

Galaxie Mobile music streaming deal opens new doors

By Emily Chung, [CBC News](#)

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Music Canada says it has an aggressive timetable to reach out to services like Pandora, Last.fm and Slacker Personal Radio. (Associated Press)

A new Canadian service that streams music to mobile devices for a monthly fee is expected to open the door to popular internet radio services like Pandora and Spotify that are largely unavailable in Canada.

Galaxie Mobile, billed as "the first Canadian-owned commercial-free mobile streaming music service," was launched Tuesday by Montreal-based Stingray Digital, which has previously offered its Galaxie music service as part of cable, satellite and IPTV packages.

Starting Tuesday, users can download a free app for Apple and Android mobile devices that will allow them to play Galaxie's 45 channels for a subscription fee of \$4.99 a month or \$9.99 for three months. The app includes interactive features that allow users to skip certain songs or buy songs online.

"There's a lot of convenience there," said Gary Pelletier, vice-president of marketing for Stingray Digital, noting that previously the Galaxie service was only available over the internet to a limited number of existing TV customers.

Regulatory hurdle

Music streaming services similar to Galaxie Mobile are popular in the U.S., but have mostly stayed out of Canada, [complaining](#) about high licensing fees and cumbersome regulation through the Copyright Board of Canada. The board can take years to approve licensing rates based on proposals and arguments from all stakeholders.

Music streaming services

In Canada, interactive mobile music streaming services have been limited so far.

The subscription service Rdio is not regulated by the copyright board because it is a fully on-demand service, without preprogrammed stations, and therefore had the freedom to negotiate directly with music licence holders, said Graham Henderson of Music Canada.

Slacker Personal Radio launched a service with varying levels of interactivity in Canada in January 2010. Henderson said that means Slacker must retroactively pay whatever rates are eventually set by the copyright board, and that was a risk most of its competitors were unwilling to take. However, Jim Cady, CEO of Slacker said that in fact, his company did not need approval from the copyright board for the rates that it negotiated directly with licence holders.

In the U.S. and overseas, similar services have been popular. Pandora announced in July that it had hit 100 million users, while Spotify, headquartered in the U.K., said it had 10 million registered users and more than 1.6 million paying customers that month.

Stingray Digital managed to bypass the usual process by approaching Music Canada, a group that represents four major record labels, and asking them to broker a deal directly with license holders through face-to-face negotiations. All parties plan to approach the Copyright Board with the same proposal and expect it to be approved.

"It took us like two months," said Graham Henderson, president of Music Canada.

He believes past criticisms from streaming services about the high licensing rates proposed by the music industry had to do with the regulatory process, which encouraged both sides to propose extreme prices and engage in public posturing in the hopes that the Copyright Board would eventually set a rate in between the proposals.

He added that the rates negotiated in the Galaxie Mobile deal satisfy both sides and will immediately benefit the Canadian music industry.

Immediate cash

"Stingray starts writing cheques now. And it's absolutely vital that they start doing so because physical sales are drying up."

Henderson added that services such as Galaxie Mobile will also provide another legal alternative to illegal music downloads.

"My hope is that what we did with Stingray will be replicated through other services that I hope will start to come to Canada very quickly."

Henderson said the group has a "very aggressive timetable" to reach out to services like Pandora and Last.fm.

Pelletier said he's not concerned about the potential flood of competitors that could follow in the footsteps of Galaxie Mobile.

"It's certainly not an exclusive deal," he said. "We were perhaps the trailblazers, but it's a competitive marketplace. We welcome competition."

He added that he hopes his company would be similarly welcomed in other markets.