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Revenue Model Issues On Parade

Gold Rush or Fratricide?

By Leo B. Willner, Ph.D. with R. Gregory Kalsow, Partners at Alvairi-Derfler Associates

What can it mean when the NCTA and its minions are suddenly cozy with Microsoft, or when the entire FCC shows up at the NAB national show, or when Hollywood seems downright friendly to the cable MSOs, or when the MPAA begins to sound reasonable on consumer rights and Fair Use? Soon thereafter whole bunches of 'big brother' advocates in the US Congress were observed taking the side of the public interest on media ownership rights. What is one to think? An innocent observer and past witness to unseemly carnage among these 'brethren' might think: I must be multi–streaming in a newly formed upside down multimedia world. How else can even a portion of this be rationalized or explained? Such strange new bedfellows have either swallowed amnesia pills, or, strange to tell, believe a great convulsive change is in the ether and about to emerge. Could it be that the much anticipated and greatly heralded broadband gold rush is coming on and each of these bandwagon leaders is looking to hit the road to Eldorado provisioned as well as possible? Or, are we merely witnessing another reshuffling and reconfiguration of the media deck of cards and a remix of tarnished, failed and poorly conceived revenue models? Who can say for sure? If only Ted Turner were still around to get it right and keep us straight!

"Could it be that the much anticipated and greatly heralded broadband gold rush is coming on…"

The old saw 'when in doubt follow the money', a clever twist on Karl Marx's observation that economics drives history, directs us to re–examine current and prospective revenue models to see what we can learn about the rapidly evolving electronic media's future. For instance, note that while it has taken years and years for a few million VOD and DVR subscribers to join up or buy these much heralded new services — just a few million, no

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CMS NewsLine

"Validating the Middle Ground"

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more — DVD with dramatic quality, ease of entry and a great value proposition has in roughly the same period of time sold in the tens of millions and captured a zillion eyeballs in the American home. Consumers buy convenience and consumers buy value. In the end it is all about rational expectations meeting up with cost effective products and services, as nothing less will do. As a result, we can now all enjoy watching the musical chairs love–hate power games in Hollywood, Washington DC and the Silicon Valley, as the many feel obliged to change the color of their parachutes. Even Michael Powell, that paragon of FCC righteous virtues, is under fire; can you believe it? When all is said and done, it is about the sound mindedness of a resolute public insisting on good value and the protection of its time honored rights as consumers and citizens that could be driving the reshuffling of the electronic media game. Herein we attempt to peer through the fog of war and 'follow the money' to see where it leads.

"…the amount of dollars the public will spend on electronic media continues to rise and in total rise strongly."

To begin with, the amount of dollars the public will spend on electronic media continues to rise and in total rise strongly. The idea that $50 per–month or $100 per–month is some sort of consumer spending ceiling, while a doubtful proposition at best, is still flown as 'the truth' by a few media reactionaries. These folks seem oblivious to the fact that in many American homes $200, $300, $400 per–month and more is paid out to cable, satellite, broadband, DVD, CD, PVR, cell phone, software, electronic games and the like. What is the limit? No one can say, but what is surely key is providing visibly growing value to the consumer. Convenience, value, ease of use and a sense of growing empowerment are the basis for a burgeoning growth of many of these products and services, not some arbitrary sense of what the public will or will not spend. Give them something that is truly better, and see them come a running. Give them something that they cannot understand and charge them a good deal, and see them hesitate — think for example of some of the early versions of PVR — just what was being offered and why should one buy it?

A SQUARE PEG IN A ROUND HOLE

This brings us naturally to the Knapsack Problem, a famous puzzle in the area of military logistics as well as family travel planning, as a way of explaining consumer spending patterns. It goes something like this: in order to pack for a camping trip a nature lover lays out on the living room floor all of the things he or she believes are needed or desired to head off on a scenic mountain trail. Pretty soon there is a very large pile of food, clothing, medicine, recreational items, cooking utensils, fishing gear, navigational aids, tents, sleeping bags and the like on the floor. Well that seemed easy enough for a start, but now what to do? Our camper then brings out several knapsacks knowing that a choice must be made as to which one to use. Why not the big one? After some effort most but not all of the stuff can actually fit into the biggest one, but it will become much too heavy for a long trek in the woods. Why not try the small one; well because it just won't do, as it cannot accommodate all that is essential to undertake the journey. How about the middle–sized knapsack — that seems like a more reasonable choice? Now the real problem of picking and choosing, selecting and rejecting, begins to emerge, as the real choices have to be made. For any item to be included in the knapsack it must have a truly valid value proposition. You guessed it; it's just like consumer spending on electronic media, the very same old Knapsack Problem.

Via this somewhat routine selection process the starry eyed consumer prepares to head out on the much hyped journey into virtual e–space and time to be entertained, informed and kept in touch by electronic media. Each such consumer has multiple hard choices to make as he or she prepares for the journey: what to buy, what to subscribe to, what to rent and what to take? Certainly a TV, a PC, a cell phone, a PDA, a broadband connection, a cable or satellite service, a stereo system, a PVR, a VOD service, a DVD recorder, a home network, an electronic game console, a WiFi something or other and lots of content. The constraints in this case are not the physical characteristics of a 'knapsack' but the more pressing and insidious aspects of time and money. There just isn't enough of either one to make it all fit in and just about every single thing seems to interfere with something else. What is one to do? In practical terms, while ordinary TV viewing still takes up some two hundred or so hours per month of awake time in the home, the Internet, the game box, nonlinear TV and the DVD are indeed catching up. It all comes down to individual and family preferences and choices, and standard TV fare may not be able to stand up to the competition much longer. Surely more frantic multitasking behavior by the consumer is not much of an answer to 'fitting' all of this into one's world. Instead, get a life and make some choices — that's the ticket.

"…such predilections are typically not based on cold logic but on the vagaries of human nature!"

The other day an article in the San Jose Mercury News heralded the coming of premium boxed wines, as a much better idea, or so they said. Why use bottles when they are expensive, hard to pack, hard to store, hard to ship, and once opened allow the wine to spoil? Why not go to boxed premium wines as all logic surely favors such a conversion? How dumb is it to forget to pay attention to the consumer and his or her preferences, when such predilections are typically not based on cold logic but on the vagaries of human nature! People simply prefer the look, the feel and the tradition of glass bottles when dining with fine wine to the 'Kmart' look and feel of a cardboard container with a plastic liner.

Similarly, some forty years ago DuPont, that wise and powerful purveyor of new chemical wonders including nylon and other plastics, decided that its poromeric (breathable) Corfam plastics would soon replace leather in men's shoe tops. Why not, just as with boxed wines, all logic and economics favored fancy plastics over leather — more durable, cheaper, easier to manufacture and so on. You guessed it; DuPont lost its shirt on that brilliant piece of consumer preference avoidance. Let us not make the same mistake in the revenue models we offer the public. More and better choices will typically yield better results for the commercial interests — an idea that some oligopolists and other elitists may still find repugnant. The idea that if they don't like it 'let them eat cake' is but a shallow sophist argument, and we may recall that, historically, the crown heads of France actually lost their heads to the guillotine in the end. Taking this lesson to heart, perhaps allowing more choice in revenue models, more prerogatives for the public and more convenient ways to use and pay for electronic media is after all a better idea. Jack Valenti, where are you when the Ides of August warn of the error of your tunnel vision ways?

MISSTEPS ALONG THE WAY

This brings us at long last back to the foibles of the FCC, the NAB, the NCTA, the MPAA, the CEA and all those other wise men and women in the media hierarchy who may from time to time wish to box our wine and cover us over with plastics. Caveat venditor, let the sellers beware, for if they forget the lesson of the Knapsack Problem or the vagaries of human nature then their products, services and revenue models may indeed continue to diverge in unstable ways, and some of their mighty media houses may continue to tumble and fall. Ted Turner is indeed gone with all his rose and Michael Powell the wise perhaps soon, to where, nobody knows. As to the old AT&T, formerly the mightiest commercial house in the entire world, where have you gone Jimmy Dean, Jimmy Dean? As to Cisco and their revenue models, they told all who would listen on Wall Street and elsewhere that the trick to lasting success was simply to always stay ahead of the curve with the next generation of gadgets, an easy trick for them, or so they said. Back in reality, consumers buy convenience, value and choice and prize their rights and their freedom. So every provider of services and media gadgetry and their mentors and regulators needs to pay greater attention to the fundamental nature of man and to his preferences as a consumer. But all of us already know that, so why don't we take our own good advice and simply pay more careful attention to the consumer?

"Jack Valenti, where are you when the Ides of August warn of the error of your tunnel vision ways?"

On the alternate forms of revenue models and what allows some to succeed while others fail, the favorite and perhaps best available real life case study remains the revenue forms that attend Hollywood and its multiple controlled releases of movie properties — via so called release windows. Talk about theatrical, video rental, pay–per–view, VOD, academic, boxed sets, DVD, broadcast, Internet and other possible releases; they've got them all. These folks are quite determined to continue to carve up the same hog in multiple different ways and then feed it to us again and again on different plates at greatly inflated prices. Some media gurus have now even concluded that adding advertising to VOD makes sense; the heck with 'em if they can't take a joke. Content may be king, but caveat venditor still applies, so let the sellers beware lest all the anti–piracy and anti–Napster legislation fails to hold back the collapse of the DRM Hadrian Wall. Contrary to the opinion of some cynics among us, the great majority of the financially able public, and those are the only ones after all that can really be expected to pay the full price, prefer to buy not steal their food, their drink and their entertainment. As to the poor folks and the student population, a little dose of Christian charity and common sense never hurts; so give them a price break and they will give us all a break in return — by acting more like honest citizens.

As far as being able to make one single legal copy to protect one's investment in a music CD or movie DVD against damage or loss is concerned, forget it say Jack Valenti of the MPAA and the seven little Hollywood 'dwarfs'; no way. To make their point they are, as we speak, suing 321 Studios, maker of the popular DVD X Copy and similar products that allow a backup copy to be made for travel and security purposes, and suing them for all they are worth. Buy it again instead if you lose or damage your copy they say and don't complain about it, or else the legions of 'criminals' out there will surely make it impossible for Hollywood to earn an 'honest' dollar and continue to make good content available to the untrustworthy masses. Thus, all of us are from time to time forced to buy a second or third copy of a recording of songs we originally purchased in, say, vinyl record album, 8–track, cassette tape or CD formats. The same now goes for DVD; you want an extra copy, buy it and be done with it. As to 'fair dealing' with the consumer, they suggest it be stored away along with Fair Use, as antiquated, unnecessary and in any case something to be quietly taken away from the public in some dark congressional hall, or negotiated away at a lobbyist' pay booth.

"Buy it again instead if you lose or damage your copy they say and don't complain about it…"

While numerous Napster–like miscreants are indeed engaged in very improper or even criminal behavior, some foolish, misguided or greedy content owners must take a portion of the blame for the damage being done. Talk about a sophist argument, claiming that billions of dollars are lost in Asia and Africa by Microsoft due to pirated software is quite inane as many of those low income folks would never have the means to pay the usuries prices demanded by Microsoft anyway — for products that in truth were fully amortized years ago. Ergo, there is no real loss at all possible, anymore than providing HIV drugs at marginal prices to southern Africa causes a loss to such folks as Upjohn, Pfizer or other pharmaceutical houses. If they do not have the money to pay, there cannot be a pro forma loss stated or implied. In fact, such misguided attempts to extract the last squeezing of the grape from every prospective customer do not generally involve realistic and useful revenue models. Instead they tend to be distortions of the system that can force unwanted regulations and regulators onto the sensible folks who are trying to run legitimate businesses for profit. Arguing that in a free enterprise system each one of us is forced to behave in any such an unseemly fashion is nonsense. The system has already evolved to be far better than that, or else such things as slave labor, dangerous working conditions and even child labor might still be with us in the United States.

As to college students, they really do consume a great deal of content including music and videos, yet their funds and ability to pay are indeed quite limited. In today's world they unfortunately steal all the music and video content they can. They also employ the local high–speed networks (LANs) at colleges and universities to engage in illegal peer–to–peer violations of copyright laws. Therefore, a revenue model that truly recognizes the on the ground practical reality of life on campus is likely to find favor with the students, enrich the providers, protect the schools and avoid the ugly mess of the MPAA having to threaten every chancellor of every university with a lawsuit unless they take on a policeman role and incarcerate or at least punish every misbehaving youngster on their campus LAN.

What utter nonsense! If the MPAA is really interested in bringing down upon its head the wrath of all the parents — who are struggling to send their misbehaving children to college — they can simply continue on this very shortsighted and dangerous course of action. They may indeed frighten the heck out of school administrators, but they had better remember that behind every student is likely to be a powerful and, if threatened, vocal pair of voters who will act vigorously to defend their 'thieving' brood. Better by far to select a more sensible and practical revenue model like the one being advocated by startup Cflix, where an alliance of sorts between Hollywood and university administrations may yet yield a sensible revenue model that solves the peer–to–peer problem by offering quality content in quantity to college students on limited budgets at more affordable prices. In Hollywood profit optimizing speak, better a half a loaf than none. Full pricing for college students on PPV, VOD or at Blockbuster and elsewhere is a guaranteed recipe for their continuing to find clever ways of stealing content and misusing network technologies on campus to play the peer–to–peer game.

"Better by far to select a more sensible and practical revenue model like the one being advocated by startup Cflix…"

A BETTER MIX BAKES A BETTER CAKE

In their *Theory of Games and Economic Behavior,* John Von Neumann and Oskar Morgenstern observed, and in the main case substantiated, that mixed solutions and mixed strategies are often best. So too with revenue models, mixed solutions are often best or a least better than most. To argue on the basis of plausibility, special cases, focus groups, market research or a priori logic that a pure advertising, subscription or transactional revenue model is best is to miss the point Von Neumann labored so hard to communicate. Greater choice for consumers out of a mixed–mode revenue model generally means greater profit for providers and greater satisfaction for the public, whereas pure plays tend to limit choice. Have you ever wondered why steak houses bother to put one or two fish or vegetarian entrees on their menus when it is such an additional burden to their kitchen? The answer is: more satisfied dining parties and more revenue for the steak house restaurant. The same applies to the use of mixed–mode revenue models involving combinations of one–time payment, pay–per–view, subscription and advertising wherein greater choice means more viewers, more buyers and a longer lease on life for the provider; it's as simple as that.

As to the many competing media providers, their game keeps changing even as some of them continue to fall into the same old traps repeating the same old mistakes, like underestimating the ability of the public to turn its back on those who take advantage of its generosity. Early on the broadcast folks assumed they owned the game for always and could even control the power brokers in Washington DC — wrong. Then the cable folks with their brilliant two–way pipe concluded that media hegemony was surely theirs by right — also wrong. All the while the long distance telephone folks along with the VPNs and the RBOCs were sure that by long established rights–of–way — offered by a kindly public — they would soon be among the top service providers. On that basis the pipeline boys at Williams and ENRON joined the party — all to be wrong again and spiced up with a little malfeasance and a bankruptcy or two that soon followed. Now one may spy a collective of PC, CE and the Internet providers fueled by the likes of Microsoft and Intel seeking a major role in the electronic media space under the banner of better broadband, Windows Media Player for all and Internet Protocol uber alas — probably also wrong headed — sorry Bill Gates. In fact only a few among the multitude of technologies and offerings that emerge with attractive new choices that capture the public's imagination will gain a strong foothold in the commercial system. This selection process will in large part be based on the success of new revenue modes that foster a better mix of revenue modes, those that offer the greatest choice and the biggest advantages to the providers and their customers.

"…greater choice means more viewers, more buyers and a longer lease on life for the provider…"

THE ECONOMIC WEDGE

As to the use of an economic wedge such as advertising to pay for the party, we all do it when we can and when we must and we are and should remain unashamed of it. After all, someone does have to foot the bill, pay for the food and the champagne and make available the yacht; as when we invite old Uncle Louie to come along and go sailing with our friends — on his yacht. We are unabashed when we invite the otherwise uninvited guest to the party for the selfish reason that this may be the only way to go. Remember the only kid in your class in High School who owned the convertible needed to go to the beach party; he always got invited. So too with advertising and promotional schemes within electronic media events, they often are a financial necessity and indeed contribute overall to the festivities. In the case of advertising, the consumers benefit greatly from the information and alternate choices that such wedged–in segments can provide. Advertising when it hits the mark, as it often does, becomes valuable content. Such is the basis for choosing suitable demographics to target an advertising audience. The problem is that in the process many other folks may be upset, disturbed or distracted by the process.

Jack Nicklaus, the famous and at times sagacious golfer, liked to point out in his golf lessons that finding and using a good new swing key as a solution to one's golf woes can often lead to serious problems. He emphasized the point that we all tend to overplay and overuse every good solution we find as a way to rescue our golf games. If gripping the club a little more firmly is an improvement, then perhaps gripping it even a little harder is better still, and so on until the trend leads to a new problem — as in a death grip on a golf club simply will not do. Likewise, for the consequences of other wedged–in interlopers, such as Uncle Louie and his yacht and Madison Avenue with its TV advertisements. Too much of a good thing can quickly become a bad thing, as with, say, Uncle Louie bringing his unpopular nephew along to the sailing party. In the end Benjamin Franklin said it best in his autobiography Poor Richards when he observed that it is not so important in human affairs to win the argument or the contest as to walk away with the other fellows' good will.

"…frequent overuse of advertising in television and other media has indeed caused a lot of problems…"

In our case, the frequent overuse of advertising in television and other media has indeed caused a lot of problems and at times seems by such abuse to threaten the very economic foundation of the commercial system. With standard linear TV who can stay awake or tolerate the Tonight Show and its brilliant host Jay Leno. Except for the many insomniacs, brain dead viewers, selected alcoholics and those who leave the set on but do not watch it, few can long abide cycles of four minutes of programming interlaced with three minutes of poorly targeted commercials. Here by way of analogy suppose that Uncle Louie not only decides to bring his nephew on board your party on his yacht, but the rest of his vexatious family. In that case we may find many of the gentle folks leaving the party early to the dismay of its host — just too much wedged–in advertising. Too much of a wedge can lead to a loss of good will among the populace that were invited to the party, all due to a failure to heed the wise words of Jack Nicklaus and old Ben Franklin.

When you overplay any hand and push too hard, as with too much advertising and sponsorship in a TV program, or PPV and VOD pricing that is excessive, then, as Jack Nicklaus warned, something has to give and the result can be disastrous. As with the old fruit peddler who worked off his trusted horse and wagon when by happy circumstance his wise and thrifty accountant advised him that a good way to reduce costs and increase profits was to slowly reduce the feed to his horse. Some weeks later the accountant bumped into his client on the street. No horse or cart was in sight. The peddler thanked the accountant for his sage financial advice and told him that it had indeed worked just fine as advertised, but went on to note that his luck had since run out as, for no reason at all, the horse had suddenly died.

So too with ABC, CBS, NBC and FOX as the primary TV network broadcasters, they simply cannot help but reach for just one more chocolate chip cookie — or additional advertisement — and then perhaps again for just one more. After all their advertising CPMs are twice as high as those of cable as they enjoy a national footprint and all of that, so why not just one more ad? The net result, a lot of moaning and groaning as cable and satellite begin in a drastic turnaround to eat their lunch and capture an ever–growing segment of their viewing population and their revenue with their more diversified and appealing multi–channel networks and entertainment fare. But alas, the cable and satellite folks are in turn becoming enamored with the same cookies; all the while such alternate forms of diversion as DVD, Game Boxes, Internet and other media are already taking many hours of profitable viewing away from the cable and satellite providers. The lesson is simply that too much of a good thing is not a good thing at all, moderation up to a point in all things needs to be strictly enforced when it comes to electronic media. Highly marbled beef is known as prime beef, yet all of that 'marble' is simply extra fat, and while it does make it taste good — the American Heart Association warns that it also helps to cause heart attacks.

"The answer is simply to carefully monitor consumer satisfaction as the one and only metric…"

So much for the possible consequences of excessive wedged–in advertising, it is truly a great thing and of major value, but only up to a point. Beyond that point, excessive advertising is a major liability. Between the mute button on the remote control, channel surfing during commercials or simply turning away to multitask something else, the net result is that less than twenty percent of the TV audience is paying much attention to the advertising that the advertisers pay billions of dollars to sponsor. Further, those who are indeed watching the ads are more likely to be children, the elderly, the infirmed and the like instead of the members of the primary demographic groups the advertiser is targeting. Thus a revenue model that relies too heavily on pure advertising can ultimately be at risk. How about the other primary revenue forms of (1) one–time payments, (2) subscriptions, and (3) pay–per–view rental models? Are any of these revenue forms likely to be better than advertising? Hardly, as they all have their own limitations, and each carried too far can yield similarly disastrous loses in viewership, subscribers and CE clients. Thus the answer, when there is one, lies more in the domain of greater choice and flexibility than in a preference for one mode over another. Then how are excesses in the use of one revenue model or another to be moderated so as to maximize total revenue, brand loyalty and the public's good will? The answer is simply to carefully monitor consumer satisfaction as the one and only metric that generally can be relied on to point to 'true north'. Also, seriously consider the possibility on using the far more flexible new revenue models that can mix and match the basic forms on the fly. For a more detailed review of such possibilities, please get a copy of the May 2003 issue of CMS NewsLine entitled: ***TV Revenue Models*** *— Greater Revenue for Greater Profit.*

(Leo Willner and Greg Kalsow contributed to this issue. In order to discuss any of these points with the authors, please e-mail them at:
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—Georgia Pech, Editor]

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KALSOW'S BACK–CHANNEL: *"Validating the Middle Ground"*

■ Years ago, Rowland H. Macy, the Gimbel brothers and Lyman Bloomingdale, those great department store tycoons, discovered that opening up their retail 'pipe' by allowing small shops to surround their mighty retail castles as a means to drive incremental revenue really worked, and the concept of the shopping mall as we know it was born. The same can apply today to the cable business if its great houses, Comcast, Cox, Time Warner Cable and the rest utilize the Open Revenue Channel Access, or ORCA™, approach to allow smaller service providers onto their systems as more or less independent operators, or small 'store' owners. Will they be as smart as Macy's, Bloomingdale's and Gimbel's and see the light? Maybe, but not as long as they lean heavily on lobbyists, financiers and other sycophants who, in fact, haven't the foggiest idea as to what makes real business work. After all, as has been said so many times before, we either learn from the great lessons of history or we are doomed to repeat its errors and pay the price.

■ Last month we noted the gathering role of 'big brother' Microsoft in the IPG space and commented on the shadow it may yet cast upon the STB and ITV scene. Now, as was to be expected, that solid–citizen media house Tribune Media of Chicago Tribune fame has accelerated its role in this arena in conjunction with Motorola, the leading STB manufacturer. As the cable MSOs have come to the realization that 'thick client' STBs are really expensive application specific PCs, perhaps at times better to be sold at retail, they are now more focused then ever on minimalist 'thin client' STBs such as Motorola's famous DCT 2000 series and its newest incarnations. For this reason, Tribune Media, Microsoft and the other IPG players are refocusing their attention thereupon. So these folks are now knock, knock, knocking at Heaven's door to please let them in and let those 'soon to be rich and famous monopolists' at Gemstar TV Guide be damned. Yet, Jeff Shell and Gemstar TV Guide continue to be a very high quality high wire act — that even Bill Gates may have trouble upstaging.

■ Media ownership as a battleground, what a brilliant place to relearn some time honored lessons about the American system of fairness and justice. When McCarthyism was in full bloom some fifty years ago democracy's august defender was the aged attorney for the Senate Committee Joseph Welch, who quietly and resolutely leaned over the table to face the megalomaniac Senator Joe McCarthy and to ask in front of a riveted national TV audience: “Senator have you no shame? Is there anything you won’t say, is there nothing you won’t do…? Have you no shame?” So now the lesson is repeated as members of the US Congress who could no longer abide the troublesome actions of the FCC, to raise the media ownership parameters to new dangerous heights and damn the smaller operators, rose in a great multitude to put down FCC Chairman Michael Powell and place him and his highly politicized minions unceremoniously back into their little glass houses. All hail the US Congress!

■ Is Mystro possibly a reminder of an ever–present ‘dark side’? Is it a distant cousin to the elitists who locked the escape routes from the lower decks of the Titanic, as it was about to go down, so that the powers that be could make their escape? Does anyone with any common sense really believe that the public will long tolerate a Mystro head–end solution that disenfranchises him or her of true nonlinear TV functionality? If head–end PVR is to exist at all, and logistical factors may weigh against it as a viable economic model, it must not take on a forced feed revenue model that is meant to appease nervous media technology reactionaries into thinking that one can turn back the technological clock. Simply forget it, it seems more a recipe for failure than a viable new solution. The old adage says: you can fool some of the people all of the time, all of the people some of the time, but you can make a damn fool of yourself any old time. Mystro as a solution? I don’t think so! You would think that those ‘sages’ at AOL Time Warner would by now have learned their lesson, but I guess not. Perhaps Mystro is nothing more than another reason for Wall Street to fear and short–sell AOL Time Warner. We hope not.

■ Gateway Computer selling fancy TV sets, can you believe it? While few have paid this manufacturer, e–vendor and retailer much heed or serious attention, this firm has stepped out onto the convergence frontier once again, to take another shot at combining the PC, TV and Internet experience. And they are not the only one, as such folks as Sony and Panasonic surely also deserve some credit for both vision and courage. How refreshing to find a bunch of bright eyed, clear thinking entrepreneurs in a universe more generally populated by accounting–wise gnomes and techno gobbledygookers! You know something; Gateway and some others might yet succeed via the simple tactic of just moving ahead one step at a time in this manner — with a clear eye to the horizon as well as to the marketplace. It is all a part of the real ‘next big thing’, the MSM, the Multi–Stream Machine™ solution. For more on this topic, get a copy of the December 2002 issue of CMS NewsLine entitled: ***A Most Satisfying Experience** — When DVD and PVR are Combined.*

[Your mileage may vary. —RGK]

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