

Why Apple Want Beats So Badly? by Daniel D'uwa

Did Apple get its Cool Back?



Dr Dre is the 1st hip-hop billionaire when Apple Inc. acquires Beats for \$3.2 Billion. You know Dre; the great producer behind some of the best tunes around Eminem, Snoop Dogg, Tupac and 50 Cent. But Apple is running out of its original ideas – unlike a decade ago when they changed music by producing the iPod music player. “Apple want the streaming Beats Electronics subscription service.”

Like any company going through midlife crises and having lost its charismatic cultist leader, Apple is following the fray and buy out companies that innovate. It has stopped being cool and its now following the cool kids like Dr. Dre to maintain its cool. Otherwise Apple like most other companies before it, refuse to continue to innovate or is at its peak & has past its innovation circle.

It is important to also understand that Apple is not acquiring Beats for the cool headset, the headsets are cool, but rather, Apple want the streaming Beats Electronics subscription service. As of early last years, Beats had 525,000 paying subscribers.

I remember Digital Music News reporting that at the time, Beats started driving 750,000 free trials starting January 31st, with 30-day (and 90-day) windows being used. Of that number, an astounding 70 percent are converting to paid subscriptions a really high

turning rate even by industry standards. This in an age when most subscription services are dwindling.

Most subscription services especially in print, music sales and even premium clubs has been dropping, in some cases the business has dried up. record sales have dropped to a point where most artists give their music away for free on video sites with the hope of making money touring. The formula doesn't always work, because touring might be very capital intensive and most new bands or even established ones are often cash-strapped.

By numbers the best and more popular music streaming sites have been Spotify, Rdio & Beat Music. While Spotify is more international with a bigger song catalog, Rdio is exclusive with a selected artists and Beats Music is applying for its play-list and discovery of new artist. There many other music stream site like Rhapsody, Xbox, Pandora and even free sites like GrooveShark yet Beats growth and consistency stands impressive. If this deal goes through, your musical life might not be better.

For a while, Apple has tried to get its hands on a wider catalog of music. In February of 2013, Apple's iTunes Store set the record of 25 billion songs sold since its founding. But it has not been rosy for Apple. In 2012 Bruce Willis, Die Hard actor contemplated fighting Apple over right to leave his iTunes library in will wants extensive music collection to be inherited by daughters instead of reverting to Apple ownership. In

May of 2006, The Beatles lost court battle challenging Apple Computer over its iPod and iTunes download service. They, The Beatles had set up record label Apple Corps in 1968. Apple is still in patents wars with Samsung over phone design. Now imagine, if they own your playlist. You have to remember that Apple has cultist following & for most part, has been very innovative. Unlike Google that plays well with developers and the public, Apple premier itself to set the trend and the rest follow.

They have a closed system, in that everything is developed under the Apple Inc umbrella, so you put up or you are left out. For instance, Apple ear plugs are often shitty but its fans never seem to plug-in anything but Apple products. Maybe Beats will change the snazzily noise that is music on Apple ear-sets often poor fit and tinny bass.

To its credit, all mobile phones have the same look, acting smart and dumbing their users. Everyone has to have a newer iPhone, even if they careless off what its does. In recent times, it has been doing little in way of innovation & more acquiring and a considerable number of lawsuits. They haven't had a 'killer app' in many days.

Apple Inc. interest in Beats is finance sound, at least for Beats. Beats raised \$500 million last year from the Carlyle Group, that is an estimated valuation of \$1 billion. Jordan Weissmann of Slate.com writes that Apple willingness to pay \$3.2 billion, means that Beats has tripled its value in just a few months.

According to Business Insider HTC bought a 50.1% stake in the company for \$300 million in 2011 and used the Beats branding and audio technology in its smart-phones. But the

partnership fizzled out. In July 2012, Beats bought 25% of the company back from HTC for \$150 million. Then Beats spent \$265 million in 2013 to buy the remaining 25%.

Makes you wonder, did Dr. Dre and Jimmy Lovine ever dream of such a moment when they founded Beats? Probably not, yet here they are, almost \$3.2 Billion richer.

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