


Whither the Internet?

It's everybody's business

A stylized illustration featuring a black silhouette of a person in mid-air, jumping out of the top of a computer monitor. The monitor displays a jagged line graph with several peaks and valleys, set against a light blue background. The computer keyboard and mouse are also depicted in a simple, black-and-white style. The overall aesthetic is reminiscent of early 1990s digital art.

As the year draws to a close, so too does this column. After two and a half years of putting my money where my mouth was—that is, running a business dependent on the success of the Internet—as well as writing and acting as editorial director for conferences about it, I'm now jumping out (with a parachute) at 35,000 feet. I'm stepping down from this *adobe.mag* gig of eight months, selling my business, and putting all my efforts into Amazon.com, the online bookstore, where I've accepted a position as catalog manager.

You may have thought from the above that I had already jumped off the cliff that is the future of the Internet, but in fact, everything I've done to now has its roots in the "real" world. Point of Presence Company, now in the hands of stalwart others, mostly had as clients companies that had strong real-world presences already and were extending their brand into the Internet realm, as I discussed in "[Round 'em up and brand 'em](#)" (May 15, 1996).

Likewise with writing and conferences. Plenty of publications have sprung up with the increased popularity of business computing (which also accounts for the introduction of the term Intranet—usually called a LAN or Local Area Network before the information component got added in). And conferences are one of the surest ways right now to make money from the Internet; the Adobe Internet Conferences in San Francisco, New York, Dallas, and Chicago all sold out early, and we gave the attendees what we think was a big value for their dollars.

But Amazon.com is a real Internet business: *It has* to make its money from the Internet because it has no physical storefront. Amazon.com sells



<http://www.Amazon.com>

books—more than one million of them, in fact. They have in their catalog the majority of books in print; any user can come and order any combination and have them shipped directly to their home or work. My future is now dependent on the evolution of a consumer market on the Web.

Amazon.com isn't a public company yet, and doesn't reveal sales, but the *Wall Street Journal* estimated \$5 million in revenue for 1996, while a recent *Business Week* article quoted "insiders" as saying \$17 million. (I wrote this column before joining the firm, which neither confirms nor denies reports on its sales.) CDNow, a similar business selling every audio CD in print, has ballparked \$6 million in revenues for calendar 1996. This isn't small potatoes, but it's still only the very beginning. The conventional markets for books and CDs are in the tens of billions.

So the market, to some extent, is there already, and people are spending real money buying real goods. This is a more stable

proposition than, say, the search engines and indexes, which are relying on the joint proposition that they can charge ad rates similar to or higher than those that print publications charge.

Yahoo is apparently feeding 14 million ad impressions a day, which, at a conservative rate of \$25 per thousand, would be \$350,000 a day if the entire inventory were sold, or about \$128 million a year. This is a not-trivial amount of money, but it does assume that Yahoo can (or has) become the equivalent of a new TV network—which it must do to generate that kind of income consistently and grow it at a rate that shareholders like.

Yet, given the fact that a company like Digital Equipment Corporation (DEC) can almost overnight release the dominant search engine, as it did several months ago with Alta Vista, just by throwing a tiny fraction of its data, research, and human resources at the problem, the future is uncertain for Yahoo. Any multi-billion-dollar media company could come along and throw millions at building the ultimate index if it solved branding, promotion, and related problems; Alta Vista has generated a huge amount of free promotion



for DEC, and garnered the company millions of searches a day.

What will happen is that the players will come and go, get acquired or go bust; but search engines, indexes, and media (magazines, newspapers, and Web 'zines of all kinds)—all the pure data of the Net that requires no real-world analog—will continue to flourish. I think of physicist Richard Feynman's theories about how a single particle travelling along in a vacuum can, over indeterminately short periods of time, explode into a dazzling array of activity, only to subside back to being the original particle with nary a trace of all that to-do. Likewise, the explosion of early activity on the Net, with endless variety, will certainly settle back into a few large companies providing services that most people use.

Now, getting back to my future, and why I've pinned my success on a company that takes that bulkiest of items, a book, and sends it thousands of miles—first from a printer to a dock, then to a warehouse, then to a distributor, then to its own warehouse, and finally via the mail or UPS to the user's door—there is rationality in my decision.



First, books are not going away. Every measure of book sales shows that more people are reading and buying more books. Seattle, where I'm based, is crammed full of book superstores, with more being built all the time; we have to do something while it's raining. And it's still just too darned tiring and hard to read a book off a computer screen. Computers may eventually evolve to become more booklike in their legibility and functionality—Apple has showed a prototype notebook with multiple “pages” of screens—but that time is fairly far off as a mass medium.

Besides, the computer is not a “higher fidelity,” more transportable, or cheaper method of transmitting a book, as CDs were in comparison to vinyl records. It's a different medium entirely.

I'd also make the argument that television won't become the integrated appliance some people envision and replace (or merge with) the PC, because the purpose of buying a PC and using it for word processing, personal finance, online chat, or whatever, is a different “viewing” and interactive experience; more importantly, it involves sitting closer to the screen, even a large one! It

may be that, five years from now, every TV is Internet ready and is the equivalent of today's Pentium 150 multimedia PC; but you'll also have the Septium or Octium 2000 Mhz PC sitting in the family room or the home office to do your real work.

Second, although estimates are all over the board, it's clear that hundreds of millions of dollars are exchanging hands over the Web—and that most of that money is for physical goods. Selling software over the Internet is going to become enormous; but a cheap, good alternative way to sell goods has attracted massive catalog retailers as varied as MacMall and Land's End.

Finally, I predict that the Internet will become as pervasive as television, if not more so. The reasons that people don't own or watch TV don't apply to the Internet, since the Net is what you make of it. As cable and telephone companies start offering Net-related services that involve just an extra charge on the same bill, and as PC-like devices drop in price, the early adopters will be joined by the masses.

In the meantime, I'll miss this forum. But you'll still see me every other

month in *Adobe Magazine*, *adobe.mag*'s print-based sister publication. Keep the E-mail coming—but send it now to glennf@amazon.com.

Editor's note: While Glenn was deciding that Amazon.com exemplified the coming wave of Internet business activity, we were separately concluding the same thing. For a previously scheduled interview with Amazon.com's marketing chief, see "[Deep in the million-title jungle.](#)" And—oh, yes—watch for a new WebSpy in this space on December 1.