Will DRM Save the Record Industry?

Without a doubt the single most influential agent of change in business trends in the last ten to twenty years has been the internet. There is virtually no business segment or market that has gone unchanged by this powerful force. But of all of the various businesses impacted by cyberspace, the music industry has to the one that has seen the most dramatic change and the greatest challenge to keep up, adapt and survive an onslaught of change unprecedented in its history.

The first major challenge that cyberspace brought to the music business was a complete shift to how music would be sold to music fans worldwide. In what can only be described as an avalanche, the music buying public virtually abandoned conventional record stores and retail outlets and took the majority of their music purchasing business online. But this mass influx of business could not be tracked to any one web site that was executing the revolution. Because of a revolution in how bands and Indie record labels do business online, the music audience followed and began buying their CDs and even concert tickets directly from artists or record labels online and getting those products instantly via downloads.

But as drastic as the market changes this paradigm shift in consumer behavior represented, it was nothing compared to what the internet had in store for the music world. The next wave of change represented a threat to the music business so serious that it had the potential of putting the music industry out of business forever. When music consumers began to share digital music electronically over the internet using file sharing software such as Kazaa, Limeware and BitTorrent, suddenly it was possible for a music customer to access all the music they wanted for free by simply downloading this music from another internet user's computer.

The plummet in music sales as result of these two forces was drastic and traumatic to the music world in general. At first, the music business executives were at a loss of exactly how to go about stopping the widespread file-sharing phenomenon. They tried to shut down the software services that provided the networks to users with lawsuits and other punitive actions. These litigations took a long time and cost a huge amount of money and all the while the flood of free music going out over the internet continued to increase. Worse of all, when they did slow down one file sharing network, it seemed many more cropped up to replace it which began to look like a nightmare scenario of constant lawsuits against a never-ending and constantly growing enemy.

Public pleas to the music loving public were another attempt to appeal to the conscience of the music world that if artists could not get paid, there would be no more new music. But the opposite seemed to be the case. As more and more Indie musicians began to capitalize on file sharing and using it as a method of marketing, the quantity and quality of good music only seemed to increase in this new music marketplace.

The final attempt seemed to be this technology called DRM. DRM is a digital

"lock" that would be required to go on every piece of music released on the internet. Music with DRM would not be playable except to customers who had a legal right to use it. At first, this seemed like a viable solution. But even DRM didn't stop the flood of lost revenue through file sharing. And hackers seemed more than happy to learn to undo any technical locks the music industry could come up with.

So as we move into the last half of the first decade of this century, the music industry is learning to work with this new music marketplace rather than fight it. And by learning lessons from the Indie labels and how to serve customers in a digital world, there seems to be a new solution on the way but one that is dictated on the customer's terms rather on the terms of the big music labels. Somehow, that seems like it is the way it should have been all along.

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