

# Napster: winning the download race in Europe

**A lot of ones and zeros have passed under the digital bridge on the information highway since November 2002, when this column reviewed fledgling legal music download services. Apple has proved there's money to be made with iTunes music store, street-legal is no longer a novelty, major labels are no longer in the game ... but the Napster name remains.**

NIGEL JOPSON



**IN RESOLUTION V1.5** Pressplay, co-owned by Universal and Sony, received top marks for user experience. Subscription service Pressplay launched with distribution partnerships from Microsoft's MSN service, Yahoo and Roxio. Roxio provided the CD burning technology. In November 2002, Roxio acquired the name and assets of the famed Napster service (which was in Chapter 11 protective bankruptcy) for US\$5m and 100,000 warrants in Roxio shares. Two months earlier, Napster's sale to Bertelsmann had been blocked — amid concerns the deal had not been done in good faith — this after Thomas Middlehoff had invested a reputed US\$60m of Bertelsmann's money in Napster.

So Roxio acquired a name with 92.5% brand recognition (compared with 29.5% for Apple, according to US Bancorp Piper Jaffray) now they just needed the website to go with it. In May 2003 Roxio bought Pressplay for US\$12.5m in cash and 3.9 million Roxio shares. A small software company had acquired licenses to several hundred thousand major label tracks, 30,000 US subscribers and a system Vivendi-Universal had poured millions into. It makes better sense when we learn Chris Gorog, chairman and CEO of Roxio, was formerly Executive VP of Group Operations for Universal Studios Recreation Group. In October 2003 Roxio launched Napster 2.0 in the US, with 500,000 tracks selling for US\$0.99 each, and a monthly subscription of US\$9.95.

Napster 2.0's Pressplay heritage is evident, but the user interface has been vastly improved. Screen tabs have been rationalised to 'music, magazine, radio, message boards', transport controls and music playlists are always visible screen right, and album presentation is better. Although appearing to be a standalone application, Napster on your PC is a clever browser front-end, built with JSP, CSS and Javascript. Microsoft and Roxio are joined at the hip anyway, the latter's CD burning code forms part of Windows XP. Considerable development work was necessary to supply all that music down the wire to the client software. Vivendi-Universal Technologies Group in San Diego designed a large-scale ingestion system that has delivered in excess of 7 terabytes of data, monthly AMG database imports have been automated, and a massive Sybase database had to be configured so content managers could control which countries songs can be played in, burning and label-ownership permissions.

Now Roxio has won the race in Europe, beating Apple and Sony with their May 20th UK debut. The Napster heritage was played to the hilt at the launch, Chris Gorog described how Shawn Fanning had been employed as a consultant, while images of Fanning's Time magazine cover were projected behind him ... London's Evening Standard reported Napster had gone legal. For UK£9.95 a month, subscribers can listen to



Gorog

and download an unlimited selection from the 500,000 (increasing to 700,000 shortly) tracks on up to three different PCs (Windows XP and 2000 only).

If subscribers want to burn songs to CD-R, it's UK£0.99 per track, or UK£0.88 if they buy a 50-track pack. Non-subscribers can listen to 30s clips of songs, and download tracks for UK£1.09. The band Ash stepped out to endorse the service, and Napster VP and UK general manager Leanne Sharman announced Napster software would be available throughout all 1,100 Dixons, PC World, Currys and Link stores in the



Sharman

UK. There's an all-you-can-download 7-day trial for UK residents who register at the Napster.co.uk site.

While Apple has gone with individual song sales, Roxio has stuck to the subscription model and skewed pricing accordingly. 'We do regard subscription as the way forward for online music,' Leanne Sharman told me, 'why pay £9.90 for 10 songs when the same sum gives you unlimited access to over half a million tracks?'

Subscription services have come in for heavy criticism from many informed commentators — mostly multi-computer and iPod owning techno journalists like myself. These pundits prefer to top up their (already extensive) music collections on an ad-hoc basis, but most have completely forgotten the reality of what it means to be a cash-strapped young adult. A quick survey of this demographic among the canapé and drink servers at Napster's launch provided the following information: none of the 20-somethings had their own computers; most had used illegal P2P services on their parent's or college PCs; £1 — or even £0.50 — per track was impossibly expensive for them, £9.95 per month for as much music as they wanted seemed OK — if only they could get to a computer and transfer the music to a portable player. Current portable device of choice: the humble Minidisk (for its recording capabilities). Physical ownership just doesn't mean the same to this generation as it did to those who saved their pocket money to purchase vinyl.

Portable players will be key to the success of subscription services. Samsung already has a Napster cobranded player, the YH-910. It has a promising spec with 20Gb capacity, FM tuner with mp3 encoding, and FM transmitter (low power) to connect to car stereos. Unfortunately integration with Napster software is very clumsy: individual songs cannot be drag-copied to the player, playlists can't be created on the fly and songs cannot be browsed by genre. Worst of all, individual tracks must be separately purchased to transfer to the player.

There's a solution in sight that promises portability as part of the £9.95 'all you can listen while you pay the subscription' option. Microsoft has a new technology known as Janus, which adds a secure clock to WMA (Windows Media Audio) portable music players. Expected last year, Janus was finally released in beta version to developers in April.

'We're very excited about Janus because it means that not only will your subscription give you unlimited streaming and downloading to three PCs or laptops, but you will be able to transfer your entire Napster library to your choice of over 60 portable players — all for just £9.95 a month,' Sharman informed me. If you don't maintain your subscription, DRM rights to downloaded songs will expire. Some journalists have trumpeted this

as 'Napster's dirty little secret', but what did they expect — perpetual access to all our recorded work for the price of a 6 pack? Using Napster with a broadband connection, the only point of downloads is to sync with a portable. In a major marketing coup, Roxio has got cable provider NTL to bundle Napster with its Broadband Plus package. That's over 1 million broadband customers — who says consumers don't listen to music at their PC now?

The concept of consumers only renting music via subscription services may be as hard for us to swallow as it was for 1930s musicians, when they realised microphones and recorders meant their performances would be played many times without them present. 'Napster ensures that rights holders, including those with points on a record, get paid. As more people choose to consume their music online, services like Napster will be increasingly responsible for helping to generate revenues for these rights holders,' Leanne reassured me.

I have been assured (and reassured) on several occasions that payments are based on the number of

downloads, but are these only burnable downloads? The MCPS/PRS granted Napster a blanket license — what about music streamed or downloaded as part of the subscription service, how is our cut calculated? And when you try these services, look in vain for your sleeve credit if you were part of a production team. Apple's online store carries no engineer credits and patchy production credits; producer Ken Nelson has his name on Coldplay's Parachutes but not on A Rush Of Blood To The Head. He won Grammys for both. Napster has no production personnel credits ... in Harry Potter speak, we have been 'disappeared'.

The presence of intelligent and experienced music fanatics like Jeff Smith means Napster may open the door to a (hopefully) enduring stream of income from eclectic and overlooked catalogue .... but active production pros should be reviewing contract clauses as a matter of urgency. Apple and Sony are both



expected to launch European services this summer. This is going to be the future, and it is coming our way faster than anticipated.

Napster 2.0 is off to a good start, but Roxio possibly lacks the resources for a big marketing push. Apple has only nominal debt and a US\$4.6 billion cash pile; Steve Jobs shocked some commentators by releasing iTunes for Windows — there's very little to prevent Apple adding a subscription option if they believe it's a good business model. And never underestimate Sony: an all digital, Walkman-style success would provide a suitable rebuff to Nobuyuki Idei's critics. As Thomas Middelhoff once said 'We believe e-commerce is a permanent part of the media business' ... and as Clive Davis said 'It's all about the songs.' Let's not forget the Etruscan God Janus had two faces — he was not only the God of gates and doors, but also the God of beginnings... and endings. ■

**Jeff Smith — ex-Capital FM programming controller and former head of music at Radio One — has been recruited by Napster as UK programming director. He will acquire exclusive UK-specific music for Napster, compile radio playlists, and as head of a programming team will have a wide-ranging brief to aggregate and develop future content for the site.**



**What was your initial reaction when you were headhunted by Napster? It was a complete surprise to me with my background in radio, I couldn't see what someone like me was going to do on what seemed to me to be a website. It wasn't until I actually got to trial the system that I realised the potential.**

**Napster appealed to me as a music fan, in the sense that it's one of those sites you can really get involved with. I've just found a track called Super Strut from Deodato 2 — it probably hasn't been available since 1973! Nowadays, everyone is reviewing how they consume music, and are less ready to be spoon-fed with a particular format. People of all ages, no matter what their demographic or background, have now got 50 years of popular music to review — before they even get to Jazz and Blues. I love all music, so for me it's the perfect job!**

**What are you doing at Napster to cater for this diversity?**

**One of the stations I've set up is called Eclectica; people's diverse musical taste has always fascinated me. We're just at the very top of this whole online glacier, under the water there's a vast gold mine of deleted albums, unheard content from radio programming, all sorts of material that — given we can get rights to it — we can make available again. It's not like commercial radio, where you need large audience numbers to justify doing something. With Napster's subscription model, we can stream it or sell smaller quantities of eclectic material, it's not so much of an issue. We can dig very deep, and find some specialist niches that people can get excited about, and not just within the 17 genres we have at the moment**

**The traditional website 'people who bought x also bought y and z' Amazon-style recommendations diminish in usefulness as early-adopter online enthusiasts are outnumbered by mainstream buyers. Do you think professional programming will be essential for Internet music services to succeed?**

**'Trusted guides' have always been important in terms of traditional radio, so when Napster users come to that home page, I hope I can put them in the right direction. I was always frustrated as a kid, buying the NME's single of the week, and then being pissed off if I thought it was a crap record! When I set up the evening session on Radio One we used to get the NME journos in, then we'd play their single of the week, so listeners could hear it and make their own minds up. I think Napster's premium subscription model is like a giant listening post, people can sample the music they are interested in and then download it or even go to a music shop and buy the CD.**

**Will the 'Trusted guides' extend as far as having DJs?**

**One of the things I'm working on at the moment is guest programming directors. Not many services have complete radio stations programmed by a name or a star — a sort of online version of Meltdown if you like.**

**I noticed there are special tracks exclusive to the UK Napster site, is that your work?**

**Yes. The Zutons exclusive track was very popular. There is, as I hoped there would be, a very big interest in new music from the UK. We've seen that with Hope of the States and The Zutons. We're developing better relations with the indie sector to highlight their artists, we've done some stuff with V2 — My Red Cell — which has gone down well.**

