

LITEPAPER

- **a living document**

introduction

the music business is plagued by a paradox. it's quick to change in the face of new media and tech, but tough to crack in terms of power structures. though streaming has saved the radio star and has turned into a billion-dollar industry, the revenue from streaming does not benefit the overwhelming majority of creators, reinforcing the unfair power structures that have long been part of the recording business. in other words, if streaming music was a country, its income inequality would be one of the highest on the planet.

vision

We are creating an open market for music rights. We believe that a vibrant collective of music-loving rightsholders will increase the value of music. Up-and-coming artists could then receive support and funding early on without predatory label deals - and established creators could share their most appreciated songs with people who love them and reinvest in new creations. Starting off with music rights, we see a future where we can leverage web3 to further support creators (of all sorts) with new solutions, and support projects that share our vision to benefit creators.

By creating an authentic community around music ownership we will—day by day, quarter by quarter, and year by year—create a connection between artists, fans, and the music they love that is closer than ever before. The anotherblock community is here to help members access music ownership, discover new music, and navigate the world of music NFTs in general.

the problem

Who gets paid from streaming comes down to who owns the music rights, and today, frankly, it is not the creators. In fact, a sizable portion of the rights is owned by major labels and professional investment funds. These rightsholders provide capital to artists, financing their careers, and keeping the spoils. Artists have limited financial options and agree to these less-than-ideal deals.

This is where anotherblock comes into play: we believe that in the long run, web3 and nfts can change the power balance, bringing more power to the creators and their fans. We offer a new avenue for creators to sell the rights to their work directly, without financial middlemen, through blockchain technology.

Another problem is that as a retail investor, there are only two ways to access music royalties, investing in music royalty funds like hipgnosis songs fund and mills music trust, or investing in record labels and publishers such as warner or universal music group. With both of these alternatives, the investor is buying stock in a public company or investing generally in a larger fund. They are not able to choose what song to support, nor do they own the music royalty right directly. On top of that, there are other towering hurdles, such as minimum investment amounts (\$5+ million). Unfortunately, most of us don't have that kind of money.

Finally, the music nft market is underserved or has a huge potential, depending on how you view the world. On the most prominent nft trading platforms, including opensea, less than 0.3 percent of all nft transactions involve music. There is a need for more music-focused nft projects, and there is a real need for an nft project that goes to the core of the music industry: music rights.

OWNING MUSIC
RIGHTS

ENGAGE IN THE WORLD OF
MUSIC NFTS

DISCOVER AND
SHARE MUSIC WITH
THE COMMUNITY

music rights

On average, it takes three to twelve months after a song is released for it to reach its peak level of revenue. Over the following five to ten years, the revenue drops. In the ensuing years, also known as the “tail”, the revenue from the song begins to stabilize.

Music investment funds often invest in older songs due to the reliable source of income, which resembles asset classes like commercial real estate. Labels are more comparable to early-stage venture capitalists, who invest early and widely with a few superstars expected to cover investment costs many times over. Importantly, music as an asset is not fully at the mercy of economic cycles as people consume music in bull or bear markets, since you listen to music both to celebrate and to ease your pain.

Many different distributors collect music royalty income, which is paid out to owners of music IP rights on a regular basis, usually quarterly or semi-annually. Today, streaming is the most important revenue stream for rightsholders. And, according to Goldman Sachs, streaming is estimated to double over the next ten years—so more revenue is likely to come from this source. A good rule of thumb is that for every million streams on streaming services (e.g. Spotify) - \$3,000-4,000 is paid out to the owners (rightsholders) of the song.

Furthermore, it is common to see solid returns on music royalties. The S&P 500 dividend yield is at 1.6% and the US 10-year treasury yield is at 2.7% (as of July 2022). In comparison, music rights have had an average annualized return of more than 12% on Royalty Exchange (on the platform’s catalog sales) while Mills Music Trust’s (MMTRS) dividend yield is 8%. Music rights are widely considered an attractive asset class. The difficulty is how to access them more easily.

Nevertheless, it is critical to keep in mind that the income from music royalties is variable and not fixed. In other words, the royalty income from the previous 12 months does not guarantee that the income from the following 12 months will be greater or equal.

data from goldman sachs

\$35B

- PHYSICAL
- DOWNLOAD
- STREAMING

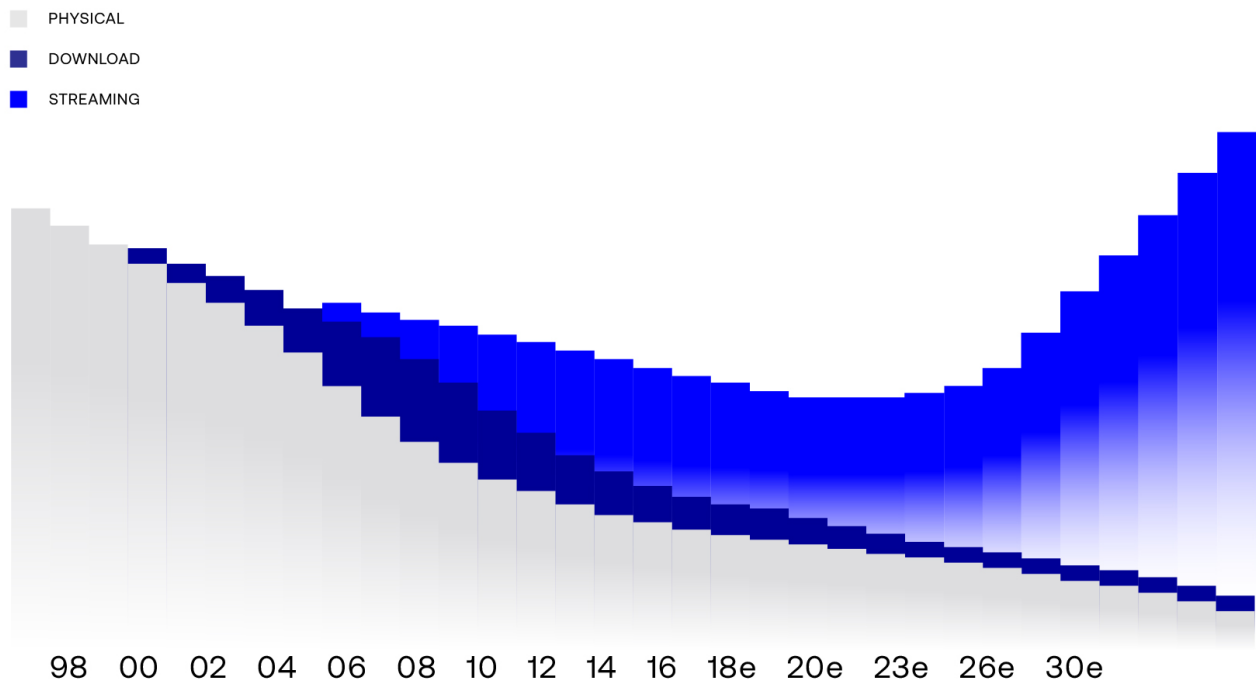
\$30B

\$15B

\$15B

\$5B

\$0B



the solution

anotherblock has created a way for artists and creators to share royalties via NFTs. When artists divest a share of their streaming rights on anotherblock - the divested share's future streaming revenues from DSPs like Spotify and Apple Music will be made claimable by collectors through anotherblock. anotherblock executes the payment on-chain to all NFT holders, ensuring that the payment goes out accurately and transparently, something that was nearly impossible before blockchain. All of this means that the NFT holders of our music rights will receive their rightful royalty portions.

All tracks released on anotherblock are collateralized by an underlying real-world contract between the NFT holders and the rightsholder. This contract guarantees ownership of the streaming rights to the NFT holder also in the real world. The contract is stored on IPFS and can be accessed through the NFT.

We start off by focusing on streaming royalties from master rights (the recording). The reason is that approximately 80% of every dollar paid out by streaming services goes to master rightsholders. Streaming revenue from the master recording also has the strongest correlation to the number of streams on streaming platforms, making it as transparent and easy to track as possible. For a simple explanation of royalties and music rights, feel free to read our article on the subject.* As the community evolves, we hope to incorporate publishing and other music rights into the mix, giving fans even more ways to support their favorite creators and connect with music.

* https://mirror.xyz/OxD0c1aE63943F0C068DE960623a5DC32d88035018/1qHF0dxphgly-u2iNt-s5zFxorxbr_Xty72HpoawrVds

technology

our NFTs are ERC-721 tokens with a custom ID where the ownership percentage for each song is stored on chain.

The NFT includes:

- A real-world legal contract specifying the terms of the streaming royalties and guaranteeing real-world ownership for the NFT holder
- Unique artwork created by NFT artists (for each drop)
- Custom soundtrack (for each drop)

All assets are uploaded to IPFS storage and connected to each NFT. anotherblock creates each drop and enables users to mint on the site either by using a crypto wallet or by paying with a credit card. When anotherblock receives royalties from DSPs, it is converted from fiat to crypto and deposited into the smart contract.

If you own 1/100 NFTs, you will be eligible to claim 1% of the deposited funds.

technology

ethereum

anotherblock will be launching on the Ethereum blockchain, which enables greater transaction volumes, secondary market viability, and security. Ethereum is also one of the most accessible blockchains for people new to web3 and, with the ETH 2.0 merge and future sharding compatibility, high gas fees will likely be less of an issue. NFTs that are on the Ethereum blockchain are seen as more permanent than those on an alternative Layer 1 blockchain and thus a more serious play. Since our NFTs grant ownership for the lifetime of the copyright we believe it is the right move to go with Ethereum.

payment

To further support the onboarding of music fans we enable credit card purchases through our partner paper.xyz. A custodial wallet is a crypto wallet that paper.xyz hosts on your behalf.

divestment

We focus on songs rather than individual artists. The benefit of this approach is that we can reach out to a variety of rightsholders for a specific song, it does not have to be the main artist. We collaborate with artists, but also with producers, songwriters, and even labels in order to allow our community to gain access to some of the world's most popular music.

win-win

benefit for the investor & fan

The stable yet expanding music streaming market makes music rights a sought-after asset. However, until now it has not been accessible to the private individual without industry connections. To put it simply, we provide this access. And on the emotional side, imagine having the opportunity to co-own a portion of your favorite song. This is a genuinely cool collectible that you may display beside your personal music library, flaunt at social gatherings, or use to expand your private catalog by reinvesting the royalties you earn.

benefit for the rightsholder

Rightsholders get closer to the real market value for their creations than ever before when selling their music rights on an open market through anotherblock. Today, when a fund or label buys music rights, they make sure to always pay way below market price, since that is how they make their profits. In essence, they are banks. Also, if anyone was to end up making a profit, most creators would prefer it to be fans.

When rightsholders sell their rights, that's it. But with anotherblock, their rights continue to earn on their behalf. In addition to receiving payment upfront from the initial sale, divesting rightsholders also receive a share of all subsequent NFT sales on the secondary market in perpetuity.

Additionally, rightsholders don't merely gain buyers; they gain fans ready to promote the track. The creators co-own the song with a sizable group of small owners who have a financial and emotional incentive to push the track. Incentives align beautifully.

transparency

one of the most evident problems facing the music business and individuals who choose to make a career — and a mark — as musicians and artists, is transparency, or rather the lack thereof. clarity about internal processes and revenue distributions is something that both musicians and fans are increasingly seeking (and expecting) from the businesses they work with.

In web2, we are dependent on centralized organizations that hoard and make money off of our data. By granting everyone access to the data stored on the blockchain, web3 promises to free us from these restrictions. anotherblock believes in transparency and openness in the music industry and we commit ourselves to fair and transparent payments to our music NFT owners.

With more clear and transparent payment per token, anotherblock is building a data-rich platform, so that our holders can follow their valuation precisely and effectively. The NFTs' primary valuation will closely reflect expected streaming revenues and market standards, not other vague promises of utility.

anothercollection

WAGMI - we're all gonna make it. we believe that a thriving NFT community is good for the user/collector, the music industry, and anotherblock. one way to make the community thrive is to actively participate in worthwhile web3 music projects and share the excitement with our community.

to do this, we have, from day 1, supported projects we believe in. we hold regular twitter spaces where they can meet our community, we post about them, and have even created a youtube channel dedicated to helping them spread their message.

we have also chosen to take it one step further by creating anothercollection. we are collecting great music NFTs from projects that stand out. when we purchase NFTs, we hold one and then raffle out one to our community. here you can see what projects we have supported thus far.

utility

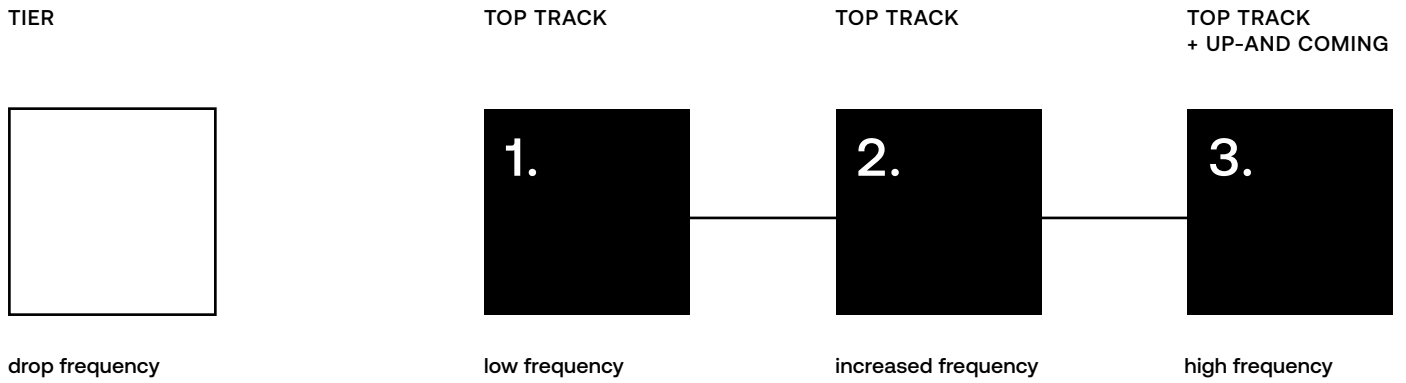
ownership

access

priority

Our main goal is to deliver transferable utility to our holders, not one-offs. As part of our core utility, our holders have real ownership of royalty streams. Our second utility is access to a token gated Discord channel and furthermore, access to our future events. Our third utility is receiving priority and instant allowlist for our upcoming drops.

We will also use the concept of a utility score, each NFT gives our holders a chance to grow their collection of tracks and their catalog. By owning more NFTs you level up your utility score and your influence on the project. The more tokens you hold the more voting power you will have for future decisions. More utilities are in the making - but as the Swedes we are, we prefer to over-deliver than over-promise.



our community – blocksters

Our community is tied together by a true love for music. Blocksters from all over the world have gathered to change the industry, inspire each other, and become music owners together. We value our members and will always do our utmost to make sure they are satisfied with the development of the project.

content and creator community

Our creator community consists of some of the most prominent music creators out there. Top-tier artists, producers, and songwriters. This community has grown organically and shares the anotherblock vision. Through our community we already have a great catalog that we look forward to sharing with our blocksters - it already contains some of the most popular songs out there. To start with we will focus on tracks from this select community to show the world that music is an asset to count with. Down the road, we have plans on expanding this community to also include up-and-coming creators. Stay tuned!

funding

in order to continuously bring value to our community, funding is necessary. we are backed by J12 and Inventure, who both specialize in early-stage investments in the nordics. we have also onboarded great angel investors with wide startup, music, and crypto experience.

roadmap

see keynote presentation

<https://www.icloud.com/keynote/0c0egnAJb-pC8SJnDNk9IEvxpw#timeline>

MVP LAUNCH

- Mint site with 250 ERC-721 NFT:s on ETH
- A collection of curated drops. Become an owner and start growing your catalog
- Sections: Landing-Drop-How it works-Profile
- NFT-artwork (Acid and Marblez®) MP4 Cube
- NFT connected to a real-world royalty right contract
- Claimable Royalties
- Credit card through Paper.xyz
- Analytics through Doppr
- Contracts: anotherblockV1-DropV1-RoyaltyV1
- Between 6-9 drops

2022 Q4

- Build technical support for increased drop capacity, scaling
- Live dashboard with analytics- Doppr Analytics fully integrated
- v2.0 profile page release: Displaying your anotherblock- and other Music-NFTs

2023 Q1

- Experiment with auctions 1/1 on Rarible or SuperRare
- Utility Score and storytelling (having blocksters feel like they are starting their own record label)
- Transferrable allowlist
- Season pass, golden ticket allowlist NFT v1.0
- Leaderboard of collectors
- Ranking of claimed ETH
- Uniswap integration to swap payouts to your preferred token

2023 Q2

- v2.0 smart contracts to further increase decentralization, revenue, and utility.
- Exploring Streaming, staking, and omni-chain payouts (L2) of your royalties
- Experiment with pre-pledge, send in ETH before, and get the token sent to you on the launch date.

2023 Q3

- anotherblock NFT MUSIC aggregated Marketplace (swap functionality between holders)
- Token gated Merch store

Q3

- Distribution play: we release new artists.

2024 +

- Community power: involvement in choosing songs and direction of anotherblock
- Full-blown metaverse experiences
- anotherblock token test
- Infrastructure support for other projects
- Involving more music rights
- Further music NFT experimentation
- Democratizing more asset classes

