
Preface

Storytelling is fundamental to being human. We've been communicating emotions and ideas for almost as long as we've been on the planet, through visual art, music, and language. The urge to create and share is intrinsic to the human spirit itself—a constant companion that appears everywhere, in every age. There is undeniable joy in the connection between storyteller and audience.

Today that joy has become increasingly linked to the digital experience. The way creative people express themselves, and the way their audiences enjoy the story, has been forever changed by technology and the pervasive connectivity of the Internet. This book explores that phenomenon, along with some of the challenges that it has created.

This rush to digitization is not surprising; computing technology is simply the latest, and by far the most powerful, means we have of communicating our ideas and emotions. The creative drive is always present, but the way it plays out is inextricably linked to technology and social and economic forces. We use the resources available to us—whether they're ochre, charcoal, and plant dyes used to create a cave painting, a Stradivarius in the hands of a baroque violinist, or the latest digital audio and video production tools. Likewise, we spread our stories any way we can—through oral or religious tradition, by signing a deal with a major record label, broadcast or streaming network, playing a live show, or posting a digital file on the Internet. Throughout history, tools and methods have shaped the stories we tell, the way we tell them, and how our audience experiences them.

Today, we're at an inflection point that is the direct result of the digital revolution. In some ways the state of storytelling has never been better. Thanks to ready access to technology and connectivity, more content is being created and consumed than at any other time in human history. It's easier than ever for artists to produce and share their work. And with the emergence of virtual and augmented reality, storytelling is taking on a whole new dimension. As consumers, we are awash in choice, prices are low, and access is just a click or swipe away.

But at the same time, we face a crisis. Technology, human behavior, and economics have come together in a kind of perfect storm that makes it all but impossible to make a living as a content creator. For example, to make \$1,000 in music, a signed artist with an assumed revenue share of 23 percent

would need to sell 362 CDs¹ at the average price of \$12.00 per CD. If that artist's distribution is solely through single-track sales via a platform like iTunes, and revenue share is assumed to be the same, he or she would need to sell 4,392 track downloads priced at \$0.99 per song² to make that same \$1,000. In terms of streaming, depending on the service, it can take anywhere from 100,000 to 1 million streams³ to make the same few dollars.

Yet the revenues of streaming services have increased more than 300 percent in the past few years, while U.S. recorded music revenue has declined more than 40 percent in the last decade.⁴ Clearly, the situation is out of balance, and therein lies the dilemma.

The same explosion of technology that has been so life-enriching has also added enormous complexity and cost to the media business. In order to adjust to the new reality, budgets have increased, but the balance has shifted away from funding content creation toward distribution and monetization. This economics-driven shift is understandable, but it isn't good. It's unsustainable, and it's getting worse.

Does that spell doom? Of course not. As long as mothers tell bedtime stories to their babies, as long as people sing, as long as musicians play and actors act, as long as communities share local news and humans have a need to share common experiences, storytelling will endure. And the media industry that brings those stories to the world will continue to play a vital role in the fabric of society. But we should be concerned, and we should act.

Creativity—and by extension, great content—blossoms when people have the means and incentive to express themselves. The reverse is equally true. That's why we should all care deeply about the current state of affairs and where we go from here. The actions we take, as content creators, consumers, media professionals, businesspeople, and legislators, will make a real difference.

Where are we, how did we get here, and what should we do about it? That's what this book is about. It is a tale of innovation yielding unanticipated outcomes. It's about the undeniable power and romance of storytelling and an examination of the forces shaping the digital world that consumes so much of our attention. More importantly, it is a call for a new path, one that is simpler, fairer, and more open—and that can be sustained. Ultimately we must find the right balance so that this generation and those to come will be able to embrace the joy of storytelling and the power it has to shape who we are. The question is how.

This isn't simply another demand for wealth redistribution so that artists can get their fair share, nor is it a review of the dislocation caused by digital

distribution, or even a critique of the “big business” that media has become. These are just a few aspects of a very complex issue. Rather, it’s a vision of a new approach that benefits everyone—a way to embrace the intensifying power of storytelling so that it continues to inspire and excite us, without the unnecessary disequilibrium so often experienced by industries in transition. That’s important, because if one group gains only at the expense of others, we’re not solving anything—merely creating a new set of intractable problems.

Every generation must adapt to a constantly shifting landscape in which many aspects of life change dramatically as time passes. Societies and cultures evolve, and human contact changes along with them. Media is no different. It’s clear that the tools of technology are allowing us to create and connect in ways that we could only image a decade or so ago. What role will this generation play in sustaining the power of sharing that is part of our social fabric? How will we ensure that the stories, which have always provided a fundamental connection that ties us together can continue to be a vibrant, thriving part of our lives?

If we can create an environment where the business of media—whether it’s television, film, music, journalism, or gaming—is streamlined and less costly, more money can go toward the creation of great content without impacting profit. That’s good for business, it’s good for content creators, and it’s good for consumers. And that’s why it matters to all of us.

—*Louis Hernandez, Jr.*
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