

# MySpace buys imeem music site for under \$1 mln

December 8 2009, By RYAN NAKASHIMA , AP Business Writer

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The homepage of MySpace displayed on a computer monitor. MySpace on Tuesday announced that it has bought online music service imeem and is weaving it into the social networking community.

(AP) -- MySpace's online music venture with recording labels completed its purchase of song streaming site imeem on Tuesday, scooping up its 16 million users and mobile phone applications for less than \$1 million.

In a blog post, [MySpace](#) Chief Executive Owen Van Natta said the deal would allow the MySpace Music venture to integrate imeem's offerings over time.

One of imeem's functions that MySpace lacks is a mobile phone application that streams songs on Apple Inc.'s iPhones and devices using [Google](#) Inc.'s Android operating system, such as the new Droid phone.

"In the coming weeks, our team will be working to take the aspects of imeem that users love and migrate them to MySpace Music," he wrote.

The music industry continues to experience falling sales of CDs, while digital revenues have not yet made up the difference, in part because consumers tend to buy singles rather than full albums when they do pay for music.

Efforts such as MySpace Music and imeem are meant to allow people to listen and share music freely online, with revenue generated from advertising.

San Francisco-based imeem launched its free music business in 2007, but advertising revenues were lacking and the company was running out of money.

The price tag of less than \$1 million represents a bargain for MySpace and is an indication of how difficult the free music business remains.

In May, [Warner Music Group](#) Corp. wrote off its entire \$16 million investment in imeem and also forgave \$4 million it was owed by imeem in song royalties in exchange for a small, minority equity stake. Warner, [EMI Group](#) PLC, Vivendi SA's Universal Music and Sony Corp.'s [Sony Music Entertainment](#) are all part of the joint venture with MySpace, a unit of News Corp.

Imeem visitors are now being directed to MySpace Music, and imeem users who have set up profiles and song playlists will have them migrated over to the MySpace Music platform soon.

Imeem Chief Executive Dalton Caldwell, Chief Technology Officer Brian Berg, Chief Operating Officer Ali Aydar and Vice President of Sales David Wade are staying on as consultants during the transition. It is

not clear whether they will become permanent employees.

Imeem was majority owned by private equity firm Morgenthaler Ventures.

MySpace is revamping its [music](#) service under Van Natta, who took over in April as CEO from co-founder Chris DeWolfe.

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