

GMO's Tony Stonefield,  
Todd Rundgren (inset):  
Seers of the digital future



# THE FUTURE IS HERE: GOODBYE CDS?

JUST AS EVERYONE THOUGHT all the frontiers had disappeared, along comes the World Wide Web. Like the goldminers of old, many wonder, "How can I cash in on this?" However, the Web has yet to crack under the massive strain of users-come-lately trying to force it to produce a golden egg. This doesn't stop people from trying to make a buck on this new frontier.

Some enterprising companies succeed at using the Web to sell stuff. In music, CD Now leads the way, selling thousands of compact discs using the Web as an interactive mail-order catalog and informative tool.

It stands to reason that more digital information will continue to move through the Net and the Web. In June, the General Music Outlet announced their Electric Records system for downloading a three-minute, CD-quality song to any computer hooked into the Web. Total download time: around 12 minutes.

"Traditional music distribution has grown overburdened and outdated," GMO's CEO **Tony Stonefield** says.

"Electronic distribution is clearly the next step for the industry."

A month later, N2K Entertainment announced their collaboration with Liquid Audio to accomplish the same thing. They were selling a select group of singles through their long-standing Music Boulevard website. Both services charge the subscriber 99 cents per song.

"We believe in the Internet as a commercially viable music delivery platform," concurs N2K CEO **Larry Rosen**. Universal Digital Media's **David Weekly**, one of the developers of the MP3 compression widely available on the Web, told *Electronic Engineering Times* that his company wants no less than to "obsolete the CD." N2K has more realistic short-term expectations. While downloading music may have novelty appeal now, they won't throw away their retail connections just yet. "It's a toe in the water," Liquid Audio's Scott Burnett says, "and a look at what the market will bear on an Internet single."

In other words, Tower Records and other large chains need not worry—yet.

"Five years out," Burnett states, "this might become a mainstream distribution alternative."

Veteran recording artist **Todd Rundgren** agrees with everything but Burnett's time frame. He sees now as the time for using the Web for distribution. Always on the cutting edge of technology, Rundgren has withdrawn himself from the traditional avenues of record distribution. People who want to hear his music can get it on the Web.

"Henceforth," he notes with his typical tongue-in-cheek attitude, "I'm creating at the mercy of kind-hearted fans."

Rundgren hears in Web-based music delivery the death knell for traditional record stores and many aspects of business as usual in the music. "I think even the record stores see this supplanting them in 10 years," he remarks.

**Phil Ramone**, Grammy-winning record producer and president of N2K Encoded Music, doesn't see his company's latest venture replacing the records store.

"It's like saying the home shopping networks will keep you out of the

stores," he laughs. "It's the old story about dancing. People don't want to stay at home and dance. They want to go out. This is nothing but healthy progress, a new audience, a bigger audience for us. We have to fight for that market. That's probably the part that upsets people. Stores have to fight to get your interest."

For some artists, making their music available for download represents a way to reach an audience that other means of promotion can't or won't. As part of the media event to introduce the N2K/Music Boulevard site, N2K recording artist **Blake Morgan** cut a live song, produced by Ramone. Within an hour and a half, that single was available on Music Boulevard. **Richard Barone** always thought the song "Barebella," by his old band **The Bongos**, should have been a single. He let N2K put a new live version of the song up on the Music Boulevard site, turning it into quite a singular single. "This is very intriguing," he noted, to have something available in this format."

Taking the music out of the stores and directly to the people, via their computers, appeals to Rundgren. "I can make

music that I might not normally put out on a CD," he says. "It wouldn't fit the concept or it's only a minute long or it's 20 minutes long. All kinds of restrictions to giving up real estate on the CD don't exist when you distribute electronically."

However, the Web reminds people in the music industry of another frontier—the Caribbean in the 1700s. Pirates, meaning those who fail to pay even a single royalty, run most of the Internet music sites. Using readily available compression technology, anyone can download digital music from Abba to Pinchas Zuckerman off the World Wide Web for free. This naturally upsets songwriters, artists, publishers, and anyone who makes money off of music. "Pirate" sites don't pay royalties.

"Until the appropriate balance between free flowing information and intellectual property is struck," Hillbry Rosen, president of the record company trade group the Recording Industry Association of America (RIAA) said in *Billboard*, "the Internet will never achieve its potential to become a viable medium for the sale of music. We must not let a pirate market on the Internet get established before the legitimate one is

ready."

Meanwhile, the technology that makes the World Wide Web work gets faster and the compression software gets more sophisticated, seemingly every passing week. People like Marsh celebrate this universal access to music. The RIAA, as usual, bemoans their inability to cash in. For better or worse, both see this as the end of the music industry as we know it. Ramone scoffs at the notion.

"As a child," he says, "I recall television being introduced, and people said, 'Movies are finished.' What reality proved was that movies had to sound and look better, so they expanded that horizon. In the early '80s, when video stores became prevalent, people kept saying, 'There's the end of movie theaters.' Fifteen years later, they're doing bigger business than ever. Will DVD blow us out of the theater? No, it's only going to enhance it. With all this new technology, the music business can only do better."

HANK BORDOWITZ