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## Can Tech Startups Discover the Next Springsteen?

**UPlaya, SellaBand, and Amie Street have become the new talent scouts for the music industry, finding and promoting promising new artists**

By [Damian Joseph](#)

### Innovation & Design

The conventional [music industry](#) is in a downward spiral. The oligarchy of major recording labels—Warner Music ([WMG](#)), Universal Music ([VIVEF.PK](#)), Sony Music Entertainment ([SNE](#)), and EMI—still account for some 80% of industry's revenue, but sales continue their long slide, dropping 8.8% in the first 11 months of 2009 vs. the same 2008 period, according to Nielsen SoundScan. Worse, album sales dropped 13%.

As the giants shrink, they have less money to seek out and nurture new talent. This is creating an opening for [startups](#) that are [creating](#) Internet-based tools to discover musicians, enable up-and-comers to carve out a living, and potentially provide springboards for chart-busting careers.

One such company is uPlaya, a unit of San Francisco-based Music Intelligence Solutions, which in 2002 was spun off from AIA Grupo, a Barcelona technology outfit. The company raised \$7 million to build uPlaya around a program called Hit Song Science, which uses algorithms to analyze the rhythm, melody, chord progression, tempo, and other elements of songs. When uPlaya opened for business three months ago, it looked more like a record company—discovering, promoting, and selling talent—than a software startup. But there is one big difference: UPlaya makes its money up front.

#### Rated by Hit Potential

Musicians pay \$90 to upload 15 songs to the site, which are analyzed and compared with millions of songs in uPlaya's database. Songs are rated by hit potential, or how well they match attributes of past hits. Genre is irrelevant—particular patterns have been pleasing the human

brain for centuries, so it's not surprising that odd pairings like heavy metal and classical share much in common. Artists can parlay songs with high hit potential into promotional opportunities. On Oct. 28 and 29, uPlaya launched talent contests with both MTV and AllHipHop. Songs submitted with high hit ratings will be passed along to editors at the two outfits for judging and the winners will be featured on the Web.

Artists that submit to uPlaya are also given access to a suite of social media, touring, and blogging tools. Musicians can crow about their high scores as third-party validation on widgets that promote them on Facebook, MySpace, and others. Blogging software crawls the Web for mentions of uPlaya artists and posts it to their homepages. UPlaya also deals in distribution and sale. It has partnered with popular e-commerce stores such as iTunes, Amazon, and eMusic, among others, to sell songs uploaded to uPlaya at no extra costs to artists. It's also partnered with London-based Sync Agency, an outfit that specializes in licensing, to bring uPlaya songs to TV and movies.

Soon, uPlaya will unveil an iTunes plug-in that analyzes people's music libraries and suggests songs to buy from uPlaya's database. Internet radio, music games, and an iPhone app are also on the way. Since uPlaya's late June launch, 36 thousand songs have been uploaded. The company declines to break out specific figures, but says revenue jumped by 350% in the months from July to October. The company projects that it will be profitable by the end of 2010.

### **Tapping Collective Funding**

Mark Mulligan, a music industry analyst at Forrester Research in London, says he's not familiar with uPlaya—it's too new. But, he says, "sites like uPlaya are good, useful outlets," and points to other new companies that have had success.

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One of them, [SellaBand](#), lets artist tap the power of collective funding to finance their work. Artists post fund-raising goals for recording sessions to the Web site, which debuted in 2006, and fans donate money directly. The Amsterdam company takes a 10% cut when the goal is met. In some cases, donors share in the finished album's revenue, but mostly the money is essentially a gift. To date, 35 artists have raised some \$3 million altogether, which would put combined revenue at roughly \$300,000. The company, started by former executives at Sony/BMG, says it expects to be profitable in 2010. Public Enemy became the site's first major player, setting a \$250,000 fund-raising goal to record its next album. Fans have chipped in \$64,100 so far.

[Amie Street](#), which was begun by a group of Brown University seniors, is an online music seller that also started in 2006. What differentiates the New York-based company from the likes of Apple's ([AAPL](#)) iTunes or Amazon ([AMZN](#)) is that it dynamically prices songs based on how popular they are. Downloads range from free to 98¢, depending on the number of purchases. Famous artists make up most of the site's catalog, but unsigned artists can sell their music, too. Artists keep 70% of each song's revenue after a \$5 fee. The company also declines to reveal its

revenue, but in 2007, Amie Street raised an undisclosed amount from Amazon, and on Sept. 30, another \$3.9 million in venture capital led by Deep Fork Capital. On Sept. 22, Sony became the first major label to begin selling its catalog of songs through Amie Street.

Ironically, these new companies may help the established record labels stick around longer. In essence, uPlaya, SellaBand, and Amie Street have become the new talent scouts for the music industry, finding and promoting promising new artists—a job historically handled by a label's A&R, or artist and repertoire division. Once artists have refined their act and gathered a following, the labels can swoop in and sign them. Asks Mulligan, "Why would the record labels innovate in this area if they can sit back and let others do it for them?"

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