



Song-streaming leader **Spotify** and **Apple** dominate streaming for consumers, with a combined 43 million paying subscribers, but they don't have licenses allowing them to offer their service as background music in restaurants, bars, and stores. Soundtrack, by contrast, has secured those rights for the catalog it uses. One-third owned by Spotify, the company is a rising player in the market once dominated by Muzak. Soundtrack lets customers choose from songs by thousands of artists, from Rihanna to Radiohead to the Rolling Stones. The Web interface shows users what's trending, shares access to curated playlists, and lets them schedule specific songs, bands, or genres to adapt the mix to changing moods throughout the day.

The company's latest coup: a global deal with **McDonald's** that allows the fast-food chain's 36,000 locations worldwide to sign up at a discount to Soundtrack's standard rate. The agreement gives the company its first foothold outside the Nordic region. About 130 McDonald's franchises in Sweden use the service at present; in the unlikely event that all of the company's restaurants join, Soundtrack would reap about \$17 million in annual revenue. It "can deliver the largest music catalog on the market," says Lisa Palm-Danielsson, head of digital initiatives for McDonald's in Sweden.

Ola Sars, Soundtrack's chief executive officer, says the contract with the world's biggest restaurant chain will give his company greater visibility and credibility. Soundtrack is streamed to about 5,000 total locations; it will start earning a profit when that number tops 25,000, he says. The monthly

◀ cost for a store is about quadruple what a private listener pays for Spotify, and Soundtrack keeps half of that, vs. the 30 percent of subscription fees Spotify pockets. "The market is superfragmented and dysfunctional," says Sars, clad in a T-shirt in Soundtrack's minimalist headquarters in Stockholm. "Nobody had a simple cloud-software distribution solution."

Many smaller retailers and restaurants don't know they're breaking the rules when they pipe in music from consumer streaming services, Sars says. By streaming songs online and offering a simple interface, Soundtrack can win small businesses in the same way Apple's iTunes weaned customers off pirate music sites. "You need to be able to distribute the service in an efficient way, and if it's accessible online then there's a huge market," says Sars, who helped create Beats Music, the streaming service Apple bought in 2014 for \$3 billion.

Soundtrack has raised about \$20 million from backers including Spotify, Swedish phone company **Telia**, and U.S. commercial streaming provider **PlayNetwork**. As Sars spends that money on a global expansion, he'll

face a host of competitors. The market leader is **Mood Media**, which acquired Muzak in 2011 and retired the name two years later. Although Mood is far larger—it serves more than 300,000 locations—it's losing money and is restructuring to pay off debt.

It launched its own streaming service, **Mood Mix**, in 2014, giving users access to millions of songs and programmable playlists, but most of its customers still get their music either on CDs delivered by mail or via satellite or the Internet. At least a dozen smaller players, such as **TouchTunes Music** and **Imagesound**, provide similar streaming services, but Soundtrack has a clear edge, says Simon Dyson, an analyst at Ovum, a technology consulting firm in London. With McDonald's, he says, Soundtrack has a "springboard to much bigger things." —Adam Ewing

The bottom line Sweden's Soundtrack aims to unseat leader Mood Music with its cloud-based service streaming background music to businesses.

Retail

Elevator Music for the Latte Generation

► A Swedish startup is selling background music from the cloud

► Commercial streaming "is superfragmented and dysfunctional"

Not long ago, when Mathias Forslund wanted to rock out while pulling espresso shots at the three Stockholm cafes he owns, he'd burn mixes to CDs. Once he discovered the ease of streaming music at home, he wanted the same convenience at work. But after scrutinizing the fine print on his subscription service, he realized he was breaking the rules. Enter a Stockholm startup called **Soundtrack Your Brand**.

Forslund today pays Soundtrack about 350 kronor (\$42) a month for each of his cafes to have access to 30 million songs streamed from the cloud. He can create playlists that change hour to hour: classic rock for busier times, French *chansons* when he wants a calmer mood. "I love having so many songs at my fingertips," he says. "Because it's so easy to use, it's perfect for our stores."