

SoundCloud expands into mainstream with paid streaming plan

March 29 2016, by Ryan Nakashima



In this March 22, 2016, photo, Eric Wahlforss, the co-founder and chief technology officer of Soundcloud, talks during an interview in Los Angeles. Soundcloud is entering paid music streaming, hoping to turn its huge community of cover singers, dubstep remixers and wannabe stars into a bigger source of revenue. Soundcloud will have a staggering 125 million tracks available when the paid tier, Soundcloud Go, launches Tuesday, March 29, about four times that of other paid services. (AP Photo/Richard Vogel)

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Since its launch in 2007, the Berlin-based online music service has allowed pretty much any audio to be uploaded to its cloud—from Kanye West outtakes to teenagers singing over canned music. It has slowly introduced tools to earn revenue, introducing paid services for artists in 2008 and ad revenue sharing for invited musicians in 2014.

But after signing deals with major labels, including holdout Sony Music this month, SoundCloud is adding a subscription plan for consumers, giving them ad-free listening and a whole range of music from mainstream artists that had shunned the service because it only gave tracks away for free, including top acts like Taylor Swift.

SoundCloud, privately held and with tech investors like Union Square Ventures and Kleiner Perkins, will have a staggering 125 million tracks available when the paid tier, SoundCloud Go, launches Tuesday. That's about four times other paid services.

The fast-growing field of paid music subscription services is already crowded, led by companies like Spotify, with 30 million paying subscribers, and Apple, which jumped to 10 million after launching last year.



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SoundCloud hopes to distinguish itself with its massive variety and huge audience of 175 million monthly listeners.

"We're at the very early days of streaming," said Eric Wahlforss, the co-founder and chief technology officer, in an interview. "The pie is going to be very large over time."

SoundCloud Go will cost \$10 a month and offer ad-free offline playback on mobile devices. It'll also allow artists to choose whether to give away

tracks for free or reserve them for paying customers—an option not allowed by Spotify, which depends on having quality free music to draw in prospective paying customers.



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Wahlforss said a key selling point for consumers is the many tracks on SoundCloud you won't find elsewhere.

"You're going to be able to listen to a Rihanna next to an emerging artist, next to a DJ set, next to a mashup in the same playlist," said Wahlforss. "It's new for us, it's new for the world."

For example, on SoundCloud you can find gems like a John Legend's cover of the Adele hit, "Rolling in the Deep." Or a 4-minute version of "30 Hours," a shortened take of one of the songs from Kanye West's latest album, "The Life of Pablo." The album version is exclusively streaming on competing music service Tidal.

SoundCloud's reputation for hosting music that is off the beaten path is what drew DJ Kaskade to the platform. Without saying whether he'll put music behind the pay wall, Kaskade's manager Stephanie LaFera said it has long been a place for the DJ to connect with fans looking to dig deeper than a standard release.

"We feel like we're speaking to an audience that's already with us, fans that are open to experimentation, sub-genres and all the quirks that come with the world of electronic music," she said.

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