Solving Business Problems with Blockchain: Revolutionizing the Music Industry

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Blockchain has been able to solve countless business issues within numerous industries. When thinking of prominent industries that blockchain is, or can be, mainly used in, the finance and technology industries probably come to mind first. However, blockchain can be used across all industries, even in industries that may seem like it is not needed. For me, an industry that comes to mind in which blockchain could be used to solve some problems at hand, is the music industry. As music is becoming not only more and more accessible to listeners, but also more and more accessible for artists to make and publish on online platforms, we have a stark rise in musical data. The more music is being made, the harder it has become to track and manage all the music across all musical platforms. As a result, the music industry has long struggled with the complexities of rights management, royalty distribution, and copyright. Currently, the industry depends on fragmented recording agreements and licenses, leading to confusion and loads of inefficiency within an increasingly complex system that will continue to become bigger and bigger as new recording and artist technology continues to emerge (Grace, 2023). Blockchain technology could be implemented to address these issues at hand due to its ability to provide a decentralized computing infrastructure system that ensures transparency, accuracy, and efficiency in being able to track and distribute correct royalties and protect against copyrighting, making the industry a more profitable place for all involved, while refraining from increased prices and subscriptions having to be subjected to listeners. As the issues of rights management, royalty distribution, and copyright protection continue to persist, blockchain presents promising opportunities for innovation and improvement within the music industry, a wonderful solution for everyone involved.

Blockchain offers a solution for rights management through creating a decentralized database of music ownership and licensing rights, as there currently is an absence of a universally recognized global registry for music creators and their works. There have been prior attempts to establish one, but they have all failed, resulting in substantial financial losses, particularly impacting collective management organization. Through using blockchain, an open global music registry could be established. Such a registry would efficiently catalog and manage the large volumes of new music uploaded daily, providing a structured framework for music creatives to register their works and associated metadata through blockchain-verified profiles. This initiative not only promises to streamline royalty distribution processes but also enhances transparency and accountability across the industry, potentially revolutionizing how music rights are managed and monetized in the digital age (Heap, 2017).

Every piece of music, from creation to distribution, can be recorded on the blockchain, providing a transparent and auditable trail of ownership. Smart contracts can improve the current music licensing process, ensuring that rights holders are always compensated fairly. For example, Ujo Music's collaboration with artist Imogen Heap, who has previously spoken about the importance of the future of blockchain in the music industry, demonstrated how blockchain enabled direct interaction between artists and fans, with royalties distributed instantly based on streaming and sales. Imogen Heap partnered with Ujo Music to release her single "Tiny Human" by using blockchain technology. The platform allowed fans to purchase the song directly,

resulting in Heap receiving immediate payments through smart contracts. This direct-to-consumer model ensured greater control and transparency for artists while reducing transactional friction and costs (Elrich, 2019).

The tangible business benefits of implementing blockchain in the music industry are very significant. By providing a decentralized and transparent platform for rights management, blockchain can drastically reduce the time and costs associated with royalty distribution that management companies and artists face. This would lead to more timely payments for artists, songwriters, and producers, enhancing their financial stability and may even incentivize further creativity, especially for smaller artists who can continue to make music while making enough money to sustain themselves. Additionally, the accuracy of royalty calculations would improve, minimizing disputes and ensuring that all stakeholders receive their fair share of revenue. The transparency afforded by blockchain would also build trust among artists, producers, and consumers, potentially increasing the overall engagement with music platforms and driving higher revenues. For example, Robin Thicke and Pharrell Williams were legally forced to pay the Marvin Gaye estate over $5 million for a copyright dispute over their song “Blurred Lines,” even though Gaye’s 1977 hit “Got to Give It Up did not really sound like Thicke’s Blurred Lines (Legaspi, 2018). A use of blockchain in the music industry could help prevent these types of lawsuits from even taking place, as Thicke would have either known that the chords in his song could be considered copyright infringement, or could have proven that it was in fact not copyright infringement through the same blockchain database. Moreover, there is also the potential of reducing the amount of counterfeit music merchandise, which has been an issue that most artists have had to deal with, as these types of counterfeit merchandise are everywhere, meaning that artists make no money from merchandise fans buy that is not directly produced by them. Recently, Harry Styles took legal action over the large amount of counterfeit/ fake merchandise online, hoping to protect himself financially, and his fans from buying fake merchandise (Donahue, 2023). To prevent this, blockchain can verify the authenticity of products through perhaps some sort of legally needed tag or QR code on all artist merchandise, protecting both consumers and artists from counterfeit goods and ensuring that revenue from merchandise sales goes to the rightful owners.

Furthermore, this blockchain can record every single interaction with a piece of music, beginning with creation all the way to how, where, and by who the music is being distributed. This provides an immutable and transparent record of ownership and usage rights, preventing unauthorized use and ensuring proper compensation for creators. For example, the implementation of blockchain can eliminate the need for intermediaries, reducing costs and speeding up the payment process (Martinez, 2024). Artists can receive real-time payments as their music is streamed or purchased, enhancing their financial stability. Smart contracts, a key component of blockchain technology, can automate the execution of agreements and payments. This reduces the administrative burden on artists and rights holders, allowing them to focus on their creative work. For instance, when a song is streamed, a smart contract can automatically distribute royalties to the respective stakeholders based on pre-defined terms. This not only

ensures accurate and timely payments but also reduces the risk of human error and fraud (Grace, 2023).

To effectively integrate blockchain technology into the music industry, a comprehensive architectural framework is essential. At its core, this architecture would feature a decentralized ledger designed to securely record and manage all transactions and interactions related to music rights and royalties. This ledger serves as a transparent database, ensuring again that every transaction from the creation of music works all the way to their distribution and usage is always accurately recorded, verifiable, and traceable. Central to this architecture are smart contracts, which would automate the execution of agreements and payments according to predefined conditions. These contracts are encoded with business rules and payment terms, ensuring that royalties are distributed promptly and accurately to rights holders based on their entitlements, ensuring that the Robin Thicke vs Marvin Gaye case never has to take place again. Smart contracts also facilitate transparent and efficient royalty management, reducing administrative overhead and mitigating disputes over payment discrepancies (Grace, 2023). Integration with existing music distribution platforms would also be a crucial component of the architecture. Seamless integration ensures a smooth transition to blockchain-based systems without disrupting current industry practices, which could lead to large industry losses, and a possible halt on the production and distribution of music. This would ensure that music creators, publishers, and distributors can continue to use familiar platforms while benefiting from enhanced transparency and efficiency provided by blockchain technology (Heap, 2017).

Overall, blockchain technology presents a transformative solution for the music industry, addressing critical issues such as rights management, royalty distribution, and copyright protection. By creating a decentralized and transparent platform that contains all musical data and records, blockchain would ensure accuracy, efficiency, and fairness in tracking and distributing royalties and protecting copyrights, making sure all artists are fairly compensated for their work. This not only enhances the financial stability of artists, but also builds trust and transparency in the industry, ultimately benefiting everyone involved, even the listeners as they can still listen to their favorite artists for a manageable price, while the artists will be fairly compensated without having to charge extreme amounts for CDs, records, and merchandise to do so. As the music industry continues to evolve and technology continues to expand, blockchain offers a promising path forward, enabling a more equitable and efficient system for the creation and distribution of music in the modern world.

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