

Life After Napster

As a teenager, Shawn Fanning rocked the record labels. These days, he's doing business with them.

SHAWN FANNING, AT 24, HAS already had a career's worth of fame as creator of Napster, the free peer-to-peer music-sharing service that changed the record industry, before it was litigated out of business. (Don't mistake that effort for the current music-subscription service that bought the Napster name.) But he thinks the best is yet to come. His new company, Snocap, is gathering an electronic registry of millions of songs, along with information on who owns the rights, and what, if anything, they want to be paid for a download. The registry and software that supports it will (he hopes) be licensed by peer-to-peer services that would instantly become legal, for-pay versions of Napster. So far, three of the four major labels and many indies have signed on. Fanning dropped by NEWSWEEK recently to discuss his second effort.

LEVY: After the problems with Napster, why start a peer-to-peer related company like Snocap?

FANNING: After Napster began to deteriorate, I became disillusioned and started thinking about the business side. A few of us got together and began to discuss the idea of a system that not only identified songs, but determined who owns the work. When I try to explain to people what I'm building, they'll ask, "What do you mean? There's no central rights database?" They just can't fathom the idea that there isn't a single registry or some way to determine who owns what content.

Were you worried that the labels wouldn't deal with the guy who started Napster? Actually, on a

personal level, with the exception of one altercation with an unhappy artist, everyone was always friendly. Even people who were publicly critical were still intrigued by our system and the fact that it had attracted so many people. Like, I met [Interscope Records head] Jimmy Iovine backstage at a U2 concert, and I was shocked at how cool he was about everything.

Snocap will allow individual artists to enter their works directly into your directories, and get paid for downloads. What will be the effect of that?

We'll be in a position to start to push music to much smaller groups of people. So there's a possibility for many more musicians to actually sustain a career and build a fan base.

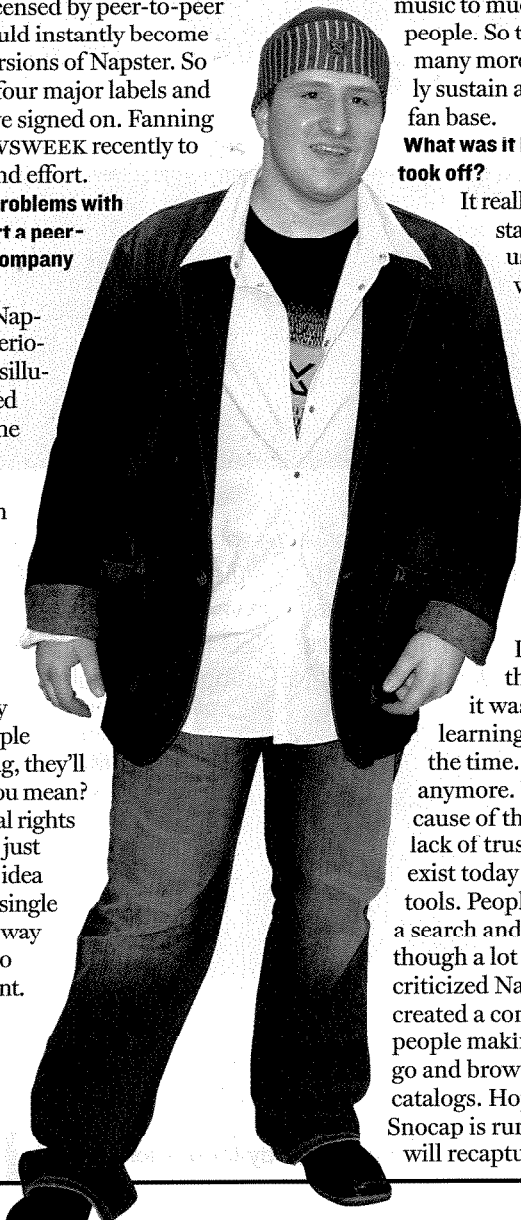
What was it like when Napster took off?

It really was a blur. We had a staggering number of users, but for us, they were [just] numbers on a screen. I couldn't function if I thought about it too much.

How do you personally obtain the music you listen to?

Uhh ... [Laughs] Actually, the [peer-to-peer] services are just a nightmare right now. I look back to Napster and

I remember back then and how exciting it was—everybody was learning about new music all the time. It doesn't happen anymore. Now, probably because of the spyware issues and lack of trust, the services that exist today have become tools. People log in, do a search and log out. Even though a lot of people criticized Napster, the users created a community, with people making the effort to go and browse other people's catalogs. Hopefully, once Snocap is running, someone will recapture that.

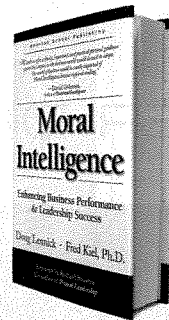


Quick Read

Moral Intelligence: Enhancing Business Performance & Leadership Success

by Doug Lennick and Fred Kiel

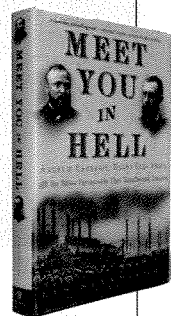
Morality's a hot topic in corporate America, but the authors actually began researching it in the mid-'90s. Their theory: having a leader with high moral intelligence (defined as the capacity to apply principles like integrity, responsibility, compassion and forgiveness to goals and daily actions) is as beneficial for a company's bottom line as it is for the corporate culture. The authors back this up in the 304-page book with anecdotes from dozens of top Fortune 500 executives. But you'll have to wait for the quantitative research. The pair plan to spend several more years compiling data on the relationship between business leaders' moral intelligence and companies' long-term performance.



Meet You in Hell by Les Standiford

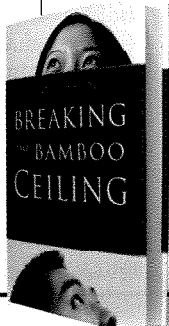
The title refers to Henry Clay Frick's response when the ailing Andrew Carnegie asked for a meeting in 1919 to make amends before he died.

At that point, the titans had long been bitter rivals. But before their friendship unraveled over the handling of a labor strike in 1892, the two had enjoyed one of the most successful business partnerships in U.S. history. Under it, Carnegie Steel controlled a quarter of the nation's steel production and made both men multimillionaires. In his 336-page book, Standiford traces their relationship, revealing how each personified the best and worst of capitalism in the Gilded Age.



Breaking the Bamboo Ceiling by Jane Hyun

Asian-Americans have the highest percentage of college graduates of any ethnic group and are often at the top of their academic class. But as executive coach Hyun discovered, they make up barely 1 percent of corporate boards and less than half a percent of senior management slots in Fortune 500 firms. "Given the educational achievements of Asian-Americans, there's clearly a disconnect," she writes. In her 368-page book, she explains how Asian cultural values may be partly to blame and offers strategies to get ahead in a Western workplace, from networking to negotiating pay for bigger jobs. Recognize where you are, she advises, but don't forget your roots. After all, biculturalism—particularly in a global economy—is a business asset, not a liability.



—JENNIFER BARRETT