

UP front

HOW TO JUICE AND TELL

Former **Enron** CFO **Andrew Fastow** testifies in court that he was just following orders when he "juiced" company profits by creating secret partnerships. (103.072)



ANDREW FASTOW

HBC A NEW ERA IS AT HAND

Jerry Zucker announces he is now chief executive officer of Hudson's Bay Co. (103.091)

DIGITAL DOWNLOADS

Opportunity calling

As of last year, ring tones accounted for 40% of the global digital download market. Buying songs for a cellphone is now legal, cellphones that double as MP3 players are ringing up hot sales, and there are now more than 1.5 billion cellphone subscribers worldwide—a huge potential market. But according to **Charlie Millar**, manager of digital business at Toronto-based **Warner Canada**, labels' talent scouts "currently don't see the mobile space as an area for developing artists."

So record companies aren't pushing their new acts in the mobile space. Why not, if legal downloads and cellphone MP3 players are taking off? Millar says the mobile realm lacks a site where in-the-know music fans can discover new talent. On the web, **Warner Records** is looking at **MySpace.com**—a burgeoning online community where bands post songs, talk to fans and link up with like-minded audiophiles—to promote their new artists.

If the mobile universe had a similar site, says Millar, labels would be less hesitant to market their emerging acts to cellphone users. "As soon as we have an environment which is a 'mobile MySpace,' then [managers] will go down this road to get

new acts and content out there," he says. "Right now, mobile MySpace really does not exist, therefore it is not an area that [they] are looking to." Millar thinks there's definitely demand for a broader mobile playlist, however. "The numbers are there," he says. "Consumers are requesting it, and we have to supply it."

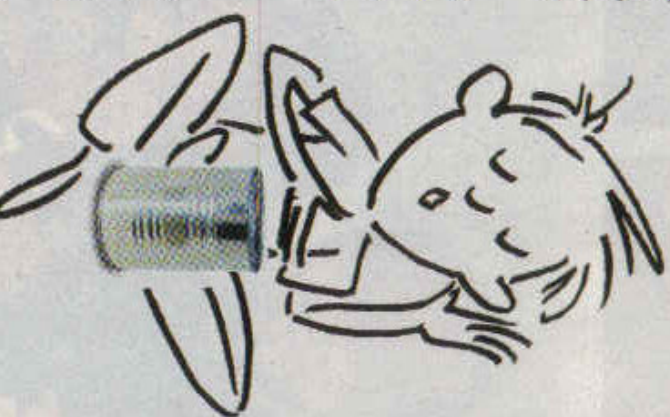
David Neale, vice-president of service development for Toronto-based **Rogers Wireless Inc.**, understands Millar's concerns. To him, the mobile domain is still developing, and he shares the record labels' "conservatism."

Neale does point out that some companies, such as the digital distribution outfit Orchard, are looking at mobiles to launch new artists

like the critically acclaimed but largely unknown indie singer-songwriter **Sufjan Stevens**, and it won't be long before the record labels' hesitation dissipates. "As soon as one or two artists get broken this way, you know it will no longer be a debate," Neale says. But until a suitable place develops to promote new music for cellphones, the record labels, telcos and, most importantly, consumers will continue to lose out.

"We may miss a release," says Warner Canada's Millar. "We're doing this sort of ad hoc."

BRYAN BORZYKOWSKI



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