



PMINJ Chapter
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*Streaming
Disruptive Technology in the Music Industry*

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Streaming

Disruptive Technology
in the Music Industry

- 
- Background
 - Disruptive Technology
 - Industry Impact
 - Adapt
 - Change
 - Prosper



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➤ NMPA

Founded in 1917, The National Music Publishers' Association (NMPA) is the trade association representing American music publishers and their songwriter partners.

➤ Harry Fox Agency

The premier provider of mechanical rights management and a collector and distributor of mechanical license fees on behalf of music publishers in the United States. HFA has over 46,000 music publishing clients and issues the largest number of licenses for physical and digital formats of music. It was founded in 1927 by the National Music Publishers Association

➤ Mechanical Right

Within the music industry, a compulsory mechanical license gives the holder permission to create copies of a recorded song. The rights to produce songs in records are known as mechanical rights.

➤ What is disruptive technology?

A **disruptive innovation** is an **innovation** that helps create a new **market** and **value network**, and eventually goes on to disrupt an existing market and value network (over a few years or decades), displacing an earlier technology.

The term is used in business and technology literature to describe innovations that improve a product or service in ways that the market does not expect, typically first by designing for a different set of consumers in a new market and later by lowering prices in the existing market.

The term “**disruptive technology**” has been widely used as a synonym of “**disruptive innovation**”

Disruptive Technology



Music History



1877

Phonograph Cylinder



1883

Music Roll



1895

Gramophone record



1930

Reel-to-Reel



1963

Compact Cassette



1965

8-Track



1982

Compact Disc



1993

MP3



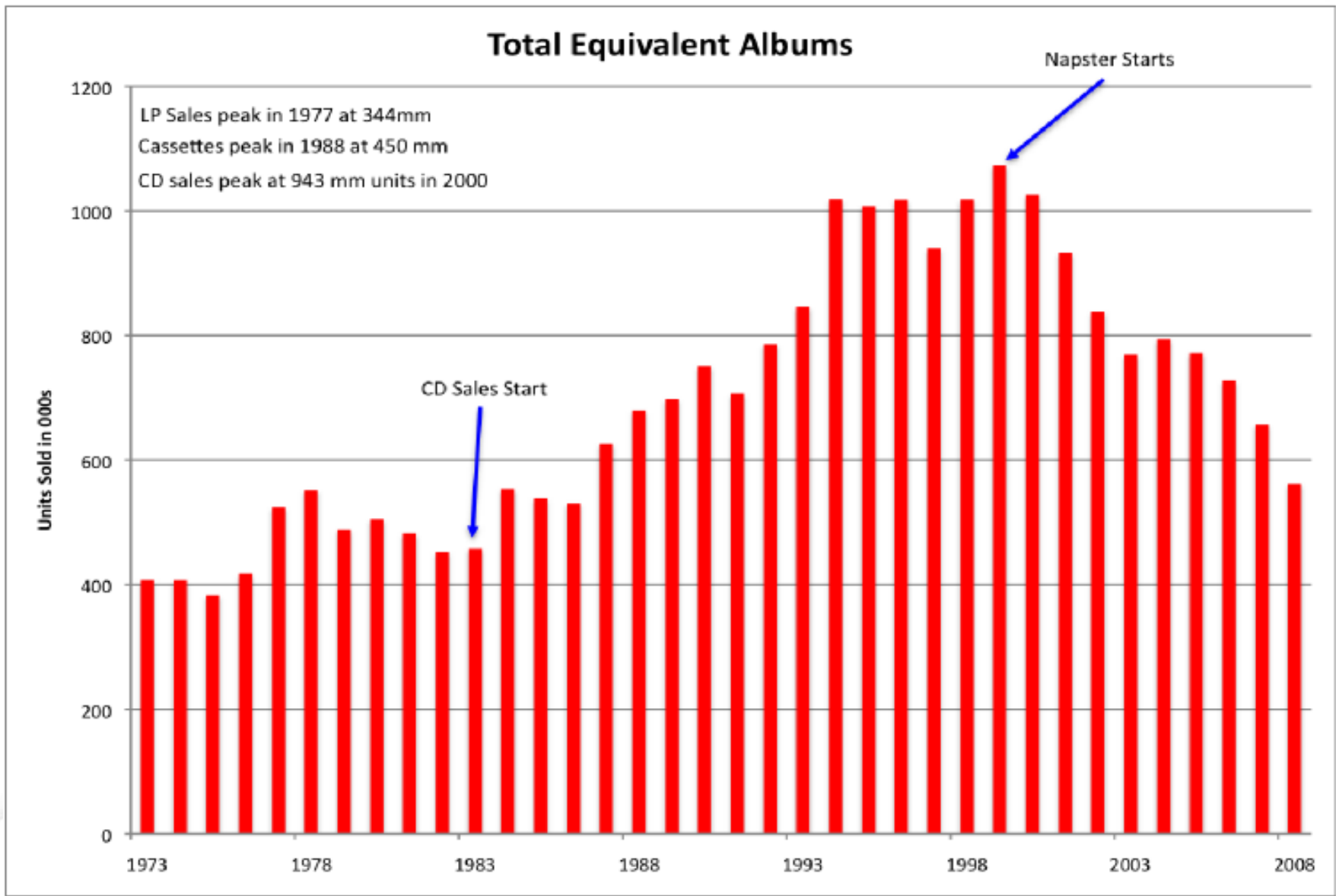
2001

iTunes



2003

Streaming



Data Source: RIAA New Shipments Statistics Database. Copyright © 2010 SMT Co. All rights reserved.

➤ Pre-Digital Revolution

Thriller, Michael Jackson (Epic)(1983)

Eagles: Their Greatest Hits, 1971-1975, Eagles (Asylum) (1976)

29 million records sold

Cracked Rear View, Hootie and the Blowfish (1995)

7 million records sold

➤ MP3 era 1997, **napster**® is formed 1999

No Strings Attached, NSYNC (2000)

9.9 million records sold

21, Adele (2011)

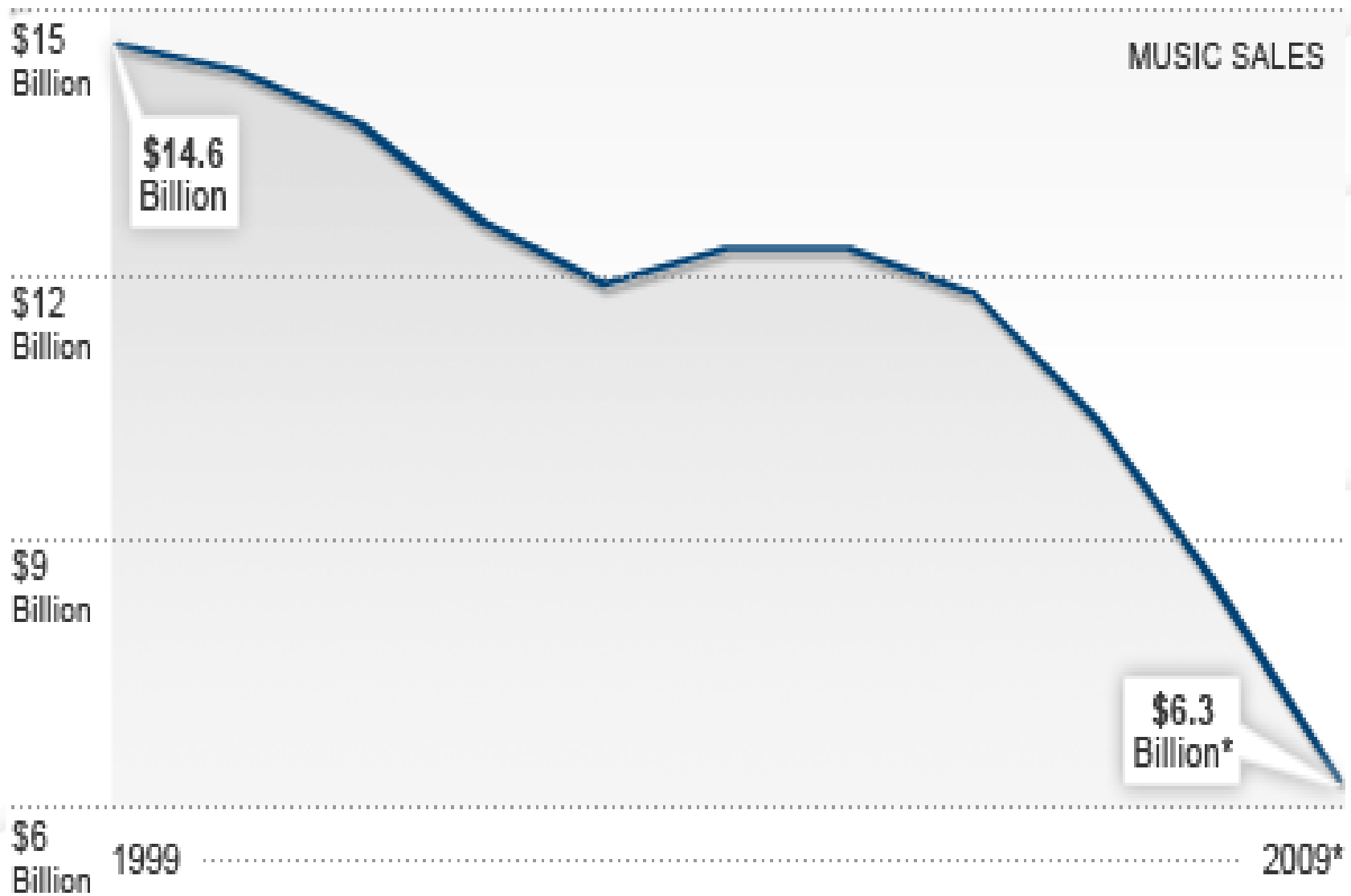
5.8 million records sold

Industry Impact

- Ability to listen and transmit music in mp3 format creates paradigm shift in industry
- Approximate 350,000 annual mechanical license volume to support LPs, cassettes and CDs increases to 10-20 million license requests per streaming service
- New ability (and requirement) to track every time a song is played and on what service
- Business and technology capabilities must change from single point of sale to tracking millions of 'plays' worldwide
- From Tower Records, Sam Goody and local retailer to in your car, on your phone and anywhere in the world



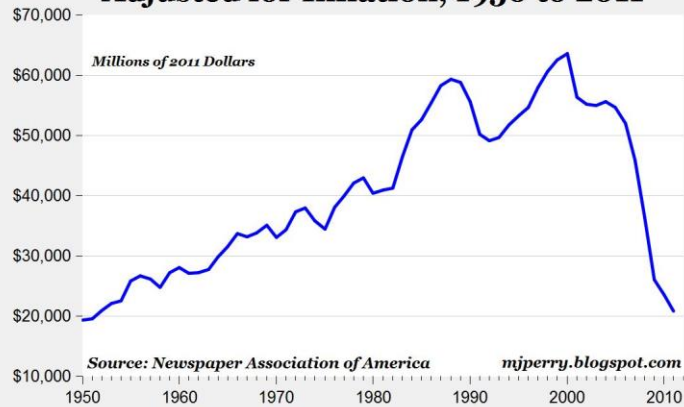
Music History



*FORRESTER RESEARCH FORECAST; SOURCE: RECORDING INDUSTRY ASSOCIATION OF AMERICA

➤ Why does this matter to me ?

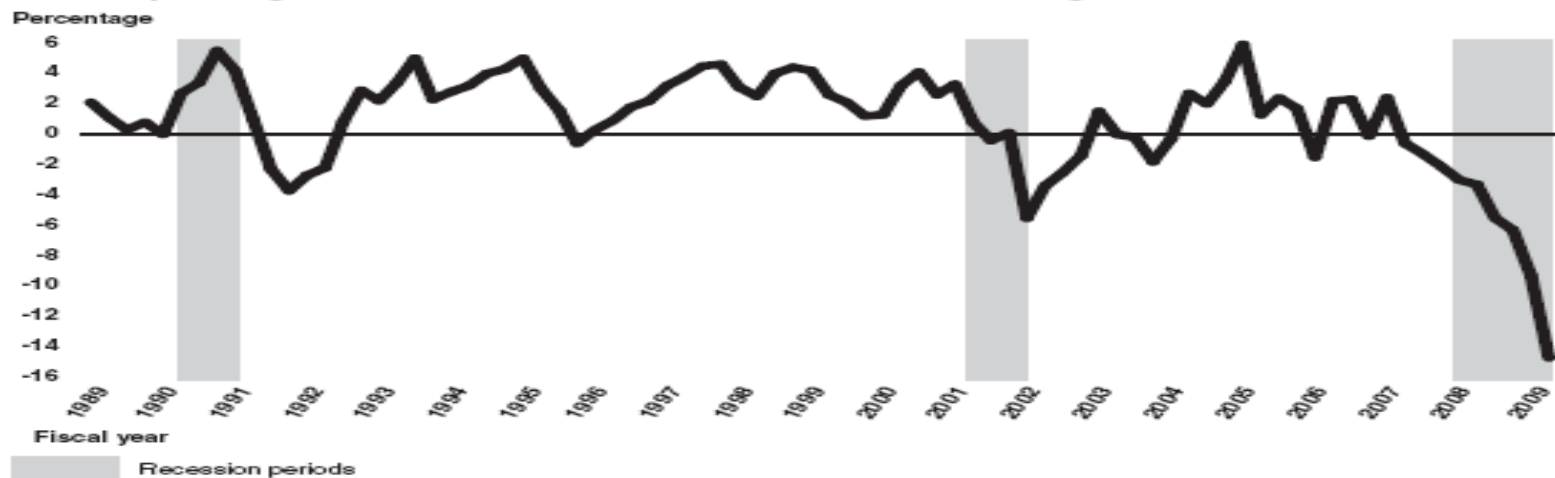
Print Newspaper Advertising Revenue Adjusted for Inflation, 1950 to 2011



Barnes & Noble EPS Diluted Annual



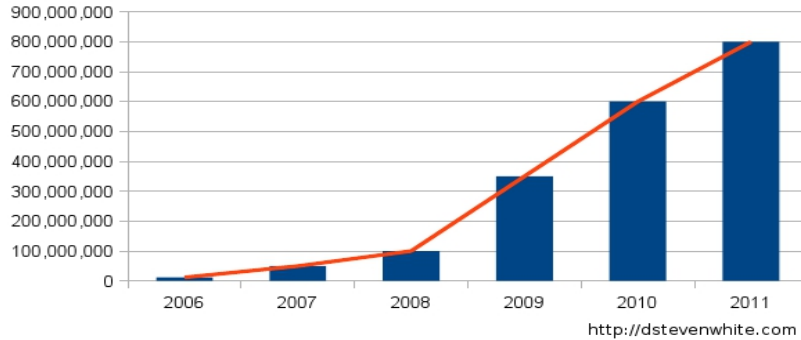
Quarterly Changes in Total Mail Volume, Fiscal Year 1989 through March 2009



Sources: USPS (mail volume); National Bureau of Economic Research (recession periods).

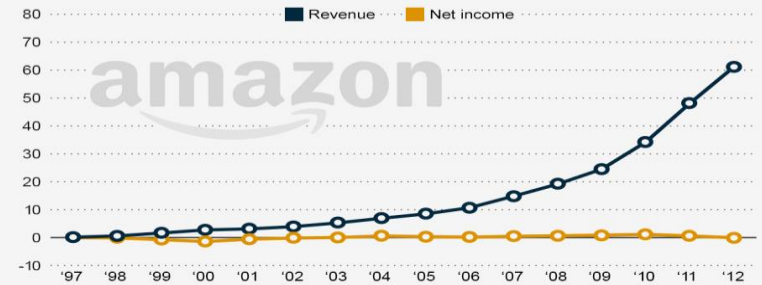
Industry Impact

Facebook Growth 2006-2011



Amazon's Aggressive Growth Strategy

Amazon's revenue and net income from 1997 through 2012 (in billion U.S. dollars)

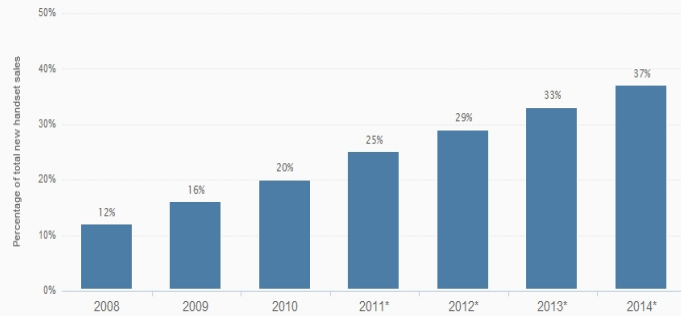


statista
The Statistics Portal

CC BY SA
@StatistaCharts

Source: Amazon

Global smartphone penetration from 2008 to 2014 (in percent of new handset sales)

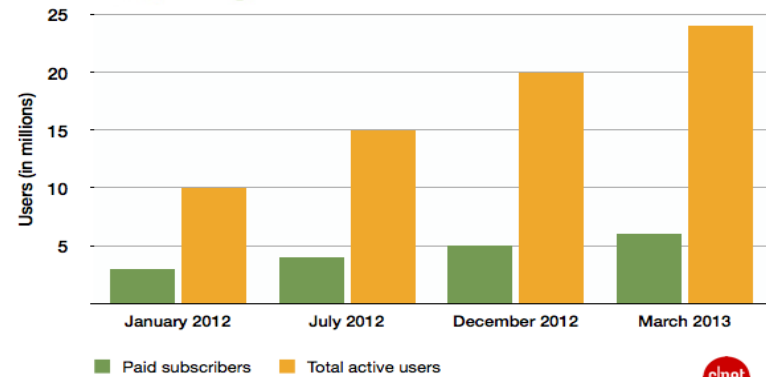


Worldwide; Pyramid Research Handset Forecast, 2008 to 2010

statista

Source: GSMA

Spotify hits 6 million paid subscribers



Paid subscribers

Total active users



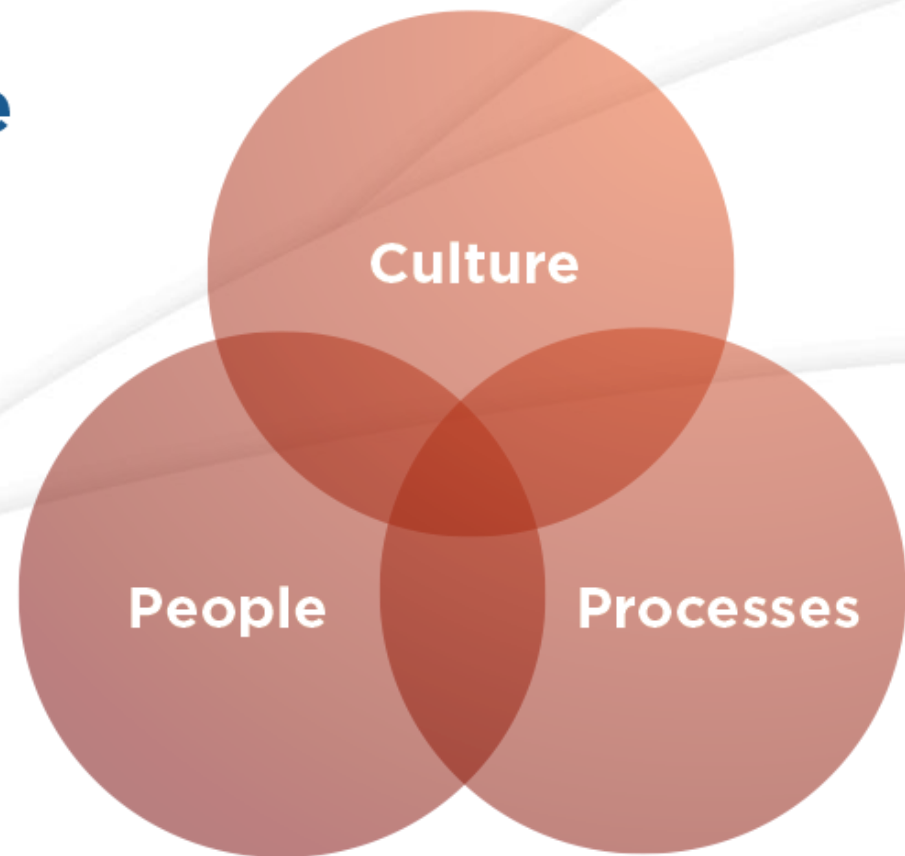
➤ How do project teams make a difference?

**Lead
Influence
Implement Change
Technology Innovators**



➤ 5 Step process for successful transformation:

- 1. Decision to change**
- 2. Culture**
- 3. Process**
- 4. Embrace-it**
- 5. Live it**



➤ **Reinvent yourself**

Transition a 90+ yr old company from low volume / high dollars to 21st century technology shop based on high volume / low dollars (micro pennies)

AWS

Agile

Review existing business from new perspective

New business?

➤ **Partner with a stakeholder**

Project managers have an advantage

Senior / executive sponsor relationship

➤ **Internal incubator**

Foster new ideas and opportunities

Start one!

➤ **Business development group**



➤ **Culture**

Culture eats process every time!!!!

➤ **Change in culture not only comes from the top**

Every project and interaction is an opportunity to change

➤ **Words matter**

That's the way we do things

Folks will try to outlast change

It will never work

Eye roll

➤ **What opportunities do you have to change culture?**

➤ **What worked yesterday may not work today**

➤ **Waterfall to Fragile to Agile**

Should be both a philosophy and methodology

Rapid deployments

Agile must flow through the entire organization

➤ **Agile is not just a PM concept**

Should be way of life for day to day work

Agile:

-Characterized by quickness, lightness, and ease of movement; nimble.

-Mentally quick or alert

➤ **Partner strategically**

- **Embrace-it**

- **Can't just be words on paper**

 - Mentoring

 - Project team meetings

 - Department meetings

- **Change takes time**

- **Consistency and recognition**

 - Reward

 - Acknowledgement

 - Failure is okay

- **Cynicism and negative comments kill the process**

If you don't like something,
change it.

If you can't change it,
change your attitude.

Maya Angelou

Jimmy Nalepa

