

Asia wakes up to digital-music piracy

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That hi-tech mobile handset you recently bought, which can do everything from surfing the Net to downloading actual music, may be your latest wonder-gadget, but these cutting-edge handsets are also giving nightmares to Asian digital music distributors, who with the help of a newly developed technology have launched a new wave of clamp-downs against illegal file-sharing.

"New generation phones that have begun to be introduced in Asia are now capable of playing downloaded mobile music in MP3 format and also allow forwarding of music to another handset easily," said Sudhanshu Sarronwala, chief executive officer of Soundbuzz, a Singapore-based distributor of online and mobile music that claims to be Asia's largest online and mobile music retailer. "But these handsets due to their rich features also make unauthorized distribution of downloaded music easy which needs to be curbed before they get out of control."

According to Soundbuzz, to protect mobile music from getting pirated it has developed a solution that blocks sharing of downloaded music in a mobile phone through Bluetooth and Infrared.

The solution is based on an architecture called OMA Version 1, which was developed by Open Mobile Alliance, a consortium of mobile phone makers who have agreed on a set of standard for digital-rights management.

"Basically this software forms a wrapper around a music snippet when it is downloaded to a phone and that wrapper interacts with the firmware in

the phone disallowing it from being shared thus protecting the music from getting distributed illegally or without authorization," said Sarronwala.

He added that Soundbuzz, which operates in 13 countries in Asia, is the only company that provides a solution for quelling piracy in the Asia-Pacific region on a multi-country level. "Others are just local players," he said.

Sarronwala said that Soundbuzz has tied up with almost all major Asian telecommunications carriers and other digital music distributors including broadband providers to help them clamp down on illegal sharing of music through new-generation mobile phones, which has now emerged as the biggest threat to the music industry.

"We commercialized the OMA architecture ahead of anybody and introduced this in Singapore and Australia six months back," he said "and we are now rolling out in India from April."

Soundbuzz does not sell the solution but derives its revenue from charging a small percentage of the tunes that are sold through download, "so by helping reduction of piracy Soundbuzz stands to gain too because more legitimate downloads means more revenues for the company," says Sarronwala.

According to the Soundbuzz official, for the music industry curbing illegitimate download or unauthorized distribution of music through hi-tech mobile phones has emerged as the biggest challenge since a new wave of digital commerce, from mobile to broadband, is rolling out worldwide and music is driving it.

Some 420 million single tracks were downloaded in 2005 worldwide, up more than twenty times just two years ago. That excludes the entire

business of music on mobile phones; a market which is not far behind music downloads in value.

Together in 2005, these two new distribution channels took record company revenues from digital sales to an estimated \$1.1 billion globally, tripling in value compared to 2004. And there will be further significant growth in 2006, expects industry sources.

According to a study of the global music market in 2006 released recently by IFPI, the industry body representing the recording industry worldwide, in some European countries and in Asia, mobile music is developing faster than online music services, boosted by higher penetration of phones compared to portable players or broadband, and by ease of payment.

The sheer size of the mobile market presents the music industry with enormous opportunities, particularly as handsets develop to fully incorporate music. Today there are over 1.5 billion mobile phone subscribers worldwide, a 50 percent increase since 2002.

"Asia leads the way, accounting for half of all mobile subscriptions in 2005," the study said. "Penetration of music-capable phones in Asia is also the highest in the world, given consumers' willingness to pay more for their phones." In Japan, for example, mobile music revenues totaled \$211 million (96 percent of digital music revenues) in the first nine months of 2005

But, impressive as these numbers are, Asia has also been the largest contributor to online music piracy. This is because, according to the IFPI study although more people are listening to music, fewer people are willing to pay for it. It said that in 2005 about 25 percent of illegal file-sharers agreed to pay up to download music, but 50 percent said that they would not pay. Consequently "legitimate digital music has had to

compete with mass-scale unauthorized free music," said the study.

This is why "the recording industry with the help of telecom companies and Internet Service Providers (ISPs) has had to launch a wave of lawsuits for removing copyright-infringing content from their networks, and thereby promote legitimate digital business," the study added.

Between June and September 2005 for instance, the digital music industry players launched a wave of litigations across Asia., that included the famous cases like the Kazaa in Australia, Soribada in Korea, Kuro in Taiwan and Baidu in China laying down some key ground rules with global implications for the fight against illegal digital distribution.

"Asian telecom carriers and digital music industry distributors are basically keen to offer pirate-proof downloads not just for their own businesses but also for all the parties in the value chain," said Sarronwala of Soundbuzz.

And it appears that such efforts are yielding results. Total infringing music files are down by about 20 percent from April 2003 peak until end of 2005, during which broadband penetration rose 139 percent, he added.

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