



D6.6 – Exploitation Report

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1. Executive Summary

The FuturePulse consortium was born with one idea: to make use of the most modern automatic tools to help the decision making process in the music industry.

During the length of the project the music industry has suffered many changes. Just to name the most relevant ones we have witnessed the emergence of many competitors, the Digital Service Providers are starting to regulate the access to data, and most importantly, COVID-19 has hit the lives of everybody on the planet. In this context the offer of FuturePulse instead of being outdated has become even more relevant as the product functionalities have been evolving.

During this last year we have revamped our Dissemination activities, among which the article in Music Business Worldwide, the open webinars and the open access to the platform have proven critical to get the interest from the sector. These have created a flux of leads which combined with the rest of conversations we were having with the industry and the Advisory Board have helped to shape the FuturePulse offer.

With all this we have been able to gather momentum at the end of the project and currently have many commercial conversations at different stages of progress. These include record labels, aggregators, competitors, managements, music publishers, industry bodies, artists etc. proving that flexibility is key to serve such a diverse set of needs.

2. Preliminary Notes

2.1. About this deliverable

The main purpose of this deliverable is to understand the market requirement that originates the need of FuturePulse and the commercial competitors existing on the market. Once that is clear we focus on the exploitation analysis done during the first stage of the project and the actions taken in year 3 to bring FuturePulse to market.

The document is structured in the following main conceptual blocks:

- The Music Industry
- Market Analysis
- Exploitation during years 1 & 2
- Exploitation year 3

2.2. Relation to other WPs/Tasks

The Exploitation point of view has been present all along the process of the FuturePulse development.

At the inception phase in WP1 - Open innovation, User Requirements and Design the link between user requirements and Exploitation are clear as we were trying to find requirements that would be a need of a broad number of users.

In WP2 - Music Data Collection, Analysis and Indexing the Exploitation relation has been in maintaining the commercial negotiation with data providers and finding exploitation options which wouldn't require these agreements.

WP3 - Predictive Analytics and Recommendations and WP4 - Platform Integration and Application Development were more development centric. The relation with Exploitation has been mainly to incorporate certain tweaks and developments asked by the leads to help in the sales process.

WP5 Pilots & Evaluation the feedback received in this Work Package has been crucial when shaping the FuturePulse offer and opening conversations and opportunities.

WP6 - Innovation Management, Dissemination and Exploitation has been the most important Work Package in relation to Exploitation. The work done in Dissemination has made FuturePulse known in the music industry and many of the exploitation conversations have been started by the customers themselves after learning about FuturePulse.

In WP7 - Project Management the main relation has been to do a close follow-up so all needs required for the commercial conversations were available on time.

3. The Music Industry

3.1. Characteristics

The Music Industry was impacted hard by the apparition of the Internet. Since then the industry has been forced to reinvent their business model to return to a growing path. When studying the music industry and specifically music labels, music festivals and background music providers, we see some common characteristics:

Growth. The industry in general is growing, the internet being the source of revenue with the fastest growth. The live music events and background music are also growing and the predictions are that this tendency will continue long term, although the 2020 pandemic has given the live part of the industry tough times short term. Music has proven resilient to economic downturns before, though. For example, the financial crisis in 2008 and 2009 had a large impact on the European live music industry, but it returned quite fast. The forecast is that the live music industry will return also this time, perhaps even stronger, when the corona pandemic has been tackled.

New and changing environment. The internet has brought vast changes in the consumption and marketing of music and at a speed never seen before. The industry has had to adapt to the new reality. For example, the Recording Industry Association of America presented a report saying that streaming accounts for 80 percent of the US music market, compared with 7 percent in 2010. Streaming subscriptions rose from about 1.5 million to around 61 million between 2010 and the first half of 2019.¹

Highly competitive: The democratisation of tools is increasing competition in the music industry market reducing the entry barriers for new players. At the same time, the sheer amount of content being released makes the fight for the audience's attention very competitive. As published by Hypebot in 2018 "20,000 to 24,000 tracks are uploaded to Spotify, Apple Music, Napster and other streaming music services every 24 hours. That's 1 million tracks every 6 weeks".² In 2020, this figure had increased to 40,000 tracks every day, and the largest streaming platforms now have roughly 70 million tracks available. Gradually, the whole history of music is coming online, at the same time as tens of thousands of new songs are released every day.

1

https://www.engadget.com/2019/12/31/music-streaming-market-share-us-spotify-apple-music/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2x1LnNvbS8&guce_referrer_sig=AQAAAMTKnVIQ0_jkHEvkigLY7MK-K1sBZ1FhQyl7vldYtg0dnx38cgBz7N60TVnx8f9an98WQxsbc1hv4GbVlgQ9eyD_o0Flzw6oK9ao20hEvzEI53v2DrkAJuSeXXer_yXG72oxcoVL1DAhRiOLRL4_KCrZbN4qBIRe1XJ5udOtCDYbv

2

http://www.hypebot.com/hypebot/2018/06/24000-tracks-uploaded-to-music-streamers-every-24-hours.html?utm_source=feedblitz&utm_medium=FeedBlitzEmail&utm_content=395530&utm_campaign=0http://www.hypebot.com/hypebot/2018/06/24000-tracks-uploaded-to-music-streamers-every-24-hours.html?utm_source=feedblitz&utm_medium=FeedBlitzEmail&utm_content=395530&utm_campaign=0

Unmanageable volumes of data: For the same reasons as explained above due to the amount of content (new songs) and the amount of data (internet usage data) created in this ecosystem, the amount of information is not possible to be processed by human capabilities anymore.

The sum of these factors has created a new segment of services: **Big Data Analytics for the Music Industry.**

In the last years we saw the emergence of companies that tackle this issue (Spotify for Artists, Chartmetrics, Soundcharts, ForTunes, Spotontrack, among others) as well as new divisions focused on this topic in the major companies like Universal Music Group, Warner Music Group or Sony Music Group.

The idea of tracking the large amounts of data available today to win a competitive advantage that we are describing has already taken place in other industries like the financial industry, as it explains The International Banker in the article “The growing influence of data science on investing”³:

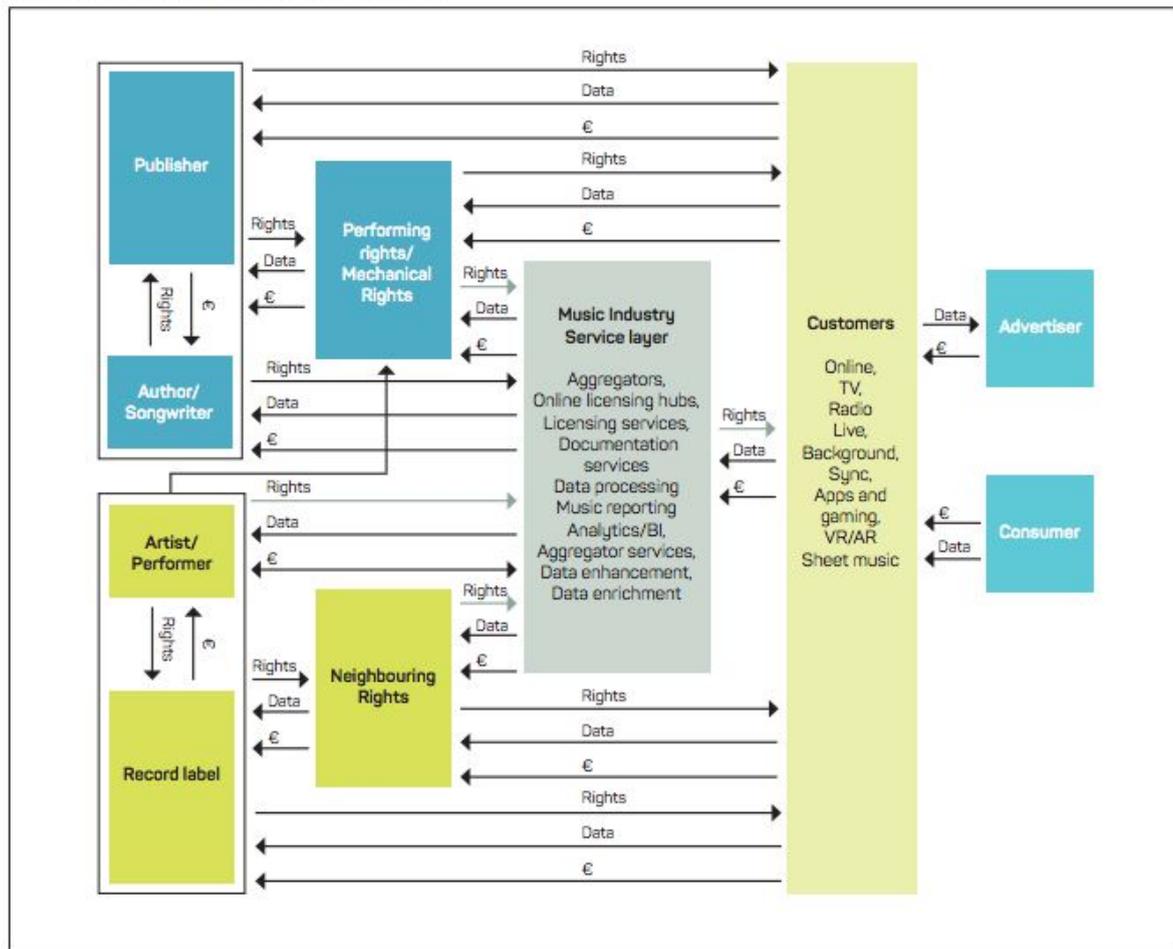
It is becoming increasingly evident that technology and data are playing more influential roles when it comes to making investment decisions. Traders, hedge funds and wealth managers are all now capitalising on the improved availability of—and accessibility to—big data as a way to position themselves for superior investment returns. Access to new and unique data sets, coupled with significant growth in IT (information technology) infrastructure that can enable such data to be captured and processed quickly, is now opening up a wave of new possibilities for investors to apply new strategies and models.

3.2. Recent evolution of the Music Industry (pre COVID-19)

To have an overview of the different players in the music industry we can use this graphic presented below.

³ <https://internationalbanker.com/brokerage/growing-influence-data-science-investing/>

MUSIC INDUSTRY DATA AND VALUE CHAIN


 Figure 1: Overview of different players in the music industry⁴

In this graphic some of the use cases of FuturePulse data are on the Customer side of the music industry: Background Music and Festivals. These use music to interact with companies that are not in the music industry and the general public. On the other end of the spectrum we have the other potential customers of FuturePulse: the rights owners. In this particular case we studied the interest of Record Labels in data to take business decisions.

This is a sector particularly affected by the expansion of the internet into households. The optimised data compression of music files, increased bandwidth, and rapidly larger storage capacities on personal computers made it easy to exchange and download music. The impact of the internet changed the distribution system, the marketing and even the product itself (albums becoming less important than the single). The years 2013-2014 were the hardest for the global record label industry, but as a result of streaming it has been recovering in the last years.

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<https://www.teosto.fi/app/uploads/2020/10/27134714/a-symphony-not-a-solo-policy-brief-final-09012019.pdf>

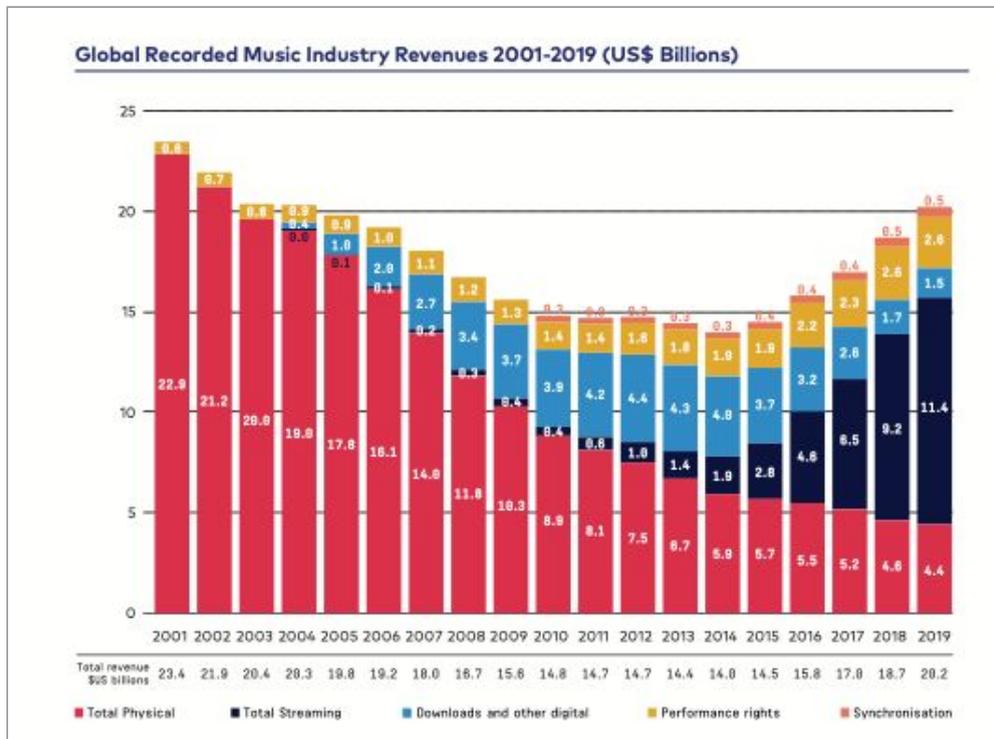


Figure 2: Revenues from the record labels

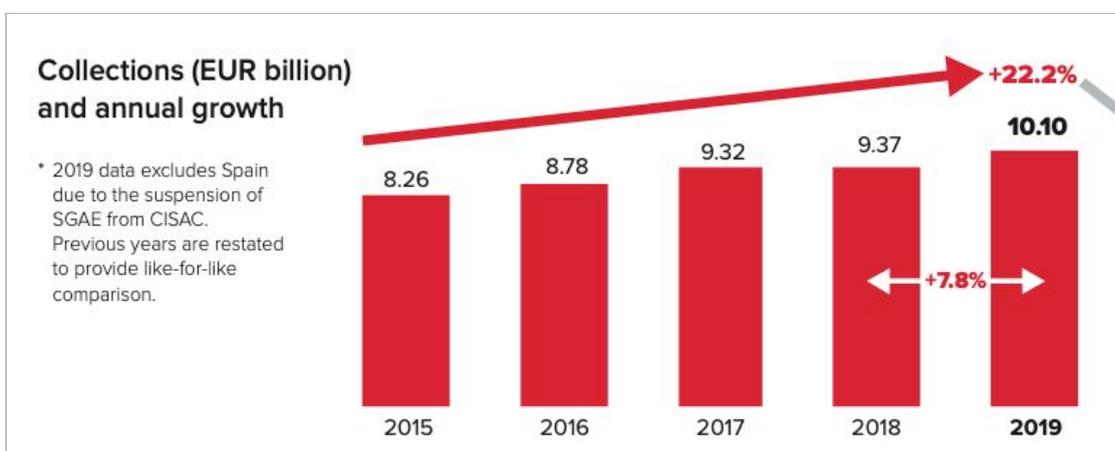


Figure 3: Copyrights for authors and publishers worldwide

⁵ <https://www.ifpi.org/ifpi-issues-annual-global-music-report/>

⁶

<https://www.cisac.org/CISAC-University/Library/Global-Collections-Reports/Global-Collections-Report-2020>

Also the music live events sector that includes festivals and promoters like Sónar (FuturePulse partner) was presenting continuous growth pre-pandemic.

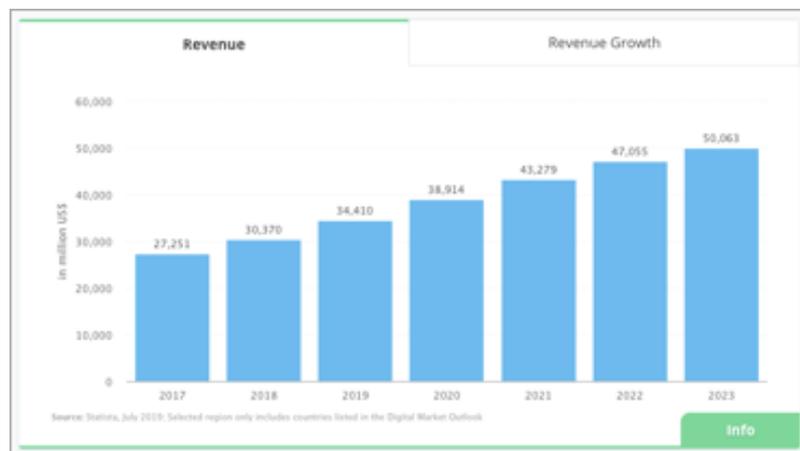


Figure 4: Revenue from live music sector

Besides the growth, another characteristic of the music industry is the concentration and formation of consistently bigger actors that have a huge impact in the industry. From the seven Major Record Labels we are now down to three (Universal Music Group, Sony Music, Warner Music) after the acquisition of EMI in 2012. On the other hand the new online music distributors are also part of huge organizations like Google, Apple, Facebook or Amazon. The three major labels represent 70% of the market while more than seventy thousand other labels worldwide represent the other 30%.

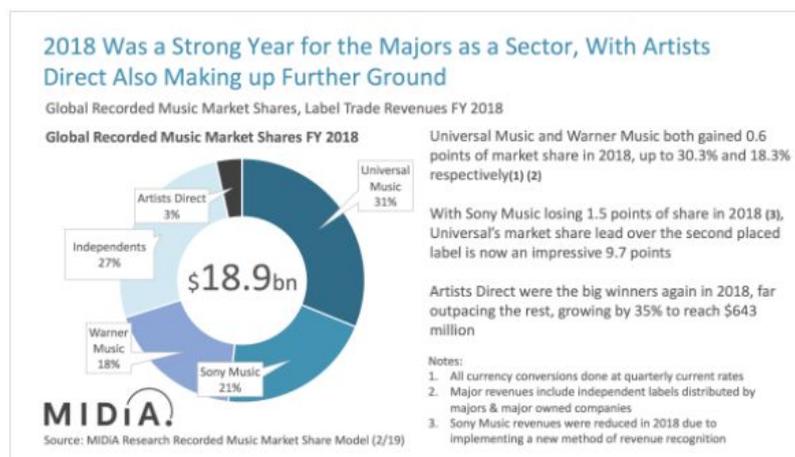


Figure 5: Global Recorded Music Market Share FY 2018⁸

⁷ <https://www.statista.com/outlook/273/100/music-events/worldwide#market-revenue>

⁸ <https://musicindustryblog.wordpress.com/tag/record-label-market-shares/>

Based on our analysis we can group the labels in four categories, where the sizes often are related to the size of the markets/regions where the record label is active and their catalogue size:

- Majors: Universal Music, Sony Music and Warner Music. 4,500 - 8,500 employees globally, including sub labels. These are called major labels because they are global conglomerates, included in larger publicly traded company groups.
- Large independent labels: The largest independent record labels have 400 - 1,500 employees. These companies are usually localised in specific regions, and are not owned by global corporations. Japan for example has an independent sector that is larger than the major sector, and there are such large independent labels also in Europe and Latin America.
- Medium independent labels: 50 - 400 employees. These are often highly localised, and the size of the company depends on the size of the market. For example, the FuturePulse partner Playground Music Scandinavia is considered to be the largest independent label in the Nordic countries, and has 70 employees in total.
- Small independent labels: 0 - 50 employees, where the absolute majority is made out of very small companies with 1 - 5 employees. These are also the labels with the smallest opportunities of using big data analytics for competitive advantage.

Music is a sector in which the access to creation and distribution, before on the hands of record labels, has been democratized with the appearance of certain technology systems. That has impacted the number of songs being created, which has developed beyond human comprehension and makes it very hard for small actors to break through all the “noise”. “Spotify CFO Paul Vogel told his firm’s investors that the streaming service now has “65 million to 70 million music tracks” in its library — up by 15 to 20 million on the “50 million” estimate that Spotify reported at the close of 2019”⁹. Soundcloud, an audio sharing platform largely used by amateur musicians to share compositions, has reached the milestone of 200 million tracks.

The last technological developments in the music industry might make that these numbers grow even more drastically. Music produced by Artificial Intelligence has been created for several years and it has found its commercial way in the sector of Production Music. For example the company AIVA already offers a PRO tier with unlimited track creation for 39€/month.

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<https://www.rollingstone.com/pro/features/spotify-now-hosts-70-million-songs-but-it-cant-keep-that-up-forever-1094234/>

3.3. The Impact of COVID-19

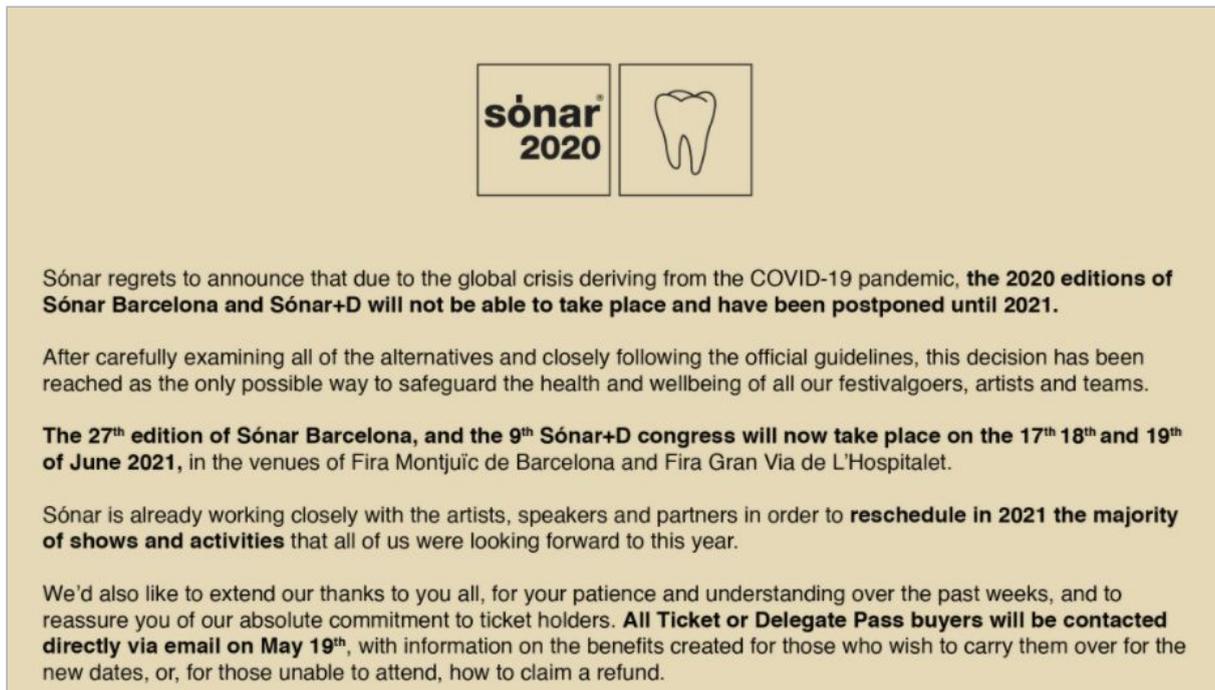


Figure 6: 2020 cancellation of Sónar Festival ¹⁰

Even if music has proven very resilient to economic crises, the current 2020 COVID-19 crisis is having a tremendous impact on the music industry, in particular in the Public Performance area¹¹.

For Public Performance in the FuturePulse scope we take into account:

- Live: Direct revenues for artists, band managers, promoters, festivals, etc. coming from live concerts. According to a report from PWC the live music industry was supposed to have US\$ 28.800M¹² in revenues in 2020. (In the case of the Futurepulse Consortium the example of Sónar which had to cancel their 2020 edition)

¹⁰ <https://twitter.com/SonarFestival/status/1258794263200096256/photo/1>

¹¹ Public Performance is a specific rights area within the music industry, when music is being used publically, not only live, but also in radio, tv, online etc. The other rights area is so called Mechanical Rights, related to when music is fixed in time, for example as an offline track in a streaming app, a download, a CD etc.

¹²

<https://www.iq-mag.net/2019/09/global-live-music-ticket-sales-top-25bn-pwc-outlook-2019/#.XnzKb5NKh0s>

- Usage of recorded music in public spaces: bars, discos, airplanes, karaokes, shops, commerce in general is suffering a complete halt in activities almost globally. This affects background music services and artists/labels which collect and distribute music royalties in all these contexts. In the case of the Futurepulse Consortium the example of Soundtrack Your Brand which has seen a drastic reduction in subscriptions due to the closure of shops and businesses due to lockdowns.

In this direction Mood Media, the world's leading on-premise media solutions company, announced that it will be filing Chapter 11 of the United States Bankruptcy Code to prepare a reorganization of the company and its debt.¹³

As populations around the world have been forced to stay in quarantine to prevent the propagation of the virus, concerts and venues have been closed. With large parts of the world population locked at home the expectation was that music consumption via the internet would grow but the latest data does not show this behavior. While video on demand has surged (+33%) and radio consumption has increased (+18%) music usage has actually decreased (-11%). The experts seem to explain this behaviour due to the stop in consumption during commutes to work and venues, restaurants, shops.¹⁴

Another of the main sources of revenues of the music industry is the usage of music in radio and TV. In this area TVs and radios have also seen an increase in the audience numbers but their advertising revenues have been severely hit. As Danyaal Rashid, Thematic Analyst at GlobalData, comments in a report: "COVID-19 has led to significant cuts in TV ad spending, affecting those broadcasters that rely on ad revenue to survive. Brands are reluctant to burn their limited cash reserves on ads, especially since this won't stimulate demand in an economy shut down by non-market forces."¹⁵

In this scenario affecting so many of the music industry revenue sources all kinds of initiatives have been started to palliate the effects on musicians and the industry. We have seen a surge in online concerts to connect bands and their fans. Also many governments and organizations have started support plans for the industry, to name a few we can find:

- COVID-19 Music Relief¹⁶: Spotify and several national musicians associations have started donation funds projects for musicians. Spotify makes a donation to these organizations and will match donations made via this page dollar for dollar up to a collective total of \$10 million.

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<https://www.businesswire.com/news/home/20200626005171/en/Mood-Media-Enters-Agreement-Supremajority-Lenders-Terms>

14 <https://econsultancy.com/how-is-coronavirus-affecting-the-music-industry/>

15 <https://www.globaldata.com/falling-ad-revenue-to-hurt-tv-broadcasting/>

16 <https://artists.spotify.com/blog/spotify-covid-19-music-relief>

- Music Covid Relief¹⁷: A resource in the United States put together by partners of the U.S. Music Community (for example: UMG, Warner, Sony, ASCAP, BMI, NMPA, GMR, etc) with the objective to help music professionals access information and applications to receive benefits made available by the CARES Act (Phase III of the Coronavirus Stimulus bill signed into law March 27, 2020) and the “Paycheck Protection Program and Health Care Enhancement Act” signed into law on April 24, 2020.
- Emergency Aid Fund¹⁸: The Collective Copyright Organization in Germany GEMA has launched an emergency fund (€40m) for its members, including two different emergency funds. The “Schutzschirm LIVE“ allows music authors to request an advance payment for their future distributions, whereas the “Corona-Hilfsfonds“ has been established to help individual members with up to €5k.

For more information of relief initiative, the European Composers and Songwriters Alliance has put together a list of actions taken to support music authors as well as the music sector in general divided into European initiatives, categorised by country and general European initiatives as well as Worldwide initiatives: <http://composeralliance.org/covid-19-responses/>.

At this stage it is still unclear the magnitude of the economic consequences that the COVID-19 crisis will have on the economy in general and in the music industry. If we use CISAC (International Confederation of Societies of Authors and Composers) data about copyright collections worldwide they estimate a loss of 20-35% for 2020.

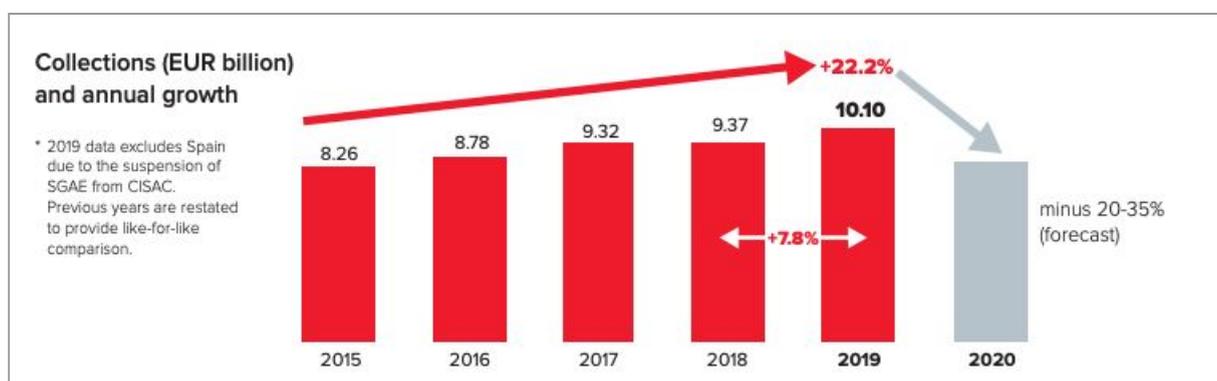


Figure 7: Collections and annual growth (CISAC)¹⁹

¹⁷ <https://musiccovidrelief.com/>

¹⁸

<https://www.musicbusinessworldwide.com/43-million-emergency-aid-program-for-songwriters-launched-by-gema-in-germany/>

¹⁹

<https://www.cisac.org/CISAC-University/Library/Global-Collections-Reports/Global-Collections-Report-2020>

In the Live Music sector numbers are more dramatic. According to the latest update from PricewaterhouseCoopers in their Global Entertainment & Media Outlook, “The money generated by live music ticket sales and sponsorships has fallen 64% in 2020, with nearly US\$18 billion having been wiped off the value of the international concert industry this year alone.”²⁰

For the FuturePulse project a recession in the music industry means that music companies have less money for monitoring and analytics and will impact the sales prospects during the crisis period. On the other hand companies in the music sector are looking for increasing automation in their processes and starting initiatives to change the way they do things in order to increase revenues or reduce costs. Also, the prediction capabilities of the FuturePulse platform seems to be very interesting for music industry actors in flux, not only the data in itself, but also the Business Intelligence and knowledge that can be drawn from analyzing long time series of data, for example genre popularities and different markets development.

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<https://www.iq-mag.net/2020/09/live-music-down-64-this-year-but-rebound-2021-pwc/#.X66WrFNKi7M>

4. The market: Big Data analytics for the Music Industry

4.1. Market analysis

We believe the new sector of Big Data Analytics for the Music Industry is still in the Introduction Phase with few competitors still configuring their offer and services.

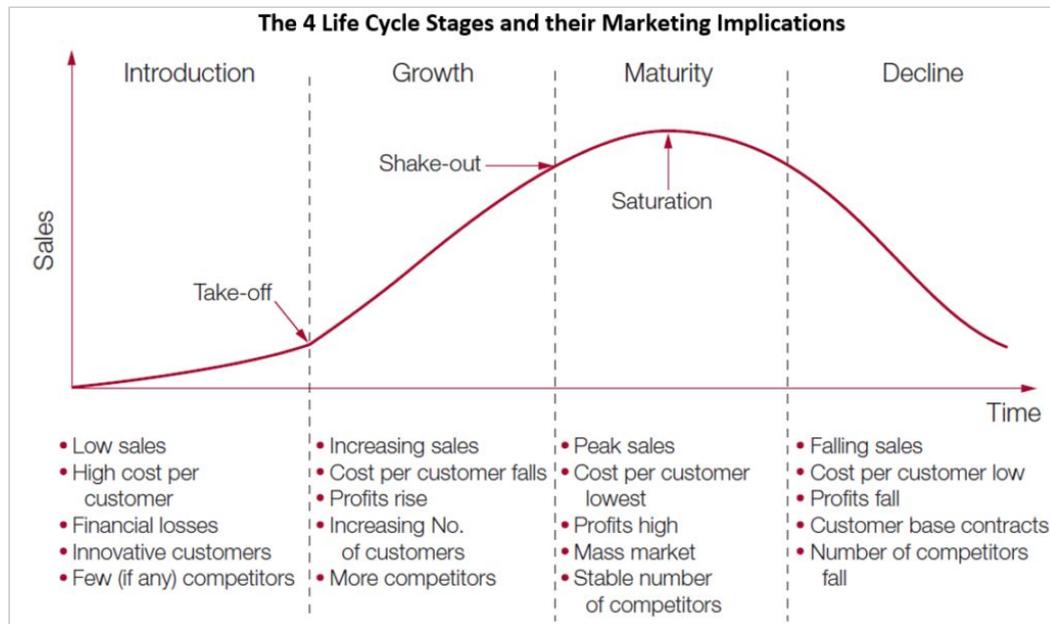


Figure 8: Product Life Cycle Stages²¹

The introduction phase of a new service presents us a landscape of new competitors, each of them having different approaches (one particular way has not proven dominant yet) and where risk is high due to uncertainty.

²¹ <https://marketing-insider.eu/characteristics-of-the-product-life-cycle-stages/>

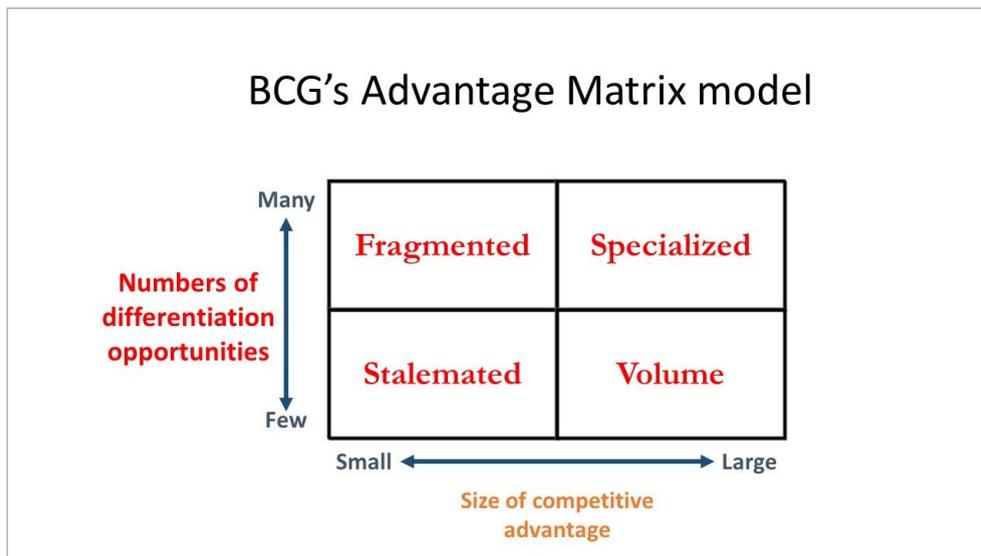


Figure 9: Boston Consulting Group's Advantage Matrix²²

The segment of data analysis for the music industry is a sector where the size of the competitive advantages is large (it is an almost never ending list of possible sources of information that can help improve the results for different stakeholders) and the number of differentiation opportunities are substantial (a particular recommendation algorithm can produce different results than another one), so we believe we are facing a specialized market where each participant will cater excellency for a particular set of requirements.

“Specialized business. These businesses gain benefits from both economies of scale and differentiation (often characterized by experience effects in their own, differentiated, segment); examples being branded foods and cosmetics. The main strategies are focus and segment leadership.”²³

²² <https://xedknowledge.com/CorportateIntelligence.aspx?id=0MswJ7K3Fk9sU9jfq22ecg%3D%3D>

²³ https://en.wikipedia.org/wiki/Boston_Consulting_Group%27s_Advantage_Matrix



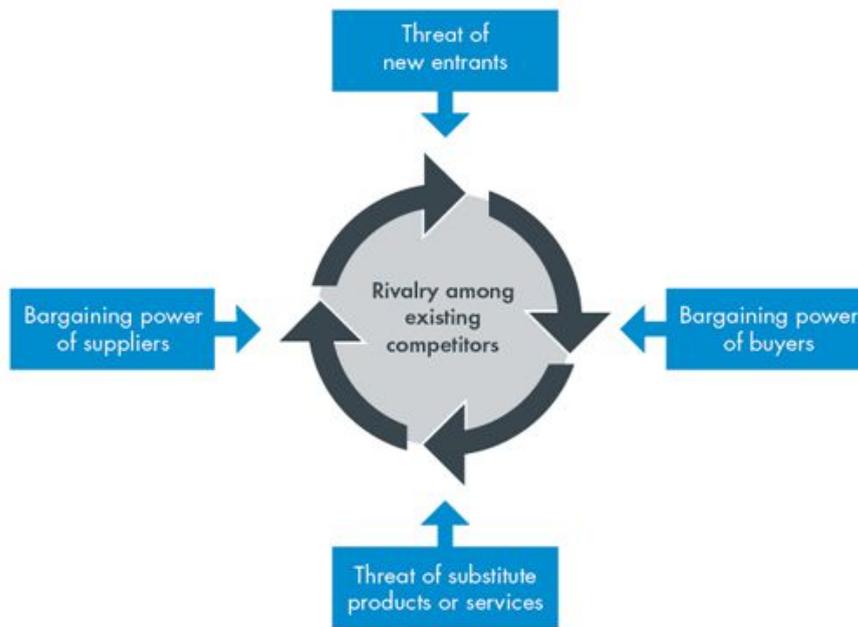
Figure 10: Michael Porter Four Generic Strategies²⁴

FuturePulse wants to serve the whole sector and wants to be perceived as a high-end product, not a low cost competitor of things already in the marketplace. For that reason the product, functionalities and marketing need to be oriented in differentiating the FuturePulse offer from the rest.

Differentiation: In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price.²⁵

²⁴ <https://iedunote.com/competitive-strategy>

²⁵ <https://www.ifm.eng.cam.ac.uk/research/dstools/porters-generic-competitive-strategies/>



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Figure 11: Michael Porter Five forces of competitive position analysis

Threat of new entrants

At this stage in the sector the threat of new entrants is high. There are no big barriers to new entries, the distribution channel is open to all, the cost to change providers for consumers is low, the required investment for a new entry is small and the scale economies are still small. The first considerable barriers are starting to be put in place right now.

Rivalry among existing competitors

Even if the number of competitors is high due to the small entry barriers the possibilities to differentiate from the rest are still high. The competition is light, especially when considering the niche product with predictive capabilities that FuturePulse holds.

Threat of substitute products or services

There are many substitutes from very financially strong companies but they cannot provide the aggregate function that the competitors in the sector can do. Even the substitutes offering their services for free the users have declared interest in a paying product that simplifies their tasks.

Bargaining power of suppliers

Their power is absolute as they can allow or block certain uses performed by the competitors on the sector, by withholding data. On the other hand, this is not in the best interest of the suppliers, since they want music industry actors to understand the data related to their platforms.

²⁶ <https://www.cgma.org/resources/tools/essential-tools/porters-five-forces.html>

Bargaining power of customers

Currently the bargaining power of customers is small as there are not many options existing in the marketplace and the customers don't have the intention to develop these services inhouse.

For all this the most important force affecting the sector right now is the bargaining power of suppliers.

After analysing the market we see that users in search of big data analytics for the music industry have different options to extract information from online activity: the Own Data providers or the Multiple Platforms Data providers.

4.2. Own data providers

Own Data providers are the portals provided by the different music services or social platforms themselves. These substitute products give deep inside into one platform but do not aggregate information from several digital service providers. They are in their vast majority free, offered as extras to keep the users engaged in the platform. Below table shows some of the most important providers for the European market.

Company	Description	Website	Analytics	Relevant number
Amazon	Streaming and download music service	music.amazon.com	Analytics	55 million customers
Apple	Streaming and download music service	artists.apple.com	Apple Music for Artists	60 million subscribers worldwide
Bandcamp	Website for bands to connect with fans. Sell and stream music. Offer merchandise or concert tickets	bandcamp.com	Bandcamp statistics and Bandcamp PRO	
Facebook and Instagram	Social media platform	analytics.facebook.com	Facebook Analytics	2.5 billion monthly active users
Google	International search engine	analytics.google.com	Google Analytics	1.2 trillion searches per year worldwide
Next Big Sound	Pro tools for Pandora radio streaming service	nextbigsound.com	Next Big Sound	72.4 million US listeners

Shazam	Application that can identify music based on a short samples recorded using the microphone on the device	shazam.com	Shazam Charts	400 million annual users
Spotify	Music streaming service	artists.spotify.com	Spotify for artists	113 million premium subscribers worldwide
Tik Tok Analytics	Social media platform music centered	Launched in 2019. Currently not available	Tik Tok for artists	850 million monthly active users
Youtube	User Generated Content video streaming platform	youtube.com	Youtube Analytics	2 billion users worldwide

Table 1: Own data providers

4.3. Multi-platform data providers

The sector that aggregates and compares data across music platforms is where FuturePulse operates. These services offer the music industry a consolidated dashboard to track their online activity in multiple platforms. They are paying service and the offer is variate.

Company	Description	Country	Team	Website	Parent Company
Asaii	Machine learning A&R and music management platform	US		Ceased to exist when team hired by Apple	Apple
Chartmetric	Music market analytics website	US	18	chartmetric.com	
Entertainment Intelligence	Music market analytics website	UK	10	entertainment-intelligence.com	
Hitwizard	Predicting hits via AI			Ceased to exist	
Hype Machine	Music blog aggregator	US	3	hypem.com	
Musicmetric	Music market analytics website	UK		Acquired	Apple
Simbals	Analytic and predictive data for the music industry	FR	5	simbals.com	Downtown Music Holdings
Sodatone	Music market analytics website	US		sodatone.com	Warner Music Group

Sonalytic	Music tracking and monitoring service	UK		sonalytic.com	Spotify
Soundcharts	Music market analytics website	FR	17	soundcharts.com	
Songstats	Online music platforms tracking for artists		7	songstats.com	1001 Tracklists
Spot on Track	Spotify and Apple Music tracking service			spotontrack.com	
Instrumental	A&R scouting platform	UK	28	weareinstrumental.com	
ForTunes	Music market analytics and social media tracking for artists	AT	7	fortunes.io	
Viberate	12M\$ founding capital. Apart from the analytics it ads the booking platform service for venues and musicians	SI	40	www.viberate.com	
Alpha Data	Provides charts to Rolling Stones magazine and expanded to analytics	US		https://alphadata.fm	

Table 2: Multiple Platform data providers

The number of companies and the recent acquisition of some of them by big music players indicate an interest in the technologies and services being developed.

Main variables being offered by Multiple Platform Data Providers:

Number of sources: The number of sources and amount of data aggregated is one of the variables of the industry. The more sources aggregated the more attractive the service for potential users. Lacking some data sources is one of the more typical complaints received by the different music analytics providers.

Playlist tracking: Placing tracks in the different playlists is one of the most important current marketing techniques. Being able to track playlists, the influencers behind them and the activity generated there is very relevant to the industry.

A&R and forecast: The pattern and trend analysis to try to detect upcoming new tracks or bands.

UI: Users declare that these services usually cause an overload of data so an intuitive and self guiding interface is very important for customers to reach the relevant data for their use case.

Pricing: As we explained in the music industry analysis, although the sector is growing competition is getting fierce and some big players are holding bigger shares of the market (the Major labels). All this makes the music industry very price sensitive with providers, specially the medium and small labels.

Analysis on data sources:

	Chartmetric	Entertainment Intelligence	Simbals	Soundcharts	Songstats	Spot on Track	Instrumental	ForTunes	Viberate	Alpha Data	FuturePulse
Spotify	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y
Apple Music	Y	Y		Y	Y	Y				Y	Y
iTunes	Y				Y					Y	Y
Amazon Music	Y	Y								Y	
Google		Y								Y	
Youtube				Y	Y			Y	Y	Y	Y
Deezer	Y	Y		Y						Y	Y
Pandora		Y								Y	
Shazam	Y			Y	Y						
Bandcamp											
Bandsintown											Y
Official charts											Y
Kwordb											Y
Billboard											Y
SoundCloud				Y	Y			Y			Y

Beatport	Y				Y						Y
Kontor New Media											Y
Discogs											Y
QQ Music	Y										
Resident Advisor											Y
Last.fm	Y										Y
TikTok	Y			Y	Y						
Instagram	Y			Y				Y	Y		
Facebook	Y			Y				Y			Y
Twitter	Y			Y				Y	Y		Y
Wikipedia	Y										Y
Songkick	Y										
MusicBrainz											Y
Traxsource					Y						

Table 3: Analysis on Data Sources

Analysis on other features:

	Chartm etric	Entertain ment Intelligen ce	Simb als	Soundc harts	Song stats	Spot on Track	Instrum ental	For Tune s	Vibe rate	Alph a Data	Futu re Puls e
Broadcas t data	Y			Y				Y	Y		Y
A&R	Y			Y			Y		Y		Y
Forecast			Y				Y				Y
Genre metrics										Y	Y
Segment ation by region	Y			Y			Y			Y	Y
Live events analysis											Y
Playlist time machine	Y										
Demogra phics	Y										Y
Music pro marketpl ace									Y		
Retailers informati on										Y	

Table 4: Analysis on other features

Pricing:

Company	Average pricing
Chartmetric	\$140 a month
Entertainment Intelligence	custom per case
Simbals	custom per case
Soundcharts	€129/month
Spot on track	€9,99/month
Instrumental	custom per case
ForTunes	6,6\$/artist/month
Viberate	PRO version still to be launched
Alpha data	-
Songstats	10€/month for artists. 75€/month for professionals

Table 5: Data source providers pricing

4.4. Competition and market size

As we were saying in our industry analysis, the threat of new entrants is high. In the last two years we saw the emergence of ForTunes, SongStats and Viberate. These new entries like ForTunes or SongStats have also introduced the offering of a cheaper version affecting the pricing of the industry. We expect this tendency of price dropping to continue as we enter more fierce competitive phases in the sector which will make the overall market size for openly available data shrink.

5. FuturePulse exploitation analysis during year 1 and 2

Since the conception of the FuturePulse project back in 2016, the landscape for Big Data Analytics for the music industry has shifted a lot. Several competitors have appeared, they have raised considerable amounts of funding and have started operating commercially.

During the first two years of the project we were focused on developing the product while conducting the market research and the approach was that we were in competition with these other platforms.

To summarize this process when we were considering them as competitors:

- a. We evaluated the competition factors:
 - User interface: Both FuturePulse and its competitors aggregate vast amounts of data and very often users feel overwhelmed and find it difficult to navigate. An intuitive interface is a clear competitive advantage.
 - Prediction models: This is the more differentiating feature and the one that can generate a more clear return for FuturePulse customers. Vast amounts of money go to artist discovery as this process is the one that brings future returns for the label or festival.
 - Popularity metric: Artist popularity and genre popularity are very useful for multiple use cases in the industry. In particular, genre popularity is a unique feature of FuturePulse.
 - More data sources: FuturePulse wants to cover more online / social media sources than its competitors as users expressed that as a request. The platform should be able to track all the activity around an artist so you don't have to check multiple platforms to get the complete picture. Furthermore, FuturePulse can aggregate the broadcast monitoring data from more than 7.000 radio and TV channels and venues tracked by BMAT.

- b. We analyzed our strengths and weaknesses in comparison to them:

SWOT

STRENGTHS	WEAKNESSES
Own predictive model Artist & Genre popularity Online and broadcast combination Number of sources Intuitive UI Audio analysis Market segmentation	Consortium structure Lack of clarity in product portfolio Funding capital (competitors have raised large quantities of capital)
OPPORTUNITIES	THREATS
Growing Music Industry New segment of service Awareness of the customers	Sources policy and pricing Competitors with important resources First pricing structure already in the market

Table 6: SWOT Analysis

- c. And we evaluated the market size for the different possible type of customers we were envisioning:

Labels

Around 70.000 independent record labels globally. They spend 5.800.000.000 in A&R and marketing according to IFPI data²⁷. If we consider that maybe one third of the record labels have the size to adopt these tools at 140€/month that would mean a total market of 39M€ which is insignificant in relation to global A&R expenditure.

Festivals Promoters

We calculate the industry between 1.000 and 1.500 festivals. Our market research indicates that big festivals can spend between 500 and 1.000€/month for artist discovery and market trends while a small festival is willing to pay between 100 and 500€/month.

²⁷ <https://www.ifpi.org/our-industry/industry-data/>

In this scenario the total market is around 6M€. Even if the size of the market is much smaller than the Label one this sector is currently not being catered by any of the competitors meaning that FuturePulse would be the first mover in this space.

Background music

After studying this market in depth it has proven that the approach needs to be different than towards Labels and Festivals/Promoters. Background music providers, about 500 of them globally, seem to not be interested in a “full subscription” of the FuturePulse platform, but rather specific functions that can govern music playlist editing and make music choices more efficient for end users.

Background music companies compete mainly by price and catalogue size but their main problem are substitutes like music platforms designed for private use, meaning that they have to differentiate themselves from regular consumer services. In this environment it is very important that they position themselves by adding something that regular consumer services do not have, like popularity and prediction metrics to better adjust the music landscape for users. In relation to the audio descriptors, the most important feature is moods connected to music, as well as recognition levels of tracks on different markets.

Others

Due to business discussions with users we added a new category for FuturePulse users. This includes Audiovisual Production Houses, Broadcasters, Advertising Agencies or Government bodies. These companies and agencies are interested in features like similar music discovery, genre trends, popularity, segmentation by territory or upcoming artists. One single model has not appeared clearly yet.

After careful study and consideration by all the members in the consortium we concluded that a direct competitive approach to the other platforms described in Section 5 (The market: Big Data analytics for the Music Industry) would be a difficult commercialization path. The main reasons for this decision were:

- Not fully market-ready: The FuturePulse consortium has invested its time and resources in research and innovative features that can service the music industry, and have succeeded in this, but there are some common platform commodities that have not been implemented to a degree that allows it to be market-ready. For example it lacks a payment platform that allows users to subscribe to the service and the basic operations infrastructure a company that offers this service needs. As planned in its origin the objective was to be almost market-ready, but this has put the consortium behind competitors already in production, since the market for big data analytics has developed rapidly parallel to the lifetime of the project

- Capital: As in the case of maturity of the product also in financial terms, FuturePulse is at a disadvantage with some of these competing companies for aggregating open music data, as several of them have already gone through multi-million funding rounds.
- New trend in data providers: Data providers are starting conversations to monetize the use of their data for commercial purposes. Until now this use is not covered by their terms and conditions in most of the cases but were not being enforced.

After reconsidering direct competition with the existing music analytics aggregators we have pivoted to another Exploitation approach that we believe is more realistic, and could serve the objectives of the project in an even better way.

6. Exploitation year 3

The work done regarding the exploitation of the outcomes of FuturePulse during the last year of the project has been developed on the basis of the preliminary tasks performed during the first phase of FuturePulse, including the initial industry and market analysis and surveillance, initial exploitation conversations and schemes.

During this last year we have revamped our Dissemination activities, among which the article in Music Business Worldwide²⁸, the open webinars and the open access to the platform²⁹ have proven critical to get the interest from the sector. These have created a flux of leads which combined with the rest of conversations we were having with the industry and the Advisory Board have helped to shape the FuturePulse offer, which has been evolving and pivoting from the initial plans.

With all this we have been able to gather momentum at the end of the project and currently have many commercial conversations at different stages of progress. These include record labels, aggregators, competitors, managements, music publishers, industry bodies, artists etc. proving that flexibility is key to serve such a diverse set of needs.

The consortium has adapted the offer based on its own characteristics and strengths, taking into account the feedback received from the market and related sectors. We have defined both individual exploitation and joint exploitation formulas for the assets developed by the partners. At the same time, we have set agreements and defined the technical aspects and

²⁸

<https://www.musicbusinessworldwide.com/futurepulse-just-released-a-music-forecasting-platform-but-needs-the-industrys-help/>

²⁹ <https://app.futurepulse.eu/>

resources to ensure that the platform remains active and running for exploitation and demonstration purposes for the next 12 months.

Based on the market response to our proposed solutions, we have worked on a P&L forecast of a possible commercialization formula, and defined the necessary next steps to introduce into the market the research and innovations produced during the project.