

Andreas Schmidt, who founded Bertelsmann AG's electronic commerce group (BeCG) and led it through a period of expansion, is leaving the company, Bertelsmann said Wednesday.

Schmidt masterminded an alliance with music file-sharing service Napster Inc., under which Bertelsmann is helping Napster develop a new, fee-based business model. He also presided over the integration into BeCG of the company's online bookseller BOL.com and the acquisition of online music retailer CDnow Inc. and digital music locker service myplay Inc.

The resignation was Schmidt's personal choice, said spokesman Rocco Thiede. "He's seeking new business challenges in the future outside of Bertelsmann."

But Schmidt's future role was in question after Bertelsmann decided to restructure its online properties, integrating BeCG as of Dec. 31 into the U.S. subsidiary DirectGroup, which will also oversee online bookseller Barnesandnoble.com Inc. Bertelsmann's digital music sales strategy will be merged into the new BeMusic division, headed by former BOL President and CEO Stuart Goldfarb.

Thiede said the restructuring does not mean Bertelsmann has lost faith in its online sales strategy.

"Nothing has changed at all. All e-commerce business will continue to operate as before," he said.

He added that the Napster cooperation will be "untouched" by the changes. The file-sharing service was forced to stop operation in July in the face of legal actions by music copyright holders, and a long-promised relaunch has yet to materialize.

Rick Perera is a correspondent for the IDG News Service.