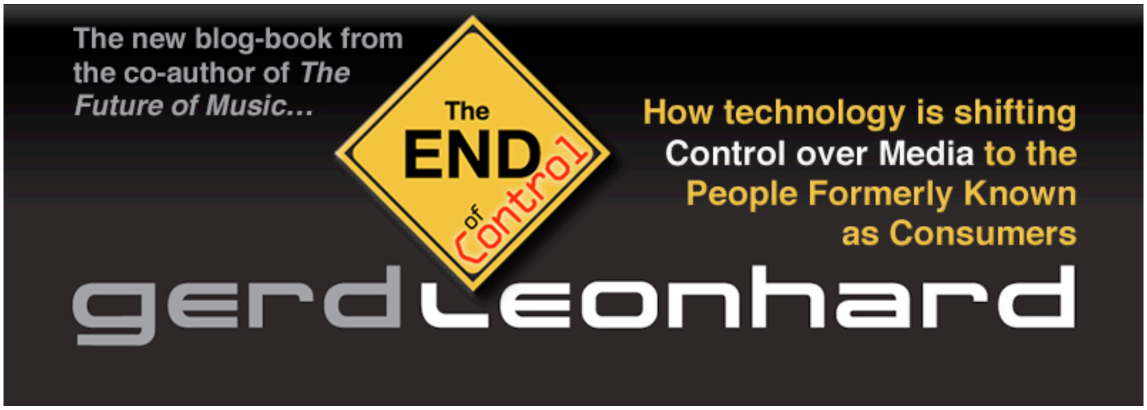

End of Control, Chapter 1, 2 & 3
October 15, 2007
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Chapter 1, October 1, 2007
Attention is the New Currency - Forget the idea of “controlling distribution"

Let’s face it: In our increasingly networked world, the vast majority of media content simply cannot be kept away from its audience. Publishers can no longer create more demand by injecting artificial scarcity — in other words, by attempting to control distribution. That’s how it used to work when media was simply a product: as a content creator, if you did not have distribution you were — literally — nowhere to be seen or heard. That is how the major record labels ended up controlling 80% of the world’s music market: they controlled distribution. And production. And promotion (via radio). And pricing. Everything.

Today, 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. We are witnessing a complete reversal of Media 1.0, when we had plenty of available attention — after all, supply was limited — but severe limitations in distribution (e.g., shelf space, shipping, storage, radio frequencies, and TV channels).

Music, films, TV shows, radio broadcasts, books, and other content now becomes available to a global audience immediately after it is published (or quite literally, “released”) for the very first time. The nature of digital content is to flow to wherever gravity will take it, and trying to stem that tide would be like telling the ocean to stop making waves.

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.” Ask anyone under 25 years old and they will only snicker at the thought of buying a CD! Their capacity for media consumption is only limited by their available attention - many Digital Natives may download 10,000 songs only to actually listen to a total of 40 or 50 per month.

A New Ecosystem: Media 2.0

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!

In its most basic form, this challenging new economy of “selling attention” will require a highly intelligent yet easy and efficient flat-rate system. The goal is to get most users to accept — or rather, expect — these payments as something akin to a totally acceptable “toll” (but not tax!) to enter this superhighway of media and entertainment. This is similar to how Americans have accepted bridge tolls as a fact of life a long time ago, or how most Europeans have accepted their obligatory payments of public TV and Radio license fees. Having said that, I think this toll will be so well hidden, dressed-up, and bundled that it will feel no different from today’s practice of accepting software licenses with a quick click on the checkbox — but more on that later.

The clinching argument for a full embrace of the principles of the Attention Economy in Media is that most of us are much more likely to quickly explore new content — and, provided that it’s great content, engage with it — if we can get it on our “already subscribed for” digital networks, portals, or communities. Of course this kind of build-in engagement then creates the network effects that every media company wants to tap into, as well. For example, if Facebook could offer music based on a flat-fee-per-user license that can easily be wrapped into other offerings and therefore be more or less invisible to us, then all of us Facebook users will be simply a click away from trying new music in a comfortable, trusted and fully ‘shareable’ environment.

This dramatic lowering of the exploration threshold (which is not to be confused with a flat-out commoditization of content – more on that later) is absolutely critical to the Media 2.0 ecosystem. That’s because creating hundreds of millions of explorers of new content is the indisputable starting point for all new content commerce, and only a flat-fee system that covers every user on any network allows us to achieve this kind of liquidity.

Beyond that, rest assured people will still buy the plastic or a la carte digital offerings. Exposure drives attention drives revenues!

What's more — and this is very important for a unilateral adoption of any flat-fee system — the uniformly accepted flat fees will, in fact, be paid on our behalf in the not-too-distant future. Why? Because every telco, every operator, every online portal, every social network wants attention in order to monetize their other offerings, and good content is guaranteed to get that.

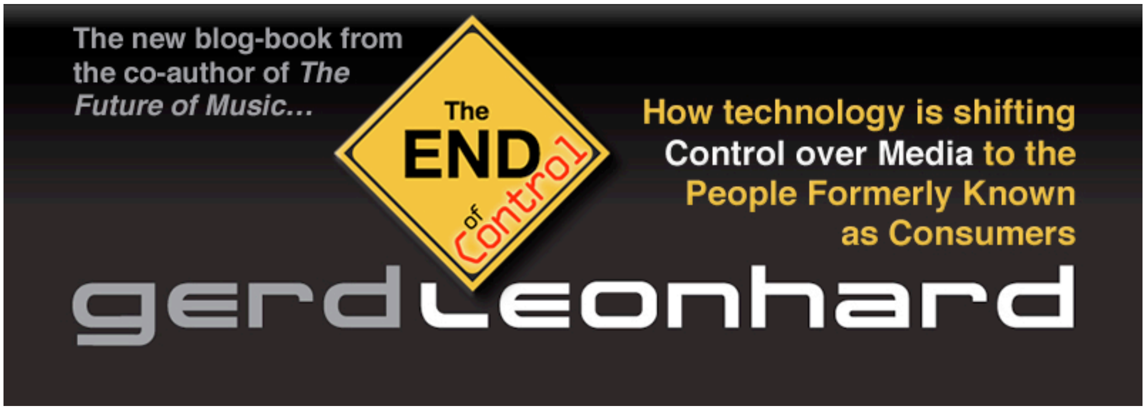
As soon as the incumbent rights holders are woken up from their blissfully disconnected hibernation and finally get around to providing the required licenses, snagging a loyal and appreciative customer for a low monthly fee that also covers his basic use of music (and media!) content will simply become a customer acquisition expense and ad-supported feature. This is a dream come true for the media purveyors of the future — search engines, advertising networks, digital network operators — as well as for many hardware and software companies.

Just imagine a next-generation iPod-like device with built-in access to "feels-like-free" music services, video clips, or movies; or a PSP with built-in, auto-updated game and TV clip subscriptions; or a Nokia phone with hundreds of recordable digital radio channels. That would create true liquidity and generate mass-market audiences (not to mention a huge pipeline of up-selling opportunities). And it would immediately be apparent that "feels like free" services would be just the very beginning of media consumption, not the final destination (as a good many of today's still seriously disconnected media executives are fearing): the very tip of the iceberg of the users' lust for content.

So why exactly will so-called 'Big Media' license its content to such a device or service? The answer is simple: because we, as the newly recognized and seemingly omnipotent users, are worth a lot more as active users than we are as inactive bystanders, to any and all players in this ecosystem. Our attention is their lunch. And at the same time, our inattention nukes their quest for control. Our clicks have brought The End of Control — and media providers urgently need another way of getting into our wallets.

What's more, as active participants those Net Generation users create mountains of user data, product feedback, and marketing information, and that creates many new advertising opportunities, as well. We click and therefore the providers of media are able to know what goes on in the network. What's more, we even contribute our own content, be it as prosumers and amateur producers, remixers, commentators, playlisters, or just as "supernodes of recommendation" or active netizens. In many instances, we — the users — actually are the content - note the success of MySpace, eBay, Wikipedia, etc.

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. Welcome to Media2.0 and the End of Control.



Chapter 2: Copyright in the Age of Uncontrolled Distribution
October 8, 2007

For the past two years, I have been exploring the theme of “the end of control” in the context of copyright, and 3 thorny issues have arisen repeatedly: 1) Does the meaningfulness of copyright (as we know it today) actually depend on having, maintaining, and enforcing a controlled distribution environment? 2) If we are indeed unable to control distribution (which, you may have noticed by now, is a recurring theme in this book), do we ultimately kill the very idea of copyright? 3) Is there still a difference between ‘Performance’ and ‘Copy’?

The concept of copyright has been the very foundation of media monetization for a long time: Every time a copy (i.e., something you could “keep”) was made, a payment had to be made, a royalty was due, a toll for ownership was extracted. For more ephemeral uses, such as broadcasting — performances you could enjoy only momentarily, but (easily) not keep — only a reduced royalty was due. In fact, for all master recordings used by terrestrial radio broadcasts in the U.S. there is still no public performance royalty provision.

This was the simple logic in the good old days of Media 1.0: Pay nothing or very little — or suffer through the ads — for simple access, but pay a lot to keep it. Simple access meant few choices and no on-demand playback (i.e., how-and-what-they-want, when-they-want). Keeping it meant physical artifacts, such as videotapes, DVDs, and CDs. Plus, of course, the consumers had to pay even more for actual experiences such as concerts, shows, and events.

Every use is now a Copy - digital devices are content-copying machines.
Today, except for those real-life experiences (!), this long-lived logic is ruined by one simple fact: In a digital network, every performance, every transmission, every mere broadcast is also providing a “free” copy for anyone who cares to have it. Every media file arriving in my computer is stored, cached, buffered, whatever you want to call it, in order to make it visible or audible to me. Every webcast can be stream-ripped (or as we used to say, recorded), and every digital radio signal can be stored and reused. Digital technologies and low-cost, mobile personal computers (such as those that Nokia, Samsung and Motorola used to call mobile phones) have ushered in the era of powerful and gigantic copy machines — of a zero-cost reproduction of anything that can be shipped in zeros and ones.

There goes the whole idea of charging more for a copy — a keeper — and charging much less for “just listening.” There goes the idea of controlling at what point listening actually becomes keeping. There goes the idea of selling “units.” There goes the nicely controlled value chain that sat on top of the copyright canon of most Western countries for the past 100-plus years.

The more technology advances, the more it provides faster access to larger content stockpiles with deep metadata browsed by fast and intuitive search engines on ever cheaper, faster, cooler, and totally mobile devices, the less the traditional principle of “making money because we own and enforce exclusive copyright” applies. The Net Generation is now in fact serving themselves freely with “stuff to keep, share, and use anytime, anywhere, for anything” that was only meant to be “stuff to listen to, when we say so, on devices we approve, for the uses we had in mind.” For users, it’s just access, but for the industry it’s a copy — and they want to get paid for the copy.

The existing codex of copyright laws will not solve this problem. The principles of intellectual property in content (as opposed to property that is “real stuff” like cars or refrigerators), while still crucial in its principles, intentions, and implications, will not help us to return control to media in the same way it has existed for the past 100 years.

The new principles of Un-Control

The dawning principles of un-control, however, may just take their place. As a content creator, I want attention and exposure first — i.e., an audience that watches, listens, or uses my creations in whatever way. I don’t want to punish them for being interested in me. I don’t want to put up hurdles because I am worried about the lack of control over my users and their behavior.

Only if and when my creations prove to be something they like, I want to get rewarded for creating in the first place, so that I can spend more time to create the next piece. In other words, I would like to receive remuneration for the use of my work, be it a copy or a performance or whatever other term you can come up with. And for the primary use of my work, i.e., its use or consumption (rather than its secondary use in a new context, such as music for ads or in TV productions), I would beyond a doubt agree that more use is always better than less use. The more people “consume” my work the better for me; and I would ultimately expect to receive more remuneration the more people pay attention.

The Dilemma of the Media Intermediaries

And therein lies the rub: as a creator, my intention is not to control the spread of my work; my intention is to create the largest possible trajectory, the biggest velocity, and the most efficient spread of my work. Only if and when, and after this happens am I concerned about a process of getting something back from those users, and rightly so — income comes after exposure; revenues come after attention.

As a middleman between the creator and the audience (e.g., a record label, publisher, or rights organization) however, I am facing an entirely different problem: I really don’t want the user to have “too much” for free; I don’t want to miss or even delay that crucial point where I – as a gate-keeping entity - could charge them for just taking a look. My dream come true is to set up a tollbooth that will make money even if there is another road to the same destination.

This is, simply put, because as a middleman who usually gets the biggest chunk of the proceedings from "selling copies," I very likely will not have the same unique benefits that the creator himself may have by achieving the largest possible level of exposure. My brand is not his brand. My record company does not benefit from his audience outside of those who buy copies.

As a traditional record label, for example, I may only earn my dollars from some specific chunks of the creator's total output (such as CDs or a la carte downloads). Therefore, I need to make sure that the creator himself does not provide "for free" what used to be paid-for (i.e. in return for the exposure that he may find more valuable - see the latest Prince debacle, or the Radiohead's new release strategy), and that the user does not just get those things "for free", either. Thus, publishers may not give blanket permission for non-commercial synchronization deals on behalf of their writers, performing-rights organizations declare on-demand streaming on social networks to be outside their jurisdiction, record companies offer certain records (and downloads) only in certain markets, and many book publishers don't want all of their books' content searchable online.

Selling Friction Removal?
This thinking harks back to the popular media mogul's illusion that one can indeed but successful in creating new friction points that the user will need to navigate, i.e. by making payments to unlock the goodies. In other words, it is not the content I sell, it's the removal of friction to get to it. You, the user, simply buy the green light to "make a copy."

I believe that this approach is now deeply flawed: The much-cherished friction is vanishing more quickly every day, and every access point is now a copy point as well. Will the media industries now face the revenge of the victims of friction?

Consider this: What good is the idea of a copy of digital content — and of the exclusive right of the author to allow that copy to be made in the first place — when in fact every single transmission of digital content, and every use of a computer, inadvertently creates multiple and perfect copies along the way? This inadvertence essentially creates serial copyright infringers every nanosecond.

King Kopyright vs. Godzilla
If anyone can make a perfect digital copy, and share it, and redistribute it, what does that say about the traditional media industry mantra that ownership and enforcement of copyrights is what really drives revenues? Which is worth more: ownership of copyrights (which includes the right to deny a copy), or simply providing access to copyrighted materials (see Google and other search engines, ISPs, software companies, etc.)? Is Content King or is Attention Godzilla?

Here is one fact I think we urgently need to face in this age of explosive growth in wireless broadband and the increasingly ubiquitous presence of all content: While it may, in principle, be desirable to be able to block or otherwise control access to one's content (e.g., via release windows or territorial release schedules in the film business), or to put up hurdles that the users need to overcome by making a payment, this concept does not seem very realistic – to say the least - when looking at how content is flowing through digital networks today. And we don't even have the most populous countries in the world (China, India, Brazil, etc.) connected to broadband yet! Furthermore, once they are connected, they won't be using computers, by and large. They will use mobile devices, further boosting the viral spread of content.

Consider the concept of the Moral Rights (which is prevalent in Germany and France but not in the U.S.), i.e., the concept that even beyond the question of adequate remuneration, an author has the total and exclusive right to guard the integrity of his work — for example, approving the use of his music within another product or service, such as film or advertising, commercial or not. How can this high-aiming principle be maintained in a world of flawless digital file copying, cheap and fast network access, and frictionless sharing of content? How will I keep people from playing my music along with their wedding video, or as the soundtrack to a political activist's website, when the tools for doing so are becoming widely available and more easy to use at every turn? From YouTube to Apple's GarageBand (included with every Mac sold) to Eyespot, SplashCast, Jamglue, Webjam, Jumpcut and Kyte - there are hundreds of offerings that can instantly violate this very concept of total author's control out there already.

The Berne Convention for the Protection of Literary and Artistic Works states, "Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation."

So should we close these new copyright-remixing companies down, declare them copyright violators, require them to license every bit of content their users put up, tell them to ask for permission every single time? And whom would they ask, who would they make payments to, for what? Should we once again do what we did with radio, i.e., declare it illegal and refuse to license it until 90% of the population is engaged in illegal behavior, and only then come up with a collective license to legalize it?

Maintaining exclusive rights after release?

The very concept of controlling access to my work after I initially release it in digital form is only realistic in a perfect-world scenario where those tools of control are still available — and that era has come and gone, beyond a doubt. Be it for good or bad (and I think it is the former), digital content is now totally unchained, and even if it were technically feasible, we would probably end up throwing out most of the Fair Use rights along with the alleged unfair uses, and that would be a huge threat to free speech and the rights of new creators.

The chance of survival for some of the exclusive rights previously granted under the traditional copyright regimes now seems highly unlikely - what's more, it seems highly undesirable as well. In a world that is restricted to physical embodiments of my creations, be it sheet music, piano rolls, CDs, or DVDs, I may be able to argue that I can derive some benefits from being the sole warden of my creative "honor and reputation": Everyone has to come to me (or more likely, my representatives) to get permission and I can — maybe — explore potential economic or social gains in the process. However, in a world where most if not all embodiments of my work are not physical, I gain nothing from barring access. I simply cease to be considered an option or I am facing thousands of inadvertent infringers and tacit collaborators such as ISPs, and this is, of course, especially true for 99% of most media — the long tail stuff, the niches, the lesser-known content.

Controlling the Mouse is...Toast!
Simply put, "controlling the mouse" to the utmost extent of the law and business convention — as Disney is (in)famous for — is simply going to be impossible in the very near future. Tens of thousands of infringers are now taking to the web, morphing and remixing images, videos, soundtracks, lyrics and texts, with dozens of new (and sometimes very large) companies providing the tools. And now comes the device formerly known as the mobile phone, upping the ante by a factor of 100, especially in Asia, Africa, and South America.

Given the rapid pace and viral velocity of ways new content can be monetized in the future, I would argue that this kind of control obsession is outmoded and can no longer serve as a valid business or societal objective. The same goes, in my view, for the ever-expanded terms of copyright: Even as the cycles of content consumption are speeding up tremendously, and despite the fact that it seems extremely likely that global hits will give way to local (or virtually local) niches that quickly come and go but generate very large revenues in a very short time, copyright terms are constantly being extended.

Why would you need to keep control of every possible embodiment of your copyrights for the next 100 years when you can likely monetize much faster, more quickly, cheaply, and globally than ever before? Would it not be wiser to start the "public sharing" process earlier and tone down the emphasis on one's exclusive rights so that new creators can indeed stand on the shoulders of the giants, and base their own work on what was before them, without running afoul of the copyright regimes?

But once again, this is a clear case of the creators themselves not objecting to a more realistic and open regime: It is their representatives who have the most to loose here. For them, this is a business they simply want to milk as long as possible — after all, in most cases those intermediaries make between 50–90% of the cash that is generated!

Chasms of Interest between Creators and their Representatives
In this age of Un-control this becomes a significant chasm of interests, of course. Many publishers would prefer 'their' content not be used at all rather then have to bend the rules they have lived by for so long — and that includes the paradigm of having total control. As an example, witness the utterly inexcusable inability of most of the music performing-rights organizations (PROs) to provide pan-territorial and global licenses for online performances of music, or the continued refusal of music publishers to provide blanket clearance procedures for non-commercial and personal uses of music in online videos.

The reasons behind this are perfectly understandable, but are a serious obstacle for content monetization nevertheless — it certainly seems like a move towards a usage license - rather than a continued emphasis on the principles of copyright law that was written before there even were computers - would make a lot of sense here.

The consoling factor is that these changes are inevitable. Either the commercial entities that, for now, still represent the creators move on quickly and issue voluntary collective licenses for these uses (and this goes back to the discussion of the Flat Rate for Music, too), or almost every web user is bound to become a copyright infringer before long. And that sounds like a perfect case for government intervention to me - something that is very likely to happen here in Europe.

A new, lesser-control kind of ‘permission-to-use’ license may be a painful leap to make if you grew up with the idea that you can somehow prevent any copying or other use of your work, but I think this license will be a crucial requisite for how authors and creators will get paid in the future.

After all, let’s face it, the vast majority of creators are in no economic or social position to dwell on their exclusive rights anyway, since they are simply not in a position of having any leverage to begin with. The idea of tightly controlling copyright in order to achieve the maximum possible payday has never been relevant for 99% of all creators — it is the 1% on the very top that got to enjoy the benefits of total control, and of course the representatives and middle men.

The Net . . . Like Radio
In the future, and for the average creator, insisting on exclusive rights will in fact hinder progress more than further it. If we compare the Internet to radio (a favorite theme of this book that seems to be making more sense by the minute), we could argue that just like it makes no sense whatsoever to not want to be broadcast by a radio station (i.e., to refuse blanket permission for public broadcasts) it ultimately does not make any sense to refuse to have your music ‘used’ on the Internet.

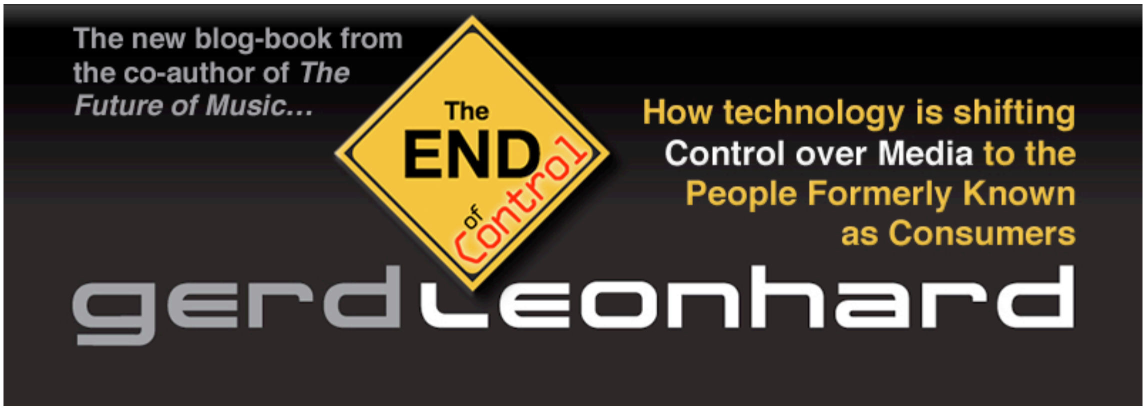
Yes, a radio station that plays my music could have political views I don’t like; they may make fun of my lyrics or music; they may intersperse ads between my songs; they may pitch my song up or down or boost the bass settings. But for the sake of being in the system, of being available to everyone, of getting attention, I am still going to have to allow it. In other words, I don’t get the positive results without a certain amount of risk that some my rights will get abused The big difference is, of course, that music on radio is licensed and music on the Internet, by and large, is not. Isn’t it time to tackle this issue — now — or do we need another ten years to get to that point?

We Need a “Permission Granted” Default License
The traditional negative right (No, you can’t use my music) must become a positive right (Yes, you can use my music — permission is always granted as follows…), and the solution is to no longer bother with selling the right to make a copy, but to just sell access — and then upsell to copies, i.e., physical manifestations of content.

Here are the new paradigms we need to embrace - whatever their impact on the concept of copyright is, we will need to amend our assumptions and legal logic accordingly:

- “Prevent” must become “Enable”
- “Ignore” must become “Embrace”
- “Forbid” must become “Engage”
- “Permission Denied” must become “License Provided”

As a consequence of the end of distribution and copy control, copyright is now simply the fertile soil on which a new set of usage rights needs to be grown.
The End of Control, Chapter 2, October 8, 2007



October 15, 2007

Chapter 3: RSS, the Google Reader, and the End of Controlling the Flow
Sidebar: RSS 101

RSS (Real Simple Syndication) is a simple and popular way of receiving automated updates (called feeds) of news and information from blogs and other sources on the web. Once you subscribe (i.e., add the feed to your reader) new content will be send to you automatically. It's the same idea as subscribing to iTunes podcasts, but used most widely for text and news. Wikipedia has more details. Insiders often refer to RSS as one of the quintessential Web 2.0 tools (see eMarketer). The same source quotes an interesting fact: 74% of the top TV networks in the US already included RSS in their marketing mix in Q1 of 2007. Music companies take note: The TV guys are already in the lesser-control-but-bigger-total-audience game — take a page from them!
A Steady Flow of Unchained Content

As I write this book, I have been getting addicted to my Google RSS Reader. (Add that to email and the cell phone. ;-) I have tried Yahoo, FeedDemon, Rojo, Bloglines, Newsgator, and more, but for me, Google Reader wins hands-down, even though Netvibes comes close. Here is why: It very neatly unlocks, re-organizes, and structures an otherwise often overwhelming reading experience for me, and it removes the content provider's inherent control of where and when and how I read their content. With the Google Reader, I get it all in one place, archived in the way I want, searchable and bookmarkable — and I don't have to click around 500 websites. Plus, it is platform-agnostic: Any device, any browser, any location will work; and my printer is less busy as well.

Google Reader now works offline (great for those long airplane rides), and on the mobile, and the search capabilities are great. I can now take full advantage of the tremendous wealth of information provided by my 500+ hand-picked sources on a daily basis; a vast flow of knowledge and ideas arrives in my reader every day, for free.
Where's the Money in Syndicated Content?

Naturally, a key question is this: Where is the creators' benefit? How does this content get turned into revenues, and would the publishers be better off making it less ubiquitous (let's for a minute pretend that was possible), "controlling it" and making it harder to get, thereby possibly allowing them to extract a larger toll?

Here is my take: Many creators of music, film, TV, videos, books, and texts (which means me as well, of course) were indeed able to do just that until only a few years ago. But this option is now evaporating very quickly, and the question may therefore prove to be academic very soon. In theory I still have the option to remove my writings from feed readers, but in reality that ultimately means that I will revel in obscurity while very likely being still fed into the system anyway, albeit without my permission. And that is arguably even worse because I wouldn't even "control" the authenticity of my content anymore. The other thing is that I would be missing out on the most important thing that a user quite literally pays with these days: their attention.

The NYT Story: Open Is Better!

As the New York Times recently admitted, Yes, I can get some people to pay for access so that they can enter my premium-paid walled garden, but I will be missing out on a much larger crowd that can generate much larger revenues. The Times revealed that its pay-for-access "TimesSelect" project had yielded 227,000 paying subscribers and generated about $10 million a year in revenue. That's not too bad, but as NYT Digital Senior Vice President Vivian L. Schiller noted last month, "Our projections for growth on that paid subscriber base were low, compared to the growth of online advertising."

This has been exactly the same problem in digital music (at least until the recent launch of Amazon's MP3 store): Walled gardens and proprietary offerings such as iTunes, Zune, or Napster have only captured a tiny — and declining — fraction of the market, ignoring the vast possibilities that lie beyond the good old paradigm of controlling access. What in the world is taking the record labels so long to understand that their content cannot possibly generate strong revenues when it's only accessed by 2% of the population? As I like to say: Friction is Fiction!

The reality is that the only real choice content creators and publishers have in this coming digital media ecosystem is to participate, themselves, or to "be participated" — once your content is published, that's what it will come down to.

A good example is the major record labels' tiresome debate on whether and how to license the social networks for interactive, on-demand streaming of their catalogs: Hundreds of services are allowing their users to do this already, for free, and without any permission whatsoever, while the labels are still wondering if on-demand streaming cannibalizes CD and paid-download sales, and if they should "allow" it and bless those startups that are asking with a realistic license.

While possible cannibalization certainly is an understandable concern, the reality is that if there is no license or legal provision to use the music, someone will find a way to offer it anyway. And thanks to technology, it follows that tens of millions of people will use it — just because it is something they really want, and it's readily available. Ever heard of stream-ripping, bluetoothing, instant messenger file-sharing, and USB stick swapping? There is no legal provision for those activities, either, but it is a simple routine for the digital natives by now.

Just like you can't put Tivos and DVRs back into the research labs because they may break the value chains in TV advertising (as some, albeit not I, would argue), you can't just deny permission to 200 million people who want music on social networks because you are concerned about your traditional unit-based economics. That kind of control is the past, and there is no way you can win this battle.

No Control Is OK!

Back to the RSS readers: Their biggest advantage is that they empower the users to read everything in one place — i.e., without having to actually go to the content creators' sites or do what the publishers or providers may require to get the desired content.

Thereby, RSS readers succinctly illustrate a key point in this book: If your content has true merit and if it is meaningful, timely, and contextual, you don't have to control how it may reach its audience. You don't have to worry about centralizing the experience, i.e., having people coming to your website, or watching your videocasts, or buying from your site. You only have to worry about their finding you in the first place. Because once they do — and get to know you and come to appreciate your content — the rest is a default consequence of discovery: click-through, engage, sign up, transact. And looking at it that way, syndicated distribution is a vastly superior approach than central distribution because your content can now be retrieved where the interested parties already are, i.e., where they already pay attention.

That is why creating applications for Facebook (and soon, MySpace and Google Apps?) - such as my very own Sonific Music app - is a hot trend: My potential audience is already there, and they are already connected and talking about content. What better place than to show the merit of what I have to offer? On that note, just wait until eReaders are finally ready for the mass market (perhaps another three years), and you'll see RSS feeds from trusted social networks become one of the top five sources of information and entertainment.

Finding and Being Found

There is hardly a better place to be found — again and again — than through an automated delivery process such as RSS. I believe that a reader who signs up for my RSS feed already makes a pretty strong commitment: to pay attention to what I publish, when I publish it, on an ongoing basis. And maybe even to comment on what I write, forward it, share it, bookmark it, Digg it, tag it on Delicious — in other words, do some of my marketing for me!

What content creator would not be interested in this kind of deal: I provide some of my content "for free," you pay attention, you re-distribute it, you help me build my audience, I sell something to that audience? In music, it looks like this is the position that artists like Radiohead, The Charlatans, Madonna, and Nine Inch Nails are now taking.

Distribution Trumps Destination

So can a content creator actually monetize this interest if his or her content is not even found on their own property in the first place — i.e., if he or she is not the hub of all things related to their own content? I definitely think so. Apart from the fact that popularity on the networks generates its own, brand-related values that can translate into real dollars, ads in RSS feeds are on the rise (albeit still very early), and once Advertising 2.0 (see my upcoming chapter on this!) is upon us, ads in RSS feeds will be so cleverly presented as "advertised context" that we will come to look for them rather than despise them.

The brain-jarring and fear-inducing problem for many media companies, however, is that in the end it may not be possible to control precisely where and when exactly the monetizing begins. This is the big difference to that quickly obsolescing Mainstream Media 1.0 model: I published something, marketed it, and granted access only after a payment was made. I controlled the monetization because I controlled access, and that was that. Simple enough. And very suitable for those “attention cartels” such as the big studios, TV networks, and record labels — they controlled access, and if you wanted it, you had to play by their rules.

But now, even the 800-pound gorillas of bona-fide professional content such as the New York Times and the L.A. Times relent and switch to full-length RSS feeds and open archives. Why? Because even they had to realize that a lack of overall presence, a reduced liquidity, a decreased availability on the networks, did not yield the desired result: Very few people came inside the walled garden to pick some of their precious flowers. They did the math and realized they are probably better off being part of an open access system, by engaging the users, by increasing liquidity, by simply feeding their content to the masses that want it. And then monetize. Distribution (defined as attention-getting) trumps destination.

The Power of Syndication and Aggregation

Syndication and aggregation must now go hand in hand: Content creators, owners, and publishers syndicate (i.e., provide content for what “feels like free” to the users); and content platforms, portals, and services aggregate and then re-distribute among their users.

It follows that if I do not syndicate I won’t be aggregated and therefore re-distributed. Assuming that large-scale redistribution or wide-range “channeling” is what will generate large audiences, that means that I will lack in audience — unless everyone else is also doing not doing it. And even then one can safely assume that one’s content will be fragmented and re-channed anyway, even without permission, as is happening with music on social networks, or with commercials that are widely available on YouTube.

This, of course, is what the music industry’s top four corporations have been doing ever since the term MP3 was coined: colluding to keep their music off the feeds, prevent (or own) syndication, and avoid aggregation unless it’s 100% on their terms. Where has this taken us? A totally dysfunctional marketplace and a widespread public opinion that music is basically free since there is no reasonable way of paying for it. The astonishing void of any realistic economic and technological music offering has resulted in the masses of digital natives turning to the many freely available self-serve models on the web.

The bottom line is clearly that if you don’t syndicate your content so that someone can aggregate it and the users can subscribe, someone else will do it for you. Witness the demise of MTV if compared to YouTube — the lack of the rights-holders’ permission did not hinder the amazing global spread of YouTube, but it relegated the incumbent music video player (Viacom/MTV/VH1) to a #2 position in less than nine months.

Own the Platforms, Too?

This brings us to the debate on whether media companies should actually “own the feeds” — i.e., platforms and mechanisms, portals, channels, and pipelines, too. In my view, the answer is a resounding No. The only argument to even consider this is, once again, to follow the quest for more Control — wanting to control what goes on the feed, to whom, when, and where.

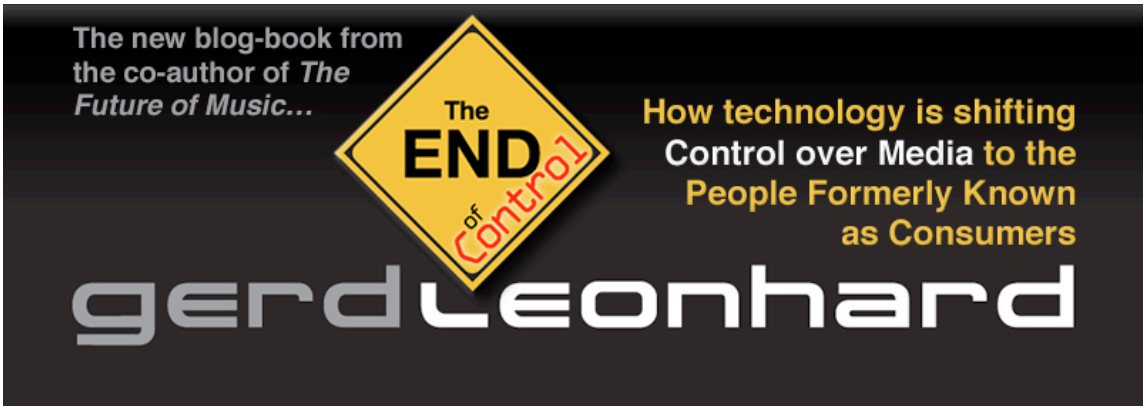
Yet, in the digital media ecosystem of today there is simply no point in pursuing this kind of strategy. For a media company what now matters first and foremost is talent that puts out high quality, unique, and powerful content, and making that content available via all those who have dedicated their businesses to doing just that. While distribution is now infinite and frictionless, talent is more finite, and the less friction in "receiving" media, the more need will there be for talent and for unique content.

The Google Reader for Media: Think "Canvas"

Lastly and most importantly, analogous to what is already happening in "text content" — i.e., in news, information, and publishing, imagine this kind of shift with music, film/video, and TV. Imagine a Moogle Reader for radio, a GooTube reader for video. Content feeds (formerly known as "channels") that you activate with one click, preferences and settings you can set as you see fit, a personal page that is like a canvas of all the content you've ever wanted (think a Netvibes version of an Electronic Programming Guide or EPG) — and all of it working online and offline, and on any digital device from computers to phones, TVs, and PSPs.

Now that would be powerful, and that is where we are headed.
Related Resources

- History of Web Syndication



Chapter 4: The Flat Rate for Digital Music - From Controlling Distribution to Deserving Attention

Note: In this chapter I will focus on the flat rates for music; I will address other media industries later in this book.

The music industry makes a great case study as far as relentless obsession with control is concerned: Despite a long, hard struggle to retain (or even increase!) control over what people do with music, the music industry has in the most spectacular fashion irretrievably lost control over the distribution of its product.

The only thing left for the music industry to do is to admit it, as is now happening with EMI's new Terrafirma'ed management team (they have a long way to go but what a relief to have someone wake up and actually do what needs to be done!).

Not that the impending loss of distribution control wasn't obvious more than ten years ago which is why the steadfast refusal of the music industry's "leaders" to acknowledge and act on the fact that the user is now the one in control of distribution is utterly astounding. Many music executives still think they are entitled to running their content-is-king-doms as they see fit (copy protection et al) while the consumers should remain relegated to the good old take-it-or-leave-it role. Thus, the End of Control over distribution is hitting major label music executives particularly hard, and the longer they wait to accept this basic fact of control-loss, the less likely they are to survive this shift to a new ecosystem, never mind prospering in the 'Music2.0' world. Long-term denial does have its side effects.

Access Replaces Ownership

The reality is that it has never been easier to share songs and get free music via P2P filesharing (still a popular pastime but contrary to popular myths, far from being the most popular way of sharing music), Bluetooth, USB-stick swapping, hard-drive trading, instant messaging, Skype, Gmail, social networks, MP3 blogs, stream-ripping, and hundreds of music widgets that offer the world's music catalogs on demand, for free. Even in free sharing environments, access now replaces ownership, and a vast cornucopia of music-sharing tools has recently opened, making Napster 1.0 look like a soda straw.

Let’s face it: music sharing is alive, well, and growing exponentially. Just wait until we have 100 million iPhones and 200 million WiFi-enabled iPods, with Apple’s new iPhone SDK luring thousands of enterprising young developers into creating the coolest new music-sharing applications which those pesky digital natives will gobble up at the speed of sound! Add another two billion second-generation, inter-connected Nokia, Samsung, LG, and Motorola mobile communication computers (aka cell phones), and you have a mobile sharing nirvana. Still dreaming of controlling distribution? Still not interested in putting a metering device into this digital music-like-water stream?

Anyone who still argues that music distribution is not totally out of control must either be a highly paid and reality-numb lawyer for the RIAA or drinking some really serious DRM-laced Kool-Aid.

Embrace the End of Control

If it wants to stay alive, there is now only one option for the music industry: Embrace the end of distribution control, and move forward to share access-based revenues that are already generated by all those “pirates” that have free access to music, regardless of lack of permission. The very use of the term “pirate” is, of course, indicative of the music industry’s dilemma: Its (mis)leaders still can’t fathom that the People Formerly Known as Consumers★ (PFKACs) have finally had enough and actually dared to search and find their own sources of music, outside of the controlled domains of major music labels. The industry’s response: criminalize its own customers, equating them with those hard-core piracy operations that produce billions of counterfeit CDs and DVDs in some Mongolian pressing plant. Talk about warping public perception!

In any case, history has already shown a pretty good path out of this dilemma, in the shape of the blanket licenses that public performance societies such as SACEM or BMI and ASCAP (which were formed precisely for this reason) have been providing for over 100 years now - since 1851, in the case of France's SACEM, to be precise. Rather than asking each and every user (or each service provider) to get individual permissions for each individual musical work, the industry - often aided by some not-so-gentle government pressure - instituted a negotiated, default, and standardized license that is available to everyone who cares to be licensed.

Even though they can be improved upon, as well, these existing public performance blanket licenses, granted by copyright collectives, are generally easy to get as well as economically realistic, and they can cover just about every usage scenario. At least, they used to - until the advent of the Internet.

This sometimes clumsy but legally straightforward system, administered via national performing rights organizations such as ASCAP, BUMA, and SACEM, has allowed listeners to enjoy the benefits of public performances in clubs, restaurants, concert venues, and radio for quite some time now. Collective blanket licenses, although often contested and sometimes renegotiated by the involved parties, provide all-inclusive access for the users and to a very large degree solve the problem at hand: enabling every user - and the companies that serve them - to be legal while filling up a nice pool of money on a recurring basis. A win-win-win, really, until now.

A new blanket license for the use of Music on the Net

It is becoming more obvious by the minute: what we need is a new blanket license for the use of music on digital networks, voluntarily agreed upon and provided by the creators and their representatives, and a fair way to split it up: Music Like Water. And I believe that this new license is very likely to be the music industry's only realistic option to create a new basis for re-monetizing music in the age of uncontrolled distribution. But take note: the flat rate is just the beginning of a new music ecosystem in which many new revenue streams will become available.

The End of Control of distribution is here now, just like the End of Control of Public Performance (aka broadcasting) arrived 100 years ago, forcing the music industry to adjust.

The fact is that a blanket-license scenario works just fine for the use of music on cable TV and for radio (and yes, eventually for Internet radio as well), and a flat fee-based model for basic water, power, and wireless services works well, too: Pretty much everyone can become a legalized user, and those who don’t (for whatever reason) can easily be absorbed, as well, without breaking the system.

Depending whether we’re discussing unique, tangible atoms or lossless reproduced bits and bytes, a flat fee either ensures my basic connection (as with water) or includes unlimited use (as with TV). And this is indeed a fundamental difference we should note: Water is not freely reproduced unlike copies of music files, a liter of water used in one location can no longer be used somewhere else. The reproduction cost of digital music is, however, essentially zero, and we must therefore not provide just flat-rate access but also flat-rate consumption - unlike water where the access is flat-rated but the use is not. Bits and bytes require licensed ubiquity.

With many flat rates, the payments are woven into other service offerings and therefore become less obtrusive, morphing into an accepted and even expected mode of getting what you want without having to make a new decision every single time (such as iTunes still requires). No excessive granularity can be employed (e.g., counting how many hours of TV you watch, or how many people are actually sitting in front of the tube), few restrictions on usage are imposed (e.g., there are no extra charges if you get more than the usual number of emails on your Blackberry), and no substantial harm is done if some determined users really do circumvent the system (such as freeloading on cable TV).
Attention is the New Distribution

In the immediate Future of Music we need to get our heads around the fact that the less control we impose on the users of content the better. In music, our goal will always have be to attract and retain large and engaged audiences; to enthrall the highest possible number of interested people, and by extension to have everyone share their music discoveries with others, thereby driving exposure through the roof. Again, since all audio files are now freely available anyway, the more we control, limit, or otherwise inhibit the sharing process, the less attention we will get to take advantage of: Attention is indeed the new distribution. And real money will be paid for real attention. (See Chapter 1.)

Based on the realization that it is no longer just the copies of sound files (or pieces of plastic) that we want to monetize, but the entire range of assets that the artist’s brand represents, we simply can no longer ignore the powerful solution that the flat rate for music represents.

Granted, a sharp-minded reader may retort that we are now simply moving from controlling distribution to controlling attention, which isn't entirely wrong but probably wishful thinking, too. While the large music and media companies were indeed able to control distribution with iron fists that clung to their exclusive copyright ownership, attention must be earned, kept, and maintained, again and again. And only the most daring wordsmith would still call that "control." Instead, I believe the users are now controlling whether a media provider still qualifies to get their attention, every time they click. They're dealing in trust, in other words. That's tough luck for large companies that look for large margins at low costs, and I think they are not very likely to engage in music ventures, going forward, for that very reason.

Music That Feels Free - but generates real revenues

> SIDEBAR: Get Flat
>
> I have written extensively on the flat rate for music in the past (see www.musiclikewater.com) and have created several presentations on this, as well.

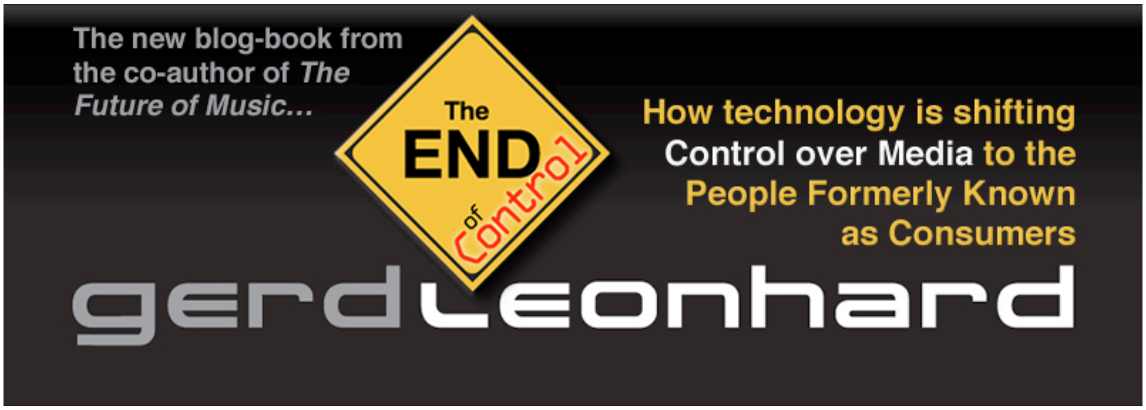
So, the key question remains (and I will investigate this more extensively in the upcoming chapters): How will content creators actually monetize this attention and turn it into real dollars, euros, kroners, rupees, or yen?

Let's start by giving everyone "feels like free" access to music (and later, other media). Access that in itself already generates real money, be it through subscriptions, advertising, bundling, sponsorship, product tie-ins, or by simply generating traffic in the context of another service or product (see Gmail or Google Adwords).

Radio now generates billions of dollars in ad revenues based on music licensed via the now-compulsory music license. In fact, radio churns out more cash than the recorded music industry itself! In 2006 Kagan Research projected U.S. radio revenues would grow to as much as $25 billion in 2011. Bizarrely, though, by the time the rights holders got around to actually licensing radio (in the U.S.), they were no longer able to argue that the use of the recording should be paid for (just like the use of the composition), and so in the U.S. the overall flow of money from radio remains less than it would have been if a license had been made available much earlier. Take note, law makers.

The flat-rate-licensed usage of music on digital networks, be it for streaming or downloading, would quickly generate billions of dollars of revenue that could be expeditiously and efficiently distributed to the creators that are now ill-served by their representatives refusing such licenses, and denying the use of music more often than actually allowing it.

The music industry must move towards allowing the use of music on a blanket basis rather than asking for individual admission deals - in other words: Give up control of those entry gates. And that is where the trouble lies. Read my feed: Flat-rate or flat-line - those are the options.



Chapter 5: Giving up Control at the New York Times
A Blueprint for Media?

On September 19, 2007, the New York Times Company announced it was shutting down its subscription offering, TimesSelect, exactly two years after the premium service launched, opening access to all news and editorial columnists. At the same time, much of the NYT's archives — the past 20 years and the public-domain years of 1851–1922 — were opened as well. For some reason (a LexisNexis contract, perhaps...?) the Times didn't open the years from 1922 to 1987.

Some 227,000 people paid $49.95 a year to get access to TimesSelect (I tried it myself for a while), yielding about $10 million to date. Not bad, but certainly far from a smashing success given the amount of cash the Times must have spent on setting up, marketing, and providing the service to the subscribers.

In any case, as the NYT execs pointed out themselves, the most important point is not whether TimesSelect was a success, but whether it was successful compared to what the other options would have been, and how much revenue those other options could have generated. (NYtimes.com senior vice president and general manager Vivian L. Schiller commented, "This is what is really important — it did work. It's just a matter of as compared to what.")

Being Part of the Conversation — or Not

These other monetizing options include advertising, of course, but also encompass the secondary benefits of being available, being linked-to, being read-as-full-feed-RSS, and being relevant. In other words, as media critic Jeff Jarvis likes to say, being part of the conversation.

How tangible are those secondary benefits, though, and how hard is it to turn them into real dollars? The NYT's future will continue to provide a good case study, no doubt. I believe the NYT will expand on its position as a dominant, global, content-centric brand, with new assets that will soon be developed in blogging/UGC/citizen media, video and television, online radio, games (with a focus on knowledge, training, education), and search. All of these developments will based on the same concept that made Google a $200 billion company and 3.5 times as large as all of the public advertising agencies on

Madison Avenue combined: feels like free★ content, with billions of people literally paying with attention and with actual dollars.

Jeff Jarvis comments, “TimesSelect represented the last gasp of the circulation mentality of news media, the belief that surely consumers would continue to pay for content even as the Internet commodified news and — more important — even as the Internet revealed that the real value in media is not owning and controlling content or distribution but enabling conversation.”

If I may be so bold as to remix this comment into music, it could look something like this: “If the large music companies still believe that consumers will continue to obediently pay for music as a product and on a per-unit basis, their last gasps are what will even further propel the meteoric rise of Apple, Amazon, and Google.”

Conversation Is Content Is King

It may sound trite, but it’s still a good motif to riff on: Rather than preventing conversations by putting the underlying content behind a locked door, or by filtering who is qualified to talk, a media company must now provide more content “for free” — or at least for what feels like free — in order to engage in conversations across the board. These conversations are crucial because they create new “contextual content” that over time will start to have its own value — just as the value of eBay is in its buyers and sellers themselves, not in what they ship.

Content creators and media companies must take note: You probably can’t be a leading influence in your field — and you certainly can’t dominate — from inside the walled garden, from behind the subscriber-access-only wall. Times have changed: in the future, you can’t avoid offering some of your content for everyone to look at because you need to get everyone to refer to you, talk about you, link to you, make you even more relevant.

NYT columnist Thomas Friedman recently shared his opinion on the now-defunct TimesSelect concept: “I hate it. It pains me enormously because it’s cut me off from a lot of people, especially because I have a lot of people reading me overseas, like in India…I feel totally cut off from my audience.” He points at yet another problem in our walled-garden media landscape and its prominent embodiments such as iTunes: While some of us Westerners may engage with these services, we will definitely not get anyone in the so-called developing countries such as China or India to look at these offerings: They are simply out of reach, and the only thing we end up creating is the impetus for these potential audiences to forget about us and go elsewhere.

Again, music and media companies take note: Anything but “feels-like-free and then upsell” will render you irrelevant in those new markets. Your tollbooth paradigm must be adapted, not their consumer habits.

This raises the key question, once again: Where does a media creator or company put the tollbooth, who pays, and how much? Will the toll be paid by someone else, will it be built into the highway (as I am suggesting with the Flat Rate for Music), or would it better to generate values from open usage alone?

I’ll devote an upcoming chapter to this question, but for now, I’ll argue that it’s probably always a different mix. Just as in music, where different rules and monetizing options apply to a superstar and an unknown artist, different concepts would apply to a scientific publication, a fashion magazine, or an international newspaper. In my view, a mixed model will almost always be the outcome: less or no control here, some new kind of control process there, and always carefully balanced with the shifts in the marketplace.

For established companies such as the NYT, there is yet another angle: The highly lucrative, B2B archive services that the NYT provides to companies such as Gale or LexisNexis will obviously need to be kept separate from a 100% open-archive model. This is one example of the challenges traditional media companies are facing in this new, lesser-controlled, paid-with-attention world.

But let's take this outside the realm of newspapers. For the music industry, the NYT's TimesSelect experience shows us that a radio-like, feels-like-free listening experience is crucial — and that is what the use of music on social networks represents. Social networks are the new radio, with the caveat that going forward they will also have to include on-demand and interactive uses of music, such as widgets and personal playlists. I will cover this in one of my next chapters, on "The Widgetization of Media."

In short, as a consumer-facing company in this new control-less, liquid, user-empowering media ecosystem, you can become or remain a leading player only if you do not cling to tightly controlling access in an attempt to immediately monetize it.

Sell Everything Around the Content

So what does the NYT really sell? Is it the content itself? Is it those highly paid editors and writers? ;-) Is it the actual paper it's printed on? The answer is in itself a blueprint for media: They sell everything around the content, but the content itself feels like free. 1.2 million people buying the daily paper for $1.25 does not generate enough money to produce, print, and distribute it; running NYT events and conferences does not; selling classified ads does not; online ad banners do not; About.com does not; the NYT's radio stations do not; syndicating reviews does not…but the sum of all parts sure does!

Some people may argue that in ten years there will be no need for a print edition of the NYT any longer, and some people argue there will be no more CDs in 10 years either. I would offer a different angle: They will still exist but they will be a lot more expensive, a premium product with all kinds of added values that only a physical product can deliver (at least for the next 10 years).

In music, I think we will have a new, superior physical format emerging in three to five years. It may be rather expensive, and offered at steep premiums, but it will be built on a ubiquitous flat rate for music that makes marketing of such a product easy.

All the News That's Fit To Click

Now here is an interesting variation of the age-old NYT tagline, All the News That's Fit To Print! The printing has become clicking. To take it further, as I like to do, the buying has become clicking. I click and therefore I generate revenue. I participate and therefore I add value. I get engaged and I pay with attention. Take this theme into music, film, or TV: All the Music That's Fit to Play. Now that sounds like a great tagline for radio, or indeed for another version of iTunes and the now-WiFi'ed iPod. Just imagine the power of a medium that would deliver all the music that's fit to play, for a feels-like-free price! In

TV, we already have this phenomenon: YouTube and others of its ilk. In news and journalism, other good examples include the UK Guardian, whose editor in chief, Alan Rusbridger, told his staff in March 2007 that he wants their publication to be “the Web’s first newspaper.” The changes undertaken by the Guardian since then have indeed started to bear fruit, with an increase of almost 50% in page views. Openness drives attention drives revenues.

Another Lesson: Control Is Expensive, Too

Another important aspect did not quite come across in the media coverage of the TimesSelect changes: How much money did it actually cost them to keep and maintain the TimesSelect wall? What were the operating costs of keeping it separate? In other words, how much money was spent on the Wall? Is there any profit left after those costs are deducted?

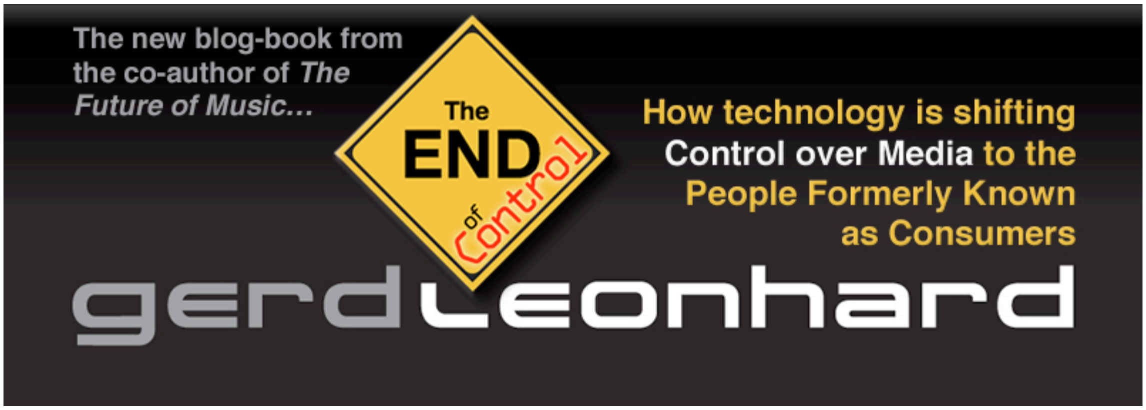
And to go beyond the NYT: In music, what are the costs of ten years of dabbling in technical protection measures (TPM) and assorted snake-oils such as digital rights management technologies (DRM)? In television and the movie industry, what are the costs of DVD copy-protection (CSS), and other attempts at control such as the Broadcast Flag?

In many if not most cases, my hunch is that the purveyors of content and their representatives would be better off finding other ways of deriving additional value contained in their offerings, saving the often large costs of attempting to control access and reassigning those resources to ideas that create more value for their uses. I’ll have much more to say on this in my upcoming chapter, “The True Costs of Control Obsession.”

I am pretty certain that the next bastion of controlled access to professional content, the Wall Street Journal, will fall soon as well. This will be influenced by the recent WSJ-Murdoch connection: If anyone should know about the power of un-control it should be Murdoch, post his MySpace acquisition. The WSJ sure has a lot of savvy reporters and smart analysts, some of the best writers, and a huge global audience and footprint. If online access were free (or at least more open than it is now), the WSJ’s influence would quickly become even more ubiquitous and their reporting even more influential (and thus sell more ads at higher CPMs), thereby competing even more efficiently with just about any other brand as the leading source of news.

The Bottom Line

Don’t reduce your Google Juice by putting your content behind the wall and taking yourself out of the equation. Lessen control and enlarge your audience. Set up the tollbooth where it makes sense for the user, not just for you, and move it as needed. Be flexible, have conversations, and make more money with less control. And lastly, get your head around the fact that most content wants to feel like free★ — at least in its first rendition.



November 05, 2007
Chapter 6: Mobile Media Un-Control in Your Pocket!

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:End of Control logo

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. (See Chapter 4.)

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.