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TRENDS IN TECHNOLOGY



JOANNE S. LAWTON / STAFF

Hoping they can all not just get along, Relatable CEO Pat Breslin, right, with Chief Technology Officer, Sean Ward, also thinks his song-swapping technologies will make it possible to monetize the chaos' among recording companies and the music-swapping public.

A progressive sound

Alexandria's Relatable hopes to rock the music industry with advances in online song-swapping technology

BY JOHN WILEN, STAFF REPORTER

One might think, on first inspection, that Relatable is working for The Man.

The Alexandria company's technology identifies songs by "acoustic fingerprint,"

and is used by song-swapping Web sites — or the music industry giants who monitor song-swapping sites — to track exactly what is being traded and in what quantities.

The issue is in sharp focus these days because the Recording Industry Association of America (RIAA) is suing hundreds of people who swap songs online. The growing consumer appetite for online music and

the massive potential for profits puts the technology being used by the industry in high demand.

Relatable (www.relatable.com) was hired by Napster when the one-time free music download service tried to go legit back in 2001. The company's technology, called TRM, worked splendidly, helping Napster identify songs people were trying to trade illegally over its network.

Unfortunately, Napster didn't have copyrights for any of those songs. Relatable's technology essentially became a filter used to block all music from Napster, which eventually was forced to shut down.

But Relatable's founders are no anti-song-swapping zealots. CEO Pat Breslin and Chief Technology Officer Sean Ward think it's just a matter of time until the music industry figures out it has no choice but to embrace the whole concept of downloading.

"The real solution is to create a system where music can be tracked and copyright holders compensated," says Breslin.

And technologies like those developed by Relatable offer the industry the best way to keep track of music downloads and compensate users, Breslin and Ward say.

"We're more interested in building an effective [music downloading] model," says Ward, than in aiding the music industry's crackdown.

THE DAY (ONLINE) MUSIC DIED

Once upon a time, in the mid-'90s, savvy Internet users figured out they could make digital copies of songs from CDs and distribute them over the Internet. The big advantage: Free music.

Several different Web sites sprang up, but the most notorious was Napster.

At its height, in early 2001, millions of music files were available for downloading at any time and billions moved from user to user each month.

The music industry was furious and eventually got wise to what was happening. The industry sued Napster for helping its users violate copyright law. Napster was forced to license Relatable's technology in order to block illegal song swapping. But because that was the whole point of Napster, the company was done.

Meanwhile, a new form of song-swapping technology — peer-to-peer (P2P) networks — rose to replace Napster. Where Napster users swapped files via a centralized

Web server, P2P networks like Kazaa (www.kazaa.com) and WinMX (www.winmx.com) let users share files from one computer to another without a centralized server. So there's no system to shut down.

But the music industry woke up to P2P networks, too. The RIAA went to court and convinced a federal judge to force Internet service providers to provide the names of subscribers who illegally swap music online.

The RIAA went so far as to sue people who share large numbers of files online. But alas, even that tactic isn't expected to stop illegal song swapping, analysts say.

"P2P software has shown a remarkable ability to adapt to circumstances," says Michael Goodman, an analyst at the Boston-based Yankee Group (www.yankee.com).

Within six months, Goodman says, most P2P networks will follow the lead of Madrid, Spain-based Blubster (www.blubster.com) and provide users complete anonymity.

"And once that happens," says Goodman, "it's over. Stick a fork in it."

Eventually, Goodman says, the industry will have to come up with a fee-based subscription model that people will actually use. Other analysts think that's already happening.

"Compared to where they were at the end of 2001, paid [music service providers] have made great strides," writes IDC (www.idc.com) analyst Susan Kevorkian in a recent research report.

But most legitimate subscription services have had a hard time catching on. For-pay services typically charge too much, or don't offer enough content, to make them appealing to users, analysts say.

"Progress is relative," Kevorkian writes. "Paid [services] will require intensive ongoing development in order to attract and retain consumers and to effectively compete against free online music services."

Goodman doubts the music industry will stop fighting digital distribution until it's forced to taste the bitter defeat of its litigation strategy: "It'll take them a while. They're remarkably headstrong."

The fight between music-swapping sites and the recording industry doesn't bother Breslin and Ward. They believe Relatable's software is needed regardless of which side wins.

"Relatable's the only acoustic fingerprinting company that's successfully operated in a massive P2P network," Breslin says.

LOTS A MONEY

The average consumer spends \$60 a year on CDs but would be willing to spend \$120 a year on a subscription to an online service offering unlimited music, according to research from the Yankee Group.

Breslin says this goes to show that by embracing digital downloading, the music industry could double consumer spending on music.

"I absolutely agree," says Yankee's Goodman.

Breslin and Ward say a variety of online subscription models are possible. Each would rely on technology that could correctly identify what songs are being swapped. The service would then compensate copyright holders out of the pool of money generated by subscriptions.

Relatable's technology has many applications besides tracking online song-swapping. It's a key component of several Relatable products, including Soundlike, PC-based software that helps people organize their digital music files, and Neuros, an MP3 player complete with an FM receiver that lets users record and identify songs they hear on the radio.

Soundlike isn't available for sale to consumers; Relatable is trying to license it to hardware manufacturers. Neuros is Relatable's only consumer product to date.

The company has sold several TRM pilot licenses to groups who track what is played on the radio. As part of one pilot, Relatable computers are constantly tracking and identifying every song played on two D.C.-area radio stations.

Breslin declined to disclose any of the company's pilot licensees.

Other applications aside, Relatable is clearly banking on music industry adoption of its technology into a legitimate song-swapping service. That, Breslin argues, would be a win-win-win for the song-swapping public, the music industry and Relatable.

Says Breslin: "We really think it's possible to monetize the chaos."

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