

**IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

MELISSA FERRICK, et al.,

Plaintiff,

vs.

SPOTIFY USA INC., et al.,

Defendants.

No. 1:16-cv-08412 (AJN)

CORRECTED

**EXHIBIT B-1 TO THE DECLARATION OF JOAO DOS SANTOS
IN SUPPORT OF PLAINTIFFS' MOTION FOR FINAL APPROVAL**

VOLUME 7 of 7

Exhibit B-1

- 1 “Spotify: A Global Streaming Leader”
- 2 “Spotify Showing Momentum Ahead of Possible Listing”
- 3 “Exclusive Report: Spotify Artist Payments Are Declining in 2017, Data Shows”
- 4 “Spotify Research Report: The Rock Star of Streaming Services”
- 5 TuneCore Blog: How We’re Getting Your Mechanicals From Streams”
- 6 “Spotify Hit With \$150 Million Class Action Over Unpaid Royalties”
- 7 “Publishers Said to Be Missing as Much as 25 Percent of Streaming Royalties”
- 8 “Independent labels claimed 35% market share in the US last year ... by ownership”
- 9 “Understanding and Measuring the Illiquidity Risk Premium”
- 10 “Pandora Media Corp – Spotify Sub Leap Evidence of Expanding Market For On-Demand”
- 11 “US’ Music Streaming Royalties Explained”
- 12 Consolidated Financial Statements as of December 31, 2016 and Independent Auditor’s Report
- 13 “Exclusive Report: Spotify Artist Payments Are Declining in 2017, Data Shows”
- 14 “Independent labels have a 37.6% global market share, says new report”
- 15 “An International Legal Symposium on the World of Music, Film, Television and Sport: Enterprise Valuation”
- 16 “A Primer for Valuation of Music Catalogs”
- 17 “Music Publishing’s Steady Cash Lures Investors”
- 18 “Spotify, Valued at \$13 Billion, to Launch Direct Listing on NYSE: Sources”
- 19 “Inside Spotify’s Financials: Is There a Path to Profitability Or an IPO?”
- 20 “Global Music Investing 2.0: More Options = More Subs”
- 21 “Spotify’s Product Roars Ahead Amid Business Model Challenges”
- 22 “Streaming Music Topic Primer”
- 23 “Mechanical and Performance Royalties: What’s the Difference?”
- 24 “64 Amazing Spotify Statistics and Facts (October 2017)”
- 25 “Apple Music Saw Over 40M Users On Mobile Last Month, Leading Spotify by 10M”
- 26 “Big Publishers Feeling Cheated After Spotify’s Small Publisher Deal”
- 27 “Spotify Now Processes Nearly 1BN Streams Every Day”
- 28 “Spotify’s Losses Grow Despite Revenue Doubling in 2012”
- 29 “The Spotify Settlement with NMPA: What it Means for Music Publishers”
- 30 “Spotify Music-Streaming Service Launches in U.S.”
- 31 “Spotify vs. Apple Music: Which Service is the Streaming King?”

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64 Amazing Spotify Statistics and Facts (October 2017) | By the Numbers

ARTICLE LAST UPDATED: OCTOBER 31, 2017 BY CRAIG SMITH

Please note that some of these numbers are easier to find than others. A few of these stats come from Spotify's own reports, but some are based on news reports and not official company tallies. Basically, this is the best I can find and I don't guarantee anything to be 100% accurate.

Spotify's reported revenue total for 2015:

\$2.18 billion

Spotify's reported revenue total for 2014:

\$1.3 billion

Percentage of Spotify listeners that are millennials:

72%

Last updated 4/17/16

Most streamed artist on Spotify in 2015:

Drake

Most streamed female on Spotify in 2015:

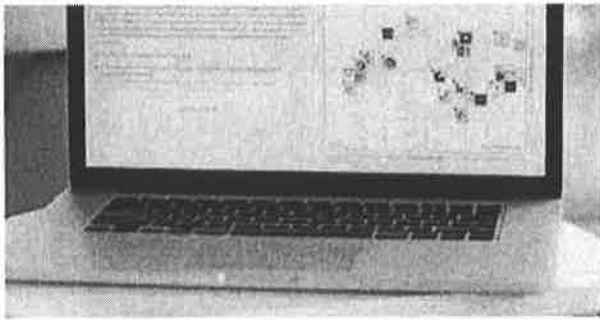
Rihanna

Most Spotify streams in a single day:

Justin Bieber

Most streamed Song on Spotify in 2015:

Lean On (by Major Lazer)



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Most streamed album on Spotify in 2015:

Beauty Behind the Madness (by The Weeknd)

Most streamed artist on Spotify (all time):

Eminem

Last updated 12/1/15

Most musical day on Spotify in 2015:

June 19th

Number of streams for Spotify's "Discover Weekly" playlist:

5 billion

Last updated 5/25/16

Number of Spotify users that use the Discover Weekly feature:

40 million

Last updated 5/25/16

Top streamed music genre on Discover Weekly:

Pop

Last updated 5/25/16

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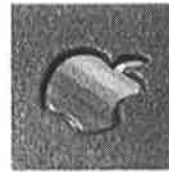
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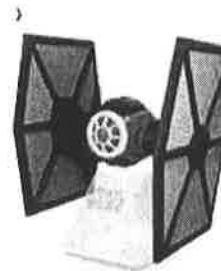


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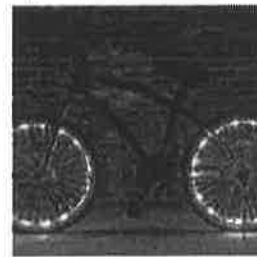
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While Spotify may lead in terms of subscribers, it's already been proven that Apple Music can dominate even with its smaller user base. A new report from analytics firm *Verto* further highlights the sometimes underestimated reach of Apple Music.

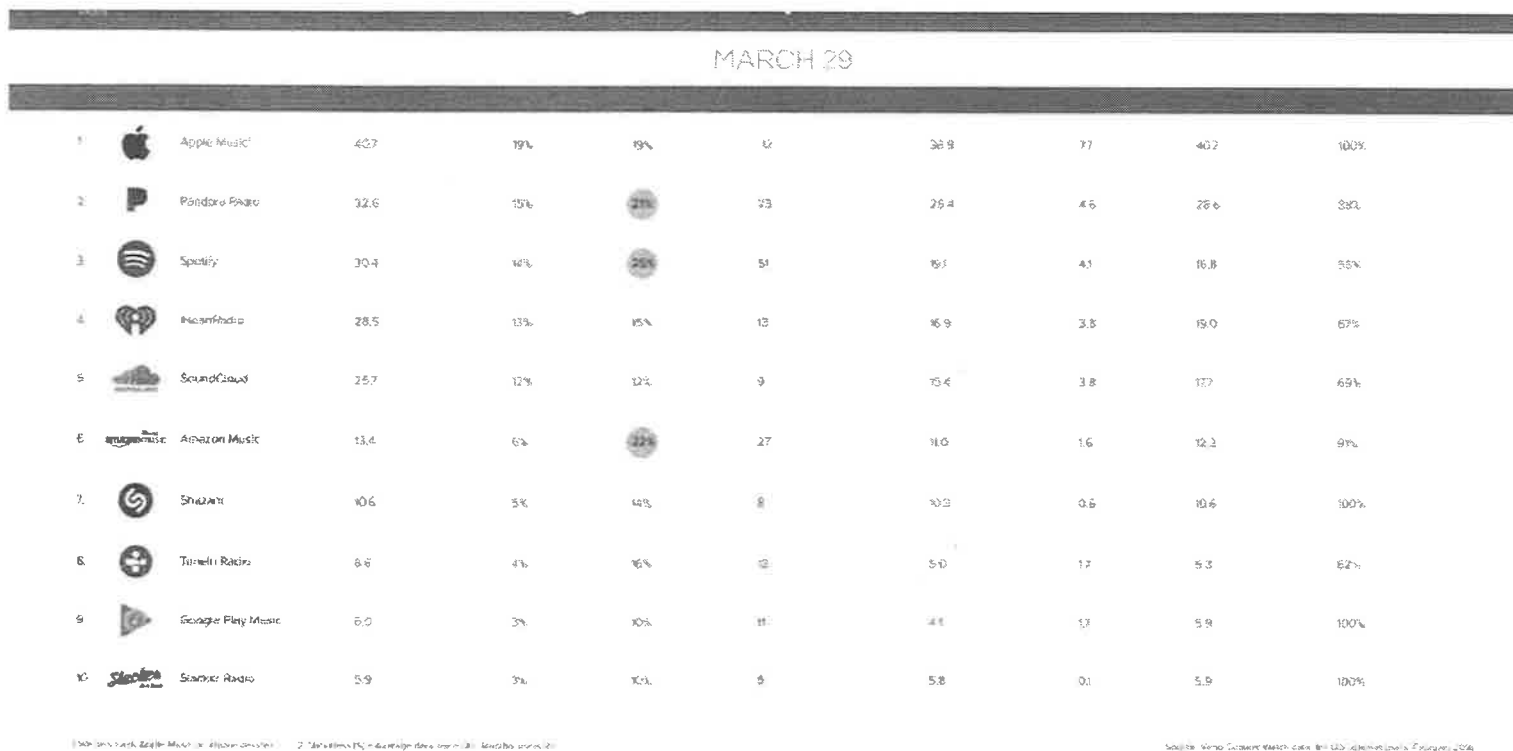
The report shows that Apple Music comes out on top in terms of monthly unique users, thanks in large part to the three-month free trial Apple offers.

MARCH 29

The data from Verto says that Apple Music attracted 40.7 million unique users during the month of February in the US, putting it well ahead of Pandora at 32.6 million unique users. Spotify rounded out the top three, coming in with 30.4 million unique users. Coming in fourth is iHeartRadio, while the struggling SoundCloud places fifth. These numbers include mobile users only, meaning they are likely higher if you take into account desktop.

Vetro explained to *TechCrunch* that how Apple Music was able to bring in so many unique monthly users centers around the three-month free trial that Apple offers. The analytics firm says that the free trial more than doubles the amount of people who use Apple Music in the United States.

This is an interesting tidbit of data for a number of reasons. For one, it really exemplifies just how big of a benefit Apple Music has by coming pre-installed on all iOS devices. Furthermore, it represents the potential for growth that Apple's streaming music service still has.



Most recently, Apple stated that Apple Music has “well past” 20 million paying subscribers worldwide. Today’s data from Verto claims that, in the US alone, Apple Music saw over 40 million unique users, presumably the majority of whom were free trial customers. Spotify, on the other hand, recently touted that it has 50 million paying subscribers worldwide, while it also has over 100 million users on its paid + free tiers combined. Nevertheless, Apple Music still outperformed Spotify in terms of active users in the United States.

What this means for artists specifically is that if they’re looking for the best platform to go to with exclusive content, or content in general, Apple Music has the broadest reach. This is especially notable considering Apple pays artists during that three-month free trial.

A lot has been made about the success of Apple Music and Beats 1, but information like this highlights how Apple’s large user base gives it an automatic leg-up compared to its competitors.

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Apple Music

Apple's streaming music service

About the Author

Apple Music saw over 50M users on iPhone last month leading Apple to warn 50M Mac



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Big Publishers Feeling Cheated After Spotify's Small Publisher Deal

& [Paul Resnikoff](https://www.digitalmusicnews.com/author/presnikoff/) © June 16, 2017



Did major publishers get hoodwinked by Spotify and their own trade association? That's the scuttlebutt this week in the wake of an impressive settlement by smaller publishers.

So just to bring everyone up to speed...

Earlier this month, a collective of indie publishers and songwriters secured a juicy \$43.4 million settlement (<https://www.digitalmusicnews.com/2017/05/26/spotify-class-action-lawsuit-songwriters/>) with Spotify over unpaid royalties. The lawsuit started in late 2015, following Spotify's 'accidental' failure to pay songwriters on mechanical royalties. Dating back to, well... 2008 or so.

Prior to that settlement, major publishers represented by the National Music Publishers' Association (NMPA) secured their own little settlement. Emphasis on 'little' (at least comparatively). Well, it was an estimated \$30 million settlement (<https://www.digitalmusicnews.com/2016/03/08/breaking-spotify-settlement-approaching-30-million-for-unpaid-royalties/>), including a \$5 million slap-on-the-wrist for Spotify's no-no. And, a bunch of stipulations for matching songs properly and cleaning up problems at Harry Fox Agency (HFA).

\$43 million for the little guys. \$30 million for the big guys. See the problem here?

Accordingly, sources close to both settlements are now telling DMN about some pissed-off mega-publishers. As in, 'why did we only get \$30 million!?' type frustrations.



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After all, big publishers could have sued the crap out of Spotify and won. But they went the safer, gentler, lower-paying route to keep the peace among warring industry tribes.

Big f—king mistake.

Which brings us to this leaked letter from the NMPA to its member publishers. In it, NMPA counsel Danielle M. Aguirre defends the \$30 million settlement. Actually, it's not \$30 million, according to Aguirre. It's way, way more (or something like that).

"The reported \$30 million from the NMPA settlement in early 2016 is only a fraction of the total NMPA settlement," Aguirre spins. "The NMPA settlement will grow considerably with the accumulation of additional unmatched royalties for the periods after June 2016."

But aren't those 'unmatched royalties for the periods after June 2016' already owed by Spotify?

Here's the letter.

From: Danielle Aguirre, EVP & General Counsel at the National Music Publishers' Association

To: _____

Subject: Important Notice Regarding the Spotify Class Action

Dear Publisher,

Last week, a class action settlement was reported between Spotify and a plaintiff class of songwriters.

We congratulate David Lowery, Melissa Ferrick and the songwriters represented in the class on this victory. Even after the attorney's fees and administration costs are factored in, this settlement amounts to a significant sum for the proposed class.

As a participant in the NMPA settlement, it is important to understand how our settlement works and the full benefits you will receive.

The NMPA settlement, unlike this class settlement, was not for a defined, finite amount of money. The NMPA settlement will grow significantly over time as it accrues future unmatched royalties over multiple accrual periods through 2019.

The reported \$30 million from the NMPA settlement in early 2016 is only a fraction of the total NMPA settlement. The NMPA settlement will grow considerably with the accumulation of additional unmatched royalties for the periods after June 2016. In fact, the amount to be paid out through June 2017 is already substantially more than \$30 million. The chart [attached here](http://www.digitalmusicnews.com/wp-content/uploads/2017/06/NMPA_Spotify_Settlement.pdf) (http://www.digitalmusicnews.com/wp-content/uploads/2017/06/NMPA_Spotify_Settlement.pdf) gives our best estimate as to the ultimate size of the NMPA settlement.

Therefore, the reported settlement sums do not provide a full picture of what each copyright holder's potential recoupment will be – that will be determined by what is claimed through the settlements' respective claiming portals, and for what periods.

NMPA chose to work with Spotify after reaching an agreement that paid damages and royalties through 2019 and to identify missing information to ensure the service would move forward paying songwriters properly. We are glad that this class has chosen a parallel route that will allow all copyright holders to claim what is theirs' and help fix the system for the future.

If you have any questions, please do not hesitate to contact us.

Best,

Danielle M. Aguirre

EVP & General Counsel

National Music Publishers' Association

As for the [attached here](http://www.digitalmusicnews.com/wp-content/uploads/2017/06/NMPA_Spotify_Settlement.pdf) (http://www.digitalmusicnews.com/wp-content/uploads/2017/06/NMPA_Spotify_Settlement.pdf) portion, the NMPA calls for overall mechanical royalties north of \$76.3 million by mid-2019. And, as high as \$134.1 million. But that's the best case scenario.

Sounds like a big amount, though publishers probably could have multiplied that figure in litigation. Shoulda, coulda, woulda...



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Spotify

Spotify has paid \$1.5 billion to kick up royalties to artists in 2017, according to a new report from Digital Music News.

<https://www.digitalmusicnews.com/2017/11/02/spotify-music-kickup-royalties/>



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JULY 22, 2015 : SPOTIFY NOW PROCESSES 'NEARLY 1BN STREAMS EVERY DAY'

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Spotify, Deezer and SoundCloud launch European lobbying coalition



Some figures around Spotify are very public: like its 75 million active users, its 20 million paying subscribers and its \$3bn of rightsholder payouts. Others need a bit more ferreting out. The company's engineering team dropped a new (as far as we can tell) stat yesterday via its Twitter account: "We process nearly 1 billion streams every day by running 9000 @hadoop jobs on our 1300 node cluster," explained its tweet.

Which set off all kinds of maths in our heads. If it was a round 1bn streams a day, that would mean each active user averages 400 streams a month – or, taking four minutes as an average track length, around 27 listening hours if you don't factor in skips.



We process nearly 1 billion streams every day by running 9000 @hadoop jobs on our 1300 node cluster. For personalization



We process nearly 1 billion streams every day by running 9000 @hadoop jobs on our 1300 node cluster. For personalization, analytics etc
1:43 AM - Jul 21, 2015
3 28 22

Even more sketchy would be to apply Spotify's published average per-stream payout of between \$0.006 and \$0.0084 to the 1bn-streams-a-day figure: that would suggest daily payouts to rightsholders of between \$6m and \$8.4m, and thus annual royalty costs of between \$2.2bn and \$3.1bn – which given Spotify's claim that it pays out 70% of its revenues, would in turn hint at \$3.1bn – \$4.4bn of annual turnover.

Which is why you can ignore that last paragraph, because Spotify's annual revenues in 2014 were €1.1bn (\$1.2bn) and we're fairly sure its growth is steadier than a 2015 run-rate of \$3.1bn – \$4.4bn would suggest.

Update: As Steve Kelly of All Around The World pointed out on Twitter, skips are very important to any calculations like this.



Replying to @MusicAlly
@MusicAlly factor in an avg ~30% skip rate to reduce the



Steve AATW
@steve_aatw



Replying to @MusicAlly

@MusicAlly factor in an avg ~30% skip rate to reduce the payable volume (assume they still have to be processed to classify them as a skip)

1:48 AM - Jul 22, 2015



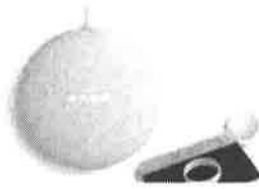
Actually, we do have some data on Spotify skips, courtesy of The Echo Nest's Paul Lamere. He published a blog post last year noting that 35.05% of songs are skipped in the first 30 seconds - which means they won't generate a payout, but WILL need to be processed.

If 35% of Spotify's 1bn daily streams are skipped before they generate a royalty payment, that changes the figures considerably. The remaining 650m streams (or 'nearly 650m streams' - remember the earlier caveats) would generate payouts of between \$3.9m and \$5.5m a day, which would scale up to \$1.4bn-\$2bn a year, and thus annual Spotify revenues of \$2bn-\$2.9bn.

The lower end of that scale seems more within reach for Spotify in 2015, especially if it continues to add users (including subscribers) in the second half of the year.

Even so: three questions. First, how much less than 1bn daily streams is 'nearly' in that tweet? Second, what percentage of those daily streams are on (lower) promotional rates? And third, how much has that average per-stream payout of \$0.006-\$0.0084 fallen since it was published in December 2013, as Spotify has added tens of millions more users?

“Hey Google, add milk to my shopping list.”



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79

Spotify's losses grow despite revenue doubling in 2012

by nateog | Jul 31, 2013, 3:54pm EDT



Spotify Windows Phone 8

A major question looms over Spotify and its streaming music competition: can anyone grow into a profitable business? For Spotify, the answer is not yet. In 2012, Spotify's revenue doubled, but it also failed to turn a profit as its losses grew due to increased licensing fees, *The Wall Street Journal* said in a report. The problem here is that all Spotify does is stream music. And in order to do that, it has to pay record labels and musicians licensing fees so it'll have something to stream. For now, the fees are growing along with everything else and profit remains out of reach.

In 2011, when the music service made its US debut after years of popularity in Europe, Spotify brought in about \$252 million in revenue, according to the *Journal*. In 2012, revenue jumped to \$576.5 million, the report said. Losses meanwhile have grown from \$60 million in 2011 to \$77 million in 2012, largely due to increased licensing fees, the

SPOTIFY AND ITS RIVALS FACE PLENTY OF HURDLES

Journal said. Spotify reported these numbers in regulatory filings submitted to the Luxembourg company registry. While the company hasn't broken out how much it specifically spent on licensing fees last year, the *Journal* noted that Spotify has paid more than \$500 million in royalties since launching the service back in 2006.

The company has previously said that about 70 percent of its revenue — which comes from ad sales and paying subscribers — goes toward paying licensing fees. As of July, Spotify has about 6 million paid subscribers, 1 million of whom have signed up since December. But there are another 18 million Spotify users who don't pay, opting instead to listen to up to 10 hours of free music filled with radio-style ads each month.

Clearly, Spotify needs to grow its paying customer base if it's going to turn into a viable business. It's also hoping that expansions into Mexico, Hong Kong, Malaysia, Singapore, and other new markets will help push the company into profitability. The company is also negotiating with record labels for price breaks on the licensing fees that are eating into its revenue. Spotify's issues, of course, aren't unique. Pandora and Rdio face similar hurdles as royalties industry-wide have hit the \$1 billion mark. One sign of hope for the likes of Spotify is the fact that streaming music has caught on so much that it's bitten into music downloads. But this has also pushed Google and Apple into the streaming music ranks, giving Spotify even more competition in an already crowded space.

- SOURCE: The Wall Street Journal

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The Spotify Settlement With NMPA: What It Means for Music Publishers

By Krista Irons on 1.6.17 | Posted in Entertainment



In March 2016, the popular music streaming service, Spotify, reached a settlement with the National Music Publishers Association (“NMPA”) to cover

billions of unlicensed streams from member publishers dating back to the service’s U.S. launch in 2011.[1] Spotify will pay \$25 million to publishers and songwriters and \$5 million in punitive damages—a sum many are calling an easy break for the billion dollar streaming service.[2] Those

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who had their mechanical license rights infringed had until June 30, 2016, to opt-in to a settlement agreement between the NMPA and Spotify. The NMPA negotiated the settlement with Spotify on behalf of its members.^[3] The pros and cons of opting-in have been hotly debated as class action lawsuits, such as those brought by singer David Lowery and singer-songwriter Melissa Ferrick, have been filed.

The NMPA, founded in 1917, is the trade association responsible for advancing the interests of music publishers and their songwriting partners in matters relating to the domestic and global protection of music copyrights.^[4] The NMPA's goal is to protect and advocate for its members' property rights in copyright law by proposing advantageous legislation and regulations, as well as supporting members in litigation.^[5] The NMPA's members include both major and independent music publishing companies such as Sony/ATV, Universal Music Publishing Group, and BMG Rights Management.^[6] The NMPA owned the Harry Fox Agency ("HFA") until 2015.

Spotify is a Sweden-based online streaming company that allows its 100 million subscribers, 30 million of which are paid subscribers, to access millions of songs.^[7] The company is required to pay a licensing fee to artists, and Spotify, like other online streaming services, contracts this process out to HFA.^[8] HFA acts as a clearinghouse by issuing mechanical licenses for song reproductions on behalf of the 45,000 publishers it represents.^[9] A mechanical license "grants the rights to reproduce and distribute copyrighted musical compositions."^[10] However,

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litigation began when Spotify failed to pay song owners their royalties from the mechanical licenses.

The process of obtaining and paying royalties through copyright licensing is fairly standardized. Spotify must obtain two different licenses from the music publishers: a mechanical license and a public performance license. Public performance licenses, which allow one to publicly perform someone else's musical creations, are easier to obtain; Spotify can negotiate a blanket license with one of the three performance rights organizations and then pay a lump sum. [11] However, mechanical licenses are typically obtained from the music publishers directly. Spotify used HFA's services to obtain mechanical licenses, and then sent their streaming data to HFA in return.[12] HFA matched the data to the songs their publishers own, and then calculated the publisher's share of the royalties for the underlying compositions.[13] The controversy arose when Spotify began infringing the publisher's rights when royalties for every song streamed from Spotify's 40 million song database could not be calculated and paid to the song owners, as a result of Spotify's inability to properly match songs to their copyright holders based on data from HFA.[14] The NMPA then stepped in to advocate for the rights of its members.

In March 2016, the NMPA and Spotify announced a settlement in which publishers would receive royalties for compositions Spotify had already utilized in its catalog in the United States where ownership information had been previously unknown.[15] Under the terms of the settlement, publishers were able to claim past royalties owed and ensure that future royalties were paid when due.[16] After all

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claims were addressed, the additional money included in the settlement, including the \$5 million payment for punitive damages, was distributed to publishers who choose to opt-in to the settlement based on their proportionate amount of Spotify streams.^[17]

There was some hesitation among publishers and songwriters in deciding whether to opt-in, especially in light of the class action lawsuits filed against Spotify. Most notably, David Lowery filed suit in December 2015 alleging \$150 million in damages due to nonpayment of mechanical royalties.^[18] Lowery represents a class of musicians who claim that Spotify knowingly and willfully infringed on copyrights by failing to obtain mechanical licenses or pay royalties to the copyright owners.^[19] The case has since been consolidated with other lawsuits brought against Spotify, such as the one by singer-songwriter Melissa Ferrick.^[20]

In today's litigious atmosphere, class action certification is not always granted and individual plaintiff suits can be costly. Those who opted-in to the settlement instead of joining the class actions were guaranteed some compensation for the unlicensed songs streamed on Spotify. Thus, the settlement provided a way to minimize legal fees for those who did not stand to recover a large sum from Spotify. Lastly, through the settlement, publishers assisted Spotify in building a database for submission of claims of royalties owed.^[21] Registry in Spotify's database will ensure its ability to locate and pay the proper song owners for future streams.^[22]

However, the restrictions imposed by the terms of the settlement may not outweigh the benefits. Those who opted-in to the settlement were required to waive their rights to bring separate claims for infringement against Spotify, or to join in a future class action lawsuit.^[23] If the pending class action lawsuit brought by Lowery and Ferrick, which estimate damages between \$150-200 million, prevails, those who opted-in to the settlement will be unable to recover.^[24] Additionally, the settlement between Spotify and the NMPA was private; the artists did not have the opportunity to participate in negotiations.^[25] Further, there was no judicial oversight ensuring that the settlement was fair.^[26] The NMPA founded and maintains close ties to HFA so there was speculation of collusion.^[27] With class certification, there is guaranteed transparency provided by the court that the settlement reached is fair and equitable to all class members, which those who opted-in effectively waived. The final settlement figure was \$30 million, but it is unclear how much that translated to for individual artists.^[28]

The NMPA assisted in negotiating the settlement on behalf of its members. It estimated that as much as 25 percent of all royalties owed by Spotify were either unpaid or distributed to an improper party due to Spotify's neglect in obtaining mechanical licenses.^[29] According to David Israelite, President and CEO of the NMPA, the settlement allows both NMPA members and non-NMPA members to participate.^[30] One of the terms of the settlement required Spotify to publish a list of songs they could not match to publishers so that those who chose to opt-in would have the opportunity to review the list and claim any songs as their own.^[31] If any songs are left unclaimed after the deadline, the money that would have gone to those owners

will be liquidated and distributed per a market share distribution formula to the remaining publishers and songwriters.^[32] Spotify also agreed to implement a series of best practices to prevent future mechanical license infringement.^[33]

The class action lawsuit is still pending, and as of November 7, 2016, the only case update was that Spotify counsel's motion to transfer venue to the Southern District of New York was granted.^[34]

Krista Irons, a law student at Brooklyn Law School, was GSB's fall 2016 legal extern who worked out of its New York office.

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Tags: blanket license, BMG Rights, BMG Rights Management, class action lawsuits, clearinghouse, copyright law, copyright licensing, David Lowery, Harry Fox Agency, HFA, independent music publishing company, major music publishing company, mechanical license infringement, mechanical license rights, mechanical royalties, Melissa Ferrick, music copyrights, Music Publishers, music streaming service, National Music Publishers Association, NMPA, Property Rights, public performance licenses, Royalties, song reproductions, Songwriters, Sony/ATV, Spotify, Universal Music Publishing Group

Spotify music-streaming service launches in U.S.



By Mark Millan, CNN

July 15, 2011 7:14 a.m. EDT | Filed under: Web



Spotify to challenge iTunes

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NEW: Spotify launches in the U.S. on Thursday morning

The music-streaming service has been wildly popular in Europe

It's taken awhile for Spotify to debut in U.S. because of concerns from record labels

(CNN) -- The hottest music venue in Europe opened its doors on Thursday morning to a select group in the United States.

Spotify, which makes Internet music-streaming software, launched the much-hyped U.S. version of its service after delays and years of negotiation.

At first, Spotify will only accept new members to its free service who receive invitations from the company, one of its sponsors or a current user.

"This is the biggest market in the world," Kenneth Parks, Spotify's content chief, said in an interview late Wednesday. "We haven't done a launch this large."

Google+, the new social network, also launched recently using an invite-only scheme. Spotify plans to welcome everyone for free after "several weeks," Parks said.



Spotify makes U.S. debut

The Spotify computer program will let people choose from any of 15 million songs to hear for free -- up to 10 hours per month, with each track listenable up to five times. For the first six months, however, people who enter during the invitation period are exempt from the monthly limit, Parks said.

After that, users can lift the restrictions by paying \$5 a month or buying songs individually, like iTunes. The smartphone apps can be accessed for \$10 a month, which includes unlimited streaming and the ability to save copy-protected music for listening offline.

The ability to create and share playlists with Facebook friends has formed a beehive mix-tape culture among the more than 10 million users in Europe.

From a small office in Stockholm, Sweden, Spotify quickly spread its tentacles across Europe. But during the past couple of years, the company has been caught in a web of bureaucracy. Record-label executives have expressed concern that Spotify's free offering devalues music and doesn't drum up significant revenue.

"They wanted to be careful," Parks said. "Spotify has always had a view that the free experience was core to what Spotify was all about

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Spotify CEO Daniel Ek echoed that belief at a technology conference in December, as he has in several public appearances before that and likely will again at Fortune's Brainstorm Tech conference next week.

"We really believe in our model," Ek said at the D: Dive into Mobile conference last year. "We would not just launch a subscription model, because we don't think that's going to work."

Now, the four major labels and Spotify have finally settled their disputes. In the time since, the record companies have given the go-ahead to competing digital music initiatives such as Rdio, MOG and, most recently, Apple's iTunes Match.

"We think there's definitely room and appetite for a service like Spotify," Parks said. "There really is nothing like it in the market."

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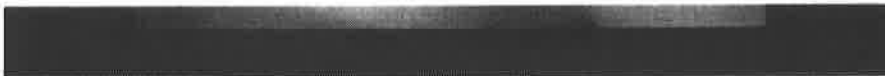
Spotify vs. Apple Music: Which service is the streaming king?

By Digital Trends Staff — Posted on June 21, 2017 11:17 am

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Update: We've added some information about Spotify's Secret Genius program, Apple's recently announced multiroom speaker, and Apple Music's \$99 annual subscription, as well as the fact that Taylor Swift's music is now on Spotify.

When it comes to subscribers, the undisputed king of on-demand streaming music is Spotify. The Swedish-born service helped pioneer the current market, and has tens of millions more paid users than the competition, not to mention millions more free users. But Apple Music, known for its high-level exclusive releases and full integration into Apple's popular iOS system, is the hottest service on Spotify's heels. Apple's streaming

It's hardly surprising that Apple Music is so successful. Not only is it backed by one of the biggest brands in the world, it also gives users access to the entire iTunes library, a swath of curated playlists, and a 24-hour radio station helmed by BBC-alum Zane Lowe. Even the required subscription fee of \$10 per month is no great barrier for entry, as Apple Music offers a three-month free trial and a discounted family plan.

Apple and Spotify are the biggest music services on the market: how do the two compare, back to back? Which is the best streaming service? Follow us below to see if Apple has what it takes to steal Spotify's crown, and find out which service is best for you.

MUSIC LIBRARY

Spotify first gained its dominant position on the strength of its impressive 30 million-plus song catalog. Couple this with the fact that it adds over 20,000 new songs each day, and the service offers more music than your ears even know what to do with. While several holes do exist in its library — Garth Brooks, Tool — Spotify's catalog is extremely deep, and even holdout Taylor Swift has conceded her protest. Moreover, the Swedish streaming service brings all the latest record releases, exclusive live sessions, and various new singles right to its New Releases tab each Friday, providing a great way to hear the latest from established artists, and rising stars alike. (Just stroll through our favorite Spotify playlists for a sense of the size is the catalog.)

Apple's service touts around 40 million songs, however, which is superior to Spotify's "more than 30 million" figure (though we're not sure by how much), and also outdoes newer contenders like Amazon's paid streaming service and Jay Z's Tidal. Moreover, Apple has taken steps to secure more exclusives than the competition. Spotify isn't too happy with artists signing exclusivity deals with Apple, either. Spotify reportedly has a history of altering search rankings for artists who release their music through Apple first.

There's another area where Apple Music has the leg up on its competition: integration of the iTunes library. Any music you've got — whether previously purchased via the iTunes Store, ripped from a physical CD, or uploaded to iTunes Match — will appear in your Apple Music library, giving you the option to freely browse your own music alongside Apple's standard catalog. Spotify offers a similar function, relegating your local music files to a separate tab, but you can't access your local music via broad searches like you can with Apple Music.

Winner: Apple Music

MUSIC DISCOVERY

With so many songs at the ready, Spotify's library can seem daunting for those who want to find new music, but the company provides a lot of useful tools for finding new songs to suit your individual taste.

Playlists like Release Radar, New Music Friday, and Monday's personalized Discover Weekly provide fantastic opportunities for subscribers to latch on to new music. The program's deep well of dozens of base genres to choose from — and another 20 to 30 selectable playlists — makes new music ripe for the picking, and other personalized playlists like Daily Mixes are constantly being added to the mix.

Spotify even has a featured series called Secret Genius, which allows fans of pop music to listen to the songwriters behind some of their favorite hits.

Discover Weekly in particular deserves high praise in the streaming world (it's so smart that Google copied the feature). Added to your feed every Monday morning, the feature delivers a two-hour playlist of personalized music recommendations based on your listening habits, as well as the habits of those who listen to similar artists. Playlists are often chock-full of music you haven't heard before, as well as deep cuts from some of your favorite artists, thus broadening your listening repertoire with a collection of songs right up your alley. Listen to a lot of Black Keys? Your weekly playlist might include The Arcs, a side project of Black Keys guitarist Dan Auerbach. Fan of Dawes or Neil Young? Expect to find the likes of Laurel Canyon prodigy Jonathan Wilson on your playlist. The feature is not *always* on point, but it's often pretty impressive.

Furthermore, Spotify gives you the chance to create, share, and follow playlists of any kind — including those shared by friends — with a simple click, along with expertly curated playlists for any mood or genre you're into to keep things fresh.

As for Apple Music, upon creating an account users will be prompted to select some of their favorite artists so the service can get a sense of their tastes. The interface for this is a digital ball pit, each ball representing an artist, with users tapping particular balls to indicate artists they like or love. You can also always head back via the Account tab — accessible by tapping the icon in the top right corner of "For You" — to re-select your favorite genres and artists. While it is a visually striking way to dictate music preferences (the pink on a white background is pure Apple-chic), the style stomps on the utility a bit. On mobile devices in particular, the balls quickly clog up the screen, sluggishly bouncing off each other and making it a pain to select more artists.

Thankfully, once the process is complete, Apple Music does a great job curating playlists to appeal to your preferences. Playlists might be based on style (mellow, jazzy hip hop), a particular artist, or even a particular activity like driving. Apple claims the playlists are curated by a "team of experts." This cabal of tastemakers — whoever it comprises — does a good job creating varied playlists that are at once familiar yet fresh, like a mixtape you might get from a friend.

The level of individual curation is impressive, with one DT staffer quick to highlight a Behind the Boards playlist he received that encompasses music from audio engineers who have helped create some of the best music of their time from the studio control room. Spotify also offers "expertly-curated" playlists, but Apple Music's playlist selections come from individual DJs on the Apple payroll.

Apple Music's Beats 1 Radio function also plays a major role when it comes to music discovery. It's refreshing to see Apple move beyond sophisticated algorithms for a human approach to facilitating true music discovery, but Spotify has its own magic at work, and its personalized playlists are only growing.

The bottom line is, Spotify's hands-off playlists, especially its fantastic Discover Weekly, give it the edge here. Until Apple Music can compete with this algorithm-based approach, we'll give Spotify the win.

Winner: Spotify

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/s/ Steven G. Sklaver
Steven G. Sklaver