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ELEMENT 2 (ESSAY)
LEGAL AND BUSINESS AFFAIRS
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BLOCKCHAIN... in Music

Definition - Viability & Potential - Pros & Cons - Conclusion

This essay will 'discover' Blockchain It'll look into its brief history ,breaking down the fundamentals of what it is and explore the accumulating evidence for the use of it in the music industry while examining its viability and its potential for expansion.

Secondly it will critique and explore the pros and the cons and the reluctance of the music industry to embrace it.

DEFINITION

Blockchain in it's current form, has been around for at least 10-15 years, emerging as the underlying technology used for the first cryptocurrency bitcoin.

Implemented by Satoshi Sakamoto (Sakamoto 2008.) in 2008. There was a blockchain like prototype earlier on in the eighties proposed by cryptographer David Chaum (Sherman, Rivest and Chaum, 1982).Later in the early nineties, an essay written by Stuart Haber & W.Scott Stornetta (Haber and Stornetta, 1991).argued the importance of 'time stamping' digital documents so that they can be traced back to the source of inception.

Blockchain is a digital account of cryptocurrency. A database that structures its transactions into blocks to document its history. It works by simply moving money from A to B, or (in this case music and entertainment) revenue raised from copyrighted work in the form of a stream, live performance , written/recorded songs , scripts, books artworks etc. It's then sent to a centralised digital 'ledger' which documents and stores the details.Once those details have been verified the transaction is made & then added to a 'block' these collected 'blocks' form a 'chain' therefore creating a record of that activity that is permanent and unalterable.

VIABILITY & POTENTIAL

A company called Mediachain showed an example of what could happen to an artist whose work was not credited properly. Artist Helen Green's 'gif' of David Bowie (Nazarov 2016) went viral after his death.The gif depicted the images of Bowie's many persona's over the years.Blockchain technology could've defined the detail that would've helped that work to be registered and copyrighted properly.

Mediachain are known for using 'smart contracts' a collection of codes ,automated to allow revenue to go straight into the said party's 'block' thereby helping musicians get higher royalty payments in full and paid quickly. This company is using a decentralised model with more transparency and more control.(Jansen 2018)

I'm passionate that contributors to recorded content, get recognition (for their work) as well as financial compensation .Individuals like artist Imogen Heap the creator of the 'mi.mu music' glove system ,are really exciting because they're leading the drive to better clarity and information. She has taken advantage of blockchain technology as the founder of the creative digital hub Mycelia (Heap 2017) and used that platform when she released her song 'Tiny Human'.(BBC4 Imogen Heap 2018) every time it was played the contributors were paid royalties almost immediately ;

“A major pain point for creatives in the music industry — such as songwriters, producers and musicians — is that they are the first to put in any of the work, and the last to ever see any profit. They have little to no information about how their royalty payments are calculated and don't get access to valuable aggregate data about how and where people are listening to their music”

Radiohead were early adopters of 'disrupting ' the way fans listened to their music ..by releasing their 2007 'in Rainbows' album straight online with a ' pay-what-you-want' option. Obviously more people downloaded than pay for it but they still made a significant amount of money from the very beginning. They gave the option of a free download for a limited time and then sold the album conventionally after that period. They broke up the 'traditional route .but kept fans interested.

Again,another musician; the ever experimental Bjork has embraced the benefits of blockchain;(Richards 2021) releasing her 'Utopia' album through the British start up 'Blockpool', she also interacted with fans by getting them to buy the album with cryptocurrency and then giving them digital cash . Everyone who purchased the album got 'Audio coins' a cryptocurrency designed for the music industry.Diehard fans were already invested and it was a great way to bring new fans onboard who were interested to find out more about it.The aim was interaction and a new way to promote her music ,rather than monetary gain.

An exciting development using blockchain is the emergence of Non Fungible Tokens (NFT'S) The buying and selling of which has hit a new high in recent years (Tengblad 2021) more than £100 million in the last four years alone.It's a way for artists to auction their art without the need to go to traditional auction houses or Galleries whilst embracing another way to engage with their fans. Some musicians (even really big established bands like The Rolling Stones are getting involved) are disillusioned with traditional record company practises (Kastrenakes 2021) and are exploring what NFT'S have to offer.

Electronic and dance music artist and DJ '3 LAU' aka Justin Blau , who also produced and remixed for artists like Katy Perry, Ariana Grande and Rhianna decided to start his record company 'Blume' records in 2016 . He was already thinking about how he could generate more income from his work but at the same time sharing some of that revenue with his fans.Discovering the rising popularity of the cryptocurrency 'Ethereum' gave him the impetus to release different NFT's of his latest album 'Ultra Violet'; in an auction. (Pimentel 2021).

The 'smart contract' component would enable him to track revenue immediately. Trying it out with the auction in February 2021, he generated almost \$12 million dollars. This obviously was a game changer, realising that he could get far more income than from his record company, he has been able to get significant investment for his start up; 'Royal', a platform that allows other artists to do the same. By sharing a small percentage of the revenue fans are 'owning' a small piece of the copyright. Thereby more investment from fans who will then potentially share their experience.

PROS AND CONS

Blockchain has a great role to play in Intellectual property, as more and more creators work from home therefore online, one could register the work themselves, and if registered correctly could eliminate the need for the publishing deal. I've long held the view performance contributions should be more clearly copyrighted. The two copyrights that most people are aware of are the sound recording and the composition. A case that comes to mind is the one involving 'The Police song' Every Breath You Take.' A new song was recorded by Puff daddy, ('I'll be missing you') using the famous guitar riff by Andy Summers, the melody of the chorus was sung by Faith Evans with slightly different lyrics. Puff Daddy used the song without permission (Lifton 2014) thereby the revenue generated from the song (which went on to sell seven million copies) went straight to Sting. I think that Andy Summers (Whitaker 2012) should surely have got copyright revenue from this new version because his guitar riff was the mainstay of the new recorded version. (they sampled the original guitar riff, but used within a new recording which would make it eligible for a claim) A blockchain detailing exactly who played what on that tune would allow to bring the case to court if he so wished because it would give fundamental proof.

Protecting work whilst in 'transition' could be of great importance too. An inventor for example, could patent the 'process' of the invention; sketches, diagrams, mathematical equations..the journey to the final product, while looking for investors or partners to take the project to its fruition.

The ticketing industry (Shamsedin, n.d.) are making inroads with use of blockchain technology eliminating the use of paper tickets which can easily get fraudulently sold (Hall 2020) lost or stolen. It's more efficient and less time consuming. Once the ticket is in the system the technology allows for easy notification. If there is a change in date /time etc.. and in the event of a cancellation, the funds can be returned immediately because a ledger has been logged and is easily traceable.

Ticket master is one of the major ticketing agencies in the world. They acquired a blockchain company called 'Upgraded'. The vice president Sandy Khaund discussed how he wanted to sell 'smart tickets'. In order to leverage blockchain for pilot cases. The aim being to write code on each ticket they sell and run them on a private blockchain.' Khaund said "Ticket Master have applied smart contracts to a pilot use case where tickets for Pearl Jam are being sold at \$150 each the smart

contract component within the chain ensures that the ticket cannot be sold for more than its worth” That particular technology was also used for UEFA football tickets in order to bring in a fair system and to counteract ticket touts (Wolfson 2021).

Blockchain has been around for years but the music ‘business’ has been very slow on the uptake, despite the encouraging press very few record companies have adopted it

.One of the reasons of the scepticism is the use of cryptocurrencies, which have a finite supply and the speed in which they grow is uncertain and cannot be controlled. They are a security risk..as with all digital content, they are subject to hackers, (McMillan 2014) malware and normal digital glitches and so puts owners of hundreds of accounts and digital wallets in a vulnerable position. The crypto currencies are unregulated ..Because the market is so volatile your initial investment would be worth a lot less to begin with.

They cannot be inherited..yet.A way needs to be investigated so that people dealing in Bitcoin, Ethereum etc are able to leave their ‘money’ in a sort of digital will with keys or a code for their relatives.

NFT’S are good for generating a great income for the artists, but it is environmentally unfriendly and hugely inefficient in electricity use.Musicians are paying a percentage of their revenue to a small non-profit organisation called Carbon 180 , who work to draw carbon out of the atmosphere.

With a new technology, simplicity of use is always essential, getting the data input (at source) right is extremely important because currently, once entered it is definitive.This is a major disadvantage and will put people off; (Homewood 2019)again it needs to be easy!.However there has been some investigations into changing this (Greenspan 2017) .

The current model still works relatively well for the big three labels ; Warner Music Group, Universal Music Group and Sony BMG in that they command, control and own the music of most of the world’s biggest artists.Therein lies the rub. The biggest artists generate the most income for the record labels ;Beyonce, Billie Eilish, Adele. However the rise in streaming whilst helping these companies enormously but at the cost of their reputations with their other signees ; They’re simply not gaining revenue.

CONCLUSION

There is no denying the benefits of blockchain technology,IBM are arguably the biggest company in the world taking it on, investing millions in research and development whilst helping hundreds of small businesses to integrate digital ledgers into their systems.

Musicians are beginning to use blockchain to get more information about who, what and where fans are getting access to their music; In particular the accurate sharing of revenue between contributors. The ‘smart contract’ component of the blockchain can include what percentage goes to each contributor or even find out the rights holders for licensing.

More detail can also be added to the data..an element that is severely lacking (for me) in the digital market. Before digitisation, the credits would be listed on the record /CD sleeves. One was able to read who played what thereby shining a light on the musicians with potential work stemming from their contribution on a 'hit' album.

Understanding the way the tech works is a barrier ..trusting the way the tech works is also a big issue.

Why? because it threatens the status quo. the quicker it is adopted the less need to sign to a record company...

The power of the big three can make it more difficult for an artist to find space within the spider web. Artists signed to subsidiaries right at the beginning of their careers, with long established relationships now have a new hierarchy to consider. Artists have to gain back autonomy. Record companies have to make it easier to revisit deals signed then and are now no longer fit for purpose in the 21st century. The music business is reluctantly having to embrace blockchain as it will soon no longer be acceptable to carry on with at least proper investigation.

Despite this, The potential is immense for the industry it is still seen as a threat to 'tidy up the mess' bring more transparency and ensure better remuneration. This is a new beginning for music makers and listeners and now is the time for the music industry to take a look at themselves and explore blockchain for the sake of its own future. Decentralized fan finding platforms are the best solutions because they get to become co-creators. I think however that it will take at least 10 years for Blockchain to become more widely used. An industry Standard Blockchain is the way forward.

It's very easy to imagine blockchain technology being employed by new emerging talents who haven't signed any deals and have a real option to sign to a platform like 'Bittunes' who state that they will never work with major labels. They only want to work with small 'Indie' labels and only if their artists power is maintained. The current crop of new artists; 'Central Cee', 'Little Simz', 'Grimes' and 'Sault' have already proved that artists can create a significant presence in sales, streams, video and social media without the need of a record company. Harder to imagine how blockchain could be employed in the context of back catalogue owned by the major labels.

The underlying theme is to improve relations between the record companies and their artists. Lack of transparency will unfortunately remain an issue for a while.. Clearer logging of data for copyright is essential. Better rules for performance copyright. Vastly improve the streaming royalties. Another form of 'global repertoire database'. Finding and matching royalties (Apple Feld 2021) for people who still work in the industry could be worth exploring further. For too long there has been a general 'Keep artists in the dark' approach. The "you don't need to know any of this" attitude. A lot of misogyny ..if anything this technology would empower women even more to take full control of their career. We as artists need to pay

more attention. Decide on splits in songs immediately learn as much about the business as you can. Do not sign anything especially at the early stages . We start off in this industry because we want to be in a band , we want to sing, produce, play lead guitar, for the love of music.,Then the hard work starts..I spent years going up and down a motorway in a smelly van ..lots of long journeys and discomfort,.. but once you get on stage...

2542 WORDS

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