

June 17th, 2014

Dr. Steve Crocker, Chairman of the ICANN Board;
Fadi Chehadé, ICANN President & CEO;
Susana Bennett, ICANN COO;
Akram Attallah, ICANN President of Generic Domains Division;
Christine Willett, ICANN Vice-President of gTLD Operations;
Cherine Chalaby, ICANN Chair of the New gTLD Committee;
Heather Dryden, ICANN Chair of Government Advisory Committee; and
Community Priority Evaluation Panel, Economist Intelligence Unit (EIU)

Internet Corporation of Assigned Names and Numbers (ICANN)
12025 E Waterfront Dr, Suite 300,
Los Angeles, CA 90094

Re: The Importance of Fan Engagement in Today's Music Marketplace

When PledgeMusic officially launched more than half a decade ago, the music industry seemed to be balancing precariously at the tip of a rather shaky peak with no one able to confidently predict which way it would fall.

In 2009 Forrester Research reported that music revenues in the US had dropped by half over the past 10 years, spiraling from \$14.6 billion in 1999 to just \$6.3 billion in 2009. The Recording Industry Association of America (RIAA) reported declining revenue in nine of the past 10 years, with album sales falling at an average of 8 percent a year. In 2010, the vice president of research at RIAA told CNN Money, "The industry is adapting to consumer's demands of how they listen to music, when and where, and we've had some growing pains in terms of monetizing those changes."¹

The world had gone digital seemingly overnight and the industry was left reeling and unsure how to respond. While some fought relentlessly for "the way things were," others used the opportunity to look ahead and ask how these changes could potentially improve the way music was experienced and distributed.

PledgeMusic came up with the idea for a direct-to-fan platform realizing that active music fans wanted more participation when it came to music artists' careers. PledgeMusic and its founder, Benji Rogers, landed on a truth that has driven absolutely everything he and PledgeMusic have done since the company's inception: Music fans are the lifeblood of the music industry, and they want to be involved in an artist's entire music development process providing a viable alternative to the traditional music financing, production and distribution model.

¹ http://money.cnn.com/2010/02/02/news/companies/napster_music_industry/

The whole goal of the direct-to-fan model is to help artists directly engage their fans by inviting them into the journey surrounding the artist's career and album releases. The points of engagement have multiplied exponentially through this model, and subsequently so have the streams of revenue. When fans feel engaged - when an artist gives them a *reason* to buy new music rather than just a *way* to buy it – fans don't hesitate to support a release, financially and otherwise.

PledgeMusic, the winner of the prestigious Grammy Music Technology Lab award,² is now the world's largest and most innovative music-focused direct-to-fan community platform, which "looks to change the future of the album release." According to Digital Music News:³

"Aside from being an incredibly specialized platform for musicians, PledgeMusic looks to change the process of recording and releasing an album altogether – bringing fans along for the entire process from the moment the first dollar is raised until the moment they receive the package in the mail."

"Artists who have used PledgeMusic include Ben Folds Five, Mike Doughty, The Hold Steady, Imogen Heap, 311, Tokyo Police Club, Lucinda Williams, The Damnells, Sevendust along with thousands of others."

"With over a half a million people who have pledged, that's around \$32 million total that has been raised on the platform..." "PledgeMusic has helped get 50-60 artists signed to major label deals." (In fact PledgeMusic has teamed with major labels, such as Sony, to launch direct-to-fan campaigns for their artists.⁴)

Through campaigns with artists like Ingrid Michaelson,⁵ Ben Folds Five,⁶ the chart-popping Lindsey Stirling,⁷ Slash⁸ and thousands more, we've watched the direct-to-fan model outperform traditional crowdfunding by 30%, with 40% of people who pledge on one project going on to pledge on another.

Statistically, 87.5% of campaigns have hit their target so far in 2014 and that's just half of the story. The new relationship between artist and fan allows the fan to now become a co-creator and strategic partner.

As the music industry continues to sort itself out in the new landscape, we have witnessed first-hand that the only way forward is to engage the active fan. Then and only then can you look into the future with true confidence – and, from our experience, sheer excitement. The U.S Government has also recognized the critical role active music fans have in the new music

² <http://www.pledgemusic.com/blog/477-pledgemusic-wins-grammy-music-technology-lab>

³ <http://www.digitalmusicnews.com/permalink/2014/01/30/pledgemusic>

⁴ <http://prwire.com.au/pr/35073/pledgemusic-teams-up-with-sony-music-australia-rca-records-bring-me-the-horizon-and-raw-power-management>

⁵ <http://www.pledgemusic.com/projects/ingrid>

⁶ <http://www.pledgemusic.com/projects/benfoldsfive>

⁷ <http://www.pledgemusic.com/projects/lindseystirling> and www.pledgemusic.com/blog/indie-artists-topping-mainstream-charts

⁸ <http://www.pledgemusic.com/projects/slash>

landscape and has started to incorporate new regulations to foster more innovation and engagement from fans to assist in artists' careers.⁹ President Barack Obama signed the JOBS Act in 2012 to accommodate this change.¹⁰

This is why there should not be any eligibility policy that discriminates against legitimate members of the Community, such as active music fans. It would be unfair to exclude them from participation since the future of music is engaging active music fans given the critical role that they play in this new music industry by providing hundreds of thousands of artists a viable alternative to the traditional music financing, production and distribution model.

Respectfully Submitted,

Signature: _____

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⁹ <http://www.sec.gov/divisions/marketreg/tmjjobsact-crowdfundingintermediariesfaq.htm> and <http://www.sec.gov/News/PressRelease/Detail/PressRelease/1370540017677#.U59N-FclbO8>

¹⁰ <http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf>