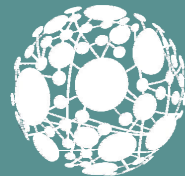


Blockchain In Music

The next step in the industry

By Michael Richardson



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What is Blockchain?

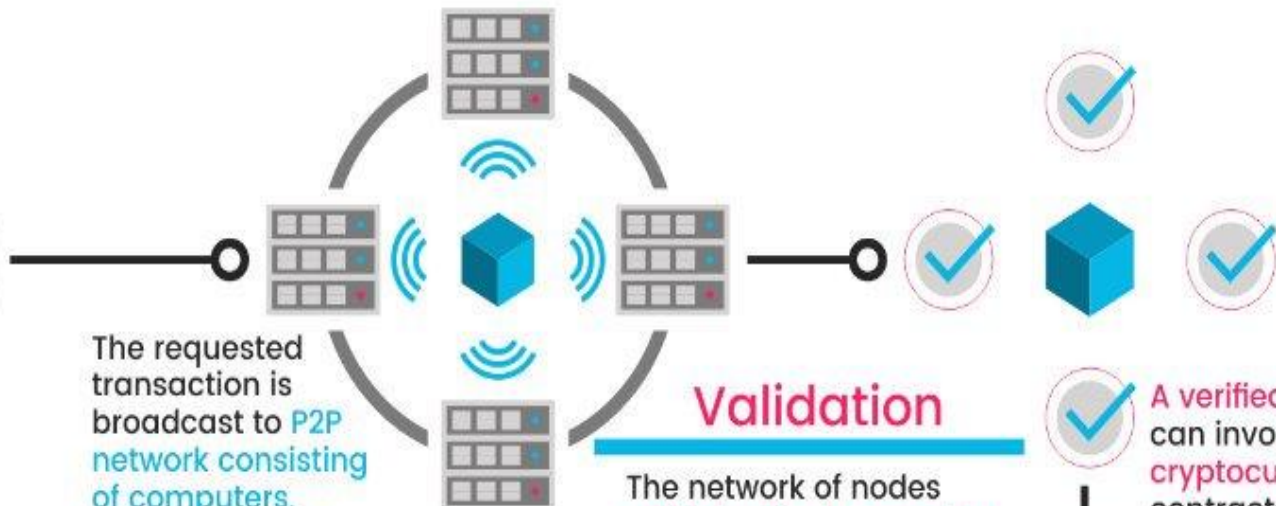


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How it works:



Someone requests a transaction.



The requested transaction is broadcast to P2P network consisting of computers, known as nodes.

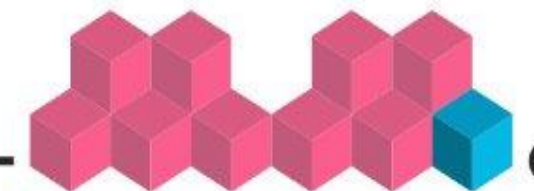
Validation

The network of nodes validates the transaction and the user's status using known algorithms.

A verified transaction can involve cryptocurrency, contracts, records, or other information.



The transaction is complete.



The new block is then added to the existing blockchain, in a way that is permanent and unalterable.



Once verified, the transaction is combined with other transactions to create a new block of data for the ledger.

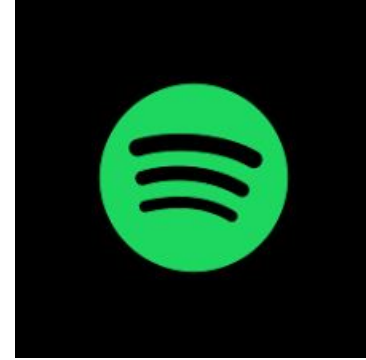
Flaws in Today's Music Industry



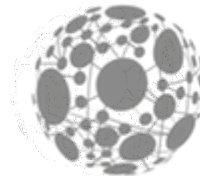
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What artists face



- Internet-facilitated theft
- Lack of accountability
- Bad contracts for artists
- High barrier of entry



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Metadata

- Track Credit
- Song Rights
- Easily Stripped

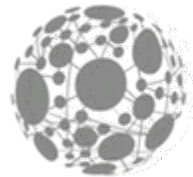


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What's Due to Whom?

Contributing artists, album and track titles, producers, and record labels are tied to tracks in **metadata**. This ensures that all transactions involving that track are appropriately credited.

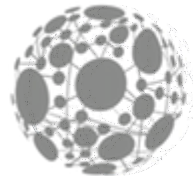


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Metadata is easy to remove from tracks on a single computer, if someone has the software and criminal intent to do so.

This deprives all deserving parties of their due compensation for each transaction involving that copy of the track going forth. It's no longer trackable as their intellectual property.



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Blockchain as a Solution

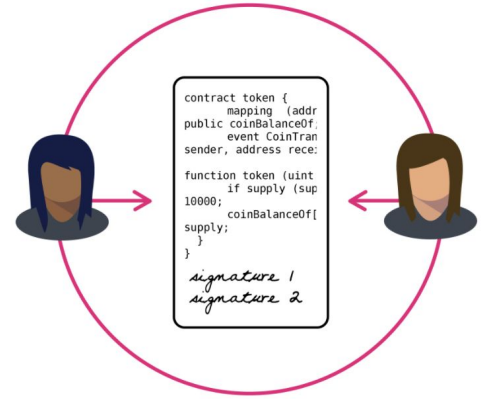
- **Smart Contracts**
- **Record of credit**
 - **Metadata problem solved**
- **Theft prevention**
- **Lower Barrier of Entry**



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Smart Contracts



Every party associated with each song is guaranteed the amount dictated in their contract. Smart contracts immediately split payment without a middle man, so each contributor will be fairly compensated for every transaction.

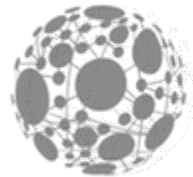




Credit Record



Songs can be logged on the blockchain with accurate metadata, creating an infallible record of credits. No transaction involving that track can take place without every contributor being appropriately credited.

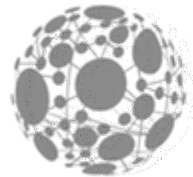


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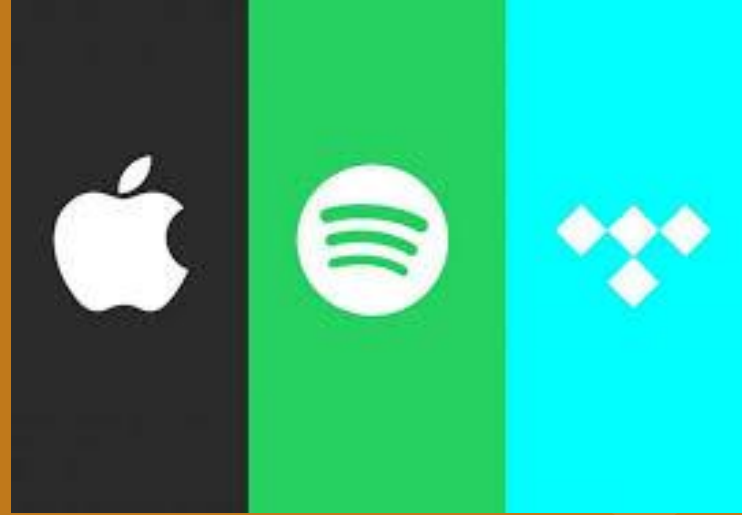


Theft

With a transparent, infallible record of credit permanently tied to every copy of a track, unlawful transactions will be rejected. Will illegal file-sharing and copying become obsolete?



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Streaming

- Middlemen
- Low revenue per stream
 - Artists see low percentage
- No transparency
- Trust in labels



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The Numbers



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- High estimates find songs generate \$.0084 per stream
- Artists with favorable contracts are unlikely to see more than **20%** of that revenue





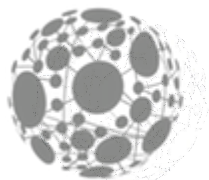
A Simple Formula



$$(\mathbf{s} \times \mathbf{.0084}) \times \mathbf{.2}$$

Streams Revenue per stream

Label Cut



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Streaming vs Buying

- **\$0.00168** per stream
- Tracks sell on iTunes for **\$0.99**
- **50 Million** Spotify subscribers



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\$0.5

Amount an artist earns for 300
streams



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How is blockchain already being used in the music Industry?

- Are these ideas viable in the industry?



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Ujo Music

Features

- Metadata storage
- Ethereum network, smart contracts
- Content-addressable data



Artists

- Imogen Heap
- RAC
- Giraffage

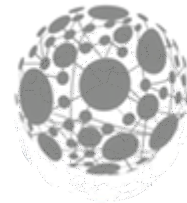




Choon



- Streaming service
- Direct listener-to-artist payment
- Transparency in all transactions

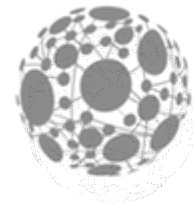


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Direct Transactions

- 80% of revenue per stream to Artist
- No record label cut
 - **(s x .0084) x .2**
 - **(s x .0084) x .8**



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\$2.02

Amount an artist earns for 300
streams on Choon



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Is it working?

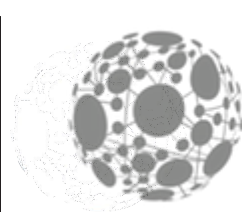


- Choon streaming 5,612 artists as of June 2018
- High profile support and coverage

NME

B B C

Forbes

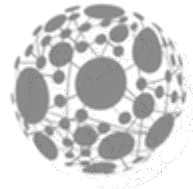


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Benefits for Growing Artists

- More accessible to fans
- Rights guarantee
- Revenue
 - More from streaming
 - Faster



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Artist/Fan Interaction



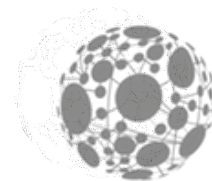
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Potential Application



- Artists may stipulate that fans who actively share music automatically receive a dividend from that song's revenue
- Allow closer relationship between an artist and fans
- Incentivise cooperation and outreach by both parties



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