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## Universal Music to get a cut of every Zune sold

Deal proves how reliant hardware manufacturers are on the music industry

by Amber Maitland published on 9 November 2006

Microsoft has taken the unprecedented step of agreeing to pay Universal Music a fee for every Zune player sold.



Although legitimate music downloading stores pay royalties to music companies, never before has the music industry received a cut from sales of the hardware. "We felt that any business that's built on the bedrock of music we should share in", said Doug Morris, chief executive of Universal.

He hinted that the deal may usher in changes in the company's dealing with Apple, saying that once the current contract with Apple expires, renegotiations will take place. This new pseudo-licensing model could also eventually encompass mobile phone manufacturers and other digital media players.

Microsoft has said that it wants to work with artists while developing Zune, although it's not clear what the results could be. Will there be specially-branded Zunes a la Apple's U2 iPod?

The company's did not reveal how much of the \$250 pricetag of the player would go to Universal. The Zune is set to launch next Tuesday in the US; Microsoft has not said when it will be released in other parts of the world, but has said it could take up to a year for that to happen.