

Smule buys fellow music app creator Khush

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(AP) -- Smule, maker of apps such as Glee Karaoke, is hoping to make beautiful music with fellow app creator Khush through an acquisition announced Thursday.

In an interview Wednesday, Smule Inc. CEO and co-founder Jeffrey Smith said the goal of combining the two companies is to democratize the creation of musical content and distribution. Smith said it is a cashand-stock deal, though precise terms are not being disclosed.

"Neither side really sees it as an exit, but more of an opportunity to scale faster," he said.

The companies have 27 million customers combined, 8.5 million of which come from Khush. A total of 350 million pieces of music have been created between them.

Khush Inc., which grew out of the Georgia Tech Music Intelligence Lab, has thus far focused on making music apps that use <u>artificial intelligence</u>. It offers three <u>iPhone apps</u> including Songify, a free app that records a user's speech and spits it out as a song (users can buy additional tunes to expand the app's capabilities). Another app, LaDiDa, sells for \$2.99 and does its best to turn a user's singing into a pitch-corrected song. The company is profitable, CEO Prerna Gupta said.

Palo Alto-based Smule, which makes music apps for the iPhone and <u>iPad</u>, has a similar business model. It sells apps such as Ocarina, a 99-cent <u>iPhone</u> app that lets users "play" their smartphone like a flute.



The app can also be used to <u>share music</u>. Other apps, like Glee Karaoke, are free and allow users to buy additional in-app items. Glee Karaoke users, for example, can purchase more songs to sing. Smule is not yet profitable, Smith said.

The companies began working together over the summer by showing ads for Khush's Songify app within Smule's Magic Piano app and vice versa, Smith said. He said about 20 percent of people who used one would try the other, which made the companies feel confident that combining would be beneficial.

Khush will continue to be run out of Atlanta and will operate somewhat autonomously, the companies said.

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