INTEGRATED MUSIC TOKEN

WHITEPAPER

Written by HMP Records
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HMP Records Digital Music Platform

Abstract

The current state of the music industry makes it unnecessarily difficult to support oneself as an independent musician. Given the innovations brought through blockchain technology, it's now easier than ever for artists to transact directly with their fans and other professionals while cutting out the bulk of middle men that are necessary to operate legacy systems, which should ultimately result in a much greater retention of value for their labor. However, as blockchain is developing so quickly, it is difficult for artists to discover all the tools currently available and follow best practices in producing their work to maximize their returns. We at HMP Records propose creating a platform wherein artists will have access to peer to peer music services along with educational sources to teach them to use new tools as they're developed, as well as manage their creative portfolios within this rapidly evolving space. Transactions within the system will be managed through our social token, the Integrated Music Token (IMT) which will feed back in a rewards system to support artists operating on our platform.

Philosophy

In order to understand the project we are building with the Integrated Music Token, its reason for existence, how it is set apart from the current financially-driven blockchain ecosystem, and how it provides value to developing musicians, the philosophy behind this project must be explained.

There are significant barriers for entry for new musicians in the current iteration of the music industry. Certainly, one must learn how to create their music and develop the skills that are necessary to that end. Mixing and mastering, sound design, arrangement, and a fluency on their chosen instruments or software are certainly necessities.

Beyond this initial phase, an understanding of branding, marketing, live performance, distribution, networking, and a myriad of other skills that are not directly related to the creation of music are completely essential in order to go from bedroom musician to a professional, ie. someone who can support themselves by the creation and performance of their music or by offering music related services.

If we look at the journeys of professional musicians, there are almost always mentors that help fill in the knowledge gaps at the beginning of their journey, and peers that are there to support these musicians in creation, mastery, and the sharing of knowledge.

This creative economy, this exchange of value between mentor and developing musician, this support from musician to musician, is removed from the typical financial incentives that govern the exchanging of goods and services in the wider industry, but it is fundamentally necessary in the development from amateur to professional.

The value of interaction, collaboration, and help from peers and mentors is what the IMT Social Token is aiming to capture. In a perfect world, it is an ERC-20 token that does not have value beyond supportive interaction, and is a mark of a peer's contribution to an artist, or a mentor's way of providing a service that the individual musicians do not have the ability to provide for themselves in their current state of development.

As it stands, the music industry is extractive for all but the largest name artists. Every platform has a profit motive that does not give value back to the artist themselves, and the drive for the next quarterly earnings report has pushed streaming services, agents, marketers, and other elements of the industry to take more and more value from artists. This leaves everyone below the top tier of success in a state where they must choose between the philosophical rent payment or progressing as an artist. In this system, we are proposing that actions that have supportive value to artists such as various forms of collaboration, mixing and mastering, playlist placement, attendance at performances, spreading the word about releases and the like, would be rewarded in IMT.

For artists that are starting in the industry, they would be able to earn social tokens through these valuable actions, which then could be exchanged for services provided by peers and mentors. While these services could certainly be expressed in fiat currency terms, the Integrated Music Token itself would be an expression of community value generated by these developing artists. In turn, more established artists could use this IMT to request or create actions that are desirable to them, such as submitting their music to a playlist to generate more streams, collaborating with artists who would otherwise be unknown to them, or holding events incentivised by the IMT.

In this way, financial and knowledge barriers to the industry are significantly lessened, and all the middlemen in the current industry would be removed from the process for developing musicians, thereby changing the cost of entry to one denominated in time and engagement, rather than financial terms.
It is our intention to create a system where artists are able to create what they want to create, and eliminate unnecessary middlemen whenever necessary.

We at HMP Records will build structures and services that are necessary for developing artists from our current position as artists and as a label, taking value only where it does not negatively impact these artists. Collaboration and cooperation, rather than exploitation and extraction of value, should be the fundamental basis for a new creator economy. Thanks to blockchain technology, this is possible, and the Integrated Music Token is the first step.

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1. Introduction

1.1 Background

Musicians have long struggled to receive higher payment for the music they produce. As Maria Bosseljon states in her 2020 article on "Innovating in the Music Industry," revenue streams must be funneled through a long chain of the streaming service, the record label, the publisher, and performing rights organizations before they can make their way to producers, songwriters, and the performers themselves (Bosseljon 2020, pg5). If that wasn't enough, for musicians looking to stream their music, they received merely $0.0032 per stream on Spotify, $0.0056 on Apple Music, and $0.00436 on Deezer (Pastukhov, 2019). The amount of income that is possible to be generated through these platforms makes it incredibly difficult for independent artists to support themselves.

The blockchain industry moves fast. And despite the newly added sovereignty that artists can claim over their work, there still exists many barriers to entry in the current ecosystem that are particularly unfavorable to small-scale musicians, mainly cost of entry. While empowering both in knowledge and financial terms, even after artists can adapt to use the many new tools available, the constantly growing number of tools required for artists to navigate can make it difficult to determine how to best market and sell ones' works, or to create and interact with a community of fans.

These barriers to entry are prohibitive to new artists looking to get into the blockchain space, and can even be challenging for individuals who've already been working in this space for years. This, along with limited tools available to create revenue streams for independent musicians, a lack of a marketplace in blockchain for peer-to-peer music related services, coupled with high transactions costs to currently operate and sell artists' creations on the Ethereum network, leave a void, little aided by existing systems designed to favor artists who are already super achievers.

1.2 Industry Problems

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1.3 Proposed Solutions

As a solution to these problems, we at HMP Records propose a peer-to-peer marketplace offering several essential services for musicians, eliminating the need for middlemen. Within this marketplace direct services such as mixing, mastering, and playlist curation will be offered by independent artists, accompanied by educational programs to instruct artists on using these tools. At the heart of the HMP Record's artist ecosystem, would lay our social token, the Integrated Music Token (IMT). As the platform grows, we will implement a rewards system, with the aim of supporting startup costs for independent musicians. This will be achieved by offering the IMT social token as incentive for actions beneficial to the network that are distributed based on engagement.
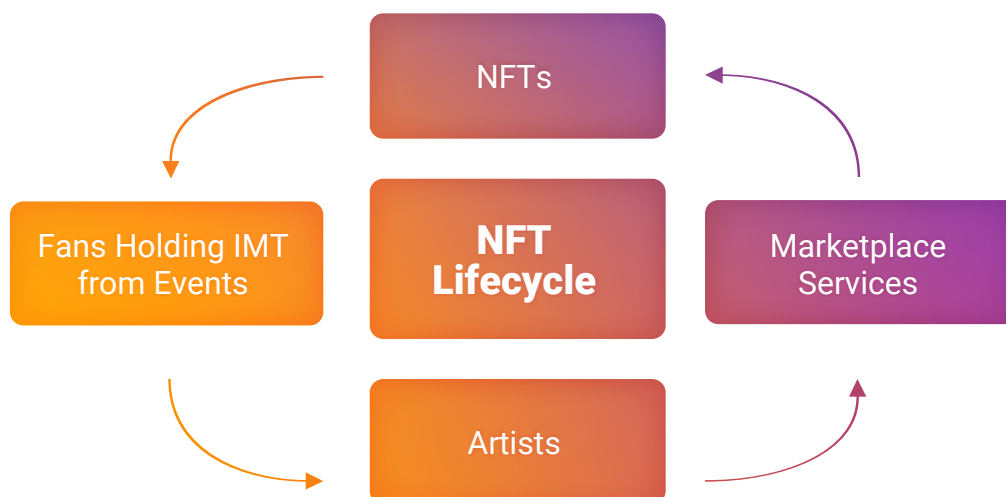
2. IMT Social Token

2.1 Specifications

The Integrated Music Token (IMT), is a social token by musicians, for musicians. The Integrated Music Token is based on the ERC-20 Industry standard laid out by OpenZeppelin, (OpenZeppelin, 2021) and is compliant with all requirements that make it exchangeable for peer to peer transfers. IMT has a decimal value of 18 zeros and is capped at a total supply of 10,000,000 tokens, with no inbuilt mechanism for minting new tokens. At its debut, 7 Million IMT will be locked inside of a Token Vault contract, that will not yield any IMT for the first three months, but thereafter, will yield approximately 200,000 tokens per month over the course of three years until all 10,000,000 Tokens have been released, and no more will be added into circulation.

2.2 Potential Uses

After the release, Integrated Music Token will be the medium of exchange for all services rendered through HMP Record's web platform. With IMT, creators, producers, playlist curators and the like will be able to list peer-to-peer music services in IMT at an amount set by the provider. At the outset, HMP Records will offer our services, and will build incentives for others to do the same. Since the services on our platform will have no fixed value in relation to Ethereum or fiat at the beginning, it will be up to the open market to decide how much these services are worth, and how much IMT should be allocated for services provided. As this marketplace grows, the use of IMT within will build an ecosystem for artists wherein users will create value for other users by providing peer-to-peer music-related services.

Through this collaboration, or on their own, artists will be able to produce NFTs and
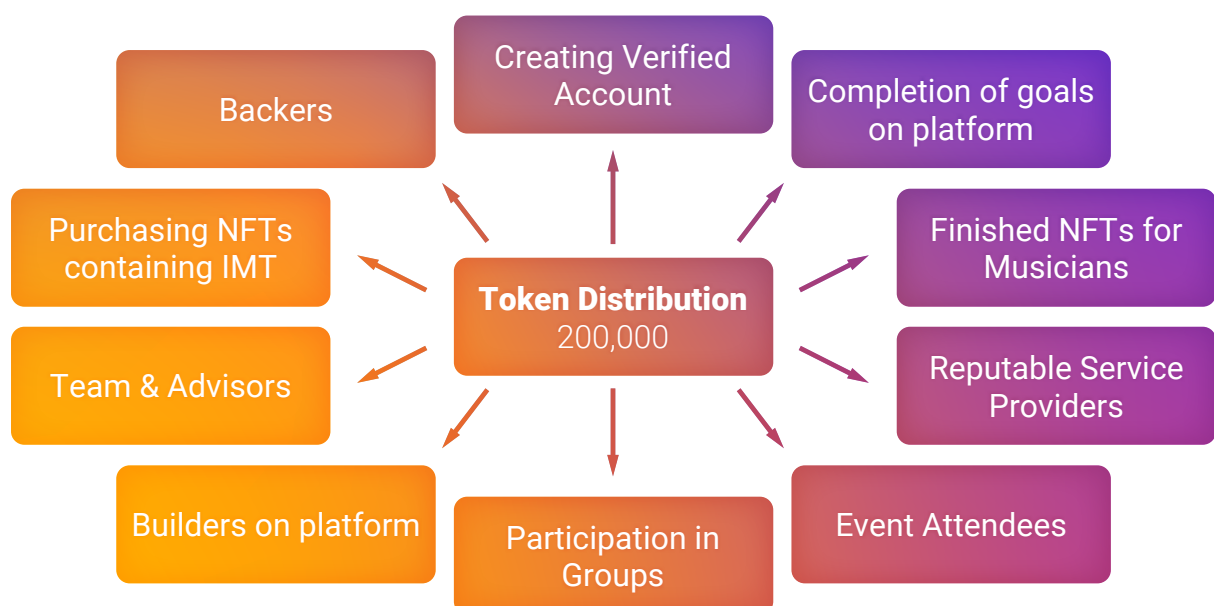
other unique merchandise which will be listable on our site in IMT. In addition to this, at certain events held by and for the community, NFTs will also be listed for sale in IMT, or loaded with an amount of IMT using protocols like Charged Particles which can create NFTs capable of holding digital assets (Charged Particles, 2021). All of these NFTs will be purchasable by fans and other artists. In turn, this IMT will be filtered back into the system, and used in exchange for acquiring more NFTs, requesting services, as well as the rewards system designed to support artists and others providing peer-to-peer music services, which will be detailed later.

3. Distribution

3.1 Initial Distribution

Initially, IMT will not be listed on any exchanges. 7,000,000 IMT tokens will be locked inside a token vault contract, of which, a percentage equating to 200,000 tokens will be released each month, to be distributed to content producers, service providers, fans and supporters. Distribution of the token will be done directly to individuals through participating in the IMT community space. Tokens will be given to those in attendance of community events and shows, and to artists and musicians who are creating content or providing services within the ecosystem. Rewards will also be given for those attending HMP's NFTs for Musicians introductory course, and achieving goals aligned with its completion, such as artists minting their first NFT, creating their first storefront, or selling their first NFT.
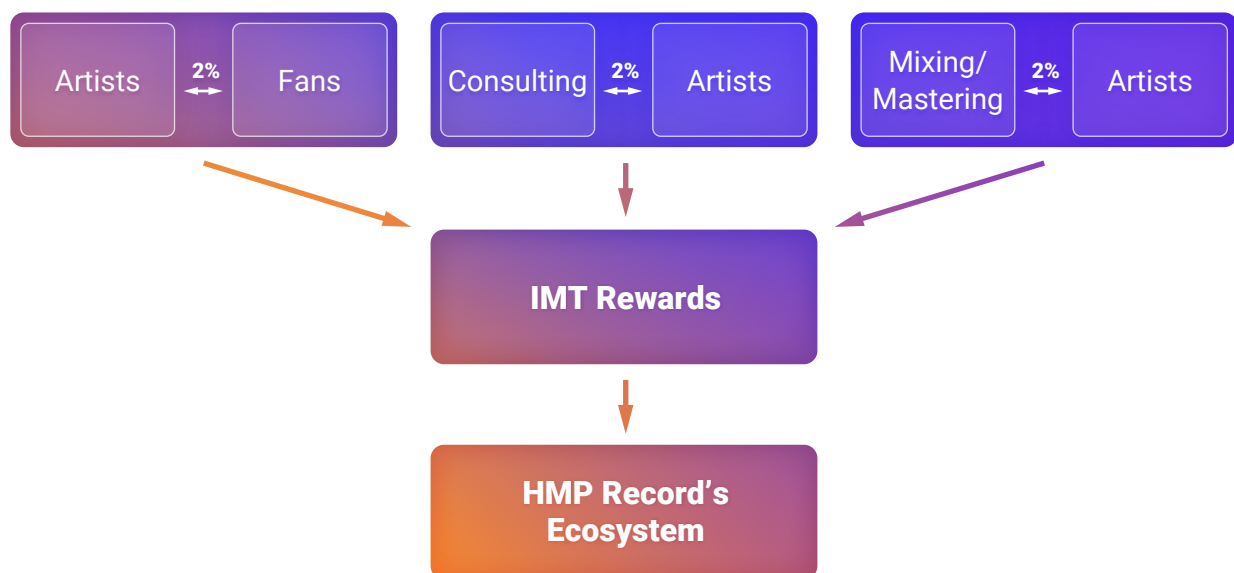In order to verify that individuals offering services through HMP Record's platform

are capable of properly rendering these services, we will also reward IMT to accounts who have completed quality verification, and maintain their reputation as they carry out services on the platform. Lastly, a portion of IMT social tokens will also go to those helping to build the platform and early backers, but the bulk of these tokens (>70%) will be released to fans, artists, and service providers. Through doing so, this will assure that these tokens will be given more directly to those that will be creating value within the community, and their fans who will be in attendance of and engaging with musicians at associated events.
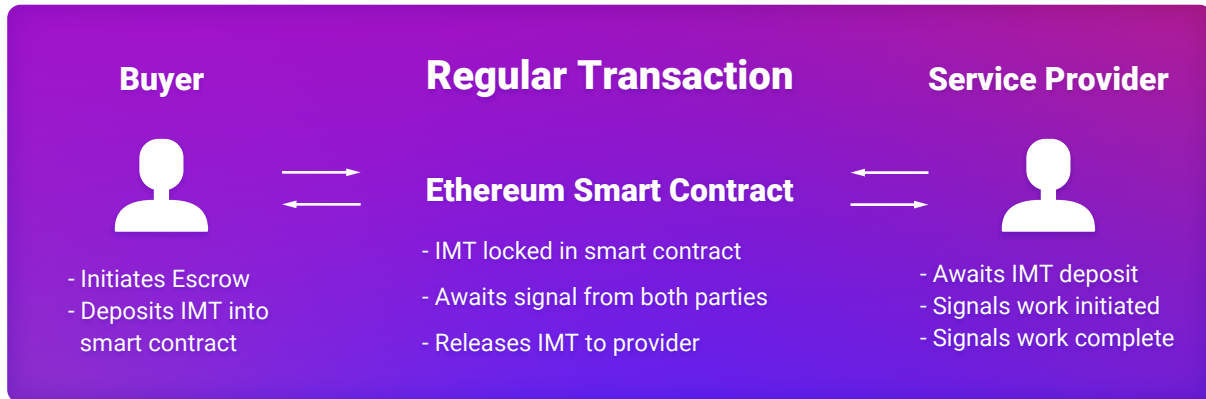
3.2 Rewards System

After 3 years, all 10,000,000 IMT will be in circulation, and there will be no more generated. The recipients of distribution and the methods of distribution will remain largely the same, except for a reduction in the amount of IMT given to early backers. After this release period is finished, the main source of IMT into the ecosystem will come from a self-sustaining rewards system funded by transactions through the marketplace. On each transaction within the marketplace there will be a 2% transaction fee in IMT. This fee will be funneled back into a liquidity pool used to fund the platform's rewards system. The rewards will be distributed in IMT through the platform for everyone who maintains a good reputation, and creates value for others by offering and carrying out services.

4. Roadmap

4.1 Escrow Services (9/2021) - Facilitating Peer-to-Peer Transactions

Buyer

- Initiates Escrow
- Deposits IMT into smart contract

Regular Transaction

Ethereum Smart Contract

- IMT locked in smart contract
- Awaits signal from both parties
- Releases IMT to provider

Service Provider

- Awaits IMT deposit
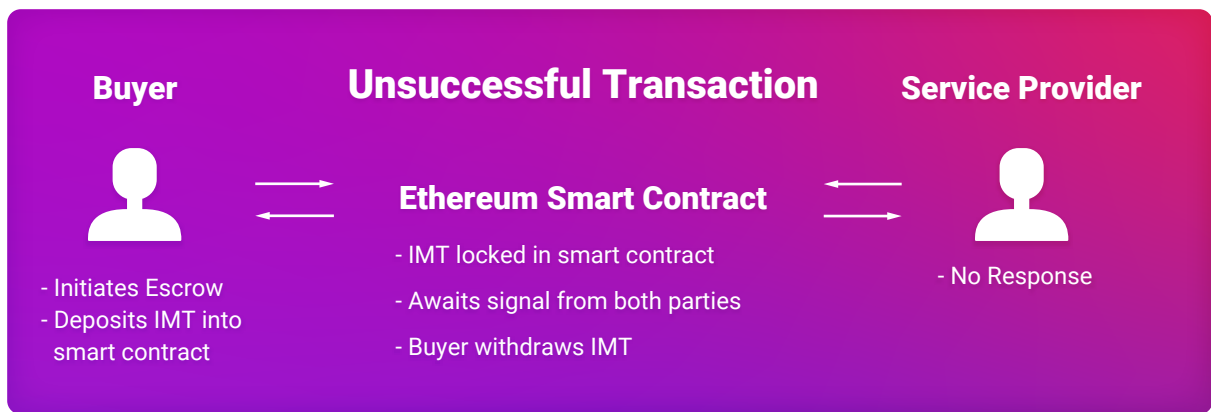- Signals work initiated
- Signals work complete

In the first three months we will focus on building out an escrow system to enable listing of peer to peer services. This system will function like a traditional escrow system. For most transactions, a musician who is looking to have their track mixed or mastered, or receive general consultation, will be able to contact one of our community providers listing their services in IMT, and upon both parties agreeing to the terms, (exact services, amount of IMT, deadline, i.e.) they can initiate a transaction. During the process, the artist will deposit IMT into a smart contract, which will wait for the seller to signal the contract to lock the IMT while they provide their service.

Upon completing their service both parties have agreed on, the provider will send the completed work to the artist, and signal to the smart contract that the service has been completed, after which the IMT will be released to the provider.
During this process, there may be several instances which result in the transaction being unsuccessful. If after initiation of the contract, and locking of IMT inside, the service provider becomes unresponsive and remains unreachable for several hours, (before the service provider has agreed to provide his/her service) the artist initiating the deal will be able to cancel, and withdraw all IMT from the smart contract.

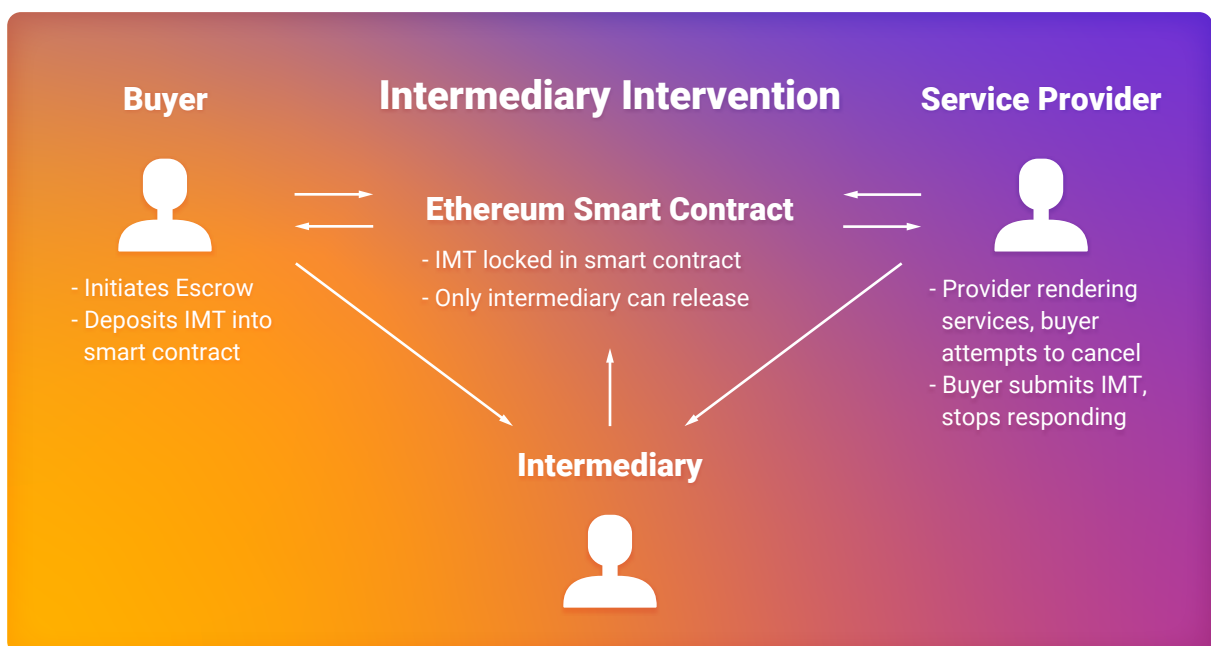Otherwise circumstances may arise where after accepting the service and locking IMT in the contract, the artist becomes unresponsive and is unreachable, the provider is taking much longer than agreed upon, there are significant problems with the quality of service that has be provided, the provider is demanding more than the agreed upon amount for services, or after the service provider has already began their services.

Unsuccessful Transaction

Buyer
- Initiates Escrow
- Deposits IMT into smart contract

Ethereum Smart Contract
- IMT locked in smart contract
- Awaits signal from both parties
- Buyer withdraws IMT

Service Provider
- No Response

Under any of these circumstances it may be necessary for intermediary intervention. If any of these problems does arise, either party can signal to the contract and request intervention from someone outside of the direct agreement between the artist and the service provider.

This will lock all IMT inside of the contract and will only be releasable by this 3rd party. Only under these circumstances will it become possible for HMP Records to serve as that intermediary, whereafter, a member of our support team will request from the person initiating the claim to provide, proof of deposit, proof of not receiving funds or services, proof of account ownership, any direct communications between both parties in the agreement, and any things else which will help this arbitrator arrive at the correct decision.

After a period of deliberation, it will be the responsibility of the arbitrator to release the funds held inside the smart contract. It is our intention to eventually move to a progressively decentralized system where invested community members will fulfill arbiter roles when necessary.

Intermediary Intervention

Buyer
- Initiates Escrow
- Deposits IMT into smart contract

Ethereum Smart Contract
- IMT locked in smart contract
- Only intermediary can release

Service Provider
- Provider rendering services, buyer attempts to cancel
- Buyer submits IMT, stops responding

Intermediary

4.2 Playlist Oracles (12/2021) Playlist Management/Submission System

After the escrow system has been implemented, we will move on to deploying a playlist oracle system which we aim to make available within the first six months. We will incorporate our system with pre-existing blockchain music platforms such as Audius before moving on to legacy systems.

This process will require submission of IMT before a song is submitted to the review process. In this process, the track will be reviewed, with community members voting on whether or not to add the track to a specific playlist, and leaving a comment as to why or why not.

Once the track has passed through this voting and review process, it will be forwarded to playlisting platforms by passing a threshold to be determined, or denied. Reviewers will be rewarded in the IMT paid by the submitting artists.

5. Beyond 2021

Beyond the first six months, we will reevaluate based on how the system is functioning, with the intention of moving to minting NFTs for handling Digital Rights Management, and creating individual marketplaces wherein Artists can mint their own NFTs and other unique merchandise on the platform.

6. Conclusion

The underlying problems plaguing the music industry have been festering for decades. The amount of middle men required to create and publish music makes it extremely difficult for independent artists to earn a living off of their music alone. Though designing a marketplace for peer-to-peer music services, we at HMP Records look to eliminate most of these middlemen.

What's more, having identified a lack of services for musicians in blockchain space, and many difficulties that make it challenging for others to enter the blockchain music industry, our marketplace accompanied with educational programs to aid artists in learning new skills will to help artists overcome those hurdles, and encourage more to enter the blockchain music space.

This marketplace will create a community space for artists and musicians to come

together and create an ecosystem wherein they can support each other at doing what they love. Using the social token IMT, a rewards program will be released aimed at aiding in the creation of a community by musicians for musicians, which will give IMT back to the community, with the supporting independent artists in getting what they need to get started. Initially, there will be an array of services available that IMT will be exchangeable for, with the plans on expanding these services as the platform grows.

7. References

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