

## Spotify Adds Apps, Ups Competition With Apple, Amazon

By KEVIN SHALVEY, INVESTOR'S BUSINESS DAILY

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Online music has evolved at a breakneck pace, but Spotify on Wednesday introduced changes it says will advance digital tunes into the next era.

The Swedish music service will feature third-party apps that will allow developers to hook their content into the 15 million songs that Spotify streams to its subscribers via the Internet, or the "cloud." Magazines, for example, will be able to put their reviews alongside songs and albums.

"This is really key for our business and to get the music industry back to growth," Daniel Ek, Spotify founder and CEO, said in a webcast Wednesday. "We have thought long and hard about what the next big step in music ought to be."

Ek said it's still the "early days" of online music.

Spotify also announced new social functions letting its 10 million users choose "top friends" and access playlists created by musicians and critics.

Launched in 2006, Spotify is relatively new to a \$6.3 billion online music market that's attracted some major players.

Spotify's moves put it in more direct competition with **Apple's** (AAPL) iTunes, which last year introduced "Ping" social networking, and **Google's** (GOOG) Google Music, a service introduced this month that's integrated with its Google+ social networking service. **Amazon** (AMZN) also offers music downloads.

Spotify's rivals offer cloud-based storage for personal music libraries. They have music available to download from their clouds.

Spotify differs in that it doesn't have a download store, instead offering streaming songs for free with ads, or for a fee without ads. Users don't have to buy or own any music to sign up. But its rivals are tough.

iTunes sells more than 60% of digital music in the U.S., says industry tracker NPD Group. Last year, Amazon racked up about 13% of downloads, making it No. 2.

"I think iTunes will continue to be dominant for many, many years to come," said Rick Singer, an app marketer who runs GreatApps.com. "Spotify is in for heavy competition."

Rolling Stone and Pitchfork, two of the best-known music reviewers, were among those that announced Spotify apps. They'll tie reviews directly to songs.

"For music fans like myself, this is just a dream come true," said Jann Wenner, Rolling Stone's founder, on hand for the announcement.

Wenner says Spotify users will be able to read Rolling Stone's reviews and daily lists — like "Mick Jagger's Top 10 Reggae Picks" — and listen along to those songs.

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