

Spotify Goes Public...Now What?

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Spotify has been doing pretty well, head-to-head, battling Pandora, Amazon and Apple Music for streaming supremacy, and now the music service has another reason to like the headlines its seeing recently. In addition to continuing to stack up cash, despite challenges from larger rivals, Spotify is about to launch its [IPO](#)...if you want to call it that.



According to CNN, the process Spotify is using to announce its IPO has some investors flat-out perplexed, and others are not even calling it an IPO. One of the oddities recognized by the investors: the fact

that Spotify doesn't intend to attempt to raise any new capital through the process, which is, traditionally, a great time for a company to do exactly that. Instead, also according to CNNMoney, the brand will list "existing shares directly on the NYSE without underwriting..." It's not an unheard-of scenario, but it's not exactly a typical scenario either. It's tough for underwriters to assess demand and set a price when there's no selling happening. Best guesses at this point have the stock price somewhere between \$160 and \$220 per share, a pretty healthy price, but still carrying a lot of uncertainty.

Spotify CEO Daniel Ek says there's a reason behind the unusual move. He wants longtime shareholders and Spotify employees to be able to share their stock on day one if they decide to do so. That's not allowed during a standard IPO. Ek told CNN: "We

have allowed shareholders and employees to buy and sell stock for years... That shouldn't stop just because our stock is more widely owned."

But there are other questions being raised about the company now that it's going public. Spotify has done well going toe-to-toe with the big boys like Apple for several years now. And it has done so on a relative shoestring budget by being good to customers and giving new users what they want without aggravating longtime customers with too many updates, changes or cost raises.

The question, now, is what will Spotify do when the influx of cash eventually comes into the company? One primary concern will be to shore up its revenue stream, which suffers from having to pay big and continuously for licensed content, a price that deeper-pocketed companies like Google and Amazon can pay more easily.

Another plan? Massive expansion. Spotify hopes to grow by upwards of 30 percent in the coming months. To pull that off, the company will need to continue to stand out, maintain its customer base, and figure out a way to stay in the hunt as companies like Google and Apple raise the stakes of the game.



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