

GREEN SPECIAL 2010
41 WAYS TO MAKE MUSIC GREENER

BIONIC WOMAN
CHRISTINA AGUILERA'S BIG RETURN

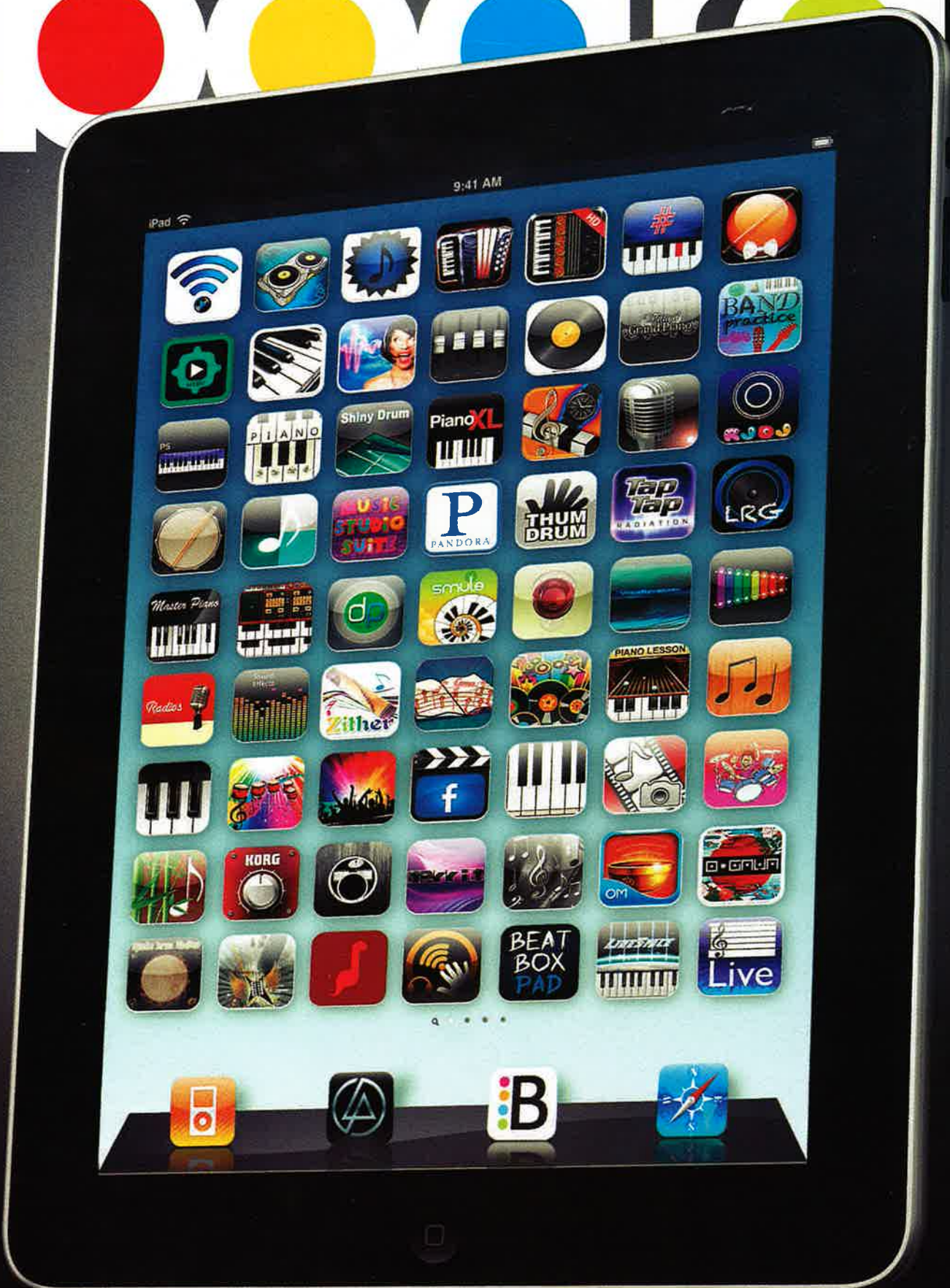
SOUNDCAN REPORT
DECLINE SLOWS IN FIRST-QUARTER ALBUM SALES

RHAPSODY TO GO
NEW PRESIDENT SEES LIFE IN SUBSCRIPTIONS

JUST SAY NOLA
'TREME' CREATOR DAVID SIMON TALKS JAZZ

Billboard

THE NEXT KILLER APPS

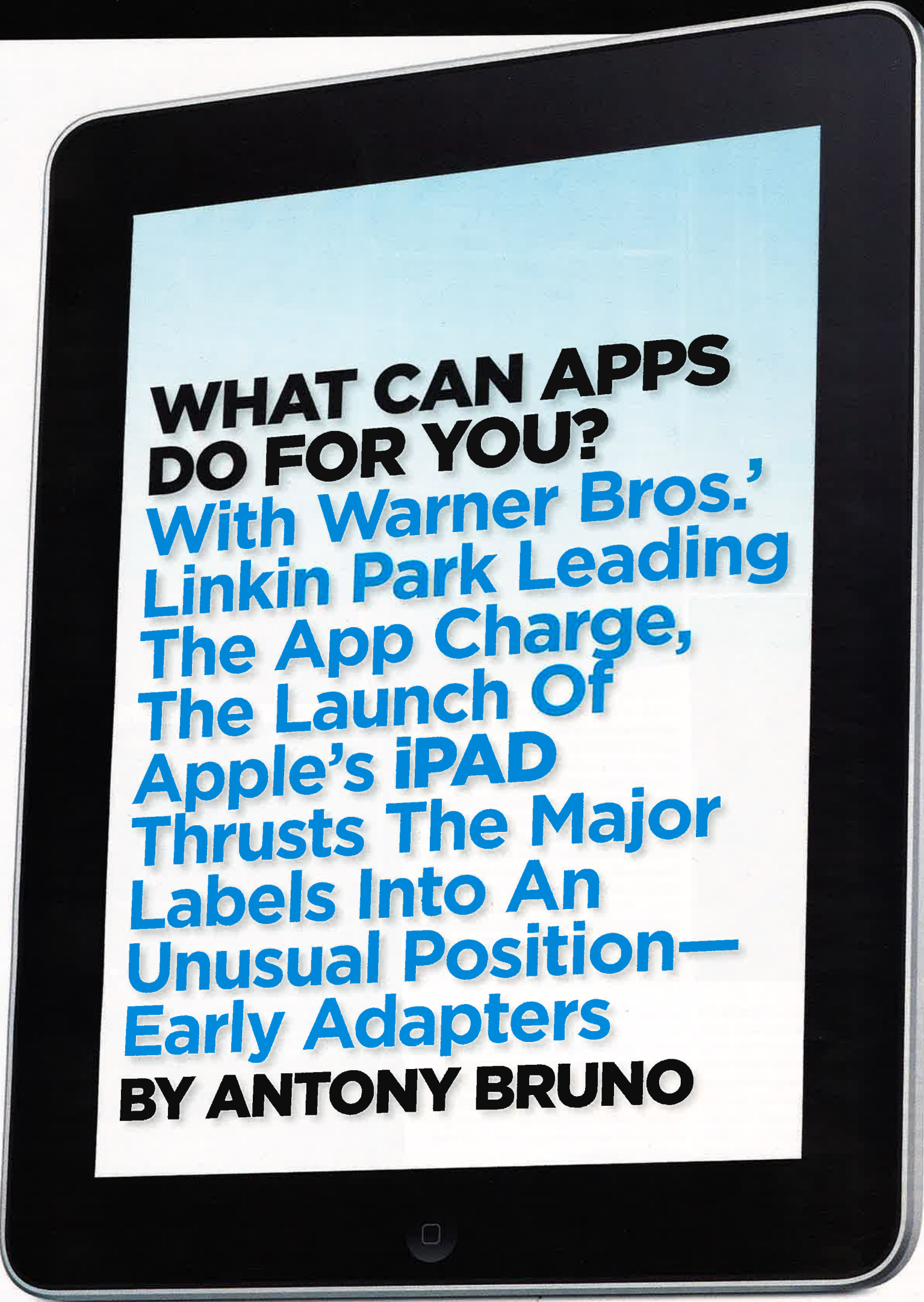


A Complete Guide to Music On The iPad
The 10 Developers You Need To Know
Inside Linkin Park's State-Of-The-Art Game

Billboard

APRIL 17, 2010
www.billboard.com
www.billboard.biz
 US \$6.99 CAN \$8.99 UK £5.50

#BXNCTC *****3-DIGIT 801
 #154964NB/CB/5#SAMPLE 001 K01 000/002
 ANTHONY BRUNO
 BILLBOARD
 UNIT J
 8547 E ARAPAHOE RD
 GREENWOOD VILLAGE CO 80112-1430
 008788
 \$6.99US \$8.99CAN



**WHAT CAN APPS
DO FOR YOU?**
**With Warner Bros.’
Linkin Park Leading
The App Charge,
The Launch Of
Apple’s iPad
Thrusts The Major
Labels Into An
Unusual Position—
Early Adopters**
BY ANTONY BRUNO

When avid technophile Mike Shinoda was approached backstage last year with an idea for developing a Linkin Park iPhone game, the band's co-frontman knew he wanted it to be more than just another run-of-the-mill artist app. "It was important to us to do something creative and fun," he says. "We didn't want to throw a bunch of songs at the game, slap our name on it and cash the checks." The result is "8-Bit Rebellion," a soon-to-be-released iPhone game with an iPad version on the way. Whereas most artist-branded games tend to be rhythm-based, "8-Bit Rebellion" is an action game that has users fighting enemies alongside members of the band. The soundtrack features several Linkin Park hits in both standard and 8-bit fidelity, plus an exclusive track, "Blackbirds," for fans who complete the game. But according to Maryanna Donaldson, creative director of the game's developer, Artificial Life, the real innovation was the degree to which Linkin Park was involved. Each band member helped design a different "district" in which the game takes place, personalized to his individual interests. Shinoda himself designed the members' avatars and edited every line of dialogue. The process wound up taking the better part of a year, but Donaldson says the result sets a new bar for artist-branded apps.

"For it to be top quality and appealing to the fan, the artist should be very involved," she says.

Meanwhile, the band's label, Warner Bros. Records, is supporting the app's launch with a movie-style trailer that will run in the IGN gaming community as well as virally through Linkin Park's YouTube channel. There will also be a Web site where fans can create and post 8-bit avatars of themselves.

"We're treating this like the release of a Linkin Park album or song," Warner Bros. Records senior VP of new media Jeremy Welt says.

For critics of the music industry's approach to the app market, this is the kind of thing they've been waiting for. Labels that just six months ago said they were still evaluating the mobile app opportunity are today pointing to a cohesive strategy around the app and mobile market with a focus on

revenue-generating products. Much of that relies on artists who—inspired by the breakthrough success of Smule's "I Am T-Pain" app (more than 1 million downloads)—are now approaching mobile apps as a canvas of creative expression instead of simply promotion and distribution.

And Apple is upping the stakes for all with the newly introduced iPad, which sports not only new features but also opens up an entirely new class of apps, based on ways developers believe the device will be used. According to a recent comScore survey, music ranks third among the potential uses of the iPad, behind Web browsing and e-mail.

Solidifying the labels' newfound strategy is a simple breakdown of cost vs. revenue. Spending up to \$50,000 or more to create what amounts to little more than a mobile expression of an artist's Web site and then giving that away for free isn't a sustainable model. So major labels are instead turning their attention to optimizing their artists' Web sites for mobile browsers and skipping free apps altogether.

"The development costs of launching what are essentially Web content/marketing apps for multiple open-market app platforms are very, very high," Sony Music VP of global account management Sean Rosenberg says. "There are different ways of utilizing the mobile Web to meet our goals."

Instead, the focus is now on paid apps, preferably ones that offer something novel and entertaining. At the music-group level, that means creating games and other apps that can tap a label's entire catalog, such as the "Six String" app recently released by Universal Music Group, which in addition to the six songs included at sale also lets fans buy and download additional tracks over time for 99 cents each. The app costs \$5.

At the label level, it's all about the individual artist app. Warner Bros. Records senior VP of digital music Jack Isquith expects artist apps to be a significant revenue generator for the acts involved, more so than

simply licensing music to multi-artist apps like "Tap Tap Revenge" or even from the mobile extensions of streaming radio services.

"When we get to 2011 and 2012, the biggest opportunities are going to be having real hits with artist-specific apps," he says.

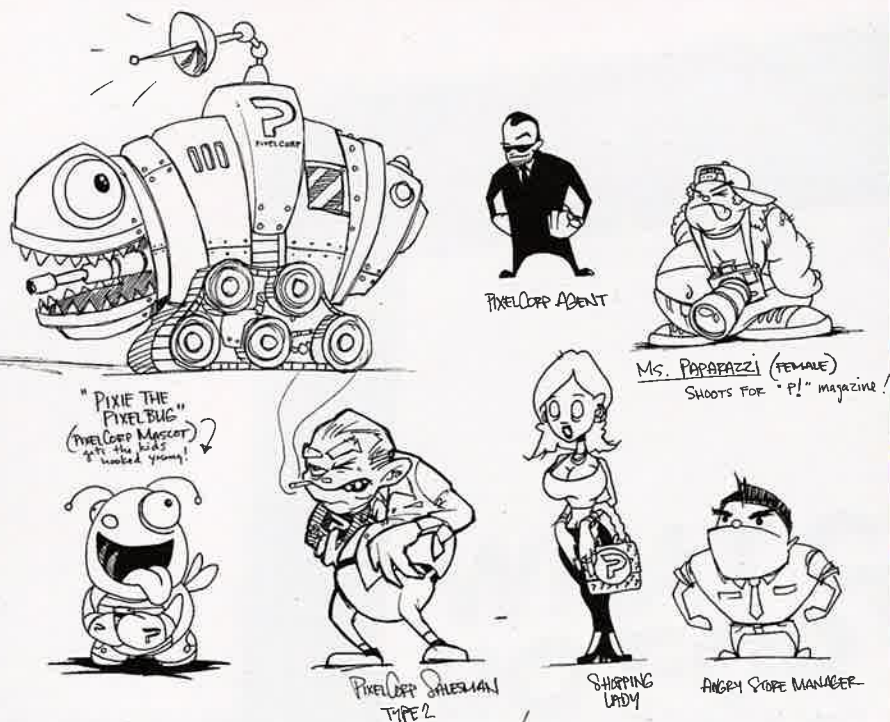
Research firm Gartner predicts mobile app revenue will increase worldwide from more than \$6 billion this year to almost \$20 billion by 2013, with the number of apps downloaded jumping from 4.5 billion to more than 21 billion in the same time frame.

But not every artist will have that opportunity. Labels are being very strategic about which acts from their rosters will get the app treatment. Isquith says the key is to select acts that have a proven track record of digital sales, a digital-savvy fan base and are engaged in creating the app itself. And developers hoping to capitalize on this interest should be prepared to shoulder much of the upfront risk, as labels are no longer interested in paying flat-fee development costs.

"We want developers to feel like they're being treated fairly, but to us this isn't like making albums and taking those types of risks," Isquith says. "We're really open-minded, and we've done some deals where we've financed the front end, but that's rare. More often we do a rev share and the risk is taken by the developer, but in turn we're making very tangible commitments to what our marketing and promotion will be for the app."

The advent of the iPad, meanwhile, opens a whole new market for apps and music services to the music industry. Although any iPhone app will work with the iPad, developing iPad-specific versions takes better advantage of the device's more advanced features, such as larger screen size, processing power and high-resolution visuals.

Getting in on the iPad early is significant. While iPhone apps have more than 150,000 other apps to compete with for attention, the iPad launched with slightly more than



3,000 available, and Apple said more than 1 million apps were downloaded to the device during the first weekend it was for sale. Many are music-related—such as the Shazam music ID service, Pandora's customized Internet radio and new music games like "Tap Tap Radiation" from Tapulous and Smule's "Magic Piano."

What kinds of apps are developed for the iPad going forward depends on how the iPad

is used, something no one is certain of given that it's a new device category. Apps monitoring firm Flurry says more than 40% of the apps in development for the iPad are games, so there's likely to be more "8-Bit Rebellion"-type games from artists who want to target iPad users.

Yet while some critics have called the iPad an oversized iPod Touch, there are several important differences between the devices

that may lead to other uses. Its larger size has many expecting it to be a less portable device, meaning it will likely be used mostly in the home in areas where consumers don't use their laptop or desktop computers. It also features a larger screen with better resolution for photos and videos, a more sensitive touch screen and longer battery life, so users are likely to interact with content on the iPad longer and in more diverse

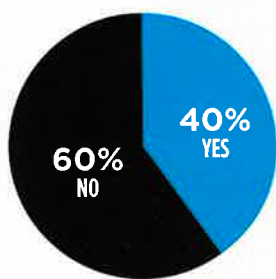
ways than on the iPhone.

This has developers creating apps for the iPad that are more immersive, or "lean-in," and designed to be used for hours, which is much different from the apps created for the iPhone that are meant to be used for only a few minutes. The driving theory is that the iPad will prove the missing link needed to bring digital entertainment to the living room.

THE BILLBOARD POLL: APPS

We surveyed a dozen top APP DEVELOPERS on their plans for the iPad and the music biz's steep learning curve.

1. Did you have an app for the iPad available for sale at launch?



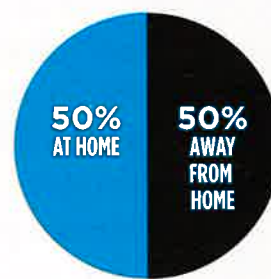
2. If not, are you developing or planning to develop apps for the iPad?



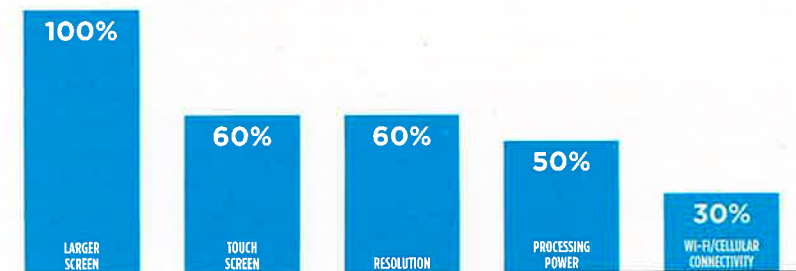
3. Will the iPad be more or less of a music platform than the iPhone?



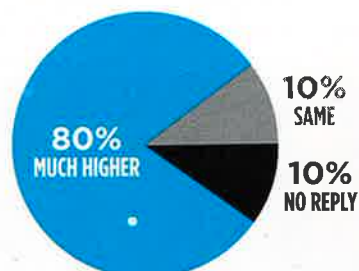
4. Where will iPad users interact with the device most?



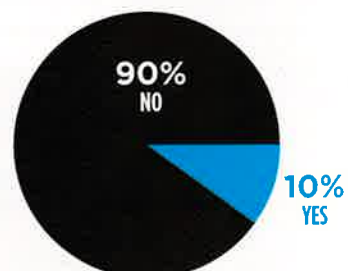
5. Which of the following iPad features are you excited about?



6. How will your 2010 revenue compare with your 2009 revenue?



7. Does the traditional music business "get" the app business?





Linkin logs (from left, opposite page): Character sketches from '8-Bit Rebellion'; MIKE SHINODA in the studio; '8-Bit' title page (top); the reward that awaits users who complete the game.

"The iPad is going to broadly redefine home entertainment," says Jeff Smith, CEO of Smule, which raked in around \$3 million in revenue last year and in December scored another \$8 million in third-round funding. "What we're seeing is the impact of two trends—gaming and social. So the opportunity as it relates to music is to have a shift in thinking in how you interact with music. What 'Guitar Hero' started will accelerate with the iPad."

Labels also hope the iPad will spark a return to the album format, specifically for the iTunes LP format.

"It's going to be interesting to see if it can bring that space to life," Sony's Rosenberg says. "Now that they have a device that's better-suited for the experience, there is a renewed focus on it. It's been a big part of conversation for major artist releases. It's definitely on the agenda now."

How aggressively that agenda is pursued depends on sales. Apple said the iPad sold more than 300,000 units its opening weekend, which exceeds initial sales of the iPhone. Morgan Stanley analyst Katy Huberty in a recent research note predicted 8 million-10 million iPad shipments this year with sales of 6 million. More than 2 million of those sales should occur in the first three months. Piper Jaffray analyst Gene Munster predicted sales of 4.3 million for the year after analyzing first-weekend results.

What's not yet fully clear is how digital music services will approach the device. While Napster and Rhapsody allow on-demand streaming via the Web, that functionality won't work on the iPad because it doesn't support the Flash technology from Adobe to do so. Rhapsody's iPhone app will work on the device, but the company is waiting for Apple to add the ability to run apps in the background before developing an

iPad-specific version. Napster won't release a mobile app version of its service until it can reach a better deal with the labels for mobile access to its service. MOG, meanwhile, which recently released a mobile app of its own, says it's working on an iPad app, but details or a timeline aren't yet available.

Should the iPad indeed be the in-home digital entertainment solution so many are seeking, it stands to reason that all music services will want to have a presence on the device. But looming over all these plans is Apple's much-rumored cloud-based music service, which sources say it's developing with help from the executive team behind Lala, which it purchased last year.

One thing is certain—the music industry is no longer holding back. Whereas it took the better part of a year for the industry to warm up to music apps, the lessons of the last 18 months are already being applied for the iPad.

"We're going to carefully watch for changes in the app marketplace three and six months from now, but we already think it's a business we need to be in," Warner's Isquith says. "It's impossible for us to imagine that anything we see and learn is going to push us away. We're committed to the app marketplace." ...

Billboard is now collecting entries for its first Mobile Music App Awards, honoring the best music-related mobile apps created for today's mobile phones. Submissions will be accepted through Aug. 1, with the winners announced at Billboard's Mobile Entertainment Live conference, taking place Oct. 5 in San Francisco as part of the CTIA Wireless I.T. @ Entertainment event.

For more information on how to submit apps for consideration, contest rules and other details, go to mobileentertainmentlivefall.com.

THE APP KINGS

Coming up with a good idea for an app is only half the battle—you also need to partner with the right developer to bring the concept to fruition. Based on feedback from label executives and industry experts, Billboard rates the top developers based on their areas of expertise.



LES BORSAL, founder

IF YOU'RE IN THE MARKET FOR A KARAOKE APP:

GRIDMOB

Although a relative newcomer, Los Angeles-based GridMob (gridmob.com) has quickly emerged as the top karaoke iPhone app developer. Its "iOKi" karaoke app, launched in November, allows users to perform songs included in the app, as well as the ability to buy and download additional tracks and send their recordings to friends. It has deals with

EMI, Sony/ATV, Universal Music Publishing Group, Disney Music Group and Warner/Chappell. The company also created a Lady Gaga-branded version with Interscope that functions much the same way, but with customized theme and song selection.

Also check out: Rain (gravitymedia.com)

IF YOU'RE IN THE MARKET FOR A REMIX APP:

SKYROCKIT

Formerly known as Moderati, Skyrocket (skyrocket.com) is the company behind the Romplr iPhone remix platform, where fans of participating artists can remix their songs and share them with friends. It's been used by such acts as Soulja Boy Tell'Em, 50 Cent, LMFAO and Jeremih. It also has a stand-alone "ReMix" app with sponsor Vitamin Water for remixing any of the included songs, which are updated on a regular basis. **Also check out:** ZooZBeat (zoozbeat.com)



JON VLASSOPOULOS, CEO

IF YOU'RE IN THE MARKET FOR A GAMES APP:

ARTIFICIAL LIFE

There haven't been many artist-based mobile games outside of the rhythm-game genre, but Artificial Life (artificial-life.com) is one of few developers addressing this nascent space. It created "8-Bit Rebellion" from Linkin Park and last year's "Robbie Williams Racing." It even did a mobile game for Tokio Hotel before the iPhone or App Store even existed.

The company is particularly focused on licensed games, creating titles for the Starz original series "Spartacus: Blood and Sand," the movie "Shooter" and others for Red Bull and BMW. **Also check out:** Tapulous (tapulous.com)



EBERHARD SCHONEBURG, chairman/CEO

IF YOU'RE IN THE MARKET FOR A MUSIC-CREATION APP:

SMULE

Few developers have staked out their claim on the music app space like Smule, or Sonic Mule (smule.com). The company made a huge splash with apps like "Leaf Trombone" and "Ocarina" that allowed users to create their own music. It then took on artist-based apps with "I Am T-Pain," the best-selling music app. It now has a music game for the iPad called "Magic Piano" and a new iPhone game based on TV's "Glee." The company insists on retaining creative control, but it has yet to have a flop. **Also check out:** RJDJ (rjdj.me)



JEFF SMITH, CEO

IF YOU'RE IN THE MARKET FOR AN ENTRY-LEVEL APP:

MOBILE ROADIE

Sometimes an artist wants a basic app, without the bells and whistles, high costs or long development times. More than 100 artist- and music-related services have apps in Apple's App Store using Mobile Roadie's technology (mobileroadie.com). The company charges a \$500 setup fee and \$29 for monthly hosting where applicable. It also supports the iPhone and Android platforms and has an iPad version in the works. **Also check out:** iLike (ilike.com) —AB



MICHAEL SCHNEIDER, CEO