

GLOBAL GAUNTLET AI | STRATEGIC INTELLIGENCE

AI & Bitcoin Are Rewriting Music

How Artificial Intelligence and Blockchain Are Dismantling the Old
Guard and Creating a \$60B+ Paradigm Shift in the Music Industry

JJ SHAY · FEBRUARY 2026



THE WAKE-UP CALL

82%

of listeners cannot tell the difference between AI-generated music and tracks composed by humans.

Meanwhile, Deezer receives **20,000 fully AI-generated tracks per day** — 18% of all uploads. The line between human and machine is already gone. The question isn't *if* this changes everything. It's whether you're positioned on the right side of the disruption.



The Numbers Don't Lie

\$6.2B

AI Music Market Size (2025)

\$38.7B

Projected Market Size by 2033

25.8%

Compound Annual Growth Rate

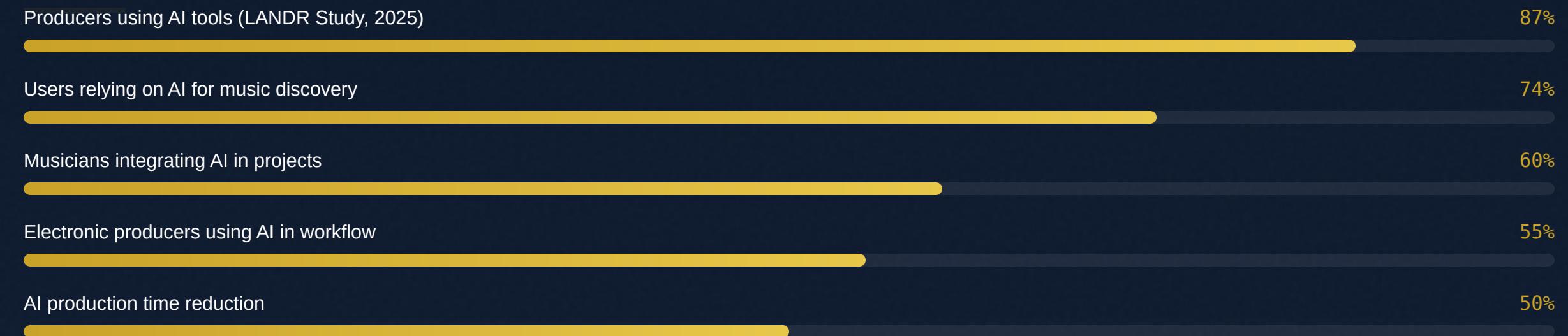
\$29.6B

Global Recorded Music Revenue (2024)

The AI music market is expanding nearly **tenfold** in a decade. For context, the entire global recorded music industry doubled from \$14B to \$29.6B over the *last ten years*. AI alone is about to match that pace in a fraction of the time.

ADOPTION VELOCITY

Artists Are Already In



The question is no longer *if* you'll use AI — it's **how** you'll select the right tools to build a smarter, more profitable career.

The New Studio Is Software

Composition & Melody

Tools like AIVA, Suno, and Udio generate full compositions from text prompts. Suno raised \$125M in Series B (2024). AI can produce a basic melody in under 2 seconds.

Mastering & Mixing

AI mastering platforms like LANDR rival human engineers. 87% of producers already use these tools, cutting post-production time and costs dramatically.

Voice Synthesis

ElevenLabs launched Eleven Music (Aug 2025). Vocal cloning and AI harmonization enable virtual duets and AI-powered covers trending on TikTok.

Discovery & Curation

Over 50% of top-20 global hits are shaped by AI recommendation algorithms. Spotify, Apple Music, and Amazon Music drive engagement up 40% with AI-driven playlists.

GENRE BREAKDOWN

Where AI Is Making Music

Musicful analyzed **2.7 million AI-generated songs** (Q1–Q3 2025) to map genre adoption:

GENRE	SHARE OF AI OUTPUT	TREND
Pop	22.5%	Dominant — highest volume
Hip-Hop / Rap	22.1%	Near-parity with Pop
Rock	9.0%	Steady adoption
R&B / Soul	5.0%	Growing niche
Electronic / EDM	—	55% of producers use AI

Pop and Hip-Hop together account for nearly **45%** of all AI-generated tracks. These are the genres that move culture — and AI is already embedded.

STRATEGIC INSIGHT

The Authenticity Paradox

Here's the tension at the heart of this revolution: 82% of listeners can't distinguish AI music from human music — yet 35% explicitly prefer human-created tracks, citing emotional depth and authenticity.

Meanwhile, 65% of musicians believe AI risks outweigh benefits, and 97% of creators demand transparency in AI training data. The technology is ready. The ethics aren't.

"There is no demonstrable consumer demand for AI-generated music. Human artists are more than capable of satisfying the demand for new music."

— IFPI Global Music Report, 2025

IFPI isn't wrong about demand — yet. But they said similar things about streaming in 2014. The smart money bets on adaptation, not resistance.

FOLLOW THE MONEY

\$700M+ Invested in H1 2025

Music-tech startups raised over **\$700 million** in the first half of 2025 alone (Water & Music). Here's where capital is flowing:

COMPANY	ROUND	AMOUNT	FOCUS
Suno	Series B (2024)	\$125M	Generative AI composition
Udio	Series A (2024)	\$60M	AI music generation
Musical AI	Seed (2025)	\$1.5M	Audio modeling & rights
Spotify	Multi-year partnership	—	AI tools with Sony/UMG/Warner
STIM	License launch (Sep 2025)	—	AI training license for rights

When Spotify partners with all three major labels on AI — the signal is unmistakable. This isn't experimentation. It's infrastructure.

PART II: THE BLOCKCHAIN REVOLUTION

Now Let's Talk About the Money

AI creates the music. Bitcoin and blockchain fix how artists get paid for it. Smart contracts. Tokenized royalties. NFT ownership.

The middleman's worst nightmare.

Smart Contracts

NFTs

Tokenized Royalties

DeFi

THE PROBLEM

Music's Payment System Is Broken



66–80% market control by Sony, Universal, and Warner. Three companies dictate how billions flow — and how little reaches artists.



Months-long payment cycles. Royalties pass through layers of intermediaries, each taking a cut, before reaching the creator.



Metadata chaos. Incomplete or inconsistent rights data means artists lose revenue they've rightfully earned.



Opaque accounting. Artists can't independently verify what they're owed. The system relies on trust — which has been repeatedly broken.



Streaming pays fractions of cents. A million streams might net an artist \$3,000–\$4,000. Labels keep the lion's share.



No secondary market upside. When music appreciates in cultural value, artists see zero additional compensation.

Blockchain Rewires the System

Smart Contract Royalties

Royalty splits encoded in immutable smart contracts. When a song is played, payments distribute **automatically** to all stakeholders in real-time. No middlemen. No months-long delays.

Immutable Ownership

Every transaction — who owns the song, how royalties split, who gets paid — is permanently recorded on-chain. Transparent, auditable, and fraud-resistant.

Tokenized Rights

Artists can fractionalize ownership. Sell 10% of a song's royalties to fans. Fans invest in artists they believe in and share in the upside. A new asset class is born.

NFT Music Assets

Music NFTs represent verifiable ownership of unique digital assets. Artists retain 80–90% of primary sales and earn perpetual royalties on secondary market resales via smart contracts.

From \$72M to \$1B+

\$72M

Music NFT Market (2023)

\$1.04B

Projected by 2033

30.6%

CAGR Growth Rate

Pioneer Moves

ARTIST	ACTION	RESULT
3LAU	Tokenized "Ultraviolet" album	\$11.6M in sales
Kings of Leon	First album released as NFT	\$500K+ donated to event workers
Nas & Diplo	Sold streaming royalties on Royal.io	Fans earn royalties directly
Disclosure	Single song NFT sale	\$69,000
Snoop Dogg	NFT music collections	Expanding blockchain catalog

Platforms Cutting Out the Middleman



Audius

Blockchain-based streaming with millions of users. Artists upload directly, receive cryptocurrency rewards, maintain full control. No label required.



Royal.io

Artists sell fractional streaming royalties as tokens. Fans become stakeholders. Nas and Diplo pioneered the model. Investment meets fandom.



Emanate

Real-time micropayments for every play. Smart contracts split revenue instantly among all collaborators. Transparent from first listen to final payout.



Open Music Initiative

OMI develops open standards for rights and royalty distribution. Industry-wide collaboration to make blockchain interoperable across platforms.

These aren't theoretical. They're operational. They're processing real transactions for real artists who got tired of waiting for checks that never came.



AI + Blockchain = The Full Stack

Here's where it gets powerful. AI and blockchain aren't parallel tracks — they're converging into an integrated system that handles **creation, ownership, distribution, and payment** in a single pipeline.



AI creates. Compose, produce, master, and mix a track using AI tools. What took weeks now takes hours.



Blockchain authenticates. Ownership, splits, and rights are encoded on-chain the moment the track is minted. Immutable and verifiable.



Smart contracts distribute. The track goes live on decentralized platforms. Every play triggers automatic micropayments to all stakeholders.



Tokens create markets. Fans invest in the track. Secondary trading generates perpetual royalties. The song becomes a financial asset.

Copyright in the Age of AI

Key Tensions



45% of industry stakeholders cite copyright ambiguity as their top concern around AI music.



97% of creators demand transparency in how AI models use their training data.



83% push for stronger protection of Indigenous Cultural and Intellectual Property.



77% worry about uncredited use of their work to train AI systems.

Emerging Solutions

STIM AI License (Sep 2025)

Sweden's rights org launched a license letting AI companies legally train on copyrighted music with artist consent and fair compensation.

LANDR Fair Trade AI

Artists opt music into training datasets and earn additional royalties. Ethical AI training with creator compensation built in.

Spotify + Label AI Partnership

Multi-year deal with Sony, UMG, and Warner to develop AI tools using properly licensed data.

EVOLUTION TIMELINE

How We Got Here



EYES WIDE OPEN

The Risks Are Real

No honest analysis ignores the headwinds. Both AI and blockchain face significant adoption barriers that will shape the next 3–5 years.

AI Challenges



Copyright ambiguity — Who owns AI-generated music? No global consensus exists yet.



Authenticity concerns — 35% of listeners still prefer human-created tracks for emotional depth.



Content flooding — 20,000 AI tracks/day on Deezer threatens to drown human artists in noise.



Royalty disruption — 65% of musicians fear AI risks outweigh benefits for their livelihood.

Blockchain Challenges



Scalability — Processing high-volume micropayments strains current blockchain infrastructure.



Metadata mess — Rights data is incomplete across the industry, limiting blockchain's effectiveness.



Regulatory uncertainty — Tokenized rights raise securities law questions globally.



Crypto volatility — Price swings make earnings unpredictable for artists paid in tokens.

THE STRATEGIC QUESTION

Are You Building the Future — or Getting Disrupted by It?

Every industry stakeholder — from labels and publishers to independent artists and tech platforms — faces a binary choice: lead the transformation or become a case study in what happens when you don't.

KEY TAKEAWAYS

Three Truths to Build On

01 — AI Is the New Studio

87% of producers already use AI. The market is growing at 25.8% CAGR to \$38.7B by 2033. AI isn't replacing musicians — it's giving every musician a world-class production team. The artists who learn to collaborate with AI will dominate the next decade.

02 — Blockchain Fixes the Money

Smart contracts eliminate months-long payment delays. Tokenized royalties create new asset classes. NFTs give artists 80–90% of primary sales plus perpetual secondary royalties. The old intermediary model doesn't survive this.

03 — Convergence Is the Play

The real opportunity isn't AI or blockchain — it's both. Create with AI, authenticate and distribute with blockchain, monetize with smart contracts and tokens. The full-stack approach creates compounding advantages.

"Throughout the recording industry's more than 100-year history, artists and record companies have embraced, constantly adapted to and collaborated with new technologies."

— IFPI / WIPO Magazine, 2025

