



Hittin' the Net: A Conversation With Brad Serling of News.net

by Rob Johnson

Photo courtesy of Brad Serling

It's a heartwarming story, really. A music fan, motivated by nothing other than the desire to make it easier for people to share music with each other, harnesses the power of a fledgling technology and creates the music download.

At first, it is just a way to share audience recordings without all those envelopes, postage stamps and CDs. Eventually, it turns into one of the most-visited websites on the Internet, shifting the paradigm for the music industry.

Our hero is then able to quit his day job as a web designer and work full time sharing the music he loves with people around the world. Maybe we are just biased because it mirrors the evolution of Hittin' the Note with eerie symmetry, but it's always great to see a story with a happy ending in which the good guy wins.

This is the story of a man named Brad Serling. It starts in Philadelphia in 1988, when Serling went to his first Grateful Dead show.

"Jon Richter – my best friend who is now my business partner – and I took the subway from the Philadelphia suburbs down to the Spectrum, and we were roaming the parking lot trying to find tickets. It was set break at this point, and we still hadn't made it in. We figured it was the break because we heard the music stop. You know, we had our ears up against the doors for the first set! We heard 'Shakedown Street,' even through a closed door, until security chased us away.

"And then we ran into these girls from our high school in the parking lot, and I think they had done too many mushrooms or something, because they were just kinda dazed and confused and didn't want to go back in. So they gave us their ticket stubs, and we tried to get in with their ticket stubs, and couldn't, of

course, but then one of the doors popped open just as the second set was starting. So my friend Jon bolts and makes it inside without me!

"I'm standing outside, and I'm like, 'Fuck, what do I do now?' And then Jon, being the great friend that he is, came back out, pushed through the door, grabbed me, and yanked

me inside! I remember during 'Truckin'' – it sounds kinda cheesy, but when you're 15, it's really cool – when they got to 'What a long, strange trip it's been,' and the whole crowd sang along with them.

I'd never seen anything like it. I just remember that moment, with the lights shining on the crowd, and everybody's arms are in the air, and everybody's singing together 'What a long, strange trip it's been.' I was thinking 'Wow, something's hap-

**Something's happening here
that I want to be a part of**

pening here that I want to be a part of.' From that moment on, I did anything I could possibly do to catch a Grateful Dead show, whether it was in town or across the country."

On how he became the first person to upload music by computer:

"So in late 1990, I got on rec.music.gdead, and met all these people who I'm still friends with today. You know, it was a very close-knit community in those days, because not a lot of people were online, and the people who were Dead Heads were *really* into it. That planted the seed and started what is now Nugs.net, because there was this whole online community that I saw, a group of people that I started trading tapes with through the mail.

"It spawned this idea in my head; 'There has got to be a better way to trade tapes.' You know, what if we put samples of the tapes on an FTP site? Again, there were no websites at this point...How could I make trading tapes a little easier so you would know what you were getting ahead of time, instead of just sending off a box of 10 blanks and hoping what you get back sounds good?

"I thought, 'Well, maybe we should put up samples.' So we did that, and ironically, the site that we did it on was a site at Berkeley. It was like ftp.gdead.berkeley.edu, or something like that. The guy who ran that allowed me to upload 30 second audio samples of my tapes, maybe my 10 or 20 best-sounding tapes. The samples were pretty low-fi at that point, because this was pre-mp3. They were au files, which is the unix audio format. But still, it was better than nothing.

"It never would have occurred to me in a million years that a band, particularly the Grateful Dead, would actually give me the rights to sell that music. I was thinking as a fan that this was the future of tape trading. It never occurred to me that this would be a business."

Creating Nugs.net:

"Fast forward to 2000; I had already started the site called Nugs.net. I started putting up mp3's of my tapes, because so many people would want to copy my tapes when I got back from tour, and there just wasn't enough time in the day. I would have stacks and stacks of boxes of DAT tapes that people would have sent me; they would send me something and I would send them something back, and it was just so time-consuming. I knew there has to be a better way.

"So long story short, I started putting up my Dead tapes on Nugs.net for people to download. There were never any ads on Nugs.net, there was never any registration. I wasn't

marketing to these people, I was just putting up mp3s of Dead shows.

"By the time Jerry died, I started to see more Phish shows, and I started putting up a lot of Phish tapes. Not surprising, I noticed that the sooner after the actual show that I would put up mp3s of my tapes, the more downloads there were. It got to the point where by 2000 if I put up the mp3s the next day, and I posted maybe a little story and some photos, I'd have this ridiculous amount of downloads in no time. So by 2000, there were three million free mp3 downloads a month happening off of Nugs.net.

"It got to the point where it kind of rang some bells with the bands. It was like, 'What's going on over here? Who is this guy? What is he doing?' And most importantly, from their perspective, 'Is he ripping us off?' When they realized that I wasn't ripping them off, that all I was doing was taking my tapes and putting them up – with their permission – they clearly saw that there was a business here."

"When the going gets weird, the weird turn pro." – Hunter S. Thompson

"That's how it happened; that's how I got on the band's radar. The Grateful Dead were the first ones to contact me, so it really came full circle at that point,

where they said 'Well, wait a minute, here is this guy who is doing this out of love for the music, and probably doing it better than we can.' On one hand, they kind of felt like they wanted to shut it down, because they were afraid of what it might lead to. On the other hand, they saw that there was a business model there.

"Any technology hurdle was eminently solvable, based on my experience building websites for all these years. By June of 2000, I was the Founding Chief Technology Officer of Cinemanow.com, which was the first company to license movies from major Hollywood studios and make them available as video on demand over the Internet.

"By the time I was actually consulting for the Dead, and I first got introduced to Phish, they clearly saw that I was someone who could handle all the technology issues, because I was this guy who was making streaming movies work in 2000, which was unheard of at that point. I came to them with various business models of how to make it work financially, because that was the big question. iTunes didn't exist at that point, there was no model in place, no revenue model in place. How would the bands be compensated? How would the music publishers be compensated? How would the record label be compensated? How much would I get paid for this? Not me personally, but how much would the service provider, Nugs.net, be compensated? There was no model to go by. So really, I made it up!

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"From the consumer side, it was how to do this without pissing off the fans. The first time I met Trey Anastasio of Phish to talk about this, that was his big concern. How do we do this without pissing off Nugs.net users, and without pissing off Phish fans? How do we start charging people for something that they already get for free, and how do we do it in such a way that we don't alienate the tapers?"

"Phish has always put the fan first, in every decision they make, whether it was the download policy, the taping policy, or how to deal with tickets. The fan's interest comes first, and everything else flows from that.

That was the hurdle we had to clear from the fan side, and we did that by saying, 'We're not saying you can't tape; come and tape. Do whatever you want, we're not stopping you. We're offering a premium service that you can pay for, and we were charging the lowest possible price.' We felt charging \$9.95 for a three-hour concert was reasonable.

"As a sidebar, one of the major hurdles we had to get over was getting the band and the label to approve FLAC, and do a lossless format, which to me was a deal-breaker. From my perspective, there was no point in offering this service if there wasn't going to be a lossless version. You had to have mp3s, because that's what everybody knew. But for the hardcore, you needed to have lossless – it was the taper and the audiophile in me. I knew that I personally wouldn't pay for mp3s, and I figured, I'm my best customer."

Creating Livephish.com:

"Phish was very different, and Phish had to serve the fans in a way that was unique to Phish. That's why Phish argued to have me involved in doing it through Nugs.net, instead of through AOL.com or through some record label-owned thing. Phish fought to have me involved, and to this day I can't believe it. They saw what they wanted, they saw I could do it for them, and they fought for it. I am eternally grateful to Phish for believing in me, and believing I could pull it off.

"The other big fight was not to use DRM. If you remember, back in the day, anything that was released digitally was encrypted with Digital Rights Management. I made the argument to them that DRM stands for 'Doesn't Really Matter.' It's the most ridiculous thing in the world; why would you shackle these files? It makes no sense whatsoever. I almost forgot about it, because now it's not even an issue anymore, but back then, not to use DRM was the biggest battle we had to fight. The thought of selling an mp3 unencrypted, and not only that, but selling a *lossless* version unencrypted? People's eyes were popping out of their heads at the record label! It was a big fight, and the band supported my decision; they fought for it, and they got their way from the record label.

"Luckily for us, it wasn't a hurdle to get people to get out

their credit cards and start paying for it. It was like there was pent-up demand. On December 20, 2002, we announced LivePhish.com. Immediately all these people flocked to LivePhish.com, and of course the site crashed. Or the site didn't crash, but the downloads crashed because demand was so high. We got it back up within a couple hours, but I didn't sleep for a good 36-48 hours, because at that point it was just me, and I didn't have any staff to support me. We had no idea that the demand would be so high.

"We were profitable right out of the gate, which was phenomenal. About six months into it, it got the point where I quit Cinemanow.com and focused on Nugs.net. That became my full-time job, but Phish was still my only client at that point."

On the future of CDs:

"We just moved our office from LA to San Francisco last week. One of my employees was up here with me, unpacking box after box, and we're looking at each other, and these boxes were all CDs. We were like, 'Why are we moving these around?'

"I'm a collector myself; I understand the collector's side of it, wanting to have something physical with unique artwork. If I want to go buy an album, I'll go buy the physical CD, so I guess I'm being a little bit hypocritical there, because I do like to have the physical CD. But why do I buy the CD? It's not because I want the shiny piece of plastic. It's because nine times out of 10, it's not available in a lossless format, and the audiophile in me doesn't want to buy an mp3 of the album. So the only reason I'm buying the CDs is because it's the only way I can get a good quality recording of it.

"It's kind of how Nugs.net stays in business. You know, we're not kidding ourselves. We're getting ripped off on every bitTorrent site, on RapidShare, MediaFire; all those. But, there are still the fans who want the physical product, and there are fans who will buy the download purely for the convenience and the service we provide. People will pay for the service because it works; it's fast, it's reliable, and people will pay a premium for that. Anything we've ever sold digitally, you could go and steal somewhere else, but you can come to us and get it right after the show. You can't beat Phish walking off stage, and 20 minutes later you can download the whole show for 10 bucks. To me, that's the greatest bargain in the music business."

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