

COMPANY TOWN

Apple preparing 'cloud music service'

The tech giant has reached tentative deals with the four major record labels.

ALEX PHAM

Preparing to launch its own "cloud music service," Apple Inc. has reached tentative agreements with all four major record labels that would allow users to listen to songs from an Internet connection.

It is unclear whether the Silicon Valley company has contracts with those labels — Warner Music Group, Sony Music Group, EMI Group and Universal Music Group — or whether details

of the agreements are still being ironed out, according to people familiar with the negotiations.

Representatives of the four labels declined to comment. CNET reported last week that EMI had signed on to Apple's service.

Apple, whose iTunes music store is the dominant purveyor of music downloads with between 75% and 85% of the market, has been carefully monitoring moves by rival Amazon.com Inc. as well as newcomers to the digital music space, including Google Inc. and, in Europe, Spotify Ltd.

Amazon pounced first in March when it launched a music "locker" service, dubbed Amazon Cloud Player, that lets users upload

their music to Amazon's computers and listen to their songs from any browser. Google followed suit in May with its Music Beta service.

With Amazon and Google launching music locker services in the last two months, Apple began feeling pressure to make its own move, said people familiar with the negotiations among Apple and the music labels.

Apple's service would differ from Google's and Amazon's in one key respect — it would have the requisite licenses from the major record labels, whereas Google's and Amazon's are unlicensed services.

For users, this can make a huge difference. To get

around copyright rules, Google and Amazon must require users to upload their song collections, a process that can take hours or even days. With the appropriate licenses from music publishers and songwriters, Apple can scan a user's collection and make all of those songs available within minutes for listening over an Internet connection via Apple's computers.

Hundreds of millions of consumers already use iTunes to buy, store and organize their music collections, making the practical task of creating a cloud service almost trivial for Apple. The company also has the advantage of having the credit card information for more than 200 million cus-

tomers who regularly purchase digital music or apps for their iPhones or iPads.

Apple might unveil a cloud service as early as June 6 in San Francisco, according to people close to Apple. That's when the company holds its annual developer conference, where last year it introduced Ping, a social network focused on music. The timing of the launch would depend on how soon Apple can button down its contracts with the major labels and publishers, sources said.

Google, in particular, has been frustrated in its attempts to negotiate with record labels for a licensed cloud service. At an event last week to announce its service, Google said music

executives had been "unreasonable and unsustainable" in their negotiations. But label executives said Google was not able to provide enough assurances that the Mountain View, Calif., search giant would help the industry curb music piracy.

It's unclear how Apple cleared those hurdles with the labels. Calls to Apple were not immediately returned.

Apple's cloud service might work through the company's existing MobileMe service, which lets users upload files to Apple's computers so they can access them on any Mac computer with an Internet connection.

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