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IBM AND MEDIAMATEC BRING DIGITAL MUSIC DISTRIBUTION TO EUROPEAN MARKET

IBM Electronic Media Management System To Extend MediaMatec Integrated Platform For Serving Music Retailers and Record Labels

Paris, France and Zurich, Switzerland, January 21, 2001 – IBM and MediaMatec AG today announced that MediaMatec will license IBM's Electronic Media Management System (EMMS) for integration with MediaMatec's soon-to-be-announced Clearing-Service. EMMS provides a sophisticated electronic media distribution and digital rights management (DRM) system that will enable MediaMatec to offer a comprehensive and integrated service to record labels and retailers wishing to participate in the digital music distribution marketplace. Record labels and retailers will be able to use the MediaMatec Clearing-Service to deliver copyright-protected music to consumers without implementing a DRM infrastructure of their own.

IBM's EMMS base technology licensed to MediaMatec consists of four modules: Content Mastering, Content Hosting, Web Commerce Enabler and Clearinghouse. Using EMMS' rich security feature set, MediaMatec will be able to deliver music in different digital formats such as AAC, ATRAC3, ePAC and MP3 to the European music markets.

“We are pleased to work with MediaMatec in developing the European digital music marketplace,” said Scott Burnett, business development executive, Content Distribution, IBM Global Media & Entertainment Industry. “MediaMatec's integrated approach for offering the benefits of DRM to the music industry should enable a fast and streamlined process for distributing music to consumers.”

MediaMatec is enabling retailers to sell a large selection of quality, downloadable music from top artists. The company's goal is to create a superior consumer experience by working closely with music labels and retailers while remaining completely transparent to the end users.

"IBM's EMMS provides key components for MediaMatec's music distribution platform - for example, sophisticated digital rights management features enable us to reliably compensate artists whenever their fans purchase a song," commented Michael Imfeld, CEO and co-founder of MediaMatec. "We are proud to bring these exciting new technologies to the European market. They will help us make the Internet an even more interesting place work and play," said Imfeld.

In addition to MediaMatec, EMMS has received support from BMG, Handleman Company, JesterDigital, labelgate.com, Liquid Audio Japan, music.co.jp, MusicMatch, NTT Docomo, RealNetworks, Reciprocal, Sony Corporation, Sterling Sound and Toshiba. EMMS was successfully tested in the first broadband music distribution trial conducted with the five leading record companies.

About EMMS

EMMS is a comprehensive electronic media distribution and digital rights management system designed to support a broad range of media types, beginning first with music and audio content. EMMS provides the foundation for new business models created by the digital delivery of assets and offers a rich set of security features designed to protect the intellectual property rights of content owners throughout the delivery process. EMMS has an open architecture to allow technology advances in audio compression, encryption, formatting, watermarking, and end-user devices and applications to be integrated. EMMS is part of IBM's broadbased digital media management portfolio which offers comprehensive, enterprise-wide solutions for creating, managing, storing and distributing digital assets. Additional information on EMMS can be found at www.ibm.com/software/emms.

About MediaMatec

Based in Switzerland, MediaMatec AG assembles leading digital rights management technologies into an integrated music distribution platform. This business to business platform connects leading music labels and retailers into the new digital value adding chain. MediaMatec0 Clearing Service will launch international operations in early 2001. The company was founded by music industry professionals and pioneers in the field of electronic distribution via the Internet. MediaMatec is a member of the Secure Digital Music Initiative (SDMI) and actively supports SDMI initiatives.

About IBM

IBM is the world's largest information technology company, with 80 years of leadership in helping businesses innovate. IBM is helping media and entertainment companies worldwide take advantage of the business opportunities made possible by digital technology. IBM offers a comprehensive portfolio of solutions, networking and service offerings that is transforming the traditional creative and business processes of media and entertainment companies and positioning them to leverage their intellectual assets into new commercial opportunities. Additional information on IBM strategy for the media and entertainment industry can be found at www.ibm.com/solutions/media.

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