

Digital Music Distribution Software

New Product Development

Domain

Secure Digital Distribution

Product Vision

- Develop a solution to enable online music retailing, while preventing illegal file sharing.
- Acquire rights and retail over 500, 000 titles
- Launch using standalone portal as well as 3rd party channels.

Strategy

- Outsource Product Development to India Partner
- Focus on Marketing & Channel Development

Results

- 8-page MRD to product launch, in 11 months and on schedule
- Product served as eBay's launch vehicle into music retailing
- Product integrated into Windows Media Player 10.0

Technology

Visual Studio .NET, SQL Server 2000, Application Center 2000, Driver Studio 3.0, QA Center.

Key Statistics

Project Duration: 18 months and ongoing
Peak Team Size: 45
Engagement Model: Offshore
Development Center

Startup builds successful technology business through offshore outsourcing

Two years ago, a startup company approached us with an eight-page vision document. Today its pioneering digital distribution software enables legal sharing of music files on the Web, and is integrated with popular channels like eBay and Windows Media Player.

The Product Vision

The company's vision addressed a core music industry problem - online piracy.

An estimated 4.5 billion songs are illegally downloaded each month, leading to declining music sales. Existing Internet file sharing services did not allow a legal way to share music. This product vision was to build a community of music enthusiasts and give them a way to legally share music and earn rewards. The users can purchase rights for individual titles, and earn rewards by passing those titles to others for purchase.

The company planned to capitalize on the product by launching its own retail portal, in addition to allowing other online retailers to launch stores.

Outsourcing Strategy

The company decided to outsource the entire product development offshore. While the founders brought in exceptional business domain expertise, they did not want to build and manage an inhouse technology team. Apart from cutting costs by half, outsourcing to an experienced product team would shorten time-to-market.

Aditi Execution

Aditi took the product from start to finish in eleven months, overcoming several challenges - the product was complex, requirements were changing, and there was a very tight ship deadline.

Started with just the vision

The first task was to convert the 8-page vision document into product specifications. Within a week, a senior program manager from Aditi was working onsite with the company's executive team to create the functional specifications. It was a joint effort where the company's marketing team and Aditi worked together to define the product.

Meanwhile, Aditi rapidly formed a core product team of 15 members, which later scaled to 45. The team comprised experienced product developers who had worked as a unit before; so the risks of hiring new people and developing new processes were eliminated.



"We have so much functionality for the first version of the product that even one of my competitors said 'the product is so much richer'. Aditi worked as though they were part of us. If we were working long hours and sleeping for only 3 hours a day, the Aditi team was also doing the same thing.

The team debates with us all the time on what functionality should go into the product. It is such feedback and ownership that has made the product so much better."

CEO of the Digital Music Distribution Software Company

Managing product complexity

The product involves complex technology: This patent-pending media platform is device-independent and is designed to work across all operating systems and platforms. Initially launching with Windows Media DRM (WME), it can incorporate any DRM or music file format. This music sharing system allows users to recommend music to friends and send links to song clips through email and instant messaging (IM) services from AOL, MSN, and Yahoo!

In addition to feature complexity, the product is a highly scalable online e-commerce solution, which:

- Incorporates cutting-edge DRM technology
- Can scale to a million total users and 50,000 concurrent users
- Is tuned for high-performance
- Implements security using the Microsoft STRIDE model

Managing change

As with any new product effort, product requirements changed even as development was on. By adopting a flexible approach to evaluate and trade-off features, and a rigorous change management process, Aditi incorporated changing requirements even late in the development cycle.

Functionality Changes

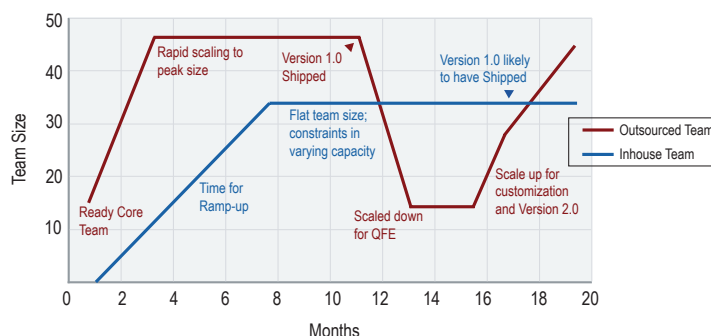
- Major client-side features were dropped mid-cycle
- The payment system changed from credit cards to Paypal
- The product was tweaked to integrate with eBay
- Continuous smaller changes, which required a quick, iterative approach

Technology Changes

- Mid-cycle switch from developing a proprietary DRM technology to using the Microsoft DRM

Variable capacity reduced cost

Starting with a 15-member core team, within weeks Aditi scaled the team to 45 members. After shipping version 1.0, Aditi scaled the team down to 15, drastically reducing the cash burn rate for the company. Later as the product gained market traction, the team was scaled up to 42 to manage customization and start version 2.0. This flexible approach not only saved cost, but also shortened time-to-market by allowing over-investment during critical phases.



Results

The market traction of the product has exceeded expectations. The product gets 35 million hits a day, served as the launch vehicle for eBay into the online music business, and is bundled with Microsoft Windows Media Player 10.0. Crucially, the outsourcing model enabled the founders to build a software business without an in-house technology team - and without a single visit offshore.