

Distributed Patronage

A funding mechanism for creative production in era of costless copying

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The failure of copyright due to costless copying and P2P file-sharing

Copyright is increasingly problematic as the sole funding model for creative production. This is because the market has chosen to embrace ubiquitous Peer-to-peer filesharing rendering copyright increasingly ineffective, especially for young artists. Thus young producers of creative content require systems to fund creative production which do not solely rely on long-term income stream from copyright. These methods need to take advantage of the preferred content delivery system of youth culture - digital filesharing over P2P networks which is optimised by Napster, OpenNapster and Gnutella.

Extracting payment for creative production is about control. In the copyright model this has usually referred to control of the method of distribution. Artists and Designers have relied on licensing their distribution to organisations which make money through their control of a unique product. In an era of ubiquitous file-sharing anything which can be expressed in digital format is no longer subject to the control of the distributors.

Pan-distribution

It is advisable to consider the future business space for creative production as a 'data-cloud' from which all and any creative productions are available instantaneously and free-of-charge to anyone interested in experiencing them. This is exponentially true because as a creative production gains in popularity, the more likely it is to be available free of charge - thus Britney is far easier to find free than the fine work of Nebraskan polka ensembles.

This is an inversion of the copyright model of royalties. Artists rely on achieving high levels of popularity and defer earnings expecting a small cut of a very large pie. With costless copying and distribution once the production becomes popular in the mass sense one will increasingly be unable to make money through distribution methods such as CD sales.

In a world of costless copying the artists needn't despair - they can return to the other end of the scale to make money - binding their income closely to cult followings in the early days of a project and 'selling the buzz' for up-front income.

The point of first release is the remaining critical control point. While the production is tightly in the control of the artist no copying can pan-distribute the item and the item's first release can be leveraged extract money from the future audience. This is the model considered in the 'Street Performer Protocol'. Once the item is released and goes on, through super-distribution to pan-distribution, to achieve popularity the artist can begin to charge for access to their attention and person.

Distributed Patronage builds on the ideas of the Street Performer Protocol by incorporating a method to initially fund the production. The SPP is by John Kelsey and Bruce Schneider which is public domain and available at http://www.firstmonday.dk/issues/issue4_6/kelsey/

5 minute pitch

Creative productions are funded by collecting small amounts of pre-paid subscriptions from patrons. The subscriptions are fully refundable if the product is not delivered into the public domain by a certain date.

A publishing house takes on the responsibility of promoting the work, collecting the subscriptions and ensuring that the artist delivers. The subscriptions are collected in two phases:

Phase 1 - Collections up to the budget required to commence production and the publishing houses estimated risk of non-delivery.

Phase 2 - Collections continue up to release amount. These funds constitute the artists and publishing houses profit agreed between them at the outset.

Patrons are primarily motivated by the desire to experience the production and the opportunity to pay less than the price of one copyrighted object (eg. \$15 for CD or \$11 for Film) for unlimited enjoyment of production. Additional incentives include raffling access to the artist (eg. names on the door, extra roles, premiere tickets, etc.)

The artist can maintain rights to future commercial distributions, such as airplay and theatre showings, while building their audience through popular file-sharing venues.

Read on for detailed step-by-step descriptions of various roles.

1.0 Publishing house

Reviews project proposals from artists

Considers their pre-release appeal (delivery-pull, Patron involvement opportunities) and estimates the non-delivery risk.

Agrees to provide distributed patronage services, signs artist to contract outlining ToR for delivery.

This contract could have potential future appearance fees related to project and commercial distribution upsides.

Contract with Trustee (see 4.0)

Publicizes the potential release and artist through samples and artist appearances (pitches)

Collects pledges up to the amount required for production to begin. Pledges best made as credit card authorizations which go through when production budget reached.

Releases production Budget to artist (phased release with performance assessment)

Collects subscriptions (refundable for non-delivery) from patrons up to Project budget + Risk + profit margin - *occurs through many delivery channels (online, at gigs, phone subscriptions, infomercials etc.)*

Subscriptions placed with trustee

Receive production from artist, submit to trustee for certification and then released to subscribers (first release hype, premieres etc v. important) and to public domain.

Received funds lodge with trustee (project budget + risk + publishing houses profit margin)

Additional revenue streams

1. Small cut of artists future appearances
2. Selling market research based on non-personally identifiable metrics of subscriber base.

Risks Project Budget in situation of non-delivery or amount of under-subscription. Non-delivery particularly difficult due to refund costs (credit card credits, postage, staffing for pick-up points). Monies eligible for refund could be 'rolled-over' (with incentives) into other projects.

2.0 From Artists perspective

Pitch project to publishing house

production costs, labor costs and satisfying profit level = Project Budget

Receive funding for project and traditional promotional efforts

During production tightly linked to fan base (fan as patron)
Deliver production to Trustee
Tour a charge for live access, access to artist, commercial airplay etc.

Risks :

Substantial release delay if project under-subscribed (as project cannot be released otherwise during contract period and possible extension (up to twice contract period))

3.0 From fans perspective (patron, subscriber)

Hear of project

Subscribe to project. Amount not more than one purchase of cost of item had it been released under copyright model.
Fully refundable for non-delivery. Possible partial refund for over-subscription (divide aggregate over-subscription amount by percentage of contribution (possible percentage to artist, donation to artist option))

Why would a fan become a patron?

1. Want to experience proposed production
2. Status as patron of artist (Identity element of fan-hood) 'The T-shirt'
3. Privileged access to artist during period of patronage - Attendance at premieres, name on door at gigs, feedback from artist on demos (all could be by lottery weighted to amount of contribution)

Patron becomes word-of-mouth promoter of artists' production - both financial self interest and identity interest.

Risks : Deferred consumption during period of patronage. Full refund if product not produced.

4.0 Trustee

The trustee contracts with the artist and publishing house to hold subscriptions as they are gathered, to certify delivery based on ToR between artist and publishing house, to hold completed production till subscription level reached, to release production and funds to publishing house on subscriptions reaching contract amount.

The trustee is vital in ensuring that the patron trust that the funds collected will be retained for refund on non-delivery and refund on over-subscription. That is they cannot be spent by publishing house and thus not be available for refunds.

5.0 Conclusion

The distributed patronage model provides the artist with access to production funding with profit on release and future upsides, meets the desire of fans to have close relationship with artists, while creating a revenue source for the publishing house which is paid for management and risk.