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IBM TO INTRODUCE SUPERDISTRIBUTION CAPABILITIES FOR ADVANCEMENT OF DIGITAL MUSIC MARKETPLACE

IBM's Electronic Media Management System Offers New Security Features for Peer-To-Peer File Sharing

Midem 2001, Palais des Festivals, Cannes, France -- Jan. 22, 2001 --IBM today announced enhancements to its market-leading solution for the digital distribution of music with a number of key features including superdistribution. The IBM Electronic Media Management System (EMMS) new superdistribution capability, to be available in the first quarter of 2001, will allow the authorized peer-to-peer sharing of music or book files, giving retailers and consumers the ability to pass content to multiple recipients. EMMS' new feature set is intended to address the music industry's immediate need for a solution to create e-commerce and a viable business model around consumers' growing affinity for sharing music files over the Internet. Along with superdistribution, EMMS also provides support for the MusicMatch® Jukebox™ digital music software and the RealNetworks®, Inc. RealJukebox ™.

"As a technology provider and proponent of e-business, IBM is focused on helping businesses transform themselves for digital commerce, which is increasingly characterized by the digital distribution of goods and services," said Dick Anderson, general manager, IBM Global Media and Entertainment Industry. "For digital distribution to succeed as a business, content owners need to be compensated for their intellectual property and have access to technology that will enable different business models. EMMS' security features and new superdistribution capabilities are designed to meet these needs."

As a comprehensive electronic distribution and digital rights management (DRM) system, EMMS also addresses a long term need for the advancement of e-business. Gartner Group Inc. recently predicted 60% of e-commerce sites will use DRM applications by 2002 to protect their content and maintain revenue associated with that content. This will become increasingly important as businesses move from physical to digital distribution. The research firm sees DRM adoption beginning first with the music and book industries. However, the benefits of DRM technologies could extend beyond the media and entertainment industry to any industry needing to distribute digital media over open networks in a secure way. This could include government documents, health records or next-generation telecommunications services.

"Perhaps the biggest obstacle to the maturation of the digital music marketplace is record labels' inability to track and capture revenue associated with the digital distribution of their content," said Joshua Duhl, Contributing Analyst IDC Document and Content Technologies.. "EMMS' new superdistribution feature is a viable option that the music industry can use to provide a legitimate marketplace for consumers to exchange music files without infringing on content owners' intellectual property rights."

"IBM's planned introduction for superdistribution capabilities in EMMS is very timely as the music industry is looking for ways to balance consumer desires for downloadable music within our need for a viable business model," said Karl Slatoff, vice president, New Media, BMG Entertainment. "BMG looks forward to exploring opportunities with IBM through EMMS' superdistribution features."

EMMS New Features & Functionality

IBM plans to ship the new version of EMMS with the following enhancements in Q1 2001:

Superdistribution

- Allows retailers or end users to package and send content to multiple recipients within a distribution chain (e.g., attaching a music track within an email);

- Enables content owners to define usage conditions along the distribution chain (e.g., initial distributee may have full usage rights with recipients having more limited rights to preview until full usage rights are purchased);

Other features and functions

- **Geographic restrictions** -- allows content owners to define content usage conditions by geographic regions;

- **PC player support** -- supports MusicMatch Jukebox and RealNetworks Real Jukebox;

Since its debut, EMMS has received support from BMG, Handleman Company, JesterDigital, labelgate.com, Liquid Audio Japan, MediaMatec, music.co.jp, MusicMatch, NTT Docomo, RealNetworks, Reciprocal, Sony Corporation, Sterling Sound and Toshiba. EMMS was successfully tested in the first broadband music distribution trial conducted with the five leading record companies.

About EMMS

EMMS is a comprehensive electronic media distribution and digital rights management system designed to support a broad range of media types, beginning first with music and audio content. EMMS provides the foundation for new business models created by the digital delivery of assets and offers a rich set of security features designed to protect the intellectual property rights of content owners throughout the delivery process. EMMS has an open architecture to allow technology advances in audio compression, encryption, formatting, watermarking, and end-user devices and applications to be integrated. EMMS is part of IBM's broadbased digital media management portfolio which offers comprehensive, enterprise-wide solutions for creating, managing, storing and distributing digital assets. Additional information on EMMS can be found at www.ibm.com/software/emms.

About IBM

IBM is the world's largest information technology company, with 80 years of leadership in helping businesses innovate. IBM is helping media and entertainment companies worldwide take advantage of the business opportunities made possible by digital technology. IBM offers a comprehensive portfolio of solutions, networking and service offerings that is transforming the traditional creative and business processes of media and entertainment companies and positioning them to leverage their intellectual assets into new commercial opportunities. Additional information on IBM strategy for the media and entertainment industry can be found at www.ibm.com/solutions/media.

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