

Mr. Lamb,

Interview w Gates, Scully, etc.
re impact on public policy?

also
George Gilder,
Alvin Toffler, etc?



(From Information)



Distributed Thinking / Stewart Alsop

Cable TV may pass phone companies on data superhighway

The computer industry is captivated by the promise of high-speed telephone networks for data communications. But I had a fascinating experience last week that opened my eyes to another network out there: cable television.

Last Wednesday at the Intermedia conference in San Jose, Calif., I moderated a panel of four truly interesting people: John Sculley of Apple Computer Inc., Bill Gates of Microsoft Corp., Barry Diller of QVC (the other home shopping network on cable television), and John Malone of Tele-Communications Inc. (the largest cable network in the United States). The panel was formed to discuss the convergence of different industries — including television broadcasting, cable television, telephone, computer, consumer electronics, publishing, and recording — through digital technologies.

It became clear that while Apple is looking at the telecommunications industry as the key to persistent networking, Microsoft has invested a significant amount of effort in understanding the

cable television network. And, from comments that both Gates and Malone made, the cable business may have a good chance of installing an interactive, high-bandwidth network before the telephone companies get there.

Malone paints a picture of using the existing cable wiring to hook together a really big local area network. On that network will be media servers running something like Microsoft NT (the impression that Bill Gates was certainly trying to give) on a really fast computer with huge disks. An application on the server would allow individual customers (millions of individual customers, by the way) to select and request a particular movie from their cable box, attached to their TV sets, and have the server deliver it to the screen in real time. That's only one application, but it's indicative of the kind of computer power that would reside in this system.

Then I recalled listening to Bob Carberry of IBM talk about delivering media servers based on OS/2 and AIX this summer. IBM's been working with the phone companies, such as Bell Atlantic, on this project. These servers appear to be exactly what Malone wants for TCI's network. In this case, IBM

appears to be ahead of Microsoft in understanding the business opportunity and being ready to deliver a solution.

More important, this gives us a foundation to build on: a high-bandwidth network populated with powerful media servers. It wouldn't be difficult to extend the cable connection into your office wiring closet, so why couldn't the cable system become an extension of your office network and be the primary resource for acquiring and archiving video and other high-density information?

After this discussion, many people said we should have had someone from the telephone business there to provide a different point of view. I don't agree. The strategy of the telephone business for upgrading its network is well-known: Finish installing fiber to the entire switching system and then offer both business and individual subscribers the ability to make a digital connection to that fiber network through ISDN. Then the phone companies hope to get big corporate customers to move to asynchronous transfer mode (ATM), and they will offer residential customers relatively high transmission rates through asymmetrical digital subscriber line (or ADSL, which Bellcore has developed to

allow video transmission on regular phone lines).

The discussion made it clear to me that TCI (and maybe the entire cable industry) has a pretty clear strategy for upgrading its system. And that strategy may well make it competitive with the telephone system and offer computing customers a real choice sooner than anyone thought.

DEAR INTERNET READER

Personal to the fellow on the Internet who wants to know how to send MCI Mail to Verna: MCI Mail uses a first initial, last name format for addresses. For example, my address on MCI Mail is either salsop or 250-8917. So you can send me mail either via the Internet at salsop@mci.com (first initial and last name, but that may not be unique) or at 0002508917@mci.com (add three leading zeros to the numerical ID, which is guaranteed to be unique). The mistake you made was to leave out the mail part of mci.com. Good luck with Verna. And don't forget to include your return address in messages you send to people on Internet because some gateways tear off the part of the envelope with the return address on it.

0002508917

George Gilder

George Gilder is senior fellow at the Discovery Institute in Seattle. A graduate of Harvard University, he majored in government, studied under Henry Kissinger, and later taught as a fellow at the Kennedy Institute of Politics. He is author of nine books including Life After Television, Microcosm, The Spirit of Enterprise, (just reissued in an updated edition as Recapturing the Spirit of Enterprise), Wealth and Poverty, Visible Man, Men and Marriage, and The Party That Lost Its Head (with Bruce Chapman.)

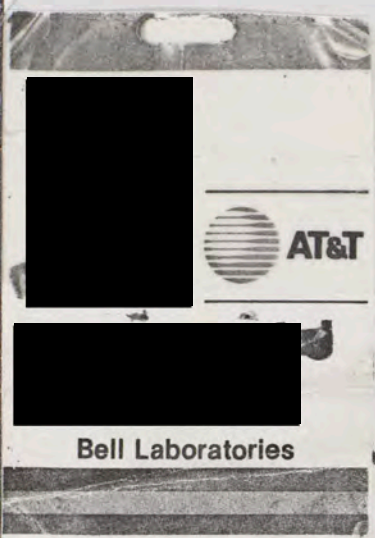
Gilder is a contributing editor of *Forbes* and *Forbes ASAP* and a frequent contributor to a wide range of publications, including the *Wall Street Journal*, *American Spectator*, *National Review* and a variety of electronic business publications. He is currently working on a new book on computers and telecommunications, to be entitled Telecosm. A first draft of one of the chapters appeared in the March-April 1991 issue of *Harvard Business Review* under the title "Into the Telecosm" and a further chapter was featured in ASAP, Forbes' new technology supplement in November. Future chapters will be published in *ASAP*.

Gilder pioneered in the formulation of supply-side economics when he served as chairman of the Lehrman's Institute's Economic Roundtable, as program director for the Manhattan Institute, and a frequent contributor to A.B. Laffer economic reports. Since the publication of *Wealth and Poverty*, he consulted regularly with key figures in the Reagan and Bush Administrations and with leaders of America's high technology businesses. According to a recent study of Reagan's speeches, he was the President's most frequently quoted living author.

Gilder's Life After Television, a prophecy of the future of computers and telecommunications, was published by Whittle Communications in 1990 and republished in June 1992 by W.W. Norton in an updated edition.

His major work, *Microcosm*, explains the quantum roots of the new electronic and communications technologies and maintains that the law of the microcosm requires decentralization of both business and government, in data processing, manufacturing, telecommunications, and even defense. Long expected to favor large capital-intensive bureaucracies, the new technology in fact implies a global revival of entrepreneurship. Gilder also shows that the new technology will not only transform the office and the factory but also consumer electronics as the new computers make television, including HDTV, obsolete. TV is a centralized analog technology in a world of increasingly digital and decentralized systems.

Gilder has been chairman of a small business himself and serves on the boards of directors of several high technology companies. In 1986, President Reagan gave him a White House Award for Entrepreneurial Excellence.



Dear Mr. Lamb,
 Hard to believe that we invited a conservative, George Gilder, to our bastion of corporate socialism (Please see Page 2).
 How 'bout a "Booknotes" interview?

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find out . . .



Where is Wireless Headed



Renowed author and philosopher GEORGE GILDER
will be speaking in the Whippany Auditorium

June 11th at 9:00 a.m.



A leading conservative thinker, Gilder
recently had an article published in Forbes Magazine
technology supplement



entitled "Wireless New World"

Gilder is also the author of
"Microcosm: The Quantum Revolution in Economics and Technology"
and "The Spirit of Enterprise"





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