

**Industry:**

Internet music

Application of the Cloud:

Storage

“ Cloud computing gives us a strong chance of gaining real competitive advantage.”

www.sonstream.com

Profile: SonStream is a hybrid internet music business concept offering online media streaming, downloading and cloud storage as well as web search capabilities. The premise behind the start-up firm is to offer customers the opportunity to consume music the way they want to via one 'slick, ergonomic' portal.

Overview

SonStream was incorporated in mid-2010 as a sister business to the founders' already-established record label, Sons Records. Having secured private equity backing and bank funding, SonStream intends to revolutionise the way people consume music online. In order to do that successfully, it needs the capacity that cloud storage allows as well as the flexibility and scalability to reduce the burden on a fragile start-up.

Situation

Through the management of record label, Sons Records, Tom Lovett and his two business partners, ex-TV producer Seb Clarke and Columbia business student Mike Thomas, gained a valuable insight into how the masses consume music.

Their experiences influenced their plans to set up SonStream – a website that offers free music streaming with no advertising or subscriptions but profits from additional 'micro services' offered through one convenient, slick and efficient online area.

Lovett says: "SonStream is essentially a three-pronged attack, offering online media streaming, cloud storage and web search capabilities. We offer free online music streaming from our catalogue with no advertising or

subscriptions, we have pay-as-you-go micro payments and cloud storage via a play listing facility and we have a web search aggregator which finds mp3s and vinyls from major and independent retailers."

"Our approach was essentially to put all of the services offered by Spotify, iTunes, Google and all of the others in the market in one place so customers can go on and get their music in whichever way is easiest for them. Whether they want to stream it, download and buy it or upload and play list it, it's streamlined so those different

“We needed a lot of storage, flexibility and scalability.”

transactions feel like the same one – it's just getting hold of music."

SonStream's founders predict that 10,000 unique users will visit the site on its launch date in March and estimate a growth rate of 4.29%.

Lovett continues: "We are launching the site in tandem with elements of our record label activity – pioneering a different business model in terms of relationships between artists, distributors and record labels themselves. It's that model that allows us to offer music without any advertising or subscriptions."

Solution

Lovett says SonStream is capable of generating a minimum net profit in year one of £540,000 whilst still delivering music to the consumer for free. The business has secured £140,000 in private equity and bank funding to support the launch and is continuing to build on that budget through investment networks and business angels.

For Lovett's predictions to come to fruition, it's crucial that the SonStream service performs well and is capable of

meeting customers' demands. Lovett tells us a cloud solution was therefore the only option.

"For us the bottom line was that we knew we needed an awful lot of storage, a lot of flexibility and an awful lot of scalability because we don't know exactly how it will work out. We don't know how people will interact with it. What's more, we have this crucial cloud storage service on the site and we had to make sure that worked."

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“Being able to keep control of our overheads will be incredibly important as our usership stabilises.”

The SonStream team had no concerns around the use of cloud – being reassured by other key players in the market using the technology in a similar way. “We were aware that this was the direction that everything was going in – it seemed ludicrous to not embrace it,” Lovett says.

SonStream chose UKFast because of added benefits including unlimited bandwidth usage. “Things like that are handy in your first year of trading because you can keep costs

reasonably static and plan for them to a degree,” Lovett says.

Benefits

Lovett says the flexibility and scalability that a cloud solution allows is ideal for a start-up.

“In the first six months following our launch, being able to keep control of our overheads is incredibly important as our usership stabilises.”

“In order to attempt to be competitive in the market that we’re in, using the cloud gives us a major head start.”

“For a start-up that can’t afford to buy racks and racks of servers before we’ve established the demand and what we need, this solution is perfect.”

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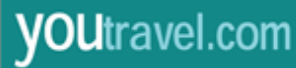
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