

Music and technology: Blurred lines

By [Sergey Bludov](#)

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The music industry sits on the cusp of a monumental shift as the initial disruptive shock of digitalisation fades, making way for a new wave of innovative technological solutions across every aspect of the increasingly complex music business ecosystem. While this is an exceptionally exciting time, only those companies who conduct a deep analysis of their current, past and future strategies will be positioned to prosper moving forward.

Big data, Blockchain, VR & AR, AI and Metadata are just a few of the technological keys to the future, while the evolving expectations of music fans and artists make it extremely challenging to stay on top of the latest tech trends and predict where the industry is going in both the indie and major sectors. The line between music and technology is increasingly blurred, resulting in the absolute inevitability for music industry players to collaborate with technology experts in the planning, development, and execution of business models that will fit into the profoundly altered industry landscape of the future.

Overall, the current mood of the music industry is exceptionally optimistic. Statistics from The International Federation of the Phonographic Industry (IFPI) indicate that the global recorded music market grew by 5.9 per cent in 2016, which marks the fastest rate of growth since IFPI first started tracking the market in 1997. It was the second consecutive year of global growth for the industry, and streaming was the primary driver of this rise, with revenues surging by an incredible 60.4 per cent. Streaming has crossed over the tipping point, making up the majority of digital revenue, which now accounts for 50 per cent of total recorded music revenue. There are

currently more than 100 million users of paid streaming subscriptions globally, with a rapidly increasing number of companies making moves in an attempt to secure even a small piece of this growing market.

Streaming apps, chatbots, AI, and other tech solutions are allowing artists to connect more directly and quickly with their fans, while new technologies are being combined in highly innovative ways to bring excitement to the entire industry. At the same time, many challenges remain. For example, big data has become an integral part of the music industry, but many companies are unable to effectively analyse and utilise this information to their advantage. It will be very easy to get left behind, stuck using complex legacy systems and practices that simply no longer work effectively in the reimagined music industry.

Since the beginning of 2016, there has been an incredible amount of big tech news in the industry, much of which provides a glimpse into what we can expect to see in the coming year. For example, British start-up company MelodyVR signed agreements with both Warner Music Group and Universal Music Group to co-produce and distribute "revolutionary virtual reality music experiences" featuring artists from the labels' rosters, illustrating the increasing major label commitment to VR solutions. Another interesting piece of news came earlier this year when Warner Music UK announced its "streaming-first" sub-label called "Artists To Watch Records," with the aim of using sophisticated algorithms to discover tracks early on that are starting to heat up. It's one of the many ways that major labels are using streaming to test the demand for developing artists.

And this is really just the tip of the iceberg. Earlier this year, Universal signed a new global licensing deal with Spotify, while Spotify acquired the team behind Mediachain Labs, a New York-based startup that specialises in Blockchain technology, with the goal of furthering efforts to develop a more fair and transparent system for music creators and rights owners. Sirius XM invested a whopping \$480 million in Pandora, while ASCAP and YouTube agreed to share data in an effort to help publishers and songwriters earn more revenue from the internet video giant.

Where do we go from here?

In the increasingly mature digital world, every point in the route to market can be monitored in incremental detail through the use of big data. However, collecting data isn't enough. It's essential for labels, managers and other segments of an artist's team to successfully interpret and apply the raw figures. And, certainly, as the quantity of available data rapidly expands, it takes more time and resources to manage the information to a company's advantage.

So, what technologies are going to be hot in the near future? Although there are a myriad of different opinions on the matter, looking at the startup landscape and where the investments are going provides valuable insights into how the future may look.

Midemlab, held during the Midem conference, runs an annual startup contest, with the finalists being positioned to pitch their technology and businesses to attendees. Considering the fact that SoundCloud, Next Big Sound and The Echo Nest have all passed through its doors, Midemlab clearly has its finger on the pulse of the industry. Not surprisingly, there are several music analytics companies garnering attention, such as France's Soundcharts, which tracks charts, playlists, airplay and social media for labels and artists. Many experiential technology start-ups are being noticed too, such as Vinci Smart Headphones from China, featuring an Alexa-style voice-controlled assistant that learns the user's listening preferences and tracks their activity. American-based company TheWaveVR is an innovative startup, which wants to turn the live music experience into something that combines an immersive light show with an interactive gaming experience and a focus on social features.

Streaming, big data, VR and AI are all expected to continue growing in the music industry over the next year, while new technological solutions are being developed behind the scenes at the same time, preparing to be unleashed to the public when the iron is hot. Although no one can ever be entirely certain about where the industry is going, it's abundantly clear that technology is becoming an increasingly integral part of the music business. The emerging demands of the industry and consumers make it imperative for companies to stay at the forefront of the revolution to remain relevant, as the industry races toward the landscape of the future.

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