Jay Z Reveals Plans for Tidal, a Streaming Music Service

By BEN SISARIO   MARCH 30, 2015

As Jay Z sees it, there is a clear solution to the problems facing musicians in the streaming age. They should band together — behind him, of course.

On Monday, Jay Z, the rap star and entertainment mogul, announced his plans for Tidal, a subscription streaming service he recently bought for $56 million. Facing competition from Spotify, Google and other companies that will soon include Apple, Tidal will be fashioned as a home for high-fidelity audio and exclusive content.

But perhaps the most notable part of Jay Z’s strategy is that a majority of the company will be owned by artists. The move may bring financial benefits for those involved, but it is also powerfully symbolic in a business where musicians have seldom had direct control over how their work is consumed.

“This is a platform that’s owned by artists,” Jay Z said in an interview last week as he prepared for the news conference announcing the service. “We are treating these people that really care about the music with the utmost respect.”

The plan was unveiled on Monday at a brief but highly choreographed news conference in Manhattan, where Jay Z stood alongside more than a dozen musicians identified as Tidal’s owners. They included Rihanna, Kanye West, Madonna, Nicki Minaj, Jack White, Alicia Keys, the country singer Jason Aldean, the French dance duo Daft Punk (in signature robot costumes), members of Arcade Fire, and Beyoncé, Jay Z’s wife.
The stars stood side-by-side and signed an unspecified "declaration." Jay Z did not speak, but Ms. Keys read a statement expressing the musicians' wish "to forever change the course of music history."

Jay Z's plan is the latest entry in an escalating battle over streaming music, which has become the industry's fastest-growing revenue source but has also drawn criticism for its economic model. Major record labels, as well as artists like Taylor Swift, have also openly challenged the so-called freemium model advocated by Spotify, which offers free access to music as a way to lure customers to paying subscriptions.

Tidal, which makes millions of songs and thousands of high-definition videos available in 31 countries, will have no free version. Instead, it will have two subscription tiers defined by audio quality: $10 a month for a compressed format (the standard on most digital outlets) and $20 for CD-quality streams.

"The challenge is to get everyone to respect music again, to recognize its value," said Jay Z, whose real name is Shawn Carter. "Water is free. Music is $6 but no one wants to pay for music. You should drink free water from the tap — it's a beautiful thing. And if you want to hear the most beautiful song, then support the artist."

As a superstar artist and influential executive through his company Roc Nation, Jay Z has unusual power in the music industry. He is said to be courting new artists aggressively to join the service and offer Tidal special material and "windows," or limited periods of exclusive availability.

Yet Jay Z is entering the streaming fray as a boutique competitor against some of the most powerful companies in the business. Spotify has 60 million users around the world, 15 million of whom pay; Apple is expected to introduce a subscription streaming service this year. Last fall, Tidal's parent company, the Swedish technology firm Aspiro, said it had 512,000 paying users.

In addition, the broader market for streaming music includes YouTube and the Internet radio giant Pandora.

Tidal faces other hurdles, like whether Jay Z can attract artists from beyond his inner circle. And while Tidal may have the support of individual
artists, in many cases the distribution rights to their music are controlled by record companies.

Lucian Grainge, the chairman of the Universal Music Group, said he welcomed Tidal's arrival. "We like lots of services and we like lots of competition," Mr. Grainge said. "Jay is an artist as well as an entrepreneur. He's a winner, and we like winners."

Speaking by phone from Los Angeles — where he was periodically interrupted by parenting duties for his 3-year-old daughter, Blue Ivy — Jay Z described his vision for Tidal as an outlet where musicians and fans "can all just camp out and listen to music," and where artists would "always be on album cycle," meaning in constant promotion mode.

Music executives briefed on his plans were more prosaic, calling it a hub for entertainment content and social media. Other ideas, like links for concert tickets and merchandise sales, have been discussed as possibilities.

Vania Schlogel, a Tidal executive, said that a majority of the shares in the service would be set aside for artists. She and Jay Z declined to reveal specifics about the equity deals. But one executive involved in the negotiations, who spoke on the condition of anonymity because the deals were private, said that participating artists were being granted shares in exchange for their good-faith efforts to supply exclusive content — a sign, perhaps, of the confidence that the artists and their managers have in Jay Z's ability to get things done.

In describing the service, Jay Z emphasized the question of fair play for musicians, calling the current system "criminal."

"Everyone knows that the pay system is unfair to artists," he said. "Everywhere else, everyone gets compensated for their work. Music is everywhere — you consume it every day, everywhere you go. The content creator should be compensated. It's only fair."

Like other streaming services, Tidal pays a small royalty each time a song is listened to. Ms. Schlogel declined to comment on the company's rates other than that they would be higher than services that have free tiers supported by advertising.

Last fall, Ms. Swift sent shock waves through the music business when she
withdrew her music from Spotify, apparently because she did not want it offered free. About a month later, Jay Z approached the board of Aspiro, according to an Aspiro disclosure.

Jay Z dismissed a suggestion that his interest had been prompted by Ms. Swift’s move, saying that his plans “have been in the works for a year.”

Jonathan Prince, a spokesman for Spotify, said in response to a question about competition from Tidal, that “we think it’s good for artists and labels to be on Spotify, because that’s where the music fans are, and we are confident that’s where artists and labels will want to be.”

Early Monday, artists associated with Tidal began promoting the service on social media through the tag #TIDALforALL. That stirred excitement among fans, although some in the music business and the technology world remain skeptical about Tidal’s chances against players like Apple and Spotify.

“I think Jay Z is about to find out the limits of his celebrity,” said David Pakman, a venture capitalist and former digital music executive. “I am sure he will lure exclusive content onto the service but that will reach a limited audience.”

Jay Z said he was not concerned about the competition as long as he was able to put forth the service that he has envisioned.

“I just want to be an alternative,” Jay Z said. “They don’t have to lose for me to win.”

A version of this article appears in print on March 31, 2015, on page B1 of the New York edition with the headline: Jay Z Enters Streaming Music With Artist-Owned Service.

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It's official: Jay Z is buying an online streaming company that competes with Spotify and Apple.

On Friday, the investment vehicle that the rap star used to make a $56 million bid for the Swedish technology company Aspiro announced that it had acquired enough of Aspiro’s shares to take over the company. Aspiro, which is publicly traded in Sweden, operates subscription streaming services under the brands WiMP and Tidal, which entered the United States market last fall.

Jay Z, whose real name is Shawn Carter, made his offer for Aspiro in late January through an entity he controls, Project Panther Bidco. Aspiro shareholders had until Wednesday to consider the offer, which needed 90 percent approval for Project Panther to take it over.

“All conditions for completion of the offer have been fulfilled, and the offer is therefore declared unconditional,” Project Panther said in a statement on Friday. “Accordingly, Panther will complete the acquisition of the shares tendered in the offer.” Aspiro will be delisted from Nasdaq Stockholm, the statement added.

Other than saying in January that “Panther’s strategic ambition revolves around global expansion and upscaling of Aspiro’s platform, technology and services,” Jay Z has not revealed further plans for Aspiro. But his interest may have to do with high-definition audio.

Aspiro is one of a small but growing number of online music companies
that have bet on consumers’ interest in improved sound quality. WiMP and Tidal both offer songs in higher audio resolution than is available on Spotify, iTunes or most major digital audio outlets. Deezer, another global competitor to Spotify, also has a high-resolution version, and last year Neil Young introduced Pono, an audio player and store for high-quality audio files.

However, those services represent a small portion of the market. According to an announcement from Aspiro in October, WiMP had 512,000 paying users, 20,000 of whom subscribe to its high-definition version.
The New York Times

The Opinion Pages

The Risks of Jay Z’s New Venture

By Vikas Bajaj

March 31, 2015 1:43 pm

It was probably only a matter of time before Jay Z got into the streaming-music business given its growing popularity. What’s interesting about his plans for Tidal, the service that he bought for $56 million, is that he wants to structure it as a cooperative of sorts by giving shares in it to other musicians.

The business model is clearly aimed to please artists like Taylor Swift who have complained that Spotify, the leading music streaming service, is offering access to music for free to Internet users. Tidal, which was started by a Swedish technology business for high-end audio buffs, does not stream its music for free. Instead, under Jay Z it will charge $10 a month for music streamed in standard compressed formats and $20 for higher-quality streams that match CD quality.

But will artists go along? And even if they did, would it matter? Ms. Swift’s newest album “1989,” for example, is not currently available on Tidal, even though the service charges users. As Ben Sisario points out in his article, in most cases record companies, not artists, decide whether to license music to streaming services. Perhaps Jay Z is hoping that artists who are part owners of Tidal will insist in their contracts with record labels that their songs be made available to the service. But that could be a long, slow process.

Another potential problem with Jay Z’s approach with Tidal is that it may be hard to get musicians to agree on a common approach to distributing,
pricing and marketing their work. There are lots of big egos involved. Still, the list of artists who have signed on to work with him is impressive; it includes Madonna, Kanye West, Jack White and Alicia Keys.

I have been using Tidal for several months because it streams high-fidelity audio files. The sound quality is far superior to that of other streaming services like Spotify and Pandora but the interface is not quite as user friendly. CD-quality streaming on Tidal also costs $10 a month more than the premium version of Spotify and $15 more than the ad-free version of Pandora. I am eager to see what Jay Z does to improve the service.
TECHNOLOGY

Who's Who in Music Streaming: Tidal, Spotify, Pandora & More

By THE ASSOCIATED PRESS  MARCH 31, 2015, 5:49 P.M. E.D.T.

NEW YORK — Since Apple shook up the music world with iTunes a little more than a decade ago, online music has exploded and become the central way many people enjoy and discover music. Internet services such as Pandora and Spotify have millions of users. Now, several high-profile musicians are behind what's being billed as the first artist-owned music-streaming service.

Tidal isn't new, but it's getting a reboot from rapper Jay-Z, who bought the Scandinavian company behind it, Aspiro. Madonna, Rihanna and Beyonce are among the co-owners. That's notable because many artists complain about how little payment they get from other music services, such as Spotify. As owners, artists could insist on better deals.

There are now three main ways to get music, and many services offer a blend:

— Pay per song. Apple's iTunes has made it easy to buy singles or albums. Many artists release new albums early through iTunes. Google and Amazon now compete, but the premise remains the same: Buy songs or albums to own forever.

— Unlimited listening. For a monthly subscription of about $10, you can listen to as many songs as you want on a variety of personal computers, phones, tablets and other devices. Many also let you download songs for offline playback. Once you stop paying, though, you lose all your songs, even
ones you've already downloaded. Some offer free versions with ads and other restrictions, such as song selection only on PCs.

— Internet radio. You can't choose specific songs or artists, as you can with the unlimited-listening services. But you can fine-tune your Internet stations by specifying a song, artist, genre or playlist. The station will then stream songs similar to your choices. You can personalize stations further by giving thumbs up or thumbs down to songs you hear.

Music services typically have deals with all major recording companies, so they differ mainly in features rather than song selection. That said, Taylor Swift took her music off Spotify last fall in a dispute over fees. All but her most recent album are on Tidal, Rdio and Beats.

Here's a look at who's who in music streaming.

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SPOTIFY

One of the most popular music services, with 60 million active users worldwide, and a quarter of them paying subscribers. Just this week, Spotify launched an app on Sony's PlayStation game console. The two companies worked closely to make listening seamless, so music can be heard in the background while playing games, without losing the game's sound effects, for instance. Spotify offers unlimited listening and Internet radio. It's free with ads; on mobile devices, users are limited to Internet radio and can't choose songs. Paying $10 a month gets you an ad-free premium service that offers song selection and offline playback on mobile devices.

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PANDORA

Offers Internet radio only. More than 81 million active listeners. Free with ads, or pay $5 a month for an ad-free premium service and higher-quality audio over Web browsers.

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TIDAL

Unlimited listening. Among the few services offering high-fidelity songs, which many audiophiles prefer over MP3s and other formats that reduce
quality in the compression process. Offers music video and curated playlists from experts. $10 a month for standard sound quality and $20 for high fidelity. There's no free offering.

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APPLE

Pay per song to download and own forever through iTunes. Free Internet radio through iTunes Radio on Apple devices. Also owns Beats Music, which offers unlimited listening for $10 a month, with no free version. Beats touts its playlists and other recommendations curated by experts, not computers.

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GOOGLE

Pay per song through Google Play. Google Play Music service offers unlimited listening for $10 a month, with no free option. Google also offers YouTube Music Key for selected music videos, free of ads, for $10. Paying for one gets you the other, too.

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AMAZON

Pay-per-song offering. Amazon's $99-a-year Prime membership comes with unlimited listening, though the song selection isn't as broad as what rivals offer.

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SAMSUNG'S MILK MUSIC

Offers free Internet radio like Pandora and others, but tries to make it easier to find music to match your mood. Instead of typing in songs or artists to find matching stations, you spin an on-screen wheel to go through various genres until you land on something you like. Initially exclusive to Samsung TVs and mobile devices, there's now a Web player for personal computers.

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AP Music Writer Mesfin Fekadu contributed to this report.
Tidal: 10 things you need to know

As Jay Z, Madonna and other leading acts launch their music streaming rival to Spotify, we answer the crucial questions on the future of digital music

Stuart Dredge
Saturday 4 April 2015 19.04 EDT

What is Tidal and why should music fans care?
Tidal is a music streaming service that originally started in Scandinavia in 2009. It was called WiMP then, launched by technology firm Aspiro and retailer Platekompaniet - Norway’s equivalent of HMV. In October 2014 Aspiro rebranded WiMP as Tidal for its UK and US launch, with its main selling-point being its “lossless” (higher-quality) streams. It also added music videos and deeper editorial, albeit for double the price - £19.99 a month - of rivals such as Spotify. Aspiro had 500,000 paying subscribers at the end of 2014, and was bought for $56m last month by a company controlled by Jay Z.

Why are so many famous names involved?
Tidal is under new ownership, and those owners are musicians. Not just Jay Z, but Arcade Fire, Beyoncé, Calvin Harris, Coldplay, Daft Punk, Deadmau5, Jack White, Jason Aldean, J Cole, Kanye West, Madonna, Nicki Minaj, Rihanna and Usher. All appeared at the company’s press conference on Tuesday, and all have equity in Tidal too. The company is pitching itself as “the first artist-owned global music and entertainment platform”, and promising to give shares to other musicians too. It has yet to confirm whether labels will also get stakes in Tidal, as they have with Spotify, or whether it plans to raise money from venture capital investors.

Why do these artists want to own a streaming service?
The big message from Tidal’s launch was its new owners’ determination to restore the value of music in the eyes (or ears) of listeners, which means making them pay for it, rather than listening for free, as they can on the advertising-supported tiers of rivals Spotify and Deezer. “People are not respecting the music, and [are] devaluing it and devaluing what it really means. People really feel like music is free, but will pay $6 for water,” said Jay Z in an interview with trade magazine Billboard. He’s not alone. Taylor Swift pulled her music from Spotify in 2014 in protest at that company’s unwillingness to let her remove it from its free tier, while this year Lucian Grainge - boss of major label Universal Music - has talked publicly about his concerns over free streaming.

What’s wrong with free streaming?
As the biggest streaming music service, Spotify is most under the cosh in this debate. The company is under pressure to introduce more restrictions on its free tier - for example,
withholding the latest albums - or even do away with it entirely. Yet Spotify argues that its free tier is crucial in persuading people to buy a monthly subscription. It has 60 million users, and 15 million of them pay for it. “Our free service drives our paid service. Here’s the key fact: more than 80% of our subscribers started out as free users,” wrote chief executive Daniel Ek last year. No subscription-only service has come close to matching Spotify’s total of 15 million paying users. The nearest so far is Rhapsody (which operates as Napster outside the US): it clocked up 2.5 million subscribers in February.

**Can Tidal really pay more to artists?**

One of the big talking points around music streaming is how much - or how little - artists and songwriters make from it. Tidal is claiming it will pay more, but that may not be as easy as it hopes. Streaming companies do not pay musicians directly; they pay record labels and music publishers, which then pass on whatever percentage of that money each creator’s contract entitles them to. There are two ways musicians can earn more from streaming. The first is organic growth: the more people use these services, the more streams there will be and so the eventual royalty cheques will be bigger. The second is for artists to get a bigger share of the money paid to their labels, with contracts ranging from fair to awful on this front. Tidal cannot control the terms of those deals any more than its rivals can. Or can it?

**Will big stars have the clout to secure transparency?**

The main gripe about Tidal under Jay Z is that it is a bunch of rich artists trying to get richer. But one of the strongest arguments in favour of its starry ownership is that they may have the clout to make music royalties more transparent for all artists. If Kanye West, Madonna and the rest are serious in their commitment to shining a light on how the money paid by streaming companies - not just in royalties but in advance payments to major labels for the rights to their catalogues - gets distributed to musicians, that could answer the doubters. “We’re saying that we’re in a position to bring light to this issue. We’re using our power that way,” Jay Z told an audience of music students in New York.

**How will Tidal compete with established rivals?**

One of Tidal’s key tactics for standing out from the streaming crowd will be exclusives: the promise that you will be able to hear some music on Tidal before it is available anywhere else. This is a game being played by Spotify too, though, as well as Apple, which is preparing to relaunch its US-only Beats Music streaming service globally later this year. Both are courting big artists for exclusive deals, so Tidal will have to persuade musicians’ labels - including those of its owners - that it is worth alienating Spotify and Apple to get early access to new music. The bigger risk is alienating fans. If albums are exclusively on Tidal or Spotify or iTunes a week before their official release, that is one thing. If these exclusives last for months and/or extend to artists’ entire catalogues, expect fan unrest, even though this is the accepted model for TV streaming services such as Netflix.

**Will Apple be the king of the streaming world?**

Apple’s Beats relaunch is expected to be announced in June and is likely to stick with a subscription-only model, although the company is likely to make a free trial available to its hundreds of millions of iPhone and iPad users. Behind the scenes, Apple has been lobbying
labels to allow it to undercut rivals with a £7.99 monthly subscription, although recent reports suggested it had been refused. It is also building a team of curators to refine its service and recommend music to users, among them former Radio 1 DJ Zane Lowe and Trent Reznor of Nine Inch Nails. Apple's service will be a fearsome competitor, particularly given the company's willingness to disrupt rivals however it can. For example, behind the scenes, its executives have been encouraging anti-free sentiments within the music industry.

**What about YouTube and Google?**
YouTube is the world’s most popular music streaming service, with a large chunk of its 1 billion monthly viewers watching music videos - especially younger users. It is trying to get people to pay for music too: it's launching its own Spotify rival, YouTube Music Key, with a similar model of a free, ad-supported tier then a £9.99 monthly subscription with more features. But YouTube is already a free way to listen to almost any song ever recorded. Some in the music industry fear that if Spotify's free tier is restricted or even shut down, listeners will drift away to YouTube - which pays much less per stream - rather than subscription services.

**Is this all about the big guns?**
Google v Apple v Spotify v Tidal v Deezer... but there's another trend worth watching, which is the growth of fan-funding and direct sales sites, such as Bandcamp and Patreon, for independent musicians. Bandcamp helps artists sell their own music and pays out $3.5m a month to its network of musicians. With Patreon, fans commit to paying a small amount whenever an artist releases something new: it pays out $2m a month. If Tidal represents big artists seeking more control of digital music, these sites fulfil a similar role for independent musicians. Better partnerships with them may even be the way for Tidal, Spotify and other streaming services to show themselves as truly artist-friendly.

More features

**Topics**
Digital music and audio
Jay Z
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Chris Martin, Rihanna Back New Jay Z Streaming Music Service

By REUTERS  March 30, 2015, 7:45 P.M. E.D.T.

(Reuters) - Some of the world's biggest names in music including Beyonce, Cold Play's Chris Martin and Rihanna are backing Jay Z's new global streaming music service Tidal, which launched on Monday, and is billing itself as the first of its kind owned by artists.

Co-owners Kanye West, Daft Punk, Alicia Keys, Madonna and other musicians were in New York on Monday to sign a declaration of a "whole new era."

Still, Tidal is entering a crowded space, with stiff competition from Spotify, Pandora Media Inc and Clear Channel's I Heart Radio. But Jay Z's deep music ties could help distinguish Tidal from its rivals.

Musicians complain they are not being properly compensated for digital music rights. Additionally, music downloads have been shrinking as streaming services boom in popularity.

The Beatles' Ringo Starr addressed the issue with Reuters TV on Monday: "All I ever hear is that your record has been streamed 17 million times and they give you a check for 12 bucks. I don't understand that."

Last year, Taylor Swift pulled her entire catalog from Spotify in a shocking move. Swift's catalog is available on Tidal but her latest "1989" is not.

Tidal has deals for rights with all the major record labels, a representative with the company said.
While the glitzy line-up on Monday did not directly address compensation, Alicia Keys said, "We believe it's in everyone's interest ... to preserve music."

Tidal is offering a mix of stock and cash to its owners for promotional support, which does not include rights to the music, the Financial Times reported. One partner was offered $3 million for a 3 percent stake, the report said.

Tidal is an offspring of Jay Z's company Project Panther Bidco, which acquired more than 90 percent of the Swedish streaming music company Aspiro AB for $54 million earlier this month.

For $19.99 a month, subscribers have access to millions of songs and videos in high fidelity. A $9.99 option offers regular sound quality. Tidal is available in 35 countries and subscribers can listen offline to as many songs as their device will hold.

(Reporting by Jennifer Saba in New York; additional reporting by Bob Mezan; Editing by Richard Chang)
Tidal Streaming Service Seeks More Artists to Join as Owners

By THE ASSOCIATED PRESS   APRIL 1, 2015, 11:08 A.M. E.D.T.

NEW YORK — Tidal, the music and video streaming service co-owned by Jay Z, Rihanna, Madonna and other artists, is inviting more performers to join the company and earn equity.

Senior executive Vania Schlogel said late Tuesday that Tidal welcomes more acts. It introduced its new co-owners at a launch event on Monday.

"Whatever these artists want to do, this is their playground to do it," Schlogel said. "This is the creative space to just get it done and share that and communicate with their fans."

The current owners "have equal ownership and majority ownership in the company," and artists who join them would earn more money through the streaming service than through others that exist, she said. Artists who join Tidal will "be participating in the equity upside of this," she said.

Schlogel didn't elaborate on how ownership works, and when asked if the artist-owners invested their own money in Tidal, she said she couldn't speak about those details.

Tidal's all-star lineup could help it compete with other free and paid streaming services, from Spotify to Pandora.

"It's not just dollars and cents, it's around all the things that come along with being a shareholder, like voicing your thoughts as a board member and having that creative control," Schlogel said, who added that there's a stock
appreciation rights program for artists. "It's a different type of involvement."

Co-owners including Beyoncé, Daft Punk, Kanye West, Jack White, Alicia Keys, members of Arcade Fire and Jason Aldean attended the launch. Schlogel dismissed any of the backlash that came after the launch, including a Time magazine article, where the headline read: "How Jay Z's Tidal Press Conference Showed He's Out of Touch."

"(Monday) wasn't meant to be some stunt," Schlogel said. "It was meant to be authentic."

A business controlled by Jay Z bought Tidal for $56 million in mid-March. The streaming service, which has 540,000 subscribers, provides music and video content that users can stream on computers, tablets and smartphones or listen to offline. Subscriptions begin at $10.

She said the only owners of the company are artists, though she said they "are contemplating and in discussions" about adding non-performer owners.

The chief financial officer of subscription music service Rhapsody said Tuesday he was excited about Tidal's launch.

"The fact that you have 16 of the most powerful artists right now ... wanting to be in the business we're in, we're excited," said, Ethan Rudin, who also is Rhapsody's head of label relations. "In my opinion, we're still in the very early innings with regards to streaming music and if this can act as an opportunity to educate the public as to the long-term future in this format for music consumption, it's something we're obviously very excited about. We believe the rising tide raises all ships."

Rhapsody, which has 2.5 million subscribers and launched in 2001, is a premium service and costs $10. Like Tidal, it does not have a free version.

In an interview Tuesday, singer Darius Rucker said he liked the idea of the company.

"It's another way to get music and hopefully since its run by artists, the artists will get paid a little bit more of what they deserve than they do from the other ones," the Hootie & the Blowfish frontman said.

"I wish they called me; I'd be standing on that stage, too," he said, laughing.