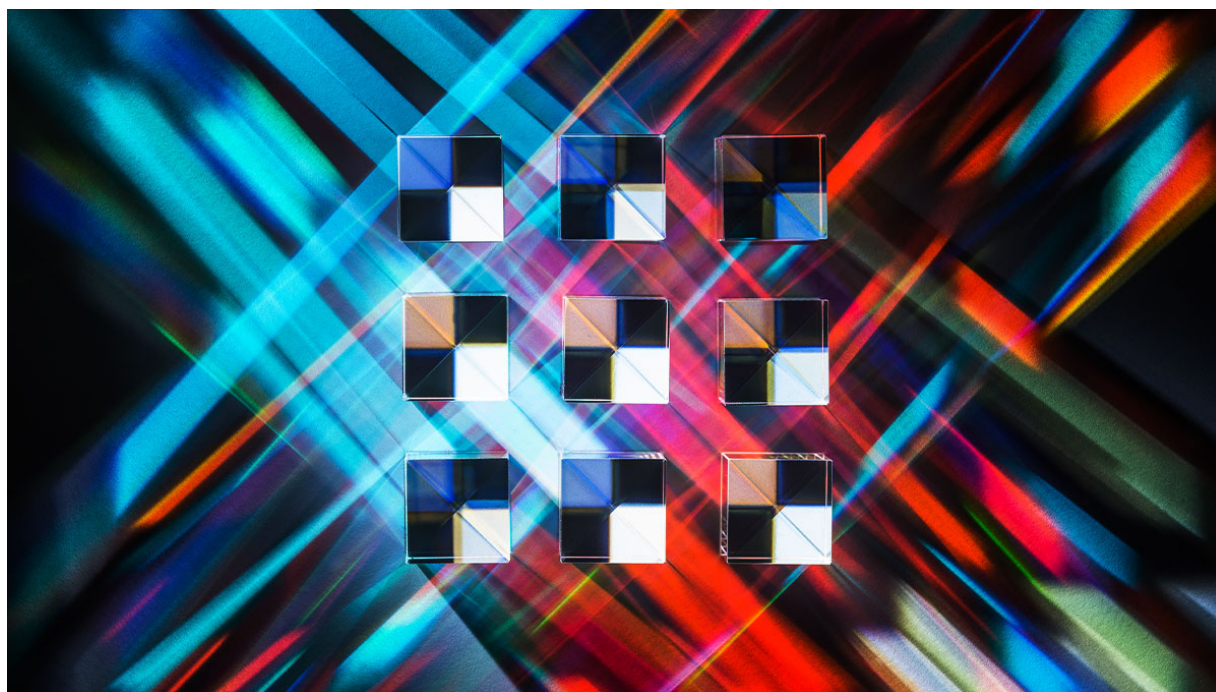


Blockchain Could Help Artists Profit More from Their Creative Works

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Anyone who follows the cultural industries — art, music, publishing, theater, cinema — knows of the tussles between artists and those who feed off of their talents. The traditional food chain in movie-making, for example, is a long one: Between those who create a film and those who pay for it — movie goers, cable subscribers, pay-per-viewers, advertisers, rights licensees, and institutional sponsors such as the National Endowment for the Arts — is a multitude of middlemen: online retailers (Amazon, Walmart), streaming video services (Netflix, YouTube, Hulu), theatre venues (Wanda's AMC, Regal, Cinemark), product placement and media agencies (Propaganda GEM, Omicom's OMD), film producers (Columbia Pictures, Marvel Studios, Disney-Pixar), movie distributors (Sony Pictures, Universal, Warner Bros.), home marketers (Fox, HBO), cable and satellite services (Comcast, DirectTV), video syndicators (PMI, TVS), film libraries and archives (Eastman House, Getty Images), and talent agencies (WME, CAA, ICM), each with its own contracts and accounting systems. That's a staggeringly long list.

Each of these middlemen takes a cut of the revenues and passes along the rest, with the leftovers typically reaching the artists themselves months later, per the terms of their contracts.

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So concentrated is the power in this feeding frenzy that many actors have taken themselves off the menu by launching their own companies within the existing industry model. The same is true in music, too. For example, Grammy-award winning singer-songwriter Imogen Heap has been a pioneer in the field with the launch of Mycelia, a think-and-do-tank whose goal is “to empower a fair, sustainable and vibrant music industry ecosystem involving all online music interaction services,” using blockchain. Artlery, a company founded by technologists and artists, is attempting the same thing for physical art such as sculptures and paintings. But for most artists and creators, that’s not an option.

How Blockchain Works

Here are five basic principles underlying the technology. 1. Distributed Database Each party on a blockchain has ...

Enter blockchain-based platforms and programmable templates called *smart contracts*. Blockchain is a new technology platform, running on millions of devices and open to anyone, where not just information but anything of value — money, titles, and deeds, but also music, art, scientific discoveries, and other intellectual property — can be moved and stored securely and privately, where trust is established not by powerful intermediaries like movie studios, streaming services, banks, or other companies, but rather through mass collaboration and clever code.

Combine this powerful new technology with an artistic community that values inclusion; integrity; transparency in deal making; respect of rights; privacy; security; and fair exchange of value, and you’ve got yourself a new ecosystem for motion pictures, video games, and other creative pursuits.

“A lot of untapped creative energy is wasted on the practicalities that living in a centralized paradigm foster,” writes Zach LeBeau, CEO of SingularDTV, a blockchain-based digital content management and distribution platform. His vision is to decentralize the entertainment industry so that creative individuals can profit from the films, videos, games, and art they help to make. He expects decentralization to “realize a world that utilizes the greatest potential of every person.”

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LeBeau's vision is not a pipedream. Various companies are already collaborating on the blockchain to develop an ecosystem with artist-friendly features, such as:

- **Value templates** to construct deals that respect the artist as an entrepreneur and equal partner in any venture. LeBeau considers the engine of SingularDTV to be its smart contract system, which continually directs the flow of funding to, and revenues from, projects per the automated terms of agreement.
- **Funding mechanisms** whereby artists can raise venture capital. For example, actor Mitzi Peirone plans to use WeiFund, a blockchain-based crowdsale platform, to fund part of her debut thriller, *Braid*. Unlike Kickstarter or Indiegogo, WeiFund turns supporters into investors who share in the profits, should a film become profitable.
- **Inclusive revenues** that use self-executing smart contracts to divide profits fairly and without delays according to each person's contribution to the creative process. This benefits not just actors, screenwriters, and directors, for example, but also other artists and engineers.
- **Transparent ledgers** distributed on the blockchain so that everyone can see how much revenue a film is generating and who is getting what percentage.
- **Micrometering** and **micromonetizing** functionality to stream the revenues immediately to the artists and contributors, the way a film itself streams to online viewers. For example, filmmakers can monetize their content directly by making it available through Wiper, an encrypted messaging app that comes with a bitcoin wallet. Consumers can view films on their mobile devices in exchange for bitcoin.
- **Usage data analytics** in the hands of artists at last, to attract the right merchandisers and distributors, plan promotions, and crowdfund resources for future creative collaborations with other artists.
- **Digital rights management (DRM)** — that is, the deployment of smart contracts to maximize the value of digital rights in a database. For example, SingularDTV represents film, television and software projects on the blockchain as SNGLS tokens.
- **Piracy protection** though public key infrastructure, which enables artists to exchange their assets securely with consumers over networks. For example, Custos Media Technologies, a South African startup, has deployed the bitcoin blockchain to track media piracy by incentivizing the file-sharing community to police pirated content.
- **Dynamic pricing mechanisms** to experiment with promotions and auction-style schemes that could even tie pay-per-view and advertising rates to the online demand for a film.

- **Reputation systems** that cull data from a token address's transaction history and social media, to create a reputation score for that address. Artists will be able to establish their own credibility as well as that of prospective partners and refrain from doing deals with entities that fall short of reputational standards or lack necessary funding in their accounts.

In this new ecosystem, we see a place for Netflix and YouTube; a place for studio curation; and a place for fan-generated content. The film industry will still need people to sift through the hundreds of millions of hours of video created every day all over the planet. The key point is that the artists themselves will finally be feasting at the center of their own ecosystem, not starving at the edges of many others.

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