



## NostraJAMus

### Introduction

Early this year, I heard “I Wanna Get Better,” the debut song of the new band Bleachers. It was an instant and indelible earworm. Convinced of its mass appeal and inflated with confidence, I wagered with a nearby friend that it would reach one million Spotify streams within eight weeks. We made the bet; only six weeks later the track crossed the threshold and I was \$10 richer. I was an amateur tastemaker, and during those six weeks I was a gigantic promoter of the unknown artist. Humans take pride in predictive accuracy. The stock market, fantasy sports, and political polls all capture this universal pride. Trending music is next. Any music fan with internet access can be the Nostradamus of new jams with NostraJAMus.

### **Management Team**

*Team Captain:* Collin Waldoch  
*Members:* Tony Olmert, Vincent Ning  
*Address:* 1535 Gordon Ave. Charlottesville, VA 22903  
*Telephone:* 630-674-4131  
*Email:* cow4qq@virginia.edu

### Concept Summary

NostraJAMus is an online platform for music predictions, discovery, and tastemaking featuring free-to-play prediction markets, ‘duels’ with friends and groups, and site-wide weekly challenges. The website contains a database of playable music tracks (embedded with Spotify’s API at launch with plans for YouTube and SoundCloud inclusion) on which users can predict future playcounts and popularity. The site includes current playcounts and rewards listeners who wager on songs at the ground floor. Two basic predictions revolve around dates and playcounts. For example, users can predict the date a song will cross a playcount threshold or users can predict a track’s total playcount on a future date. Additional types of predictions are endless. NostraJAMus rewards users who consistently achieve a high rate of prediction accuracy: these are the amateur tastemakers who will frequent the site.

### **Open Markets**

NostraJAMus offers a free opportunity for users to earn ‘JAM points’ (JP) by forecasting song popularity. Users can search for specific songs or use a random song generator. NostraJAMus uses algorithms to compensate for risk with additional JP. For example, if a prediction window is closing soon or most users are bearish on a track, the corresponding reward for an accurate prediction is greater. Conversely, users lose points for inaccurate predictions. Predictions lacking discrete options (such as a playcount prediction) will award JP corresponding to the participant’s accuracy percentile compared to other users. The NostraJAMus homepage features ‘Top Tastemakers’ with the most JP over a certain time interval. Users with adroit judgment are publicly rewarded and acknowledged as tastemakers. All site visitors will see these trendsetters and can view their profiles to find their favorite tracks.

### **Music Duels**

Users can create a public profile on NostraJAMus or can link a Facebook account to find friends with accounts. Once located, a friend can be challenged to a ‘Music Duel’. The creation of the duel gives the participants complete agency over the criteria which can be broadly applied or narrowly constricted (maybe the track is limited to Finnish artists with fewer than 100K total streams). Whichever track has the greater percentage increase in playcount over the predetermined time interval wins the duel. Further, duels can extend to groups of more than two people. NostraJAMus handles the monetary aspect of these duels if requested, or the duels can exist without cash concerns.

### **Weekly Challenges**

Each week NostraJAMus will host one or more ‘Weekly Challenges’ which users can join for a small fee (\$0-\$10). The entry fees accumulate into a pot of money distributed as prizes to the participants. These

Weekly Challenges will vary considerably with criteria involving genres, song popularity, geographies and more. NostraJAMus expects the tangible prize structure to attract a considerable amount of user interest, and the site will withhold a small percentage of the entry fees as management revenue.

### **Value Proposition**

An online music prediction market creates a collaborative outlet for casual music listeners to interact and display scouting abilities while simultaneously promoting undiscovered artists.

### ***Addressable Problems***

NostraJAMus adds depth to musical fandom and an outlet for armchair talent scouts while also re-personalizing the music discovery process. Billboard Charts, RIAA sales designations, and playcounts on online services all track music popularity. Yet only a select few in the exclusive community of talent agents and marketing brass have power and influence to shape the movements on these charts and measures. The internet revolutionized the music discovery process with complicated algorithms and the sequencing of song structures as genomes. NostraJAMus recaptures the excitement of personal song recommendations with high-scoring tastemakers featured on the homepage. These users identify songs through instinct and intangible qualities rather than reductive, formulaic components.

### ***NostraJAMus Solutions***

Song and artist discovery is one of the most rewarding experiences for music listeners; NostraJAMus introduces a public platform for these discoveries, game-ifying the discovery process while rewarding users with the keenest ears for new jams. Everyone loves introducing new hits to their friends. With NostraJAMus, users will be able to put their money where their mouth is. The hottest tastemakers and song-choosers will gain status through an online leaderboard and win cash prizes with free and premium weekly challenges. With multiple opportunities to win, users can prove their musical taste while earning winnings.

The leaderboard creates an emotional platform for fans to connect to artists and provide digital backing. Users smitten by a rarely-heard track become active promoters for these lesser-known artists in their spheres of influence. NostraJAMus accelerates the discovery process for new songs and increases visibility for artists on Spotify and other platforms.

NostraJAMus takes cues from the explosive growth of daily fantasy sports. This new type of fantasy sports competition establishes an accelerated and repeated process of selecting players and teams that will perform well over a day or week rather than an entire season. Similarly, NostraJAMus provides music fans the opportunity to regularly choose new tracks and artists poised for breakout success. Leading daily fantasy sports companies DraftKings and FanDuel use a similar model of small entry fees forming large prize money for the most skillful participants. The Fantasy Trade Sports Association President recently stated “It’s growing so fast by the time we get the research back, it’s already out of date. It’s gotten more investment in the past two years than in the history of fantasy sports combined.”<sup>i</sup>

### **Market Opportunity:**

NostraJAMus addresses an initial market of 10 million users<sup>ii</sup>, which we estimate represents yearly spending of approximately \$290 million and \$29 million in revenues for NostraJAMus (Exhibit 2 for assumptions and calculations). Many behaviors of NostraJAMus users mirror those of fantasy sports players. In both markets, users segment into paying users and free users; revenue comes from entry fees and specialty categories; and competitions are based on skill and knowledge of the assets (i.e. players or

songs). Leveraging reward mechanisms associated with quick payoffs and status achievements, NostraJAMus unlocks previously unrealized value in the music market.

While Spotify's entire existing user base represents an aspirational user base for NostraJAMus, we believe that Spotify Premium (\$10/month) users are a good proxy for listeners willing to pay to enter Weekly Challenges and Music Duels on NostraJAMus. These revenue streams are currently unrealized because there is no market for music-picking competitions and challenges. **NostraJAMus creates this market.**

User acquisition, new entrants in music markets, and legal implications present the biggest hurdles for NostraJAMus. Avid music fans such as Spotify Premium users will enjoy the competitive aspect of NostraJAMus and quickly establish the new site as a market leader, synonymous with the idea of song-picking competitions. Being a first-mover in the music-picking market will create a critical mass of early users, a resource which will create a high barrier to entry for competitors. Finally, we believe this service will operate with legal precedent. Fantasy sports revenue is legal online because it is a 'game of skill' defined as "any game, contest, or amusement of any description in which the designating element of the outcome is the judgment, skill or adroitness of the participant in the contest,"<sup>iii</sup> NostraJAMus operates entirely based on the *judgment* and *adroitness* of its participants.

Once NostraJAMus captures the dominant position in music markets, users from other music platforms will flock to this service, creating synergetic user growth for both NostraJAMus and Spotify. Creating more inclusive stream-counts for songs by incorporating data from YouTube and SoundCloud will more accurately reflect song popularity and engage casual music listeners.

**The ultimate goal for NostraJAMus is to generate sustainable revenues through commissions on entry fees and potential ad revenue to monetize free users.**

### **Management Team**

Collin Waldoch is a fourth-year finance and economics double major. He's been writing about music for years and has seen over 100 concerts. Collin is passionate about encouraging active discovery of independent artists. Tony Olmert is a fourth-year marketing and entrepreneurship major at University of Virginia, and a recognized pioneer in dancing to newly-discovered jams. Tony enjoys the challenge of transforming ideas into viable products. Vincent Ning is a fourth-year computer science and economics double major. Vincent's passion is helping people realize their innovative ideas through technology in order to improve the way humans interact with each other.

Tony and Collin brainstormed NostraJAMus on a recent roadtrip and collectively created the concept's business model. Both are flexible moving forward with the idea as they discover more applications for the concept. But they realized that this flexibility only matters if they have technical knowledge. Enter Vincent Ning: the technical brains behind the operation. The three-person team is eager to launch the site and use any funding for development support and an initial marketing budget.

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<sup>i</sup> <http://www.bloomberg.com/news/2014-01-06/fantasy-sports-luring-wall-street-in-its-fastest-growing-sector.html>

<sup>ii</sup> <https://press.spotify.com/us/information/>

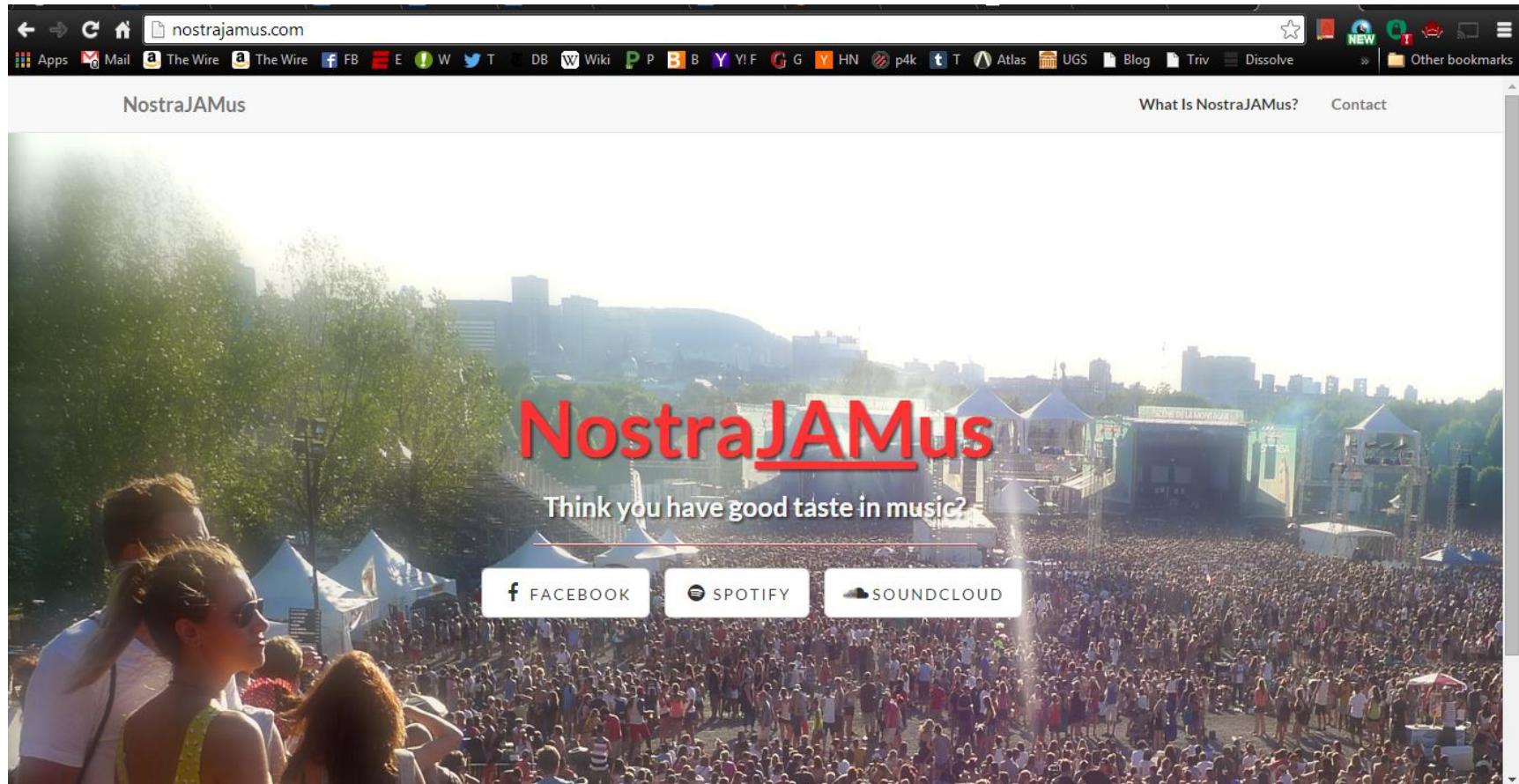
<sup>iii</sup> <http://definitions.uslegal.com/g/game-of-skill/>



## Exhibit 1

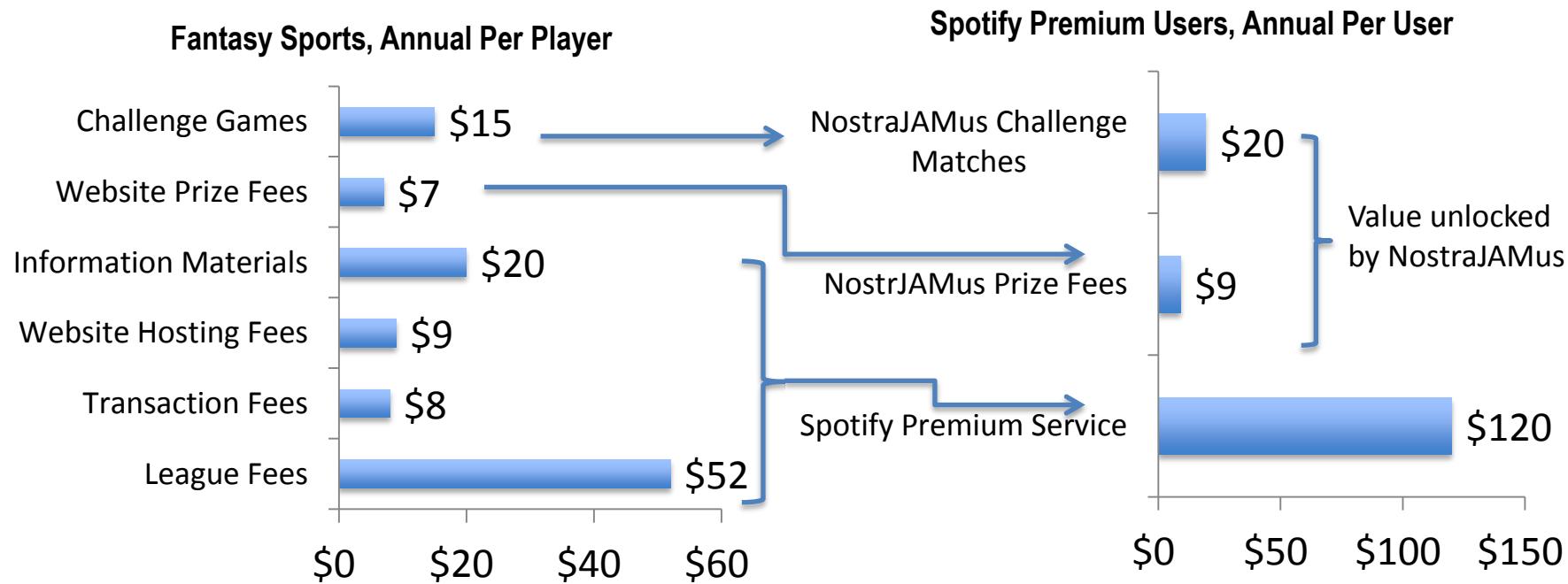
We currently have the **registered domain and server at [nostrajamus.com](http://nostrajamus.com)** (feel free to visit!)

We have a **basic landing page under development**. Once launched, the homepage of the website will include panels displaying the current user's active predictions, the tastemakers in the area, and trending tracks.



## Exhibit 2

On average, **fantasy sports players** spend **\$111 per year** on league-related costs<sup>1</sup>...and **Spotify Premium users** present a more lucrative customer base with estimated **yearly expenditures of \$149**.



NostraJAMus Yearly Revenues		
Spotify Premium Users		10,000,000 <sup>2</sup>
Annual Spending on NostraJAMus	x	\$29
NostraJAMus Fee on Weekly Challenges and Duels	x	10%
<b>NostraJAMus Annual Revenue</b>	<b>=</b>	<b>\$29,000,000</b>

1: <http://www.fsta.org/?page=Demographics>

2: <https://press.spotify.com/us/information/>

Note: Numbers might not add precisely due to rounding