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a2b Music team leaves AT&T for Reciprocal

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More than half the employees from AT&T Labs' a2b Music division have decided to sing to a different tune, throwing the telephone and cable giant's music efforts off-key at least temporarily.



Larry Miller and Howie Singer, [a2b Music's](#) cofounders, along with 12 other senior managers and technologists, announced today they are leaving the company to join privately held [Reciprocal](#), which is launching a Reciprocal Music division that will provide digital rights

management services and products to the online music industry.

Miller will be the division's president, and Singer will be senior vice president of business development. Miller will report to Reciprocal chief executive Paul Bandrowski.

Miller and his team are leaving behind AT&T Labs' deep pockets--but Reciprocal is flush with a \$15 million investment bestowed by [Microsoft](#) in March. Microsoft has made a number of deals lately in an effort to move further into the music download space, including a [deal](#) with Sony announced last week.

Miller, who was a2b Music's chief operating officer, told CNET News.com that the mass exodus was part the team's desire to be part of a smaller, more entrepreneurial environment.

"It had become more and more important for AT&T to control its music initiative from inside the company, and I can understand that," Miller said. "But we had made the decision as a management team that in order for our business to succeed, we need to run it in a start-up kind of business."

Reciprocal, which offers products that help manage and distribute digital music, video, or software, has previously said it expects to go public in the next year or two. This could be part of the appeal of being part of a start-up in a market that keeps pushing Internet IPOs to breathtaking heights.



Miller said that he, along with others in senior management, began testing the waters with Reciprocal, formerly known as Rights Exchange, more than a year ago, and entered talks earnestly in early April.

"AT&T owns the name 'a2b,' they own the underlying technology, but they don't own the people," Miller said.

AT&T said it has tapped Chris Varley as a2b Music's managing director. Varley has been an executive within AT&T's WorldNet Internet access service for the last three years. Varley also was an executive at CompuServe and worked with several music artists, including Todd

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"Larry Miller has done good work with us, but there have been a lot of great people across AT&T that have been involved with this music initiative," said AT&T spokesman Kevin Compton.

AT&T is among the big technology players, IBM and Sony, that are creating music download technologies that offer copyright protection as a challenge to the popular MP3 (MPEG 1, Audio Layer 3) format. All are jockeying to have their technology become the standard for online music downloading.

MP3 is considered by some to be the de facto standard for music downloading online, but many in the mainstream recording industry revile MP3 because it allows for the free, unauthorized distribution of copyright-protected material.

AT&T is a member of the Secure Digital Music Initiative (SDMI), a consortium of record company and technology executives that is looking to develop specifications for secure music downloading that ostensibly could be part of any download technology.

AT&T declined to cite the budget that Miller was given while with AT&T, saying the company does not break out that figure. Reciprocal declined to specify the size of Miller's new budget.

"We are not going to do it halfway," said Wilma Epstein, Reciprocal's chief marketing officer, referring to the company's push into online music.

Miller added, "I can tell you that the resources will be more than adequate to do the job that is laid out before us."

Both companies said the departures from AT&T were completed amicably.

"There are important things that AT&T and Reciprocal can do for each other in the short term, but we are not announcing anything yet," Miller said. "We are optimistic that we will have productive relationships with AT&T Labs."

AT&T said it was too early to tell what could come from the companies' evolving relationship.

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