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Melodeo's ripe, ready to say: Bite this, Apple

By **Tricia Duryee**
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A handful of guerrilla marketing videos are expected to hit the Internet today, all poking fun at Apple and its attention-grabbing iPhone.

It is yet another sign the wireless industry is scrambling to offer competitive services while counterattacking Apple's first mobile phone, which will go on sale June 29.

Seattle-based Melodeo, which produced the low-budget videos, is doing just that with the launch today of a service called nuTsie — an anagram for iTunes.

"The timing of our launch is not coincidental," said Dave Dederer, Melodeo vice president of media content.

Dederer took charge of the project soon after joining Melodeo in January, having previously played guitar as a founding member of The Presidents of the United States of America, the Grammy-nominated Seattle band.

Melodeo has been trying to create an Apple iTunes-like experience for the mobile phone since its founding four years ago.

Initially, it focused on building software so that users could download full-length songs to their mobile phone.

The company successfully signed up a couple of wireless carriers, but that business was set to the side after proving less lucrative than expected. The proceeds were divided among so many players — carrier, music label, Melodeo, among others — that margins were thin.

Melodeo switched its focus to podcasts, developing Mobilcast, a technology that allowed podcasts to be streamed to the phone from the Internet.

Now, the company has gone back to its roots — turning a cellphone into a music player.

With nuTsie, Melodeo allows users to access their entire iTunes catalog and playlists on the mobile phone. The music is not stored on the device, allowing users to have access to a big catalog without having to own a high-end handset with a lot of memory.

By contrast, the iPhone will cost between \$500 and \$600 for 4 gigabytes or 8 gigabytes, respectively.

The videos Melodeo created are designed to chip away at the iPhone. But one of the clips that it's posting on YouTube targets the iPod music player.

In it, the iPod is represented by a balding man with thick glasses in a suit and tie. A hipper, younger guy in jeans with a long-sleeve shirt rolled up to his elbows is the cellphone.

The dialogue pokes jabs at the limitations of an iPod.



ERIKA SCHULTZ / THE SEATTLE TIMES
Dave Dederer, a founder of The Presidents of the United States of America, is Melodeo's vice president of media content. Today's debut of Melodeo's new nuTsie mobile music service, a few weeks before Apple's iPhone goes on sale, is not a coincidence, he said.

The cellphone says: "Actually we do. ... We play songs."

The iPod asks: "How many songs do you hold?" The cellphone answers: "We don't hold them, we just play them."

Surprised, the iPod asks: "And where does the music comes from?"

"iTunes," says the cellphone.

Starting today, users can download an application from the nuTsie Web site (www.nutsie.com) to their cellphone. Then, they can upload their playlists from iTunes on their computer to their phone, enabling them to listen to their entire catalog.

Melodeo's servers store millions of music tracks that cover what's on the individual user's playlist.

From Melodeo's perspective, the service is similar to how Internet radio stations work. Melodeo streams the music to a user's phone and pays royalties to the artist.

To comply with rules that govern radio stations, Melodeo will play songs in a user's catalog randomly. Or if a playlist has only one artist — say, Bob Dylan — Melodeo will select similar songs to play intermittently to stay in compliance.

Because Melodeo has access to a person's entire iTunes catalog, it can also recommend music that users may like based on their playlists.

Dederer said Melodeo is still working on how to make money on the service. It expects to start selling advertising on the nuTsie Web site and may also play ads between songs.

If Melodeo also creates partnerships with wireless carriers, it may help market nuTsie to consumers, who would then likely sign up for a monthly subscription.

The application will be free for a limited time on the nuTsie Web site.

Typically, consumers discover applications like these on the phone's deck, a storefront of sorts that a carrier manages. Because there's a long list of applications available, only a few ever receive attention or are downloaded by consumers.

Don Davidge, Melodeo's senior vice president of sales, said that was the fate of its mobile podcasting software.

With the impending release of the iPhone, Davidge thinks competing carriers will look for options to keep customers from switching to AT&T, which has a five-year exclusive iPhone arrangement with Apple.

"We anticipate getting a good deck placement, compliments of the iPhone noise," Davidge said.

From a former musician's perspective, Dederer said nuTsie is a way for artists to make more money on songs consumers already purchased on iTunes or from other services.

"Ten to 15 years ago, the business was so unfun and so unkind," he said. "Today, it's much more wide open, which makes it fun to be in the middle."

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