

# FINANCIAL POST

Thursday, June 19, 2008

## New IPO goes for a song

Barry Critchley, Financial Post

Published: Thursday, June 19, 2008



Peter J. Thompson, National Post File Photo

Fluid Music, the latest creation from serial entrepreneur Lorne Abony, is set to make its debut as a public company this morning.

Presented by



Abony is the chief executive of the company that defines itself as "a leading private-label music aggregation and distribution company." It says it has compiled a library of more than five million songs, all of which are free of digital rights management (DRM) restrictions. The company believes it has the world's largest non-DRM library, behind Apple's iTunes.

"The music industry is an enormous market, US\$61-billion at the retail level. And it's really ripe for disruption," said Abony, when describing his latest venture. "The music industry has been very resistant to digital technology. It has been fighting over DRM for a dozen years. And it's the only industry where none of the major players have any presence online. It's like the Internet never happened."

In the past Abony, a lawyer, was one of the founders of CryptoLogic, a company that develops eGaming software. He was also one of the founders of Petopia.com, an online pet food and supply destination that was bought by Petco, the world's largest pet products retailer. Abony then co-founded FUN Technologies, a company that was originally listed on AIM before adding a listing on the TSX. FUN provided online games and fantasy sports. It was bought in two stages by Liberty Media. One of Abony's partners at Fluid Music is Justin Beckett. (Another is Andrew Rivkin, a co-founder of CryptoLogic.) The two met when FUN Technologies bought SkillJam Technologies Corp., a company where Beckett was chief executive. After Beckett left SkillJam, he started working on a venture in the music industry. And Abony was an original investor. Four years on, they are key players behind Fluid Music which Abony defines as the YouTube of music.

One of the interesting aspects about Fluid's IPO is that only one bank-owned firm, CIBC World Markets, is in the syndicate. The other four firms are all independents. Blackmont Capital is leading the deal. CIBC was the lead on the financings done by FUN. Why the difference? Kevin Dalton, the new head of capital markets at Blackmont, used to be at CIBC. Dalton signed the prospectus for Fluid Music, which generated a loss of almost \$10-million last year.

Another interesting aspect is that the end product -- in this case, Fluid Music -- is different from what was the original concept. For instance, the Fluid was started in 2004 and was based on a different business model that the company now has: back then musicians were charged a fee for access to the system. That system wasn't a great success. Now there is no fee and as a consequence more than two

million songs have been uploaded.

Or in the language of Abony: "We have two million user generated royalty-free tracks that our artists have uploaded to us."

He defines those songs as the "secret sauce" because Fluid can sell, distribute and broadcast them. "Our task is to take those two million songs and grow the business," said Abony.

Along the way to today's listing, there was the odd merger, a change of business address and a few rounds of financings.

Last year, it raised \$10-million via the sale of 25 million shares at \$0.40 a share. (It raised \$27-million in its IPO by selling shares at \$2.)

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