Even

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References

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Abstract

The music industry is stuck using outdated economic models, with their revenue streams tied to consumption streaming metrics. Currently, about 1.4% of artists on music platforms pull in 90% of all royalties. The other 98.6%, or approximately 3 million artists, made just $36 per quarter on average.① Most of the music content produced is generating network effects on platforms without rewarding their authors.

Even wants to tackle the problem of financial inequity within the music industry by giving economic autonomy back to artists, using quantitative reward mechanisms to encourage group collaboration, connecting niche artists to micro-communities across borders, and supporting culture through productive exchanges.

Even is a protocol that allows all the ecosystem's participants to redefine these economic mechanics and makes them participants in economic decision making. In addition, it supports collaborative environments by enabling new financial possibilities. Even offers a suite of crypto native tools for music industry players such as artists, curators, and fans to use; it enables these users to build social and economic connections and participate in alternative financial systems.

Introduction

The intersection of Crypto and Culture is opening new possibilities for music artists and their communities, as well as creating a new paradigm for creative interaction between artists, fans, and curators. Community-owned and -operated networks allow all participants of the ecosystem to commit to continued cooperation by collectively creating and distributing value as broadly as possible. Community cultural capital can be created as a public good that is broadly accessible, activating generalized and productive exchange systems ② that allow the community to grow larger, more robust, and more innovative over time. A product-oriented market logic, imposed by the mass-production and distribution of analog music, can evolve thanks to the infinite possibilities offered by the digital space. With digital, monetization and traditional product-oriented logic can be decoupled and reinvented.

The music industry has been mainly built around traditional copyright-oriented economic models. Instead of utilizing the potentials of new economic models, prominent players in the music industry have responded to the democratisation of the internet by trying to increase regulation, doubling efforts to control the value of music through copyrights and client contracts. Beyond the inefficiencies of current streaming-based models, contemporary tools available for creators (Web 2.5) lack support for the immaterial and collaborative nature of music productions. Existing NFT platforms are optimised for visual discovery and mainly propose auction models as funding mechanisms, which incentivise competition over cooperation. Subscriptions and patronage models have contributed to a landscape in which music artists act as disconnected brands that need to boost their personalities to reach as large an audience as possible. Recently, COVID has focused attention on the unsustainability of the music industry ecosystem. While centralised labels and platforms are trying to maximize their value stick in a cul-de-sac economy, a growing number of artists and initiatives, mostly independent, are starting to experiment with crypto and NFTs with promising results.

No single mechanism can satisfy the complex requirements that millions of individual artists have to fund their practice, involve and reward their audiences, or orchestrate collaborations. While one artist might want to crowdfund their next album and involve early backers in the creative process, another group of artists and curators might find that a subscription model is the best way to fund their practice. Many initiatives even start from the opposite side and are driven by collectives of fans. In light of these individualities, Even is a protocol with a modular architecture that enables artists, curators, and fans to easily compose economic blocks and mechanisms that share and distribute the value of their work.

Keeping the protocol alive long term will likely require public goods funding and mechanisms for participants to coordinate.③ To that end, the protocol will charge a small fee each time a block or mechanism is used, which is split between developers of the building block and a community-owned treasury. The treasury is governed by token holders and should be used to fund initiatives that benefit the protocol. Small crypto transaction fees that go to building block authors provide a way to incentivize individuals and groups to participate in, maintain, and build services.

References

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③ Toby Shorin, Laura Lotti, Sam Hart, "Positive Sum Worlds: Remaking Public Goods", otherinter.net, July 2nd 2021, https://otherinter.net/research/positive-sum-worlds/

A modular economic logic
From user-generated content to community-generated economies

In the early phase of Web 2.0, the possibilities to share content were limited by a rigid template. In the last ten years, this "one-size-fits-all" template has turned anachronistic. Dynamic layouts composed of content blocks/layers have become the natural way to generate content. What happened with the content layer on Web 2.0 can happen with the social-economic layer on Web 3.0.

Even is a protocol designed to tackle the rigid structure of the current content monetisation solutions. Composability will allow communities of artists, curators, and fans, to express their creativity by designing their token models, composing economic blocks, and enabling new, collective forms of social exchange.

Economic blocks are simple, composable, parameterized mechanisms that create powerful economic primitives when combined. Moreover, blocks have scoped functionalities that can provide simple features like the following:

Pooling funds
Allows participants to submit funds in a common pool. Depending on the settings, the ability to withdraw can be disabled. Through settings, the pool can lock when a particular event happens and unlock only after a specific time frame. Contribution amounts can be fixed, greater than a threshold, or freely defined by the contributor.

Distribute tokens
Allows participants to distribute fungible or non-fungible tokens based on a list of orders. Generally, the register of the contribution to a pool is used as the input.

Collect
Allow participants to set up a collection machine that users can use to exchange tokens. E.g. a non-fungible token can be bought for a certain amount of fungible tokens — this block allows the same dynamic to be used for issuing social tokens.

Swap
Allows participants to swap assets. This can be used as a symbolic form of respect for the community or as an exchange of benefit if the tokens grant access to a service.

Splitting revenue
Allows the accounts which own a portion of a poll to claim their part. Ownership can be tied to addresses that are immutably written in the splitting contract or represented by a transferable NFT.

Minting tokens
Allows participants to mint tokens: non-fungible tokens that represent media, fungible tokens that act as social tokens or equity of fractionalized ownership.

Social/Email verification claim
Allows participants to claim a reward or the ownership of a pool with their Twitter, Instagram, or email accounts. This can be used to airdrop tokens to fans who have supported an artist through web 2.0 platforms like Bandcamp or Patreon. Otherwise, a pool can be created by the fans of the (non-crypto native) artist. When an artist gets on board, they can claim the pool and choose how to rewards the fans.

Economic mechanisms. By composing economic blocks, artists, curators, and fans can publish mechanisms that allow new ways to exchange value and design sophisticated systems of capital flow. By using different block settings and giving various utilities and meaning to tokens, these mechanisms can assume a wide range of socio-economic semantics. Furthermore, block compositions and their settings can be saved and shared as mechanism templates. Saved templates will lower the user experience complexity and allow participants to use powerful economic primitives without having to assemble their underlying blocks.

Tipping Jar
Allows participants to support artists through a digital tip jar. It can be synchronized to an event lineup to redirect funds to different pools based on who is performing, keeping the UX very simple.

Bounties
Allows participants to create a bounty — a reward that can be funded by both the creator of the bounty and a community crowdfund. A bounty can be either targeted to a specific author or open, allowing artists to apply and the people who funded to vote on how to allocate the funds.

Collaborate
Pop-Up DAOs can be created to collaborate on a project. The group can be fully formed from the beginning or be partially formed in order to inspire collaboration, similar to a bounty. Pop-up DAOs can be used in a similar way to both a crowdfund and bounty — as a mechanism that attracts both creative and economic capital.

Crowdfunds
Allows participants to create a crowdfund; anyone can fund it and receive tokens in return. The tokens can be fungible and represent the specific funded project, social and used by a collective across multiple initiatives, or dynamic NFTs which will mutate when the production is completed. These tokens can also be used to share part of the profit derived by the funded initiative.

Patronage / Subscriptions
Ability to create payment flows and support on an ongoing basis. The ability to split revenue or use a DAO to coordinate the production allows a collaborative approach to this model. This helps to avoid the problems connected to producing content too frequently in order to justify the cost of the subscription.

Protocol

All of the blocks created on the **Even Protocol** will take a small fee (1%) from all the payments that they process. Of these fees, 80% will go into a common pool that is owned by all $EVEN token holders, and 20% will be paid to the author of the mechanism contract. The common pool of assets is managed by a DAO, which can use assets to fund the development of new mechanisms or anything else required.
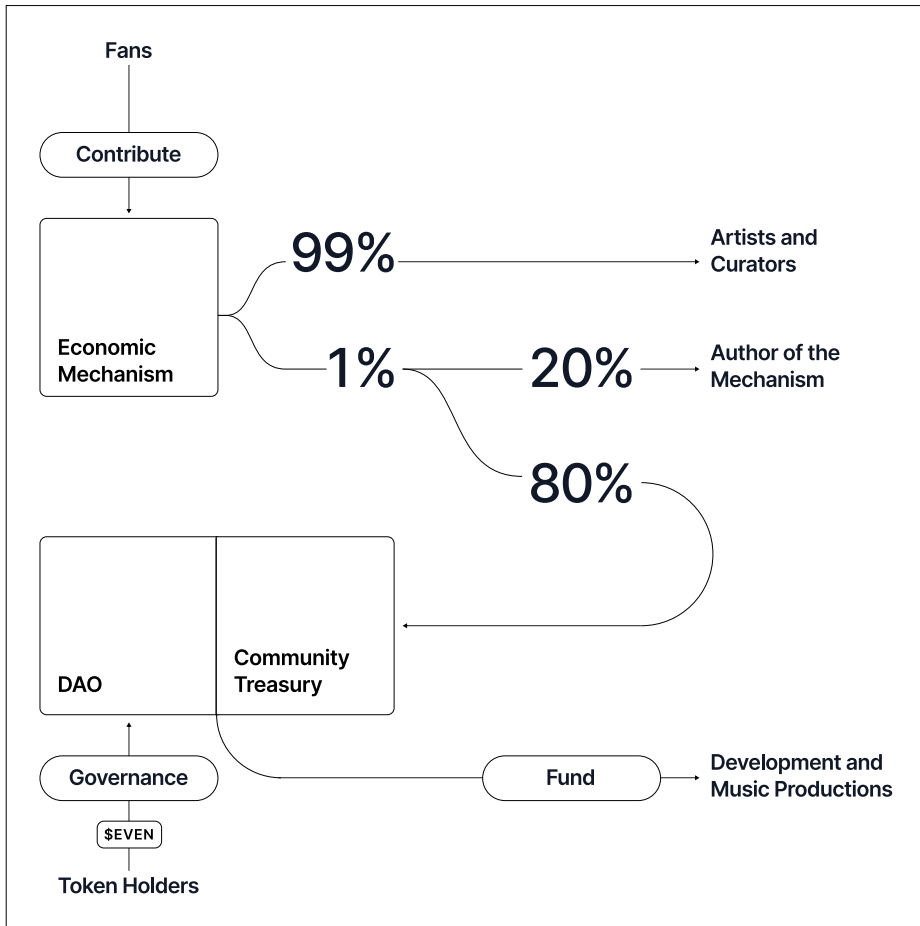
This programmable cash flow has the following benefit.

The community-managed treasury scales proportionally to the demand of the protocol.

Open-source contributions are rewarded on the protocol level without anticipated fund allocation.

Auditing on smart contracts can be crowdsourced by allocating funds from the pool.

Initially, all these mechanisms will be incentivised by emissions of $EVEN proportional to payment volume, with 70% of the emissions going towards artists and 30% towards fans.

$EVEN is the fungible token that represents the following functions.

Stake
Ownership of the community governed.

Utility
Signaling mechanism to indicate useful blocks. Unlocks the platform in the initial/bootstrap phase.

Governance
Represents percentage ownership over voting rights to manage the fund allocations of treasury and the allocation of $EVEN to new members (Private Beta).

Governance

The Even protocol allows a diverse group of people to build economic mechanisms that work for them. Ensuring that the protocol can achieve this over a long time horizon is the responsibility of all people involved via formal and informal governance processes.

We believe governance should happen at the sites of impact and be kept to the bare minimum. We want to assure participants that an outsider has little to no power over how participants use the protocol. This gives participants more confidence that the system is not suddenly going to change. It will also remove the burden of constantly staying vigilant about what is happening with the protocol governance and instead, it will allow more focus on coordinating with collaborators.

To participate in the global governance process, people will have to stake their $EVEN tokens; once a token is staked, it can be used to vote directly or be delegated to any other entity deemed trustworthy.

Initially, the only two parameters that can be controlled are

1.
The fee split between the treasury and the developers.

2.
The address that is allowed to upgrade parts of the protocol. Initially, this will be the founding team. In the future, it will be a structure integrated directly into the governance process.

The first major decision that will have to be made is how to best use the fees that are collected by the protocol. For the first year (arbitrary time), fees will accrue in the treasury. After that, stakeholders should deliberate whether or not it makes sense to focus on growth, e.g., use the funds for bounties, or pay out the earnings immediately.

Conclusion

The rigid structure of current platforms force artists to adapt to them instead of helping music to flourish. Proposed solution here aims to revert this, by allowing artists to participate in economic system they themselves design. **Even** brings together artists, fans and builders in a network owned and operated by them. Financed as a public good and governed by mechanisms which allow its participants to coordinate on issues related to the protocol preserving its credible neutrality, and shaping its development according to the needs of the involved actors.