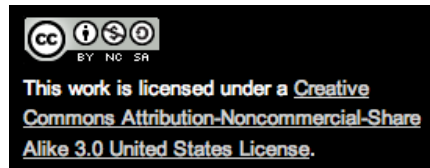




End of Control, Chapter 1, 2 & 3
October 15, 2007
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Chapter 1, October 1, 2007 Attention is the New Currency - Forget the idea of "controlling distribution"

Let's face it: In our increasingly networked world, the vast majority of media content simply cannot be kept away from its audience. Publishers can no longer create more demand by injecting artificial scarcity — in other words, by attempting to control distribution. That's how it used to work when media was simply a product: as a content creator, if you did not have distribution you were — literally — nowhere to be seen or heard. That is how the major record labels ended up controlling 80% of the world's music market: they controlled distribution. And production. And promotion (via radio). And pricing. Everything.

Today, in our world of Googles, Facebooks, YouTubes, and iPhones, all content is just zeros and ones, and trying to prevent its "leakage" is simply futile. There are countless potential points of leakage in the pipeline of production, packaging, distribution, marketing, and promotion – now, Friction is Fiction, indeed!

Today, distribution (legal or not) is simply a given, and it is attention that is getting scarce. We are witnessing a complete reversal of Media 1.0, when we had plenty of available attention — after all, supply was limited — but severe limitations in distribution (e.g., shelf space, shipping, storage, radio frequencies, and TV channels).

Music, films, TV shows, radio broadcasts, books, and other content now becomes available to a global audience immediately after it is published (or quite literally, "released") for the very first time. The nature of digital content is to flow to wherever gravity will take it, and trying to stem that tide would be like telling the ocean to stop making waves.

Today, the good old, safe and simple old way of charging by the unit (be it CDs, DVDs, a la carte downloads, or premium TV channels) feels seriously “illiquid.” Ask anyone under 25 years old and they will only snicker at the thought of buying a CD! Their capacity for media consumption is only limited by their available attention - many Digital Natives may download 10,000 songs only to actually listen to a total of 40 or 50 per month.

A New Ecosystem: Media 2.0

To prosper in this new digital media economy, we must support a new ecosystem built on giving the users easy, cheap, and unfettered access to content. We need to woo the users, not barge in pitching pieces of fancy plastic or copy-protected media files. These Digital Natives are much more likely to first opt-in to a comprehensive digital service (yes, including wireless), and only then buy a physical product. Furthermore, packaged media isn't off the table; it's just not the first course anymore. If you don't offer some free — or rather, feels like free — starters, they'll eat elsewhere.

Therefore, we must create media ecosystems that will simply give the “people formerly known as consumers” (i.e. those that no longer just consume but also interact and create, themselves) the official green light to do what they would do anyway — serve themselves from this wealth of content whenever they want, wherever they are, and in whatever manner suits them. Once they have paid attention in this way (note the word “paid”), a content creator or media provider can harvest a myriad of opportunities. The tollbooth has moved up the road a bit but this is now a trusted and reliable road that will inevitably lead to the monetization point. Put the tollbooth too early and 95% of digital travelers will turn around and look for other ways to get there!

In its most basic form, this challenging new economy of “selling attention” will require a highly intelligent yet easy and efficient flat-rate system. The goal is to get most users to accept — or rather, expect — these payments as something akin to a totally acceptable “toll” (but not tax!) to enter this superhighway of media and entertainment. This is similar to how Americans have accepted bridge tolls as a fact of life a long time ago, or how most Europeans have accepted their obligatory payments of public TV and Radio license fees. Having said that, I think this toll will be so well hidden, dressed-up, and bundled that it will feel no different from today's practice of accepting software licenses with a quick click on the checkbox — but more on that later.

The clinching argument for a full embrace of the principles of the Attention Economy in Media is that most of us are much more likely to quickly explore new content — and, provided that it's great content, engage with it — if we can get it on our “already subscribed for” digital networks, portals, or communities. Of course this kind of build-in engagement then creates the network effects that every media company wants to tap into, as well. For example, if Facebook could offer music based on a flat-fee-per-user license that can easily be wrapped into other offerings and therefore be more or less invisible to us, then all of us Facebook users will be simply a click away from trying new music in a comfortable, trusted and fully ‘shareable’ environment.

This dramatic lowering of the exploration threshold (which is not to be confused with a flat-out commoditization of content – more on that later) is absolutely critical to the Media 2.0 ecosystem. That's because creating hundreds of millions of explorers of new content is the indisputable starting point for all new content commerce, and only a flat-fee system that covers every user on any network allows us to achieve this kind of liquidity.

Beyond that, rest assured people will still buy the plastic or a la carte digital offerings. Exposure drives attention drives revenues!

What's more — and this is very important for a unilateral adoption of any flat-fee system — the uniformly accepted flat fees will, in fact, be paid on our behalf in the not-too-distant future. Why? Because every telco, every operator, every online portal, every social network wants attention in order to monetize their other offerings, and good content is guaranteed to get that.

As soon as the incumbent rights holders are woken up from their blissfully disconnected hibernation and finally get around to providing the required licenses, snagging a loyal and appreciative customer for a low monthly fee that also covers his basic use of music (and media!) content will simply become a customer acquisition expense and ad-supported feature. This is a dream come true for the media purveyors of the future — search engines, advertising networks, digital network operators — as well as for many hardware and software companies.

Just imagine a next-generation iPod-like device with built-in access to “feels-like-free” music services, video clips, or movies; or a PSP with built-in, auto-updated game and TV clip subscriptions; or a Nokia phone with hundreds of recordable digital radio channels. That would create true liquidity and generate mass-market audiences (not to mention a huge pipeline of up-selling opportunities). And it would immediately be apparent that “feels like free” services would be just the very beginning of media consumption, not the final destination (as a good many of today's still seriously disconnected media executives are fearing): the very tip of the iceberg of the users' lust for content.

So why exactly will so-called ‘Big Media’ license its content to such a device or service? The answer is simple: because we, as the newly recognized and seemingly omnipotent users, are worth a lot more as active users than we are as inactive bystanders, to any and all players in this ecosystem. Our attention is their lunch. And at the same time, our inattention nukes their quest for control. Our clicks have brought The End of Control — and media providers urgently need another way of getting into our wallets.

What's more, as active participants those Net Generation users create mountains of user data, product feedback, and marketing information, and that creates many new advertising opportunities, as well. We click and therefore the providers of media are able to know what goes on in the network. What's more, we even contribute our own content, be it as prosumers and amateur producers, remixers, commentators, playlisters, or just as “supernodes of recommendation” or active netizens. In many instances, we — the users — actually are the content - note the success of MySpace, eBay, Wikipedia, etc.

The rise of the Attention Economy in media does not just bring about The End of Control, it also brings light to what I like to call the twilight zone of content: those very large catalogs of music, films, TV shows, and books that have been out of distribution or out of print for a long time, and that languish in the archives as if they'd never been created in the first place. What better revival of their work can any content creator hope for? Soon, they will finally be able to harvest substantial and recurring revenues via these flat-fee subscriptions (be they voluntary or built-in via public levies), in addition to the revenues flowing from integrated, intelligent, and highly customized advertising formats. Welcome to Media2.0 and the End of Control.



Chapter 2: Copyright in the Age of Uncontrolled Distribution October 8, 2007

For the past two years, I have been exploring the theme of “the end of control” in the context of copyright, and 3 thorny issues have arisen repeatedly: 1) Does the meaningfulness of copyright (as we know it today) actually depend on having, maintaining, and enforcing a controlled distribution environment? 2) If we are indeed unable to control distribution (which, you may have noticed by now, is a recurring theme in this book), do we ultimately kill the very idea of copyright? 3) Is there still a difference between ‘Performance’ and ‘Copy’?

The concept of copyright has been the very foundation of media monetization for a long time: Every time a copy (i.e., something you could “keep”) was made, a payment had to be made, a royalty was due, a toll for ownership was extracted. For more ephemeral uses, such as broadcasting — performances you could enjoy only momentarily, but (easily) not keep — only a reduced royalty was due. In fact, for all master recordings used by terrestrial radio broadcasts in the U.S. there is still no public performance royalty provision.

This was the simple logic in the good old days of Media 1.0: Pay nothing or very little — or suffer through the ads — for simple access, but pay a lot to keep it. Simple access meant few choices and no on-demand playback (i.e., how-and-what-they-want, when-they-want). Keeping it meant physical artifacts, such as videotapes, DVDs, and CDs. Plus, of course, the consumers had to pay even more for actual experiences such as concerts, shows, and events.

Every use is now a Copy - digital devices are content-copying machines. Today, except for those real-life experiences (!), this long-lived logic is ruined by one simple fact: In a digital network, every performance, every transmission, every mere broadcast is also providing a “free” copy for anyone who cares to have it. Every media file arriving in my computer is stored, cached, buffered, whatever you want to call it, in order to make it visible or audible to me. Every webcast can be stream-ripped (or as we used to say, recorded), and every digital radio signal can be stored and reused. Digital technologies and low-cost, mobile personal computers (such as those that Nokia, Samsung and Motorola used to call mobile phones) have ushered in the era of powerful and gigantic copy machines — of a zero-cost reproduction of anything that can be shipped in zeros and ones.

There goes the whole idea of charging more for a copy — a keeper — and charging much less for “just listening.” There goes the idea of controlling at what point listening actually becomes keeping. There goes the idea of selling “units.” There goes the nicely controlled value chain that sat on top of the copyright canon of most Western countries for the past 100-plus years.

The more technology advances, the more it provides faster access to larger content stockpiles with deep metadata browsed by fast and intuitive search engines on ever cheaper, faster, cooler, and totally mobile devices, the less the traditional principle of “making money because we own and enforce exclusive copyright” applies. The Net Generation is now in fact serving themselves freely with “stuff to keep, share, and use anytime, anywhere, for anything” that was only meant to be “stuff to listen to, when we say so, on devices we approve, for the uses we had in mind.” For users, it’s just access, but for the industry it’s a copy — and they want to get paid for the copy.

The existing codex of copyright laws will not solve this problem. The principles of intellectual property in content (as opposed to property that is “real stuff” like cars or refrigerators), while still crucial in its principles, intentions, and implications, will not help us to return control to media in the same way it has existed for the past 100 years.

The new principles of Un-Control

The dawning principles of un-control, however, may just take their place. As a content creator, I want attention and exposure first — i.e., an audience that watches, listens, or uses my creations in whatever way. I don’t want to punish them for being interested in me. I don’t want to put up hurdles because I am worried about the lack of control over my users and their behavior.

Only if and when my creations prove to be something they like, I want to get rewarded for creating in the first place, so that I can spend more time to create the next piece. In other words, I would like to receive remuneration for the use of my work, be it a copy or a performance or whatever other term you can come up with. And for the primary use of my work, i.e., its use or consumption (rather than its secondary use in a new context, such as music for ads or in TV productions), I would beyond a doubt agree that more use is always better than less use. The more people “consume” my work the better for me; and I would ultimately expect to receive more remuneration the more people pay attention.

The Dilemma of the Media Intermediaries

And therein lies the rub: as a creator, my intention is not to control the spread of my work; my intention is to create the largest possible trajectory, the biggest velocity, and the most efficient spread of my work. Only if and when, and after this happens am I concerned about a process of getting something back from those users, and rightly so — income comes after exposure; revenues come after attention.

As a middleman between the creator and the audience (e.g., a record label, publisher, or rights organization) however, I am facing an entirely different problem: I really don’t want the user to have “too much” for free; I don’t want to miss or even delay that crucial point where I — as a gate-keeping entity — could charge them for just taking a look. My dream come true is to set up a tollbooth that will make money even if there is another road to the same destination.

This is, simply put, because as a middleman who usually gets the biggest chunk of the proceedings from “selling copies,” I very likely will not have the same unique benefits that the creator himself may have by achieving the largest possible level of exposure. My brand is not his brand. My record company does not benefit from his audience outside of those who buy copies.

As a traditional record label, for example, I may only earn my dollars from some specific chunks of the creator’s total output (such as CDs or a la carte downloads). Therefore, I need to make sure that the creator himself does not provide “for free” what used to be paid-for (i.e. in return for the exposure that he may find more valuable - see the latest Prince debacle, or the Radiohead's new release strategy), and that the user does not just get those things “for free”, either. Thus, publishers may not give blanket permission for non-commercial synchronization deals on behalf of their writers, performing-rights organizations declare on-demand streaming on social networks to be outside their jurisdiction, record companies offer certain records (and downloads) only in certain markets, and many book publishers don’t want all of their books’ content searchable online.

Selling Friction Removal?

This thinking harks back to the popular media mogul's illusion that one can indeed but successful in creating new friction points that the user will need to navigate, i.e. by making payments to unlock the goodies. In other words, it is not the content I sell, it’s the removal of friction to get to it. You, the user, simply buy the green light to “make a copy.”

I believe that this approach is now deeply flawed: The much-cherished friction is vanishing more quickly every day, and every access point is now a copy point as well. Will the media industries now face the revenge of the victims of friction?

Consider this: What good is the idea of a copy of digital content — and of the exclusive right of the author to allow that copy to be made in the first place — when in fact every single transmission of digital content, and every use of a computer, inadvertently creates multiple and perfect copies along the way? This inadvertence essentially creates serial copyright infringers every nanosecond.

King Kopyright vs. Godzilla

If anyone can make a perfect digital copy, and share it, and redistribute it, what does that say about the traditional media industry mantra that ownership and enforcement of copyrights is what really drives revenues? Which is worth more: ownership of copyrights (which includes the right to deny a copy), or simply providing access to copyrighted materials (see Google and other search engines, ISPs, software companies, etc.)? Is Content King or is Attention Godzilla?

Here is one fact I think we urgently need to face in this age of explosive growth in wireless broadband and the increasingly ubiquitous presence of all content: While it may, in principle, be desirable to be able to block or otherwise control access to one’s content (e.g., via release windows or territorial release schedules in the film business), or to put up hurdles that the users need to overcome by making a payment, this concept does not seem very realistic – to say the least - when looking at how content is flowing through digital networks today. And we don’t even have the most populous countries in the world (China, India, Brazil, etc.) connected to broadband yet! Furthermore, once they

are connected, they won't be using computers, by and large. They will use mobile devices, further boosting the viral spread of content.

Consider the concept of the Moral Rights (which is prevalent in Germany and France but not in the U.S.), i.e., the concept that even beyond the question of adequate remuneration, an author has the total and exclusive right to guard the integrity of his work — for example, approving the use of his music within another product or service, such as film or advertising, commercial or not. How can this high-aiming principle be maintained in a world of flawless digital file copying, cheap and fast network access, and frictionless sharing of content? How will I keep people from playing my music along with their wedding video, or as the soundtrack to a political activist's website, when the tools for doing so are becoming widely available and more easy to use at every turn? From YouTube to Apple's GarageBand (included with every Mac sold) to Eyespot, SplashCast, Jamglue, Webjam, Jumpcut and Kyte - there are hundreds of offerings that can instantly violate this very concept of total author's control out there already.

The Berne Convention for the Protection of Literary and Artistic Works states, "Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation."

So should we close these new copyright-remixing companies down, declare them copyright violators, require them to license every bit of content their users put up, tell them to ask for permission every single time? And whom would they ask, who would they make payments to, for what? Should we once again do what we did with radio, i.e., declare it illegal and refuse to license it until 90% of the population is engaged in illegal behavior, and only then come up with a collective license to legalize it?

Maintaining exclusive rights after release?

The very concept of controlling access to my work after I initially release it in digital form is only realistic in a perfect-world scenario where those tools of control are still available — and that era has come and gone, beyond a doubt. Be it for good or bad (and I think it is the former), digital content is now totally unchained, and even if it were technically feasible, we would probably end up throwing out most of the Fair Use rights along with the alleged unfair uses, and that would be a huge threat to free speech and the rights of new creators.

The chance of survival for some of the exclusive rights previously granted under the traditional copyright regimes now seems highly unlikely - what's more, it seems highly undesirable as well. In a world that is restricted to physical embodiments of my creations, be it sheet music, piano rolls, CDs, or DVDs, I may be able to argue that I can derive some benefits from being the sole warden of my creative "honor and reputation": Everyone has to come to me (or more likely, my representatives) to get permission and I can — maybe — explore potential economic or social gains in the process. However, in a world where most if not all embodiments of my work are not physical, I gain nothing from barring access. I simply cease to be considered an option or I am facing thousands of inadvertent infringers and tacit collaborators such as ISPs, and this is, of course, especially true for 99% of most media — the long tail stuff, the niches, the lesser-known content.

Controlling the Mouse is...Toast!

Simply put, “controlling the mouse” to the utmost extent of the law and business convention — as Disney is (in)famous for — is simply going to be impossible in the very near future. Tens of thousands of infringers are now taking to the web, morphing and remixing images, videos, soundtracks, lyrics and texts, with dozens of new (and sometimes very large) companies providing the tools. And now comes the device formerly known as the mobile phone, upping the ante by a factor of 100, especially in Asia, Africa, and South America.

Given the rapid pace and viral velocity of ways new content can be monetized in the future, I would argue that this kind of control obsession is outmoded and can no longer serve as a valid business or societal objective. The same goes, in my view, for the ever-expanded terms of copyright: Even as the cycles of content consumption are speeding up tremendously, and despite the fact that it seems extremely likely that global hits will give way to local (or virtually local) niches that quickly come and go but generate very large revenues in a very short time, copyright terms are constantly being extended.

Why would you need to keep control of every possible embodiment of your copyrights for the next 100 years when you can likely monetize much faster, more quickly, cheaply, and globally than ever before? Would it not be wiser to start the “public sharing” process earlier and tone down the emphasis on one’s exclusive rights so that new creators can indeed stand on the shoulders of the giants, and base their own work on what was before them, without running afoul of the copyright regimes?

But once again, this is a clear case of the creators themselves not objecting to a more realistic and open regime: It is their representatives who have the most to lose here. For them, this is a business they simply want to milk as long as possible — after all, in most cases those intermediaries make between 50–90% of the cash that is generated!

Chasms of Interest between Creators and their Representatives

In this age of Un-control this becomes a significant chasm of interests, of course. Many publishers would prefer ‘their’ content not be used at all rather than have to bend the rules they have lived by for so long — and that includes the paradigm of having total control. As an example, witness the utterly inexcusable inability of most of the music performing-rights organizations (PROs) to provide pan-territorial and global licenses for online performances of music, or the continued refusal of music publishers to provide blanket clearance procedures for non-commercial and personal uses of music in online videos.

The reasons behind this are perfectly understandable, but are a serious obstacle for content monetization nevertheless — it certainly seems like a move towards a usage license - rather than a continued emphasis on the principles of copyright law that was written before there even were computers - would make a lot of sense here.

The consoling factor is that these changes are inevitable. Either the commercial entities that, for now, still represent the creators move on quickly and issue voluntary collective licenses for these uses (and this goes back to the discussion of the Flat Rate for Music, too), or almost every web user is bound to become a copyright infringer before long. And that sounds like a perfect case for government intervention to me - something that is very likely to happen here in Europe.

A new, lesser-control kind of ‘permission-to-use’ license may be a painful leap to make if you grew up with the idea that you can somehow prevent any copying or other use of your work, but I think this license will be a crucial requisite for how authors and creators will get paid in the future.

After all, let’s face it, the vast majority of creators are in no economic or social position to dwell on their exclusive rights anyway, since they are simply not in a position of having any leverage to begin with. The idea of tightly controlling copyright in order to achieve the maximum possible payday has never been relevant for 99% of all creators — it is the 1% on the very top that got to enjoy the benefits of total control, and of course the representatives and middle men.

The Net . . . Like Radio

In the future, and for the average creator, insisting on exclusive rights will in fact hinder progress more than further it. If we compare the Internet to radio (a favorite theme of this book that seems to be making more sense by the minute), we could argue that just like it makes no sense whatsoever to not want to be broadcast by a radio station (i.e., to refuse blanket permission for public broadcasts) it ultimately does not make any sense to refuse to have your music ‘used’ on the Internet.

Yes, a radio station that plays my music could have political views I don’t like; they may make fun of my lyrics or music; they may intersperse ads between my songs; they may pitch my song up or down or boost the bass settings. But for the sake of being in the system, of being available to everyone, of getting attention, I am still going to have to allow it. In other words, I don’t get the positive results without a certain amount of risk that some my rights will get abused. The big difference is, of course, that music on radio is licensed and music on the Internet, by and large, is not. Isn’t it time to tackle this issue — now — or do we need another ten years to get to that point?

We Need a “Permission Granted” Default License

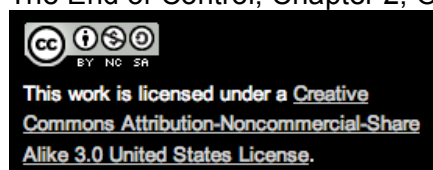
The traditional negative right (No, you can’t use my music) must become a positive right (Yes, you can use my music — permission is always granted as follows...), and the solution is to no longer bother with selling the right to make a copy, but to just sell access — and then upsell to copies, i.e., physical manifestations of content.

Here are the new paradigms we need to embrace - whatever their impact on the concept of copyright is, we will need to amend our assumptions and legal logic accordingly:

- “Prevent” must become “Enable”
- “Ignore” must become “Embrace”
- “Forbid” must become “Engage”
- “Permission Denied” must become “License Provided”

As a consequence of the end of distribution and copy control, copyright is now simply the fertile soil on which a new set of usage rights needs to be grown.

The End of Control, Chapter 2, October 8, 2007





October 15, 2007

Chapter 3: RSS, the Google Reader, and the End of Controlling the Flow

Sidebar: RSS 101

RSS (Real Simple Syndication) is a simple and popular way of receiving automated updates (called feeds) of news and information from blogs and other sources on the web. Once you subscribe (i.e., add the feed to your reader) new content will be sent to you automatically. It's the same idea as subscribing to iTunes podcasts, but used most widely for text and news. Wikipedia has more details. Insiders often refer to RSS as one of the quintessential Web 2.0 tools (see eMarketer). The same source quotes an interesting fact: 74% of the top TV networks in the US already included RSS in their marketing mix in Q1 of 2007. Music companies take note: The TV guys are already in the lesser-control-but-bigger-total-audience game — take a page from them!

A Steady Flow of Unchained Content

As I write this book, I have been getting addicted to my Google RSS Reader. (Add that to email and the cell phone. ;-) I have tried Yahoo, FeedDemon, Rojo, Bloglines, Newsgator, and more, but for me, Google Reader wins hands-down, even though Netvibes comes close. Here is why: It very neatly unlocks, re-organizes, and structures an otherwise often overwhelming reading experience for me, and it removes the content provider's inherent control of where and when and how I read their content. With the Google Reader, I get it all in one place, archived in the way I want, searchable and bookmarkable — and I don't have to click around 500 websites. Plus, it is platform-agnostic: Any device, any browser, any location will work; and my printer is less busy as well.

Google Reader now works offline (great for those long airplane rides), and on the mobile, and the search capabilities are great. I can now take full advantage of the tremendous wealth of information provided by my 500+ hand-picked sources on a daily basis; a vast flow of knowledge and ideas arrives in my reader every day, for free. Where's the Money in Syndicated Content?

Naturally, a key question is this: Where is the creators' benefit? How does this content get turned into revenues, and would the publishers be better off making it less ubiquitous

(let's for a minute pretend that was possible), "controlling it" and making it harder to get, thereby possibly allowing them to extract a larger toll?

Here is my take: Many creators of music, film, TV, videos, books, and texts (which means me as well, of course) were indeed able to do just that until only a few years ago. But this option is now evaporating very quickly, and the question may therefore prove to be academic very soon. In theory I still have the option to remove my writings from feed readers, but in reality that ultimately means that I will revel in obscurity while very likely being still fed into the system anyway, albeit without my permission. And that is arguably even worse because I wouldn't even "control" the authenticity of my content anymore. The other thing is that I would be missing out on the most important thing that a user quite literally pays with these days: their attention. The NYT Story: Open Is Better!

As the New York Times recently admitted, Yes, I can get some people to pay for access so that they can enter my premium-paid walled garden, but I will be missing out on a much larger crowd that can generate much larger revenues. The Times revealed that its pay-for-access "TimesSelect" project had yielded 227,000 paying subscribers and generated about \$10 million a year in revenue. That's not too bad, but as NYT Digital Senior Vice President Vivian L. Schiller noted last month, "Our projections for growth on that paid subscriber base were low, compared to the growth of online advertising."

This has been exactly the same problem in digital music (at least until the recent launch of Amazon's MP3 store): Walled gardens and proprietary offerings such as iTunes, Zune, or Napster have only captured a tiny — and declining — fraction of the market, ignoring the vast possibilities that lie beyond the good old paradigm of controlling access. What in the world is taking the record labels so long to understand that their content cannot possibly generate strong revenues when it's only accessed by 2% of the population? As I like to say: Friction is Fiction!

The reality is that the only real choice content creators and publishers have in this coming digital media ecosystem is to participate, themselves, or to "be participated" — once your content is published, that's what it will come down to.

A good example is the major record labels' tiresome debate on whether and how to license the social networks for interactive, on-demand streaming of their catalogs: Hundreds of services are allowing their users to do this already, for free, and without any permission whatsoever, while the labels are still wondering if on-demand streaming cannibalizes CD and paid-download sales, and if they should "allow" it and bless those startups that are asking with a realistic license.

While possible cannibalization certainly is an understandable concern, the reality is that if there is no license or legal provision to use the music, someone will find a way to offer it anyway. And thanks to technology, it follows that tens of millions of people will use it — just because it is something they really want, and it's readily available. Ever heard of stream-ripping, bluetoothing, instant messenger file-sharing, and USB stick swapping? There is no legal provision for those activities, either, but it is a simple routine for the digital natives by now.

Just like you can't put Tivos and DVRs back into the research labs because they may break the value chains in TV advertising (as some, albeit not I, would argue), you can't

just deny permission to 200 million people who want music on social networks because you are concerned about your traditional unit-based economics. That kind of control is the past, and there is no way you can win this battle.

No Control Is OK!

Back to the RSS readers: Their biggest advantage is that they empower the users to read everything in one place — i.e., without having to actually go to the content creators' sites or do what the publishers or providers may require to get the desired content.

Thereby, RSS readers succinctly illustrate a key point in this book: If your content has true merit and if it is meaningful, timely, and contextual, you don't have to control how it may reach its audience. You don't have to worry about centralizing the experience, i.e., having people coming to your website, or watching your videocasts, or buying from your site. You only have to worry about their finding you in the first place. Because once they do — and get to know you and come to appreciate your content — the rest is a default consequence of discovery: click-through, engage, sign up, transact. And looking at it that way, syndicated distribution is a vastly superior approach than central distribution because your content can now be retrieved where the interested parties already are, i.e., where they already pay attention.

That is why creating applications for Facebook (and soon, MySpace and Google Apps?) - such as my very own Sonific Music app - is a hot trend: My potential audience is already there, and they are already connected and talking about content. What better place than to show the merit of what I have to offer? On that note, just wait until eReaders are finally ready for the mass market (perhaps another three years), and you'll see RSS feeds from trusted social networks become one of the top five sources of information and entertainment.

Finding and Being Found

There is hardly a better place to be found — again and again — than through an automated delivery process such as RSS. I believe that a reader who signs up for my RSS feed already makes a pretty strong commitment: to pay attention to what I publish, when I publish it, on an ongoing basis. And maybe even to comment on what I write, forward it, share it, bookmark it, Digg it, tag it on Delicious — in other words, do some of my marketing for me!

What content creator would not be interested in this kind of deal: I provide some of my content “for free,” you pay attention, you re-distribute it, you help me build my audience, I sell something to that audience? In music, it looks like this is the position that artists like Radiohead, The Charlatans, Madonna, and Nine Inch Nails are now taking.
Distribution Trumps Destination

So can a content creator actually monetize this interest if his or her content is not even found on their own property in the first place — i.e., if he or she is not the hub of all things related to their own content? I definitely think so. Apart from the fact that popularity on the networks generates its own, brand-related values that can translate into real dollars, ads in RSS feeds are on the rise (albeit still very early), and once Advertising 2.0 (see my upcoming chapter on this!) is upon us, ads in RSS feeds will be so cleverly presented as “advertised context” that we will come to look for them rather than despise them.

The brain-jarring and fear-inducing problem for many media companies, however, is that in the end it may not be possible to control precisely where and when exactly the monetizing begins. This is the big difference to that quickly obsolescing Mainstream Media 1.0 model: I published something, marketed it, and granted access only after a payment was made. I controlled the monetization because I controlled access, and that was that. Simple enough. And very suitable for those “attention cartels” such as the big studios, TV networks, and record labels — they controlled access, and if you wanted it, you had to play by their rules.

But now, even the 800-pound gorillas of bona-fide professional content such as the New York Times and the L.A. Times relent and switch to full-length RSS feeds and open archives. Why? Because even they had to realize that a lack of overall presence, a reduced liquidity, a decreased availability on the networks, did not yield the desired result: Very few people came inside the walled garden to pick some of their precious flowers. They did the math and realized they are probably better off being part of an open access system, by engaging the users, by increasing liquidity, by simply feeding their content to the masses that want it. And then monetize. Distribution (defined as attention-getting) trumps destination.

The Power of Syndication and Aggregation

Syndication and aggregation must now go hand in hand: Content creators, owners, and publishers syndicate (i.e., provide content for what “feels like free” to the users); and content platforms, portals, and services aggregate and then re-distribute among their users.

It follows that if I do not syndicate I won't be aggregated and therefore re-distributed. Assuming that large-scale redistribution or wide-range “channeling” is what will generate large audiences, that means that I will lack in audience — unless everyone else is also doing not doing it. And even then one can safely assume that one's content will be fragmented and re-channed anyway, even without permission, as is happening with music on social networks, or with commercials that are widely available on YouTube.

This, of course, is what the music industry's top four corporations have been doing ever since the term MP3 was coined: colluding to keep their music off the feeds, prevent (or own) syndication, and avoid aggregation unless it's 100% on their terms. Where has this taken us? A totally dysfunctional marketplace and a widespread public opinion that music is basically free since there is no reasonable way of paying for it. The astonishing void of any realistic economic and technological music offering has resulted in the masses of digital natives turning to the many freely available self-serve models on the web.

The bottom line is clearly that if you don't syndicate your content so that someone can aggregate it and the users can subscribe, someone else will do it for you. Witness the demise of MTV if compared to YouTube — the lack of the rights-holders' permission did not hinder the amazing global spread of YouTube, but it relegated the incumbent music video player (Viacom/MTV/VH1) to a #2 position in less than nine months. Own the Platforms, Too?

This brings us to the debate on whether media companies should actually “own the feeds” — i.e., platforms and mechanisms, portals, channels, and pipelines, too. In my view, the answer is a resounding No. The only argument to even consider this is, once

again, to follow the quest for more Control — wanting to control what goes on the feed, to whom, when, and where.

Yet, in the digital media ecosystem of today there is simply no point in pursuing this kind of strategy. For a media company what now matters first and foremost is talent that puts out high quality, unique, and powerful content, and making that content available via all those who have dedicated their businesses to doing just that. While distribution is now infinite and frictionless, talent is more finite, and the less friction in “receiving” media, the more need will there be for talent and for unique content.

The Google Reader for Media: Think “Canvas”

Lastly and most importantly, analogous to what is already happening in “text content” — i.e., in news, information, and publishing, imagine this kind of shift with music, film/video, and TV. Imagine a Moogler Reader for radio, a GooTube reader for video. Content feeds (formerly known as “channels”) that you activate with one click, preferences and settings you can set as you see fit, a personal page that is like a canvas of all the content you’ve ever wanted (think a Netvibes version of an Electronic Programming Guide or EPG) — and all of it working online and offline, and on any digital device from computers to phones, TVs, and PSPs.

Now that would be powerful, and that is where we are headed.