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Shawn Fanning's New Tune

By John Heilemann, April 27, 2005

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Snocap has already signed both Universal Music and Sony BMG, which together account for nearly half of the worldwide music market. And the company is optimistic about landing the other majors. As Snocap's director of business development, Alex Rofman, puts it, "After all the millions [the labels] spent on litigation, and all the goodwill lost with their customers, P2P usage is bigger today than it was five years ago. So when we walk in and say, 'There's a better way to do this,' it's not exactly a no-brainer -- because there's still a lot of resistance to change in these organizations -- but it makes sense to them on a business level."

The trickier task for Snocap will be persuading P2P services to join. Some are philosophically opposed to any form of centralization. Others fear that any decrease in the selection of songs they make available will cause users to hit the road. And others, of course, believe that any business model other than "free" will be a kiss of death. Fanning and Rofman insist that, though they'd love to land a top P2P such as eDonkey before Snocap begins operations, it isn't necessary. "We don't expect our first retailers to be king-of-the-world types," Fanning says. "We just need two or three quality services that are willing to experiment."

In fact, in the long run, Snocap seems to be banking on new services rising up to take advantage of its capabilities. As Rofman argues, "We're still at a very early stage in the development of this market. How many business models are out there? There's the [Steve Jobs](#) model, the streaming model, and the tethered subscription model. And I'm not sure that any of them, ultimately, is going to be what consumers want on a mass scale."

Rofman is surely right about that -- a fact that the much-hyped success of iTunes has done a lot to obscure. Before the online music market hits its sweet spot, tons of experimentation will be needed with business, pricing, and access models. And for that to happen, it seems to me, a system like Snocap's is not just necessary but basically inevitable.

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Will Snocap's system be the one that flourishes in the years ahead? Maybe, maybe not. Though the company faces little competition now, that's not likely to be the case for long. (Especially if the Supreme Court deals a crippling blow to free file-sharing services.) It also faces big technical challenges, scalability first and foremost. At the same time, Snocap has a number of distinct advantages: its head start over future rivals, the experiences of its engineers at Napster, and, not least, Fanning's credibility with both the labels and the P2P community.

With hindsight, it's easy to see that the biggest impediment to Napster's success wasn't the record labels per se. It was that Fanning's ideas and his invention were too far ahead of the curve. Now, with Snocap, Fanning seems to be returning right on time. We all know that F. Scott Fitzgerald's old saw about there being "no second acts in American life" is complete and utter crap. But I can't think of anyone who has proven it by age 24. Here's hoping that Fanning will. ◆

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