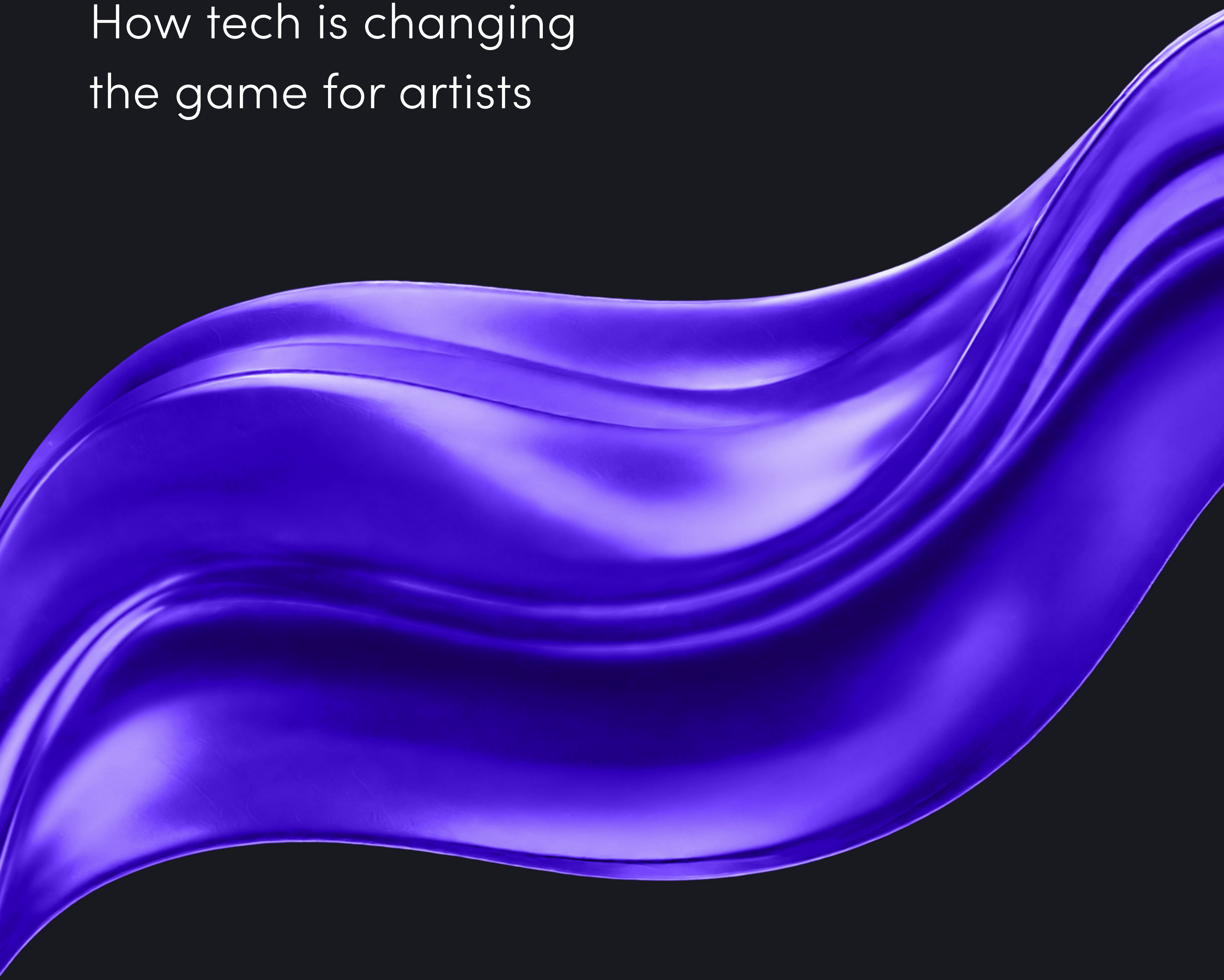
miquido

When money meets music

How tech is changing the game for artists



How we got here: from street performers to streaming

Think about how we used to enjoy music. We'd save up to buy CDs and carefully choose which albums to spend our money on, and artists would get paid once we bought their stuff. Pretty simple, right?

But look around now – everything's changed! Most of us pay a monthly fee to services like Spotify or Apple Music and suddenly have access to almost all the music ever made. That's a significant shift in how we listen and how the whole music industry works.

Throughout history, music has always adapted to new technology. From street performers singing for supper to sheet music in the 1400s, from Edison's phonograph in 1877 to radio, vinyl, and digital streaming, each technology change has rewired how musicians make money.

Today, we see something exciting: financial technology (or "fintech" for short) is shaking things up again. Let's take a closer look at how these new money tools create thrilling possibilities for artists and fans alike.

Streaming changed the money game

When we switched from buying albums to monthly subscriptions, we faced a profound transformation in music as a business. Peter Harvey, who runs a company called RoyFi, explains it perfectly:

> "Streaming changed the business model from a transactional model to a subscription model... that fundamentally changed the valuations that were being ascribed to not only rights but companies within the industry".

Streaming vs Traditional Music Sales

From one-time sales to predictable subscriptions: how streaming changed the game

	Then: Transactional Model	Now: Subscription Model
Revenue type	One-time album sales	Recurring monthly payments
Cash flow pattern	Spikes only at release	Steady, predictable income
Artist insight	Limited audience data	Rich real-time streaming analytics
Valuation approach	Based on sales projections	Data-driven and recurring revenue

This shift resulted in three significant aspects that changed everything:

- **Predictable income:** Instead of unpredictable spikes when albums drop, artists now see steadier, more predictable monthly revenue.
- **Data-driven decisions:** Every stream gets tracked, creating mountains of useful data about listener behaviour.
- **Better valuations:** User behaviour data and predictable income effects in more accurate valuing of music catalogues.

Think of it like this: In the old days, releasing music was like opening a restaurant where you had no idea if customers would show up. Now, it's more like having monthly subscribers who pay regardless of whether they eat at your restaurant. That predictability makes an essential difference when trying to run a business!

Music as something you can invest in

Here's where things get really interesting. With all this predictable income from streaming, big investment companies like Apollo, KKR, and Blackstone started looking at music in a new way.

Popular songs aren't just cultural artefacts – they're reliable income generators that keep paying up month after month, year after year. And what's incredibly cool? They don't necessarily move up and down with the stock market, making them attractive as "uncorrelated assets" (that's investor-speak for "doesn't crash when everything else does").

But the game-changing part is that now regular people can invest in music too, not just Wall Street giants. Linda Portnoff, founder of a platform called Tangy Market, puts it this way:

> "Music is no longer just something you can listen to – it's an asset class you can invest in".

These new platforms are essentially creating a "NASDAQ for music" where anyone can buy shares in song royalties. And the returns have been pretty impressive – investors on Tangy Market have earned average annual returns of 16% on their music investments!

New funding options for artists

Remember the old saying about record deals? "The music industry is the only place where you can borrow your own money and never get it back". Traditional deals often required artists to give up ownership of their music in exchange for an advance.

New fintech solutions are completely flipping this model. Peter Harvey from RoyFi explains their approach:

> "We are a fintech in the music rights space providing advances to artists so they can choose not to sell any rights... Every other small business in the world has access to the banking industry and can get a line of credit. Why can't artists do that?".

These platforms use smart data analysis to evaluate how much an artist's music will likely earn, then offer advances based on those projections without taking ownership.

Here's a real success story: An artist initially qualified for just a $15,000 advance. By reinvesting in their career and growing their catalogue independently for two years, they eventually qualified for a $200,000 advance – while maintaining 100% ownership of their music. That's a game-changer for creative independence!

Artist Case Study: Building Ownership Through Smart Financing

By leveraging fintech instead of a label deal,
one artist grew their career — without giving up rights

$15k 1st year's advance	**$200k** 3rd year's advance	**100%** ownership retained

Smart fintech tools allow artists to scale on their terms

Slicing up royalties: how does it work

Some platforms like Tangy Market are taking an innovative approach by breaking music royalties into small, tradable shares.

Linda Portnoff explains:

> "We sign a financing deal with a songwriter to collect their royalties. We do a valuation based on our patented machine-learning valuation that guides the IPO price. We fractionalise the royalties into shares listed and sold on Tangy Market, and investors get payouts and can trade their shares.".

Think of it like this: Instead of selling your entire house, you're selling small shares to multiple people, getting cash up front, but still living there and maintaining control. When the house generates value (or, in this case, when the music earns royalties), everyone who owns a piece gets their fair share.

Such an approach creates three significant benefits:

- Artists get money upfront while keeping long-term ownership.
- Investors get access to an investment they couldn't access before.
- The open market creates fair, transparent pricing for music rights.

When fans become investors

One of the most remarkable innovations is platforms that let fans directly invest in artists they love. This concept creates what's called "aligned incentives" – basically, when the artist wins, the fans win, too.

"When we have a market where everyone is in it together, and we help each other to value music every day, minute, second... we incentivise a lot of people to increase the value of music because they own a little share of it", explains Linda Portnoff.

Think about it – if you own a tiny piece of your favourite artist's new song, you'll probably share it everywhere, add it to playlists, and tell all your friends. You're not just a fan anymore; you're a micro-investor with skin in the game!

This is happening on platforms like:

- **Corite** lets fans invest in music and share in royalties.
- **Tangy Market** creates a trading platform for music royalty shares.
- **RoyFi** offers advances without taking rights.

This new competition is also forcing traditional record labels to up their game. They can't just offer money anymore – they need to prove they bring real value in marketing, distribution, and artist development.

Emelie Olsson, Co-Founder of Co-Rite, notes:

> "I think it's very important that there at some point comes some kind of standard or way for artists to actually understand if the offer they're getting is good".

The cool tech makes it all possible

AI: the crystal ball for music earnings

Artificial intelligence is the secret sauce that makes a lot of this possible. These platforms use AI to analyse enormous streaming datasets and predict how much a song will earn in the future. Linda Portnoff says:

> "We use AI to predict future music royalties… when you take machine learning technologies to predict future royalties, you can feed back that information to the creators and increase the financial literacy, help them plan for the future".

Think of it like a weather forecast but for song earnings. These AI systems look at:

- Streaming patterns (when and how people listen).
- Seasonal trends (some music performs better at different times of the year).
- How similar music performed in the past.

Such insights help everyone make informed decisions – artists can plan their finances, investors can value music more accurately, and platforms can offer fair terms to everyone involved.

Blockchain: keeping track of who owns what

If you've heard of blockchain, it's probably within the Bitcoin context. But this technology solves one of the music industry's biggest headaches: keeping track of who owns what and ensuring they get paid adequately.

The music industry has always struggled with tracking rights and payments. Songs can have multiple songwriters, producers, and performers – all entitled to different percentages of different revenue streams. It gets messy quite fast!

Blockchain creates a permanent, unchangeable record of who owns what. When someone plays a song, "smart contracts" can automatically send accurate payments to the right people without delays and confusion.

This process eliminates intermediaries, reduces fees, and makes payment more transparent. No more waiting months or years to get paid!

Building trust in the new music money world

For these new approaches to work, everyone needs to trust them. That's why these platforms are putting serious effort into building credibility.

Linda Portnoff notes:

> "When you get into fintech, it's not as fun as making music. But trust is key when building a marketplace for a new asset class".

These platforms are implementing:

- Reliable identity verification processes (similar to what banks use).
- Clear, transparent fee structures.
- Open accounting so everyone can see where the money goes.

As music becomes more like a financial product, questions about regulations arise. Should fractionalised music royalties be regulated like stocks or other securities?

As Linda Portnoff explains:

> "Nations have been hesitant towards regulating [music royalties] because that also brings a lot of legitimacy to this new asset token".

Interestingly, many in the industry actually want some regulation, believing it would help build consumer trust and protect everyone involved.

Where is the music industry heading

This fascinating blend of finance tech and music is just getting started. Here are some trends to watch:

- **Smarter data use:** Platforms will get even better at using streaming and social media data to value music and predict performance.
- **Mainstream investment adoption:** More everyday people will start investing in music royalties as an alternative asset.
- **Fan experiences + investment:** Platforms will combine financial investment with exclusive access and experiences dedicated to fans.
- **Global expansion:** These tools will expand to emerging markets with growing streaming adoption.

Future Trends: Where Music Meets Money

Smarter Data Use

Advanced analytics → better valuation & forecasting

Mainstream Investment

Royalties become alternative assets for everyone

Fan Investment Experiences

Fans gain access & earn with artists they love

Global Expansion

Fintech tools scale to emerging music markets

We'll likely see more artist-friendly financial products tailored to different career stages, further democratisation of music investment opportunities, and better integration with existing music industry systems.

What is the result of the music industry and fintech blend for everyone

For artists and managers, this means weighing immediate cash needs against long-term ownership, exploring diverse funding sources, and building direct relationships with fans who might become investors.

Music companies and platforms must develop transparent valuation methods, create resources to help artists understand their financial options, and prepare for potential regulations.

For investors, music royalties offer an interesting alternative that doesn't necessarily move in sync with the stock market – potentially a valuable addition to a diverse investment portfolio.

The big picture: a better music business

These financial technologies create a music industry that works better for everyone. Artists gain more freedom and control, fans gain more involvement, and investors gain access to an exciting new market.

As the technology matures, we'll see even more innovation that strengthens direct artist-fan relationships, increases transparency, and creates sustainable ways for creators to make a living.

The future of music finance will combine the best parts of the traditional industry with the efficiency, transparency, and accessibility that these new technologies offer. Understanding these changes will be crucial for everyone in the music world to seize the opportunities ahead.