss the possibility of a blanket license for the 'feels like free' use of music on their networks was slashed by Paul's incredibly misguided and counterproductive speech.

Says ueber-enforcer Paul: "A simple "three strikes and you are out - enforcement process will see all serial illegal uploaders who resist the law face a stark choice: change or lose your ISP subscription…"

Paul, with all due respect, this is bizarre. How about a simple 'one license and you're IN' proposal by the industry, led by people who know what's real and what's not, something that would actually turn all those alleged micro-criminals into engaged and bankable consumers, market participants, revenue generators?

I can't fathom why you still don't you get it – these people LOVE MUSIC. Your artists. Your bands. All you need to do is MAKE IT AVAILABLE without asking for the moon, and without treating them like thieves. This kind of attitude will sink the ship, Paul – and not just yours.

McGuinness' incessant calls for tougher laws, more enforcement, more internet police, more CONTROL, more special forces that hunt down every possible unsanctioned use of content on the Internet are surfacing though-out this speech, making the MPAA's Jack Valenti's (rip) famous quote on VCR users = criminals sound like a socialist mantra. The death penalty for refusing to buy CDs, anyone? Jail for refusal to love DRM? Digital isolation for employing the web for unregulated uses?

Another juicy quote from his speech: "President Sarkozy's plan, the Olivennes initiative, by which ISPs will start disconnecting repeat infringers later this year, set a brilliant precedent which other governments should follow…"

Paul, with all due respect (again), this is an utterly ridiculous concept, and this kind of web-police idea will never fly (and what's worse, I think you know it!). Even if it were technically feasible to 'filter' (as you call it) all so-called unlicensed music from all the networks, everywhere, where would we end up?

Digital networks utterly devoid of music because it hasn't yet been made available by the same people who don't yet know what IM, RSS, social networks widgets are, or full of 'secure' music that is licensed on terms that are an insult both to the users and the companies that serve them - just like we've had, until now: loaded up with copy protection and bizarre usage restrictions, and nothing but hurdles for the consumers.

Or maybe you'd like a world where only a privileged few can legally provide music, where distribution is safely back 'under control' and 4 or 5 companies run the show? Well, I guess, as long as you are working nicely with one of them it won't matter, will it?

Just in case you haven't noticed it, Paul, you seem to be advocating some kind of Police State here, a regime, a cartel – somehow it's hard to believe that you can represent Bono with a view of the world like this. And why do you want tougher laws and a ubiquitous web police? Apparently because you are still, after all these years, unwilling to change the way you have been doing business for 31 years, i.e. under your control, your way or the highway, pay to play. Power. Control. Enforcement. Is that it?

Among the many things that you just don't seem to get (or that remain cleverly hidden?), Paul, is that the very system you are so used to, that holy operating paradigm of Total Control, is broken at the core, and that more policing, more stringent laws, more criminalization and more attempts at putting CONTROL back into the system, will not make it well again - these attempts at reviving the comatose paradigm are doomed for failure. And the worst part, Paul, is that your artists already know this, I bet.

Again: a true, new, voluntary collective license (i.e. legal framework for national Music Flat Rates) would mean that everybody can legally use music and that everybody pays, somewhere (either with real cash or with attention) - but without the pain of constant needling for a $ per song, without the granularity, and yes, without all that control you seem to be so fond of. Music that is as 'freely' (but NOT for free!) available and as omni-present as water or electricity, with everyone paying and everyone using, and with ubiquitous coverage, accessed via a large number of entry-points (Net, Cable, Wireless, Satellite...), using many different devices, and in many different shapes and incarnations.

It is a fair and equitable system where all users, and / or their service providers (who you seem to hate so much for not wanting to pay you), happily and automatically make small, 'feels-like free' payments to be able to access a large pool of music, without restraints, all-you-can-eat, anytime, anywhere. A system where the works of any creator and rights holder can easily be found and discovered, used and compensated for, simply by virtue of BEING IN THE POOL, and in the essence, proportionally to the actual use of their works. Sounds an awful lot like Cable TV or like Radio, does it not?

Paul, allow me to call upon your common sense. PLEASE start supporting the fact that we need a new LICENSE that can create this flat rate because everyone will, by default, have access to music, in the connected, digital-natives-ruled world that is quickly coming upon us. Not new sticks - new carrots is what we need.

Let's face it, Paul and whoever whispered in your ears before your MIDEM speech: the user has won, hands down, in the 10-year old battle of "Us (the record industry) versus Them"; the system as we know it is bursting, the dam is broken, and everyone is gearing up for the new models. Google will offer 'free music' in China, Asia and African nations are pondering alternative compensation systems for music, and not a court in the (free) world will make Internet service providers directly responsible for the exact nature of the 1s and 0s they are carrying (unless, maybe, you also want to do away with free speech, fair use and all that other 'hippy' stuff you seem to be alluding to).

No matter how much you liked the way it was 15 years ago, Paul, what you said (paradoxically) in your own speech is coming true right now: "Access" is what people will be paying for in the future, not the "ownership" of digital copies of pieces of music" . You are right on this, but where it all goes horribly wrong is when you start talking about whose fault it is: the ISPs and all those California anarcho hippie geek tech companies that have been allowing people to use all that music for free, and making billions on back of other people's work. Give us a break, please.

What really happened is that they could not and would not be licensed under terms that would allow them to stay alive, and so… they didn't, and they weren't. They had (and still have) the simple choice of shutting down or be illegal - because after a mere 10 years the music industry has not gotten around to offering licenses that actually work, yet. And where have you, and the BPI and the IFPI been during all that time, how did you / they try to change that and create value, rather than destroy trust?

All those great inventions of technology (e.g. the original Napster1.0) could have been used to the great benefit of the artists and the other creators – but the threats to the middleman did not allow that. Staying in control was (and apparently, still is) more important than making money for the artists – after all it was only the middlemen who ever really cared about CONTROL, to begin with.

This desperate need for Control, Paul, emanates from your words, loud and clear, and it is this outmoded paradigm that will run the ship into the cliffs; for you can, in the future, no longer retain all control and still make it work for the user. It is THEM who are in charge now – can't you hear??

And about those ISPs you want to force into submission and turn into assistant deputies of the MP3 police: they had to be / play 'dumb pipe' because there was (is – thanks to all those great people you support with your speech) no way for them to avail themselves of a valid, legal, fair license – just like the Radio operators (remember RCA and CBS… anyone?) almost a hundred years ago.

On to another great McGuinness nugget: "for ISPs in general, the days of prevaricating over their responsibilities for helping protect music must end. The ISP lobbyists who say they should not have to police the internet are living in the past -- relying on outdated excuses from an earlier technological age".

Paul, take a good look in the mirror: isn't it the music industry that is relying on 'everything outdated': outdated licensing schemes, outdated copyright versus broadcast definitions, outdated business models, and outdated hard-ball antics such as yours at this year's MIDEM - a speech that created fear and friction where openness and collaboration would be urgently needed. How disappointing.

But you take it further, bizarrely: "I think the failure of ISPs to engage in the fight against piracy, to date, has been the single biggest failure in the digital music market" to which I can only respond with "the decade-old failure of the music industry to license the inevitable sharing and use of music on digital networks has successfully deprived artists and writers of billions of dollars of income".

And why? Because the middlemen (a club of people to which you are confessing strong allegiance) don't want to be lose control over their part of the value chain.

This - KEEPING THE POWER- is the real issue and this is what I took home from your speech. I, for one, can't possibly imagine that your client (U2 / Bono) would agree with your bottom lines here: let's police all of the Internet, all the time, everywhere, so that we can get some control back and run this show like we used to.

Oh yes, with a small caveat: we'll talk about that trendy flat rate after you cough up those billions of dollars you owe us from messing up our game. That's just not enough, Paul. Sorry. This is not about rigging things up so that they still are all nicely confined and 'under control'.

The bottom line is that the proposed voluntary collective license i.e. the Flat Rate for Digital Music is probably the only approach that will really work, going forward. It will provide digital music amnesty, offer the ISPs and their users insurance against inadvertent copyright infringement, afford compliance, generate very large pools of money, and build a safe, stable and growing system of music consumption and creation.

Leaving no minefield untouched, McGuiness moves on to talk about the Mobile Music sector: "a lesson for the mobile industry internationally. Don't go the way that many of the ISPs have gone. Mobile is still a relatively secure environment for legitimate content -- let's keep it that way…"

Paul: I hate to tell you this but there is no such thing as the mobile Internet, the mobile web, or your envisioned 'secure' mobile music world. For many people in the developing countries, "Google" will be their first English word, and they will experience the web only on mobile devices (fka 'cell phones').

If you think that content security will be a top concern for the makers of those estimated 4 Billion devices that will be sold in the next 18 months, think again. And if you think all mobile device manufacturers will be paying a nice hefty fee for the use of all music (which is a must) locked up in only those authorized 'handsets' – akin to what your buddies at UMG have received from Nokia – then you are indeed chasing an illusion (come on, now, really, a content-levy for cell phones – just like CDs and DAT tapes???).

Here is the thing: the Music Flat Rate is only the Tip of the Iceberg. The Flat Fee Music concept I keep describing in my books and presentations will only be the very tip of the iceberg of what will happen in digital music commerce if we truly embraced this new ecosystem; in fact, I would say that while flat rate-derived fees would be quite substantial (and of course, recurring!!) they would still only represent less than 30% of the total revenue potential that this new approach would unlock.

Some of the other revenue streams could be things such as on-demand live show recordings, interactive webcasts, exclusive pre-releases, advertising revenue shares, special products and many different kinds of new audio-visual products - the list of options is getting longer every day. A budding new $100 Billion industry.

But Paul asks: “So, to conclude -- who's got our money and what can we do”; to which I want to shout back: stop vilifying the users or the companies that empower them (ISPs, search engines, or social networks) – that is a dead end street. You won’t control them, ever; you’ve lost that battle already, GIVE IT UP.

The new money is in the Network; all you need to do is license it. Assemble all your friends from the BPI, the IFPI and the major labels as well as the rights societies, and offer an irresistible blanket license for any and all music streamed, downloaded aka used on digital networks, and see the new money roll in for everyone.

But this is the keyword where I think it ends for you, Paul: EVERYONE. It seems to me like you don’t want an equal and fair remuneration for every artist and every company that represents artists – you seem hell-bend to stay solidly in control of the financial fate of your artists, to create primary benefits for the company that owns their rights (Universal Music Group). If all could be arranged between the top-selling artists and the biggest labels (and maybe that technology company you invested in…?), you’d be a happy man, right?

But sorry, Paul, to break this news to you: it’s too late for that. The USERS now run the show, no matter how much you dread the idea.


And one more thing we need to clarify: beyond the proposed Flat Rate comes a huge tide of new revenues from what I like to call ADVERTISING 2.0 –targeted, customized advertising-as-content represents an explosive growth opportunity that many analysts have described as 100x as powerful as the current advertising market.

A revenue share from next-generation, personalized and targeted advertising would dwarf any money that we could make just selling 'copies' of songs, and could indeed more than pay for the music in the network.

But Paul said: “it follows from the U2/Apple deal, the principle that the hardware makers should share with the content owners whose assets are exploited by the buyers of their machines…”

To which I would like to respond that the key to monetizing music is ON THE NETWORK not in the devices (or at least, to a much lesser degree). The music is on / in the network, and the money is in / on the network. The solution is a Network License not some private flat rate that one major schemes with one hardware manufacturer.

It is not too hard to fathom that if you scaled the Nokia / UMG concept to all devices and all music it would be financially utterly infeasible for the device makers as well as their customers – and you would still be complaining that it’s not enough! The money is in the network, Paul – it’s as simple as that. 1 Euro per week per user would do it, and 1 Euro is also feasible in terms of raising the cash from advertising, sponsorship and upselling - resulting in a very powerful ‘feels like free’ model for the consumers.

Finally, Paul ventures out even further: “the ISPs, the telcos, the device makers. Let's appeal to those fine minds at … Silicon Valley, Apple, Google, Nokia, HP, China Mobile, Vodafone….etc, and the bankers, engineers, private equity funds, and venture capitalists who service them and feed off them to apply their genius to cooperating with us to save the recorded music industry, not only on the basis of reluctantly sharing advertising revenue but collecting revenue for the use and sale of our content. They have built multi billion dollar industries on the back of our content without paying for it…"

This kind of ridiculous whining about other people making billions of dollars of the back of artists is usually reserved to industry lobbyists, Paul – what in the world happened to you?? It is nobody's job to 'save the recorded music industry' but OURS i.e. those that are in this industry (counting myself in here, for now) – why would any of these people be responsible for the recorded music industry's future?

While I understand the emotional part I fail to see your business logic here, Paul. We could have provided licenses to all those companies and people a long time ago. We could have collected a revenue share. We could have used their networks to upsell to other music services. We COULD HAVE.

But then there is people like you and all those incumbents you so happily count as friends that would rather stay in total control than collect those new monies, and that would rather call the police than to change their outdated assumptions and business practices.

Here is my bottom line to you, with all due respect for your great work with your artists, Paul: get with the new program or at least move out of the way, and plant your poison pills somewhere else.

Nobody wants the Internet you are calling for, and nobody will want that secure safe controlled and policed music machine you long for.

* * * * *

### 73. Seth Godin on the Music Industry

(great read)
January 17, 2008

Marketing Guru Seth Godin has some great morsels to share here. I hope this will be widely read in the music industry as Seth is a very smart guy, all around.

Here are some high-lights that I just want to cut & paste here, since they are pretty much 100% congruent with my views:

"The music business had a spectacular run alongside the baby boomers. Starting with the Beatles and Dylan, they just kept minting money. The co-incidence of expanding purchasing power of teens along with the birth of rock, the invention of the transistor and changing social mores meant a long, long growth curve. As a result, the music business built huge systems. They created top-heavy organizations, dedicated superstores, a loss-leader touring industry, extraordinarily high profit margins, MTV and more. It was a well-greased system, but the key question: why did it deserve to last forever? It didn't. Yours doesn't either."

"Copy protection in a digital age is a pipe dream. If the product you make becomes digital, expect that the product you make will be copied...Most items of value derive that value from scarcity. Digital changes that, and you can derive value from ubiquity now. The solution isn't to somehow try to become obscure, to get your song off the (digital) radio. The solution is to change your business. You used to sell plastic and vinyl. Now, you can sell interactivity and souvenirs."  Interactivity can't be copied.

"Permission is the asset of the future...The ability (not the right, but the privilege) of delivering anticipated, personal and relevant messages to people who want to get them. For ten years, the music business has been steadfastly avoiding this opportunity. The opportunity of digital distribution is this: When you can distribute something digitally, for free, it will spread (if it's good).

If it spreads, you can use it as a vehicle to allow people to come back to you and register, to sign up, to give you permission to interact and to keep them in the loop. Many authors (I'm on that list) have managed to build an entire career around this idea. So have management consultants and yes, insurance salespeople. Not by viewing the spread of digital artifacts as an inconvenient tactic, but as the core of their new businesses."

> "Over and over again, connecting people with one another is what lasts online. Some folks thought it was about technology, but it's not."
> Seth Godin

"Whenever possible, sell subscriptions. Few businesses can successfully sell subscriptions (magazines being the very best example), but when you can, the whole world changes. HBO, for example, is able to spend its money making shows for its viewers rather than working to find viewers for every show. The biggest opportunity for the music business is to combine permission with subscription. The possibilities are endless. And I know it's hard to believe, but the good old days are yet to happen..."

Great stuff, Seth. Readers: buy his books, They rock.

## 74. About Gerd Leonhard

**Media Futurist, CEO of The Futures Agency**
*Basel / Switzerland*

**Keynote Speaker, Think-Tank Leader, Author & Strategist**
**Visiting Professor at the Fundação Dom Cabral** (São Paulo, Brazil)

http://www.mediafuturist.com
http://www.thefuturesagency.com

The WSJ calls Gerd 'one of the leading Media Futurists in the World'. He is the Co-author of the influential book 'The Future of Music' (Berklee Press, 2005), as well as the author of 'The End of Control' (2007), 'Music 2.0' (2008), and 'Friction is Fiction' (2009, Lulu Publishing).

Gerd's background is in the music business; in 1985 he won Berklee College's 'Quincy Jones Award' and subsequently worked 12 years as a professional guitar player, composer and producer. He then spent a decade as digital media entrepreneur and start-up Internet CEO, based in San Francisco. In 2001, Gerd returned to Europe and started his career as a Futurist and Strategic Advisor. He now travels around the globe and speaks at major conferences and business events, company retreats and think-tanks on the Future of Business, Media, Content and Entertainment, Technology, Marketing, Advertising & Branding, Telecommunications, and Culture.
Gerd is considered a leading expert on topics such as online commerce models, the telemedia economy, social media and social commerce, TV & Radio 2.0, mobile

content, innovation, leadership and entrepreneurship, consumer trends, UGC and peer production, copyright, licensing and IPR issues, next-generation advertising, marketing and branding, digital content strategies, and the development of next-generation business models for the content, communications & technology industries.

Gerd's keynotes, speeches, presentations and think-tanks are renowned for his hard-hitting and provocative yet inspiring, personal and motivational style. With over 1’300 engagements in 43 countries since 2003, Gerd has addressed over 150.000 executives and professionals, and is considered a key influencer.

His diverse client list includes Nokia, NSN, Amdocs, The Guardian, Google, Sony-BMG, Telkom Indonesia, Siemens, RTL, ITV, the BBC, France Telecom, Orange, Deutsche Telekom, MTN, The Financial Times, DDB / TribalDDB, Ogilvy, Omnicom, the European Commission and many others. Gerd is a fellow of the Royal Society for the Arts (London), a member of the World Future Society, and a visiting professor at the Fundação Dom Cabral in Brazil. A native German, he now resides in Basel, Switzerland.

Blog: www.mediafuturist.com
TFA: www.thefuturesagency.com
Twitter: www.twitter.com/gleonhard
Videos: www.gerdtube.com
Slideshows: www.slideshare.net/gleonhard

Contact: gerd@mediafuturist.com
+41 44 586 97 61


Basel/Zurich October 2011
Gerd Leonhard and The Futures Agency



* * * * *