

Unlock the Rock

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In the world of internet radio, small broadcasters are fighting for their lives. They are engaged in desperate negotiations with the music industry, trying to stave off enforcement of new federal rules that could cripple internet radio and force many to choose between going underground and going dark. Under the new rules, royalty payments to composers, publishers and performers could rise as much as 300% to 1200%, driving many small, non-commercial and nonprofit stations off the air. The result is simple economics: the more it costs to run a radio station, the fewer stations will survive. There is, however, a way to free radio from the law – not by breaking the law, but by breaking the radio.

Internet radio stations need to change the economic landscape, and the best way to do that is to radically rethink the mechanics of radio itself. If you're like most people, you think of a radio as a box that plays music. But in fact, that box provides two different services: selection and delivery. Selection is the part that interests most small and hobby broadcasters; DJs get started because they want to participate in the cultural conversation about music. They want to share their musical taste with their friends. And listeners tune in because they like the DJ's taste.

The second half of radio's function, delivering a song to your ears, is simply the mechanics of letting you enjoy the first half. You can't appreciate the music if you can't hear the song. By breaking the radio in two, broadcasters can separate the service of choosing what we hear from the service of making sure the song is heard – and this separation is what will enable stations to stop paying royalties altogether.

With traditional radio, music selection and delivery are intertwined because each radio station is just one channel, a single pipe through which all data flows. Once a DJ selects a song, she has to send you a copy over the

airwaves. And for every copy she sends, she pays royalties. The internet, though, isn't restricted to one data channel. You are free to get playlists from one source and songs from another. With multichannel radio, not only does your DJ not deliver the music, she doesn't know or care how you got it. Maybe you already had that song on your hard drive. The next one could be on your local network. That third song might come from a friend's collection. If none of those sources suffice, the song is probably available (for a small fee) from eMusic or iTunes.

Because the DJ isn't sending songs, she's not making copies, which means she's not doing anything that could require royalty payments. By merely publishing a web page with a list of songs to be played in a specific order, her role is reduced to pure speech. There's no complex radio delivery software (any web page can be a radio station), no huge bandwidth bills, and no legal headaches. Internet radio stations no longer cause copyright problems. After all, a list of recommendations is still protected by the First Amendment – for now, anyway.

All the technology to create multichannel radio exists. Audio fingerprint technology can uniquely identify songs. There is software that easily searches different locations and peer-to-peer systems for music. Music players have the plugin architectures needed to connect to different music sources. All we need now is the software that assembles these pieces into a working system.

To the listener, internet radio won't look or sound any different. The software will still be free, and the existing ad- and subscription-supported radio will still be there. All she has to do is click a link and a music player launches, downloads the list of songs, and starts playing. The big difference is that a lot of new, noncommercial radio stations will spring up – small stations that have no ads and charge no subscriptions, started by people who want to share their love of music with the world rather than run a business. These are the people who are priced out of internet radio by the existing copyright royalty regime.

The best part of multichannel radio is that it's more than just internet radio. It will be the way music blogs get music to their readers, the way games pull in pop tunes as background music, even the way people recommend songs to their friends over email. The first person to make all these pieces work together in a seamless way will see impressive business opportunities, not just by driving traffic to online stores but from being at the center of the music recommendation infrastructure. Everybody wins. Broadcasters stop paying royalties and huge bandwidth bills. Listeners get ad-free stations,

subscription-free stations, and more choice. And after a session of listening, all the songs they just heard are conveniently sitting on their hard drive as MP3 or OGG files.

There's even something in it for music publishers. Fortunately for them, multichannel radio doesn't distribute any music. The radio software will look in various places, but if it can't find a song, the most reliable place to look might well be online music stores. Apple could even make a player that sources all its music from iTunes. If it's priced right, multichannel radio will drive music sales to premium customers. Even if the music industry loses out on the entirety of the \$20 million they made in internet royalties for 2006, iTunes alone could make that money back by selling music to radio listeners.

We can save radio by splitting it in two because we've reduced the DJ's role to pure speech. She's sharing culture instead of consuming it. She's gained the freedom to give away her love of music instead of resorting to selling it. And that's the freedom that really counts. It is the sweetest music of all.