

## BANKING/ FINANCE

# In World of Apple and Spotify, SoundCloud Can't Find Room

by Adam Satariano  
and Lucas Shaw  
Bloomberg News

After years of trading physical dollars for digital dimes, the music industry is finally seeing a payoff. Subscriptions to streaming music services jumped about 50 percent in 2016, topping 92 million. For the first time since the heyday of CDs, revenue for the largest record labels is consistently rising. But things don't look as bright for the streaming companies driving this revival.

Spotify, the biggest platform, has swallowed huge losses while paying about 70 percent of its revenue to record labels and publishers. It's attempting to renegotiate those deals before a planned initial public offering this year. Pandora, which has consistently lost money throughout its 15 years, is trying its hand at a pricier subscription model based on technology from Rdio, another struggling service it bought in 2015. Streaming services Rhapsody and Deezer face similar problems, and internet radio company iHeartRadio is trying to stave off bankruptcy. Services from Apple, Amazon.com, and Google are used largely to lure people to the companies' other businesses.

"It is virtually impossible to run a streaming-music service as a profitable business," said Mark Mulligan, a former dance club DJ who's the founder of industry analyst Midia Research. "The model is still broken."

No company exemplifies the travails of digital music services better than SoundCloud. Founded in 2007, the Berlin company has attracted about 175 million users with 135 million tracks of easy-to-share remixes, podcasts, and user-generated content. SoundCloud is beloved among artists and fans, and a darling of the European startup scene. It's also facing an uncertain future. User growth has stalled, ad sales haven't taken off, and adoption of its 9-month-old paid service, SoundCloud Go, has been weak. (Mulligan estimates fewer than 250,000 people have signed up. The company wouldn't say.)

SoundCloud's negotiations to sell to Spotify fell apart in recent weeks because the two sides couldn't agree on a price, said a person familiar with the discussions. Some of the most loyal SoundCloud fans are migrating to similar services, such as Mixcloud. And some prominent DJs have worked out deals to post mixes legally on Spotify and Apple Music. If SoundCloud can't come up with a sustainable business model, it will have to find another buyer or raise more money, likely at a lower valuation than the \$700 million it negotiated when Twitter invested last year.

"They are in big trouble," said Matt Pincus, chief executive officer of Songs Music Publishing, which represents artists including the Weeknd and Lorde.

SoundCloud CEO Alexander Ljung declined to discuss the Spotify talks or the company's finances beyond saying that subscription and ad revenue are growing. He said his company has a distinct advantage over Spotify and Apple Music because it's the only service to combine a library of mainstream



SHUTTERSTOCK

**Although SoundCloud is beloved among artists and fans, and is a darling of the European startup scene, it's facing an uncertain future.**

songs with a massive catalog of tracks created by and for young tastemakers. "There are very few music platforms at this tremendous scale," Ljung said. "We are one of them."

SoundCloud board member Fred Wilson, an early investor, said digital music has reached an inflection point and most consumers are ready to transition from owning music to streaming it online. Even if record labels continue gobbling the bulk of the revenue, "the platforms that get all the way through to the finish line are going to have great businesses," Wilson said, citing Amazon and Netflix as examples in other fields.

Streaming services may also benefit by helping artists sidestep labels to directly distribute music. Major labels get about one-quarter of a cent each time a song is streamed, and the artists get about 15 percent of that, Mulligan said. Last year, singer Frank Ocean dealt directly with Apple Music to release his album *Blonde*, cutting out Universal Music Group. "That's very much a sign of what's coming," said Stephen White, CEO of music-licensing marketplace Dubset.

It remains unclear whether SoundCloud will be able to enjoy the benefits of having pioneered this kind of shift in distribution. In 2014, before Apple Music existed, SoundCloud was preparing to take the fight to Spotify's \$10-a-month paid subscription, developing a \$4 monthly service to pair its user-generated content with a library of new releases and pop, according to a former manager involved in the effort.

This bid to become a cheaper Spotify was a bet-the-company moment, the former manager said, and the subscription service's developers circulated a beta version among employees while waiting for the record labels to buy in. It didn't work. Two of the largest labels, Universal Music Group and Sony Music, withheld support for almost two years. By March, when SoundCloud Go was finally released, it cost \$10 a month, not \$4, and its library of about 15 million professional tracks was about half the size of Spotify's and Apple Music's. By then, several former employees say, they had grown frustrated and left.



## CITY OF DORAL NOTICE OF PUBLIC HEARING

All residents, property owners and other interested parties are hereby notified of a **Council Zoning Hearing** on **Wednesday, January 25, 2017, beginning at 6:00 PM**, to consider the following variance application. This meeting will be held at the **City of Doral, Government Center, Council Chambers** located at **8401 NW 53rd Terrace, Doral, Florida, 33166**. The proposed variance application applies to the property shown on the map below.

The City of Doral proposes to adopt the following Resolution:

### RESOLUTION No. 17-

**A RESOLUTION OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, APPROVING/DENYING A VARIANCE APPLICATION FROM MIAMI-DADE ANIMAL SERVICES PET ADOPTION AND PROTECTION CENTER TO PERMIT A MONUMENT SIGN TO BE LOCATED 100+/- FEET FROM A PREVIOUSLY PERMITTED MONUMENT SIGN WHERE 200 FEET IS REQUIRED PER SECTION 80-260 OF THE LAND DEVELOPMENT CODE ON PROPERTY LOCATED AT 3599 NW 79 AVENUE, DORAL, FLORIDA; AND PROVIDING FOR AN EFFECTIVE DATE**

**HEARING NO.:** 17-01-DOR-07

**APPLICANT:** Miami-Dade County, Animal Services Department

**PROJECT NAME:** Miami-Dade Animal Services Pet Adoption and Protection Center

**LOCATION:** 3599 NW 79th Avenue, Doral, Florida 33166.

**FOLIO NUMBERS:** 35-3027-007-0010

**SIZE OF PROPERTY:** 5.04± Acres

**PRESENT LAND USE:** Doral Design District Core

**PRESENT ZONING:** Industrial

**REQUEST:** Miami-Dade County, Animal Services Department is requesting a variance to permit a monument sign to be located 100+/- feet from a previously permitted monument sign where 200 feet is required per Section 80-260 of the Land Development Code.

**LEGAL DESCRIPTION:** CRUDELE AIRPORT INDUSTRIAL PARK PB 86-29 PORT OF TR-A BEG NE COR OF TR-A S383.181FT W352FT N26FT W223.960FT N348.925FT NELY A/D40.03FT E559.928FT TO POB LOT SIZE 219863 SQUARE FEET OR 16399-0668 0694 1 F/A/U 30-3027-007-0010 OR 23009-0920 01 2005 1.

### Location Map



Information relating the subject application is on file and may be examined in the City of Doral, Planning and Zoning Department Located at **8401 NW 53rd Terrace, Doral, FL. 33166**. All persons are invited to appear at this meeting or be represented by an agent, or to express their views in writing addressed to the City Clerk, **8401 NW 53rd Terrace, Doral, FL. 33166**. Maps and other data pertaining to these applications are available for public inspection during normal business hours in City Hall. Any persons wishing to speak at a public hearing should register with the City Clerk prior to that item being heard. Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes If a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

**NOTE:** If you are not able to communicate, or are not comfortable expressing yourself, in the English language, it is your responsibility to bring with you an English-speaking interpreter when conducting business at the City of Doral during the zoning application process up to, and including, appearance at a hearing. This person may be a friend, relative or someone else. A minor cannot serve as a valid interpreter. The City of Doral DOES NOT provide interpretation services during the zoning application process or during any quasi-judicial proceeding.

**NOTA:** Si usted no está en capacidad de comunicarse, o no se siente cómodo al expresarse en inglés, es de su responsabilidad traer un intérprete del idioma inglés cuando trate asuntos públicos o de negocios con la Ciudad de Doral durante el proceso de solicitudes de zonificación, incluyendo su comparecencia a una audiencia. Esta persona puede ser un amigo, familiar o alguien que le haga la traducción durante su comparecencia a la audiencia. Un menor de edad no puede ser intérprete. La Ciudad de Doral NO suministra servicio de traducción durante ningún procedimiento durante el proceso de solicitudes de zonificación.

Connie Diaz, CMC  
City Clerk  
City of Doral  
1/11

17-77/0000186053M