

Cites & Insights: Crawford at Large

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Webvan Lessons?

Standard postage (aka junk mail) yields wonderful results. On July 12, I received an envelope with huge red letters **STOP!** followed by the message “Leave the car in the garage. We’ll deliver your groceries **FREE!**” Inside, a refrigerator magnet in the shape of a Webvan van, a flyer noting that webvan.com now offers manufacturer’s coupons, a brochure explaining how wonderful Webvan is—and that I’ll get \$25 in free groceries on my first \$75 order! There’s also a letter telling me wonderful Webvan is, that the prices are competitive, that delivery is free* and so on. (*Free delivery on first order, you learn in type this size or smaller.)

One little problem. On July 9—three days before the junk mail arrived—Webvan ceased operations, “laid off” most of its remaining workers, and filed bankruptcy. The bankruptcy may be Chapter 11, but Webvan’s not coming back. I’m guessing that the offer is effectively void. (Here’s the total content of webvan.com: “Effective July 9, 2001, Webvan has ceased operations. If you have a scheduled delivery, you will not be receiving it, and you will not be charged. To all of our loyal customers, we are grateful for your support and encouragement. It has been our pleasure serving you.” Each sentence appears as a separate paragraph, but that’s it.)

Fair notice: This essay isn’t just “dotbomb” schadenfreude. I believe there are lessons for libraries and some librarians, albeit indirect ones. I trust they’re not too subtle in what follows. Sources for this essay include *The Industry Standard*, *Wired News*, Reuters, and others viewed on the Web between July 9 and July 12.

The Story

Webvan raised an astonishing \$1.2 billion in financing. Louis Borders, founder of Borders bookstores, had a grand vision for a “vast retailing and distribution operation that could deliver anything to anyone, anywhere” (as *The Industry Standard*’s post mortem puts it). Webvan started operating in 1999;

it built 26 big warehouses to serve the flood of customers that were certain to come.

But there never were enough customers to make Webvan’s business model work—even assuming that it could in an ideal world. That’s a tough assumption. The grocery business runs on a tiny margin. Much of the Webvan idea was that you’d buy your books and DVDs and other higher-profit items through the same service that brings your groceries.

If there weren’t enough customers when delivery was free (essentially assuring a money-losing operation), there were many fewer after Webvan started charging for delivery. The company shut down some markets to cut costs, but it was nowhere near enough. In the first quarter of this year, Webvan managed to lose \$217 million, as the company watched its stock go from \$34 a share in late 1999 to \$0.06 in July 2001. Even Amazon couldn’t keep losing money at such a rate (although Amazon’s cumulative loss is several times as bad as Webvan’s).

The Reasons

It depends who you ask. Those who still believe that The Internet Revolutionizes Everything say that Webvan just expanded too rapidly or, as a Jupiter “analyst” put it, was “10 or 20 years ahead of its time.” One marketing professor claimed that people really want to squeeze the Charmin—which is about half right, in my opinion.

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Webvan’s service wasn’t an issue. Approval ratings were high, higher than for the grocery-delivery services that are still in business. *The Industry Standard* claims “online grocery deliveries are expected to flourish—albeit on a more modest scale.” Maybe.

If those reasons are valid—if Webvan was ahead of its time or had the right idea but expanded too

rapidly—then maybe the usual band of Chicken Little librarians are right. They told us the Sky was Falling when Webvan came along. See? People don't want to go out in public, they want everything to come to them. Public libraries as spaces are doomed. Turn 'em into warehouses, fire the librarians, and offer book delivery services and virtual reference. That's the wave of the future; you can surf or drown. (I'm conflating various alarmist remarks from various sources; a straw man, if you will.)

Who loved Webvan? Some parents with young children—but those parents *do* go to good public libraries for story hours and to load up on kid's books. The usual suspects who want to do *everything* on the computer—and who, despite their overrepresentation among pundits and journalists, represent a tiny portion of the public. No doubt some city dwellers and others who find shopping just too, too common. And potentially those who *need* delivery services—the housebound, infirm, and others with legitimate needs.

Then there are the rest of us, including quite a few parents with young children and, probably, 95% or more of the population. Sure, we complain about checkout lines, and most of us really don't spend much time squeezing bathroom tissue—but we choose our own produce, meat, and fish, and to some extent we enjoy grocery shopping.

Real Life Survives

Some analysts got it. Phil Terry of Creative Good notes: "One of the fundamental mistakes that everybody made is the assumption that just because there are some problems with the offline experience that everyone would flock to online." (Don't you love it? Real life is now "the offline experience.")

Ken Cassar of Jupiter Media Metrix may believe that we just need time before we abandon shopping centers and corner groceries, although I'd think Jupiter's own survey would give him pause. Last year, only two percent of *Web users* bought groceries online—and I suspect that isn't because we've never heard about Webvan!

Webvan had 750,000 customers in seven markets—but one order a year made you a customer. Add the metro area populations of Chicago, LA, Orange County, Portland, San Diego, San Francisco and Seattle and you get roughly 38 million people. In other words, in the areas where Webvan had its greatest impact, *two percent* of residents placed at least one Webvan order a year. That's a recipe for disaster, a recipe Webvan followed closely.

Our local Safeway offers shopping carts with little benches attached so that parents and their chil-

dren can make shopping a social experience; Andronico's has miniature shopping carts for the tykes. (I'm not entirely thrilled with that notion, but never mind.) Local markets offer personal service, while the better chains go to pains to make grocery shopping a pleasant experience, with coffee bars, bank branches, prepared food and more.


"Yeah right," some of you may think, "*you* don't go grocery shopping. Your wife probably gets stuck with it." Truth is, my wife and I shop together every Saturday at both that Safeway and the nearest Andronico's. She chooses produce, meat and fish; I gather my own weeknight dinners and weekend lunches and take care of the cat food and staples. I typically drop by Safeway at least once during the week. Does it take an hour out of the weekend? Yes. Did either of us have any desire to switch to Webvan (which delivered to at least one nearby house), even when delivery was free? Not at all. For one thing, as with many two-income households, it's easier for us to shop *when we're ready* than it would be to wait around for a delivery, no matter how well scheduled. For another—well, grocery shopping *is* an odd mix of chore and pleasure. For us and apparently for most people.

Real life survives. Real libraries—as important public spaces and sets of services—should do just fine. Businesses that depend on us hiding in our shelters, glued to our computers, need better ideas.

PC Values: August 2001

August's standard configuration includes 128MB SDRAM, 24x or faster CD-ROM, AGP graphics accelerator with 32MB display RAM, V.90 modem, a 15.7-16.1" (viewable) display (called 17" by some makers), and wavetable sound with stereo speakers. "Pluses" and "Minuses" are shown where applicable, along with hard disk size, software, extras, and brand-name speakers.

Top system prices are taken from "recommended systems" at corporate Web sites for Dell and Gateway. A curious situation arises with "One Good Configuration" for August: it's a better value than the "Top, Power" system. Very few "other" manufacturers advertised this month. I would normally omit both "other" items, since neither one offers value as good as the top brands, but the unusual *drop* in values deserves note.

 **Top, Budget:** Dell Dimension L800cx: Celeron-800, 20GB HD. *Minuses:* no dedicated graphics

RAM. *Extras*: Harmon Kardon surround speakers with subwoofer, MS Works Suite 2001. \$899, VR 3.00 (-4% since 5/01, +14% since 2/01).

🖥️ **Top, Midrange:** Gateway Performance 1600: Pentium 4-1600, 40GB 7200rpm HD. *Pluses*: 64MB graphics RAM, CD/RW drive. *Extras*: Boston Acoustics speakers with subwoofer, MS Works Suite 2001. \$1,499, VR 2.62 (+2% since 5/01, +28% since 2/01).

🖥️ **Top, Power:** Gateway Performance 1800: Pentium 4-1800, 60GB 7200rpm HD. Like Midrange, but with 18"-viewable display. \$1,999, VR 2.22 (+14% since 5/01, +23% since 2/01).

🖥️ **Other, Budget:** Systemax Venture T10b: Pentium III-1000, 30GB 7200rpm HD. *Minuses*: no dedicated graphics RAM. *Pluses*: CD-RW drive. *Extras*: MS Office XP Small Business. \$1,279, VR 2.47 (-33% since 5/01, -4% since 2/01).

🖥️ **Other, Midrange:** Systemax Venture U17: Pentium 4-1700, 40GB 7200rpm HD. *Pluses*: 256MB RDRAM, CD/RW drive. *Extras*: MS Office XP Small Business. \$1,849, VR 2.29 (-19% since 5/01, +15% since 2/01).

🖥️ **One Good Configuration:** Dell Dimension 8100: Pentium 4-1400, 60GB HD. *Pluses*: 256MB RDRAM, 18"-viewable Trinitron FD display, DVD-ROM drive. *Extras*: MS Works Suite 2001, Altec Lansing speakers with subwoofer, CD/RW drive, Ethernet adapter. \$1,947, VR 2.27. Identical to the June "one good configuration" except for a slightly larger hard disk (60GB rather than 40GB).

Bibs & Blather

- Last issue, I requested "payment" for *Cites & Insights* in the form of email acknowledging that you're reading it, along with information on the PC you use most often:
 1. The operating system and version
 2. Amount of RAM
 3. On average, how many hours your computer runs before software or OS problems require you to *reboot* the computer (a hardware reboot, power cycle, or double Ctrl-Alt-Del restart). Responses should go to wcc@notes.rlg.org by August 31.I'm repeating the request for those of you who missed or ignored it last time. It's always possi-

ble that total readership of *Cites & Insights* is actually a few dozen (based on responses to date) rather than several hundred (based on home page counts)—but I suspect that the summer doldrums and other factors enter in. I'd appreciate a response (if you haven't already responded).

- Why is this issue "late"—and with much of the content suggesting that it could have come out in late July? Blame Juneau—and Skagway, Sitka, Ketchikan, Glacier Bay, Vancouver, and Victoria. No apologies offered. If you'd like to hear about the Crystal Harmony and why there's no such animal as a "best cruise line" until you know your own needs, let me know...
- A few readers have offered useful comments on what they like in *Cites & Insights*. I appreciate the advice, even if I don't always follow it. One point did concern me: one reader counts on me to find one or two worthwhile stories in *The Industry Standard*, so he doesn't have to wade through the whole issue. That wading is a lot easier in these days of 64- to 106-page issues than it was in the glory days—and I cite a fraction of the worthwhile articles in *The Industry Standard*. I comment on about one-third of the items that I mark for possible inclusion—and I frequently leave worthwhile articles unmarked because they're out of scope. If you're interested in thoughtful coverage of the "Information Economy" (as the revised *Industry Standard* calls it), you should read much more of that fine weekly than I mention here.

Trends and Quick Takes

The Emergence of Netflix

Netflix, one of two Internet-based DVD rental operations, has been around for a few years. With a combination of first-month-free offers in DVD player boxes, some advertising, and other forms of publicity it's grown to several hundred thousand members and an apparently profitable business. I've written about them before, most recently in the May 2001 *EContent*. I think it's a great idea for people who don't have a local DVD/video rental outlet that they like or that serves their needs.

During June and early July, I've seen Netflix mentioned in one PC magazine column, reviewed (very favorably) in a PC magazine; and discussed (again favorably) in a ghastly national Sunday sup-

plement. That's much more visibility in six weeks than I'd seen in the last year or so. If I was paying attention, I might wonder what was going on—but I believe I know. Specifically, Netflix has a good PR firm doing targeted individual notes where they count, offering six-month complimentary memberships so that writers can get to understand how Netflix works. I'm pretty sure of this, being a recipient of such an offer.

There's nothing unethical about this. Publishers provide free review copies of new books and records. The PR firm wasn't offering to pay me for favorable coverage. There was no suggestion of any offer other than a long-enough free subscription to fully appreciate Netflix. The targeting, personal offer, and implied research impress me. *EContent* is a specialized magazine; my comment about Netflix was just ambiguous enough to make the offer plausible (that is, it wasn't obvious that I'd already used Netflix for a brief complimentary period). If what I've seen in the last month is any indication, this PR firm can demonstrate the value of its services. Hmm. I guess they've done so again: Here's another favorable mention for Netflix. So it goes.

The Swinging Pendulum

A year or two ago, everything was going to be free and the Internet would conquer all. As with most extremes, corrections also tend to go too far. That was clear in a sequence of messages on PUBLIB in early June.

In the first one, a public library director noted that a free antivirus service was disappearing, replaced by a priced product. The conclusion? "The free parts of the Web are drawing to a close... The end of the 'free Web' is going to have a financial impact on libraries."

Another public library director responded, "The end of the free Web will be a double edged sword." He noted that other city departments were already interested in databases available through the library at no additional fee, now that some free services were disappearing. "Maybe, just maybe, we'll see less schlock and more substance on the Web as more 'fly by night' sites bite the dust."

A third public library director noted that the first had possibly overgeneralized and noted what a monthly ISP payment gets you: Worthwhile information sites from nonprofit and educational organizations; commercial sites available through the library; commercial sites operating on slender margins; "a broad and wonderful range of self-published loonies who have used the freedom of the Web to

publish a bizarre collection of information, opinions, small business and self-promotion"; and spam.

As one of those loonies (*Cites & Insights* is self-published and relies on the freedom of the Web), I have another take. Some services can rationally be supported through advertising and auxiliary income, as can a whole lot of entertainment and nonsense. Google appears to fall into that category; so do Modern Humorist and The Onion, to name two.

Some services never made sense as freebies; thoughtful people should have known that. I put Internet disk storage (as opposed to ISP-provided Web space) in that category along with free virus protection, free office software and a host of other "why would you pay for this when we'll give it to you?" cases. It costs serious money to maintain good antivirus software; why would you expect to get it for free—particularly when there's little chance for an ad payoff?

Blake Carver of LISNews fame offered his take on this situation in a June 7 essay, "The reports of my death have been exaggerated." He says, "The Web is mostly free and it will continue to be in the foreseeable future." That's true (and it's an interesting informal essay), but his suggestion that you can just go to another service may not work for too long. If services don't make sense economically, they don't make sense for *anybody*. (I think Blake knows that, actually.) He also says, "I can go to CNBC, CNNfn and Quote.com. I don't need to pay for the *Wall Street Journal*." But if you're a serious investor or businessman, you probably *do* need to pay for *WSJ*: you really do get what you pay for. (Just stay away from the Neanderthal editorial pages.)

"To say the free ride is over on the Web is just nonsense." That's true—and I don't think it's negated by Jupiter Media Metrix' silly "statistic" that 14 companies "control" 60 percent of user Web minutes. "As people spend more and more of their time at fewer and fewer sites, people may not be motivated to start their own." But most of us don't *want* mass audiences, just as most magazines aren't aiming for ten million circulation. If *Cites & Insights* was getting 100,000 hits a month, I'd probably be able to sell advertising—but I'd also think something was terribly wrong. It's a special-interest zine; at most, the natural audience is probably in the 5,000 to 7,000 range, and 1,200 to 1,500 is OK with me.

The "free Web" isn't going away—but absurd freebies probably are. It never took deep thought to recognize the silly situations—cases where there was no plausible way for ad or subsidiary revenue to make up for actual costs, and where there's not a secondary business reason to support a losing proposition. Why would anyone be surprised that such

services disappear—and why would this be a sign of the apocalypse?

The Return of Subscriptions?

It works for *Wall Street Journal Online*—but that site still loses money. It didn't work for *Slate*. Now *Salon*'s trying it, in an odd manner. Most of what's left of *Salon* (and there isn't much!) is free but with massive ads. Pay \$30 a year and you can opt out of the ads—and you get a little more content as well as soft porn. Serious Writers tell you why you should sign up for *Salon Premium*.

That's not the only case. Britannica.com is pushing subscriptions. Yahoo! Finance now offers a \$9.95/month premium service. Thomas Pack covers some of this in the June 2001 *EContent* news section (p. 9-10). Note the cautionary view of one observer—admittedly an observer in the business of selling content. “Customers are used to receiving content for free, and many sites haven't been able to develop distinguished products even under the free model. So they certainly won't be able to sell them for subscription fees.”

That's part of my problem with *Salon*: there's not much there anymore. (A June 6, 2001 piece in the free portion of WSJ.com discusses this point. As with a number of other online journalism sites, *Salon* has become “thinner” as it has cut back on staff; a couple of sections have disappeared almost completely.) Another problem is that \$30 is a fairly high price for a slender general-interest magazine. Most magazine print subscriptions don't cost that much and don't make me go somewhere to read each story. Of course they include lots of ads, but magazine ads aren't intrusive. That's an offline advantage that no Web operation has overcome, and I'm not sure how they will.

Steve Gilliard offers a thoroughly mean-spirited take on *Salon*'s current situation in a lengthy Net-Slaves article posted June 7, 2001. Gilliard does close readings of company 10Q filings, digging out all the negative hints and overoptimistic projections. In this case, the article is based on an 8K amendment to a 10Q filing. He makes a case that the company's projections for subscription revenue are absurdly optimistic, that they're still burning through money at an unsustainable rate, and that they have far too many employees for the pathetic flow of stories that currently shows up in *Salon*. “They think they can get 30K worth of subscribers to look at dirty pictures and read snippy comments on George Bush.” But as he notes, you can get Maureen Dowd's snippy comments for free, there are plenty of free soft porn sites around—and free soft-

ware will block those ghastly ads. While Gilliard may be too negative by half, these and some other points make a certain amount of sense. I did sign up for *Slate*'s subscription at one point; I wouldn't dream of paying \$30 for *Salon Premium*.

As of July 12, *Salon* claims to have more than 10,000 paid subscriptions. That's \$300,000—a significant amount of money that won't begin to cover *Salon*'s costs. The company believes it's on track to “convert 1%-2% of our 3,500,000 user base in year one”—that is, find 35,000 to 70,000 people willing to pay \$30. Perhaps.

Every Movie Ever Made

You've probably seen the ad, where a man walks into a rundown motel's lobby and ask about amenities. When he gets to entertainment, he's told “all rooms have every movie ever made, in every language, any time—day or night.” It's an ad for Qwest Communications, a telecom company pushing video-on-demand as a way of using its optical cables.

A commentary from the *Economist*'s Technology Quarterly (June 21, 2001 print edition) suggests that true video on demand doesn't make sense this year or next—and probably not for at least another decade. According to the article, the current North American backbone capacity is roughly 500GHz (that is, 500 gigabits per second). Today's awful streaming video (240x240 pixels, 20 frames per second) needs 300 kHz. If 20 million people all want such videos simultaneously, the demand represents more than the entire backbone capacity.

But that's silly. Video on demand doesn't mean crude little windows. It means DVD-quality full-screen video: an average of roughly 4mHz even with DVD's enormous compression. The current backbone could carry roughly 125,000 simultaneous DVD-quality transmissions—and video *on demand* means that each person gets a separate signal. Claims are that MPEG-4 will offer even greater compression with good video quality, but most demos so far have involved winking at “DVD-quality” on behalf of low bandwidth. Can that 4mHz come down to 2mHz? Probably. Can it come down to a bandwidth that current “broadband” Internet connections will reliably support—or that the backbone can carry? Probably not.

But there's also a glut of optical fiber: most cables are “dark,” not carrying signals. The question is whether video on demand yields enough revenue to pay for the cables. So far, ISPs don't think so. “The only service they could use it for—video-on-demand—would cost them more to provide than they could collect in payments.” The problem is that

streaming video over the Internet isn't like broadcast. Broadcast carries a fixed cost; each new viewer comes free. Since cable TV is essentially broadcast-on-a-wire, the economics are roughly similar. But each new user of streaming video means an additional cost for the supplier.

How bad is this? Right now, the current market charges about a cent a megabyte for streaming video. A single-layer DVD holds 4.7 gigabytes or 4,700 megabytes. Will you pay \$47 for a movie on demand—when you'd pay half that to *own* the DVD?

If you go to www.economist.com/science/tq you should be able to find the story "Reality check for video-on-demand." Better yet, look up the June 21 print edition.

Interactive TV and Targeted Ads

I recently became aware of *Media Life* (www.medialifemagazine.com), a Web magazine designed for media professionals—that is, the people in TV, radio, magazines, new media, and ad agencies. (That's obvious from the jargon in many story titles—just as an unexplained "Z39.50" or, for that matter, "OPAC" in an article title is a tipoff that you're reading a publication aimed at librarians.) You'll see notes from some of the generally terse stories as they fall into the ever-broadening morass of topics suitable for *Cites & Insights*.

One such was "Rising privacy fears over set-top boxes" by David Everitt, posted July 10, 2001. It includes a range of views about the benefits and problems of "addressable advertising," one of the can't-miss features of interactive TV (and something you see on commercial Internet sites if you allow intersite cookies). The set-top boxes that make interactive TV interactive will also track your viewing habits and report back to some central site. Recent boxes can even track when you've turned off a commercial partway through.

If you're in the biz, this is "a way of providing relevant information to the consumer" (that's Richard Yelen of ACTV, a developer of addressable-advertising technology). Why go the kitchen during a Fix-O-Dent spot when you could be "informed" by a commercial that suits your interests? (Editorial note: I believe that many, perhaps most, newspaper and specialized-magazine ads do indeed inform readers, as do some radio and a few TV ads—but it's absurd to treat TV ads in general as "information.")

Others aren't wild about this. The Center for Digital Democracy sees an "emerging threat to privacy." Jeff Chester of that center says, "there will be too much information turned over to people who want to sell you and manipulate you"—and he be-

lieves that some people will be unable to resist this advertising.

My first reaction is that Interactive TV isn't going anywhere. That's also my second and third reaction. If it was, I suspect it would be coupled to set-top boxes that record TV (similarly to TiVo or Sony's combined DirecTV/PVR units)—and such boxes make it even easier to skip right through the ads. (PVRs don't seem to be doing that well either.)

Yes, there's a potential threat to privacy if consumers are dumb enough to believe that the mandatory phone-line connection doesn't mean their habits are being recorded and used commercially. I'm all too aware that many people are precisely that dumb. So far, however, most people don't seem to be entranced by customized ads and all the other commerce-related wonders of Interactive TV. That general lack of interest may be the best defense.

Visual Knowledge Representation

Sometimes it's a relief to see that I'm not the only one who doesn't "get it." Web4Lib recently had a flurry of messages relating to graphical representations of semantic concepts and the like, springing from the article "Search the Web like a map."

I've seen such visual schemes off and on for years now. I've tried some of them. At best, some seemed like interesting toys. As far as I could tell, then and now, none of them did much to improve access to or understanding of any corpus that wasn't so narrowly defined that it was already immediately obvious. Once in a while, I've had someone try to show me how these data-mapping schemes worked (that is, how they made relationships and resources clearer and more useful)—and I just didn't get it.

Jerry Kuntz comments that none of the visual navigation tools has gained popularity. "Doesn't that suggest that graphical representations (beyond simple outlines and menus) of semantic concepts aren't very intuitive?" Well, yes, I thought—and was expecting a harsh rejoinder in Avi Rappoport's response. (For some reason, I believed that Avi Rappoport was one of those who *does* "get" all this.) That wasn't quite what was there:

I agree, and yet I think that there are a set of people who just *love* the idea of graphical interfaces to searching. They've been working on it since long before the Web, with starfield clusters and topographical displays and flythroughs and a whole bunch of creative but ultimately unsuccessful displays.

Rappoport goes on to offer two main problems with visualization approaches. First, most searches are general and don't require conceptual relationships, and "the visual tools I've seen are good at expanding

queries but not subdividing them.” (I love the examples: if you search for “wimbledon,” “delta airlines,” or “California lottery” you’re probably not looking for ways to find *more* sports, airlines, or lotteries.) Second, there don’t seem to be good ways to connect the graphical displays to the text.

He’s convinced that “there will be some useful visual tools for navigation first, search concepts later, as computer interfaces evolve. The visualization folks are so committed to this idea that they’ll keep working on it, despite the problems, and I admire them for that.”

I lack Rappoport’s conviction that the *concepts* make sense—but I’m willing to be convinced that I’m wrong. Maybe some day.

Ebook Watch

Catching Up with Ebooks, Part Three

March 2001 and beyond: this should be the last “catching up” installment—before other events cause another backlog, that is. Five clusters this time around: coverage in *Wired News*, discussions in *Slate*, a few words about the emergence of eBookWeb (successor to EbookNet), miscellaneous news and notes, and individual substantive items. As usual, I insert my own skeptical commentary and updates as appropriate (and as I’m aware of them). Also as usual, note that I’m *not* cynical about all possible uses of “ebooks” as most broadly defined—but I am skeptical (a very different word) about most current business plans and a complete disbeliever in the potential of ebooks to replace print books *en masse*.

A word about orthography. I’ve chosen the closed “ebook” as a generic term for the entirety of the ebook marketplace—but I respect the capitalization and hyphenation of quoted material and trade names. If you see “e-book” outside quotes, it’s because there’s no copy editor for *Cites & Insights*.

Wired News

March 1: Kendra Mayfield devotes a column to E Ink: “your hands will thank you.” Newspapers that update automatically! (Nicholson Baker will *love* that one.) Catalogs that never become outdated! “It sounds like science fiction, but electronic ink has already arrived.”

Yes and no. Philips tossed \$7.5 million at E Ink for exclusive global rights to handheld devices using one technology for “electronic ink displays that actually look like physical paper.” The Immedia indoor

signs use E Ink technology. Philips looks to the technology to replace LCDs in PDAs: it’s several times brighter than reflective LCDs and devices should be thinner and lighter, with the image remaining after you turn off the device. Supposedly, such PDAs will be available to consumers this year.

When will you have “Radio Paper,” the promised high-resolution displays that feel like paper? Surprisingly, not the “within two years” we’ve been hearing since the late 1980s for “digital paper” technologies, but “within the next four to five years.”

If you recognize the gung-ho bias of virtually all technology-forecasting services, you will find a Forrester analyst’s comment particularly interesting. He believes that E Ink technology could be important in cell phones and PDAs. But as a replacement for print? “They’re going from a big format where resolution didn’t matter much to a microformat. The holy grail is something in between a newspaper or a magazine or a book. That’s going to be something that’s tough to crack.”

RosettaBooks and More

M. J. Rose’s March 6 column began with a good discussion of the Random House vs. RosettaBooks case. If you’ve ignored ebook issues entirely, you may have missed this one. RosettaBooks wants to produce ebook versions of best-selling pre-1995 books from Kurt Vonnegut and others—authors who published through Random House, which claims that the existing contracts implicitly cover electronic rights. Random House noted as precedent a court ruling that movie studios had the right to sell videocassettes of movies: the physical form is irrelevant. (Update: In the first round, at least, RosettaBooks won this one. The contracts never mentioned electronic rights and the court concluded that an ebook isn’t just another book.)

This column also noted the “hiebook,” a Korean-made ebook reader with a 5.6"-diagonal screen that’s also an MP3 player, digital audio recorder, PDA, and game unit. It’s supposed to be available in North America later this year at prices comparable to Franklin’s eBookman. If sensible people won’t buy dedicated ebook appliances, maybe they’ll buy multifunction devices that are cheap enough: that way, when they realize that book reading on tiny low-res screens is agony, they don’t own doorstops.

Consolidation and Cadillac Appliances

Rose’s March 20 column reports that Palm purchased Peanutpress—the leading vendor of ebooks formatted for Palm OS handhelds. I know some

people think a 160x160 pixel screen is just fine for reading; I'm not one of them. Peanutpress has 2,000 titles and sells about 500 ebooks a day averaging \$7 each. The deal includes Peanut Reader, "one of the more successful e-book readers on the market."

Ready to pay \$1,200 for an ebook appliance? IPM-NET thinks so. They plan to introduce Myfriend this summer. Screen size is 6.2x4.2" with (supposedly) a resolution of 800x600 pixels. That's 150 pixels per inch, more than 50% higher resolution than typical notebooks and about 20% higher resolution than the best notebook display I've ever seen advertised. The device uses Microsoft Reader, which supposedly doubles apparent resolution (and in my experience functions as a test of visual acuity—if you see clearly, Reader makes text irritatingly fuzzy through its color fringing). Myfriend is a Windows CE device with built-in (but not wireless) modem. Newton anyone?

Best Sellers and Bookless "Universities"

Moving on to May 22, 2001. Jerri Ledford produces a quarterly list of ebook best sellers at eBookconnections. She used to rely on sales figures from publishers—but people started questioning the numbers. Now she wants to see royalty statements. That caused the top two texts from the previous list to disappear entirely—not because they weren't selling but because the author felt that her royalties were her business. Surely you've heard of *The Best Laid Plans*? It's "the all-time best-selling independent ebook." What does that mean in numbers? The column doesn't say.

University of Phoenix, that national for-profit institution, is working with Microsoft, Thomson, Wiley, and others to provide electronic texts in Microsoft Reader form. CEO Dr. John Sperling says, "We view e-books and electronic publishing as the next step in the evolution of higher education." I suppose when you don't have libraries, "phasing-out paper books" makes loads of sense. And, of course, the kicker for publishers (students being the kickees, as usual): "Both publishers and authors are hoping for success for financial reasons. Not only do textbooks go out of print almost as soon as they are released, but used textbooks are resold many times over, reducing profitability and the author royalties." Ebook restrictions should stop that evil practice!

Report from BookExpo

As reported June 4, BookExpo America in Chicago drew 20,000 people who picked up some 50,000 free books. Print books, that is. The "Internet Ghetto"

area, ebook domain, was down from 120 exhibitors last year to 80 this year. "Last year, all anybody talked about was e-publishing" according to M.J. Rose. "This year, the subject was as rare as an out-of-print book." Survivors are "brick-and-click" operations, using the Web to promote print books. Gregory Voynow of iPublish suggested that ebooks will serve as a "test-marketing medium to publish new talent"—talent that will wind up in ink on paper if the books are good enough.

M.J. Rose's June 5 column notes that the National Book Foundation now accepts ebooks as candidates for the National Book Award—but they must be submitted in printed-and-bound form. That doesn't work for truly innovative ebooks, but there's already at least one award for such works: the Electronic Literature Organization's \$10,000 fiction award. Other news included a signal achievement for a Webzine: *Chiaroscuro* won the 2000 Bram Stoker Award for Other Media at the Horror Writers Association banquet.

Ebooks in Print

While it didn't lead Rose's June 19 column, it's a significant step toward treating ebooks seriously. Bowker is adding ebooks (both pure ebooks and Print on Demand titles) to BooksInPrint.com, a subscription site. How many ebooks are there? As with everything else in such a complex set of niches, that depends on your definition. Including NetLibrary's 30,000 titles, Bowker expects to have 50,000 or more ebooks (excluding PoD) and some 250,000 PoD titles by fall.

The lead story is Gary Null's *The 7 Steps to Perfect Health* (LiveReads.com). "Every product mentioned...is a click away." The column title is "7 steps to crass commercialism," and it does seem as though integrating ordering into a "book" crosses several traditional lines between information and commerce. I don't think of PC Mall's mailers as magazines (although they do include detailed and informative product specifications). Although the LiveReads CEO is enthusiastic about the idea, I would wonder about an ebook travel guide with embedded links to travel agencies or airlines.

Print via the Web

M.J. Rose's June 26 column focused on two ways that the Web and traditional media can work effectively together. Consider *The Spook*, billed as "the first fully downloadable consumer magazine." The first issue is 94 pages and includes fiction and literary interviews—along with lots of full-page ads, "just like in print magazines." More than 4,000 readers

downloaded it in the first two days. The editor likes the fact that you can read the magazine offline—and “archive” it on your hard drive. Why not? *Cites & Insights* isn’t a consumer magazine and doesn’t have full-page ads, but this is *precisely* a downloadable print ‘zine. (Hmm. *The Spook* reached 4,000 people off the bat and charges \$4,000 a page for full-page ads. Anyone ready to pay \$1,200 a page for ads in *Cites & Insights*? You could underwrite the whole publication for that rate—full-page ad included.)

The lead story in Rose’s column was the marketing of Neil Gaiman’s *American Gods*. Gaiman put up a Website with an online journal about the book—completing the manuscript and the publication process. The site reached 56,000 unique visitors and generated posts elsewhere on the Web. “Last week *American Gods* debuted in Amazon’s top 50 and the author’s readings are standing-room only.” HarperCollins also offers the book as a PerfectBound ebook; no word as to what proportion of book sales are in ebook form.

Slate’s eBook Reader

We already know that Microsoft wants to push ebooks—particularly those using Microsoft Reader technology and locked to Windows CE or Windows devices. *Slate* generally reads as a lightweight-but-interesting magazine of politics and culture (sort of a *New Republic/National Review* for people with short attention spans)—but once in a while, the Microsoft connection comes through loud and clear. That’s certainly true for *Slate*’s eBookClub. I’m still not sure whether Justin Driver’s new occasional column falls into that category.

The April 10 column was mentioned indirectly in an earlier roundup. “The eLitists vs. the eBook” attempts to undermine criticism of ebooks. Driver starts by drawing parallels between attacks on ebooks and early attacks on paperback books. He belittles Harold Bloom and anyone who dislikes reading from the screen: “Whippersnappers—and folks who know how to type—don’t mind reading some things on computer screens.” True enough—but most people I know, including expert typists (I do 70 WPM myself), *do* mind reading more than about 500 words on computer screens.

While some attacks on ebooks are, admittedly, hyperbolic, most such attacks don’t fail truth tests as badly as this passage from Driver’s column:

Who exactly is attacking books? Even the most ardent of eBook enthusiasts don’t believe that electronic books will ever completely replace the printed word. eBookers mean to supplement the world of printed books, not subsume it.

Either Driver leads a life so sheltered that he ought not to be writing this column, or he’s lying. I’ve cited a few flat-out assertions that printed books will (or at least *should*) die; I’ve read quite a few more. Go to the eBookWeb section of this article; tell me that these true believers don’t expect eBooks to subsume the world of printed books.

There’s more to the column, some of it reasonable, some of it a bit extreme. He discusses the democratizing potential of ebooks—but mass-market paperbacks already have that potential. He asserts that ebook critics represent a “combination of literary snobbery and class prejudices.” Good grief.

A May 23 column is primarily a negative review of Jack Kerouac’s *Orpheus Emerged*, an enhanced ebook (500 hyperlinks!) from LiveREADS. Driver apparently just *loves* reading book-length text on his desktop computer—but hated the book. It’s hard to disagree with Driver’s comment that e-publishers should be wary of “publishing marginal literature because the costs of production are marginal.”

EBookWeb: Pressing the Faith

Justin Driver, meet Wade Roush and Glenn Sanders—creators of eBookWeb and former editors of the defunct eBookNet. Go back, read the quoted paragraph above (“Who exactly is...”), then read this:

We’re dedicated to the proposition that someday, all text will be created and shared digitally. When that day comes, so will an explosion in learning, literacy, and creativity. ... Eventually, Internet-enabled advanced display devices will allow society to move decisively beyond the archaic, environmentally unsustainable method of ink-on-paper printing, giving wing to any kind of written information that calls for freshness, interactivity, portability, or wide and inexpensive distribution.

“eBookers mean to supplement the world of printed books, not subsume it.” Not these clowns. (Oops. Sorry. That’s judgmental. Not these folks.)

Everything I found on eBookWeb appeared in ugly sans serif type. Why am I not surprised? An “eBook Technology Basics” page includes all the usual nonsense—books kill trees, books are heavy and expensive, while ebooks “can be stored and transmitted at virtually zero cost” and are such an obvious choice “from both an economic and environmental perspective...that one might be tempted to predict that all books will soon be published and [sic] electronically.” While the page does admit—reluctantly—that no existing ebook appliance matches the quality of paper books, it’s just a matter of time. And, to be sure, “There is plenty for both the early adopter and the average tech-friendly reader to like about the current crop of eBook gad-

ets.” I’m not sure what “tech-friendly reader” means. I make my living through technology, but I won’t accept grossly degraded readability simply because it represents “higher” technology.

Technically, eBookWeb launched on July 4. The pages I printed were prelaunch; the third item, “Community vs. control,” is a fascinating addendum to the horror story of Gemstar, NuvoMedia, and Softbook. It’s nice that ebook believers can always blame Henry Yuan of Gemstar for the ongoing failure of ebook appliances to make a difference. Scapegoats are always convenient, particularly when they’re so well suited to the role.

If you’re a true believer, www.ebookweb.com is probably already on your favorites list. Otherwise, I can only recommend it for those who “still believe in the revolutionary potential of eBooks” and the eventual death of “archaic, environmentally unsustainable” print. (Isn’t it nice that ebook appliances don’t use environmentally sensitive materials such as heavy metals, or politically sensitive materials such as tantalum? Isn’t it awful that you can’t produce paper from renewable resources such as cotton or kudzu and that you can’t produce ink from, say, soybeans? Isn’t it interesting that both of those statements-as-questions are false?)

News, Projections, Commentary

Miscellaneous minor items, mostly chronological:

- Random House included a novel or two in its initial group of At Random ebooks, but the imprint has no fiction in its fall line. The big title: *Dr. Ian Smith’s Guide to Medical Websites*. The general approach, according to a March 7 *Salon* report: Ebooks should exploit the Internet to “reach a specific audience interested in a specific topic.” The article also offers some *real numbers* on sales for ebooks from a major trade publisher: 26 copies of one novel in the first 2.5 weeks, 40 copies of an advice book. “Bahr said At Random is satisfied with sales this winter.” So 100 copies would be a blockbuster?
- Another industry analyst rings in with a survey. As reported in *Business 2.0* for March, an Arthur Andersen survey found that one in five Internet users “say they are somewhat likely to purchase an ebook within the next six months,” but three-fourths of users expect to pay no more for an ebook than they would for a paperback. Andersen projects the ebook appliance market in 2005 at \$28 million but ebook sales at between \$1 and \$3.4 billion. \$28 million in four more years. That’s 280,000

\$100 appliances—or one-fourth of the amount Gemstar claimed they would spend advertising ebooks. (Does Andersen include PoD in its definition of ebooks? Unclear from the article.)

- Hungry Minds, formerly IDG (publisher of the Dummies books), is offering a sensible approach to reusing existing material in digitally distributed form—if they get it right. A pick-a-chapter program lets you build a custom book from chapters in Frommer’s travel guides or Dummies books then either download it as an ebook (minimum of three chapters) or produce it as a PoD book (minimum of 56 pages). Unfortunately, the prices appear to be too high to make the plan work—e.g., three chapters in downloadable form came to \$10.23 when Jenny Levine tried it out in March 2001. Still, if you were traveling through several countries and just wanted hints on exploring and dining, it might make sense.
- An April 3 item on Yahoo! News asks whether ebooks can succeed without reviews—and whether they can get reviews. So far, *ForeWord* and *Publishers Weekly* are just about the only magazines running ebook reviews—and at this point, *ForeWord*’s credibility is somewhat undermined by their pay-for-review program. *Book’s* editor doesn’t envision doing ebook reviews any time soon. “The jury is out a little as to whether consumers are really interested in reading them. The conventional wisdom is that if the book’s good enough it would get published conventionally.” And there’s the slushpile problem: “The sheer numbers of them make it hard to start doing this.” *Salon*’s book editor says she hasn’t found the kind of books their readers are interested in. Reviewers say they just don’t like reading books on the computer screen—and, of course, an e-publisher attacks this attitude: “That’s somebody’s personal taste possibly getting in the way of getting it out to the consumer.” (Don’t book reviews *always* represent personal taste? If I’m asked to review a book that’s printed so badly that it’s hard to read, that will factor into my review; why should ebooks get a free ride?) *ForeWord* does review ebooks, but the editor admits “There’s a lot of really, really bad writing out there, and a lot of it’s published as ebooks” but goes on to assert that “there’s also a lot of really creative stuff.”
- Chris Charuhas, CEO of Visibooks.com, emailed a press release for this startup’s plans. Briefly, Visibooks offers free downloads of its computer books as ways of promoting the tra-

ditionally published books. Visibooks have “more graphics and less text than conventional books.” Charuhas says that “we’re giving away our products digitally in order to sell a service: book binding.”

- Where is Questia today? A May 8 article in the *Houston Chronicle* notes that it laid off half its employees and had roughly 1,000 paying subscribers in early April—but, supposedly, more than 5,000 in early May. Meanwhile, Questia offered free service to some 100,000 students and faculty to prime the pump for this coming school year. Founder Troy Williams asserts that customers are “generally satisfied with the number of books that are on the site right now, so it’s a good time to slow down”—which doesn’t quite square with other informal reports. (Questia had promised to have 50,000 digitized books by February 2001; it actually had 35,000 in May.) Naturally, no top management jobs were cut: they weren’t running the scanners in any case. A writeup on netLibrary and Questia in the May 18 *Chronicle of Higher Education* raises a number of doubts about the depth and quality of both collections and includes a good discussion of Questia’s offensive advertising methods. The *Chronicle* report is also interesting for its note of netLibrary use through Georgia’s statewide Galileo system: only 800 people had even bothered to open netLibrary accounts.
- The *Chronicle of Higher Education* for May 11 reported on a University of Virginia seminar (on the Salem witch trials) for which all textbooks and other documents were on handheld computers, loaned to the students for the duration of the course. The good news: students had ready access to original documents and referred to them during class discussions. The bad news, according to the professor: “They’re trashing too much...without knowing the historical methods.” The computers were HP Jornada’s, with color screens offering much higher resolution than Palms, but some students still found that texts were harder to read and seemed more fragmented. A second experiment, a graduate English course, would have to be called a mixed success at best. Most students bought printed copies of the books on the reading list even though they already had free ebook copies. In both cases, students said that print worked better for immersive reading.
- If you look at any library Weblogs, you’ve probably already seen links to “The Perfectbook machine,” a brief article in the July 10

Business 2.0. It describes a PoD system that’s apparently simpler and smaller than other systems and could, theoretically, be sold for \$30,000 each. It’s an all-in-one system that, in a trial run, produced a perfect-bound children’s book in seven minutes. The publishing expert who’s pushing the idea offers some remarkably sensible commentary—specifically that eliminating overstock problems, shipping, and warehousing might reduce the price of a trade paperback by 20%. (I’m guessing that PoD books would still be more expensive than mass-market paperbacks, but 20% cheaper than trade paperbacks is a good start.)

- An *Industry Standard* item posted July 12 notes that some 1,900 U.S. public libraries have added digital titles to their collections (primarily from netLibrary), at a cost of \$8,000 to \$10,000 for a 300- to 500-book collection—and that they aren’t getting used. Los Angeles Public logs 1,800 ebook uses a month among its 1.3 million cardholders. At Chicago Public, 72 patrons used ebooks in June—out of three million patrons. Denver Public has 7,000 titles for its 460,000 users—and there were 212 total uses in the last six months. Naturally, netLibrary blames public libraries for failing to market the collection. I’m astonished at just *how* low those numbers are; I’d expect the 2% to 5% early adopters to at least *try* one ebook each, even if they found the experience awful.

Substantive Items

D.T. Max wrote an essay entitled “The last book” sometime this spring. I’ve seen it more than one place on the Web—from *Utne Reader Online* but also elsewhere. I don’t give a URL here; I suspect you can find it easily enough. It’s an interesting read—but I find it impossible to be as gloomy as Max seems to be. He goes on about the extent to which the death of print books will mean the death of lasting knowledge. That presumes that print books are actually likely to die. He says that “Consumers also seem to like [ebook appliances], especially now that prices for some models have fallen below \$300 and will certainly go lower”—which raises the question: If consumers like them, why aren’t they *buying* them?

“Why not view the e-book as a complement to rather than a replacement for the printed book—the equivalent of an audio book?” He says that Adobe’s John Warnock explained why that’s unlikely—because books are “the one thing computer people haven’t been able to replace.” Huh? I can think of a *lot* of other things “computer people” (of which I’m

one, I suppose) haven't been able to replace: good food, the water off Bora Bora, print magazines, friends, metropolitan newspapers, bald eagles flying over Alaskan towns, humpback whales, sunsets...

The essay may be worth reading, but I find it hard to take seriously. With luck, you'll find it at a site that doesn't force ugly, hard to read sans serif type for the printout.

Future of the Book

I've mentioned Gary Frost's site (www.futureofthebook.com) previously, as one source of commentary on Clifford Lynch's major article. Frost goes off on tangents I don't understand at times, doesn't always get his spelling quite right, and (for sound professional reasons) cares a lot more about book binding than I do. He also thinks deeply and originally about the "preservation and persistence of the changing book" (the subtitle for the site). This is one of those cases (which should be far more frequent, if I were less of an idiot) where I feel that it's worth going back to see whether I begin understanding the material more thoroughly.

A commentary on "e-Book Obsolescence" states that reading appliances are obsolete "unless they shift from simulation of the print reading mode." He goes through his reasoning for that assertion. I can't even begin to simplify what he's saying enough to summarize it here. He is *not* asserting that appliances have no role—but that they're particularly ill suited to replace books for traditional literary works. He sees possibilities for roles that go beyond print capabilities. Don't we all?

Recommended: www.futureofthebook.com/storiestoc/e-book

The Myth of E-Books

Christina Wood's one-page "Implications" with that title, in the July 2001 *PC Magazine*, may be noteworthy given the venue. It begins "We're being brain-washed to believe that books will disappear, thanks to e-book technology" and continues with Wood's own experiments. She got a Franklin eBookMan, paid for a short story collection and travel book that she wanted to read and got the download link.

Then came crashes and downloading problems: "The whole rigmarole cost me hours—about as long as reading a short novel takes." She was motivated to read the short stories, but "I found the eBookMan screen too small, my PC screen fuzzy, and the whole experience annoying."

She notes likely improvements but agrees with a study that predicts a low likelihood of people reading novels or magazines digitally in the future—

while there's a good chance they'll use digital reference materials and professional journals. Naturally, a "professor of digital publishing" takes a different stance. While we'll all still read paper books 50 years from now, our children's children "who have grown up reading, studying, and playing on computer screens" will adopt digital books. She doesn't buy that prediction, for good reason.

A well-crafted one-page discussion from a technophile who's also an avid reader and apparently understands something about books.

Several from

Future of Print Media Journal

This e-journal is sort of an odd duck. It arose from an industry-sponsored Web site at Kent State on the future of print media—and the industries included LCD suppliers, so you can gather the bias. The first issue of the journal is Winter 2001. The articles that I downloaded for printing are elegantly formatted—in a manner that really only works as print on paper (two column, justified serif type, pull quotes—all the accoutrements of traditional print publishing design). I think it's worth looking at *Future of Print Media* as it progresses.

I found three articles in the Winter 2001 issue compelling enough to print and reread. Peter Zelchenko of VolumeOne (an r&d company focused on PoD and e-publishing) discusses "The editorial role: a disillusionment in the publishing arts." He worries about the lack of care in publishing and blames desktop publishing for some of the sloppiness and loss of traditional skills. I think he overstates the case—for example, many desktop publishers care more about typographic quality than some traditional publishers—but the loss of good copyediting is a serious problem. (On the other hand, it makes my stuff look less deficient than it otherwise would—and I'm not certain that's good.)

Dr. Eric J. Simon of Fordham College offers "Electronic textbooks: a pilot study of student e-reading habits." In this particular study, volunteers were solicited to use Rocket eBooks as their sole source of reading material for the class—with Simon writing *all* of the reading for the course! (How often do you have a course where the professor writes all the assigned reading?)

Twenty participants in the experiment completed anonymous questionnaires about their reading habits. The results are interesting. Two-thirds of the students used glossary lookup features; just over half used bookmarks; exactly half used electronic highlighting; and 40% annotated material on the eBooks. Surprisingly, the order of use of the four

features is the same as the claimed importance of features in a larger student survey—in other words, students actually used the features they said were important. (Consistently, a lower percentage used the features than might have been predicted.)

All but one wished other courses offered ebook options and would recommend the appliances to friends. If 25% of a student's courses over the next semester had e-book use as an option, 84% of respondents would be willing to spend \$200 (in addition to textbook costs) for a dedicated reader.

It's a tiny sample, but it suggests that students actually would use appliances as textbook replacements. That makes a good deal of sense—when good appliances and a sufficient supply of well-priced texts are in place.

Harold Henke (IBM Learning Services) discusses "Books on demand and e-publishing: a natural progression" in an excerpt from a forthcoming book. It's a short piece that notes several of the advantages of PoD, including customization possibilities.

The Spring 2001 issue moved from HTML to PDF for articles, resulting in better layout and readability—but also making *Future of Print Media* another "print journal distributed via the Web." Stephen Wood offers "The public e-library: caught between two opposing models," a commentary on the difficulties of using appliance-based ebooks in a library setting. It's an interesting commentary, particularly because—although Wood loves his own Rocket eBook appliance—he wonders whether anyone will "ever be willing to read a complete book on a PC or laptop" and, for his library's use of NetLibrary, thinks that a customer will "as a last resort I believe" accept the NetLibrary version when no print version is available.

Another piece, from the CEO of goReader, Inc., uses the present tense to describe the wonders of this education-specific high-resolution reader—but the company's own Web site seems to indicate that the goReader isn't yet fully available. Something to watch? At "less than five pounds" the goReader is only portable compared to a stack of textbooks, so its target audience of students makes sense.

Finally, Roger Fidler—an admitted early adopter and key man behind this journal—offers "The ebookstore: overcoming fatal application errors and other annoyances." He's found another scapegoat for the slow growth of the ebook consumer market: online booksellers and publishers. But hear this from an early adopter:

In the past 15 years, I've tried reading various iterations of e-books on desktop PCs, laptops, and the original Softbook and Rocket eBook dedicated reading devices. The operative word here is "tried." In all

that time, I never actually read an electronic edition of a book from "cover-to-cover." After a chapter or two I would lose interest and switch back to reading books on paper.

He says that's all over now. His HP Jornada Pocket PC came with Microsoft Reader and a free copy of Michael Crichton's *Timeline*—and he found Crichton's page-turner sufficiently engrossing "that I was hardly aware I was reading an e-book." But, as it turns out, acquiring *more* ebooks was far from simple. It's an interesting story. He spent four hours without getting any readable books. "In far less time, I could have driven to the Barnes & Noble bookstore, casually browsed the tables and shelves, and purchased several printed books." Read the commentary. Given Fidler's belief in the importance of ebooks, it's remarkably revealing.

The general URL is www.futureprint.kent.edu. Take a look.

Whose Risk?

Warning: This essay could be considered "off topic" and may offend a few readers. If you don't understand the difference between entrepreneurs and corporate executives, you probably shouldn't read the rest of this—you'll be offended either because you think I'm a socialist patsy or because you think I'm a right-wing dupe. Maybe both!

The trigger for this essay is Rob Walker's "Moneybox" column in the May 17, 2001 *Slate*: "Money for nothing." Walker writes pieces about money in the real world for a publication that can scarcely be considered ultra-leftist by any plausible standard—after all, it's owned by Microsoft. His very first "Moneybox" was "about a top corporate executive who, despite a checkered past, always seemed to land on his feet. The tale served as a kind of counterpoint to the idea, cited frequently by top executives who make a tremendous amount of money, that the business world is cutthroat and unforgiving of failure and that a tremendous amount of money is the only fair way to offset the risk of terrible and merciless failure."

Walker goes on to note that he could probably have written similar stories once a week since then, but hasn't. The Webvan story was too much for him, and it bothers me as well. The story? George Shaheen, who left Andersen Consulting to run Webvan *as an employee*, left earlier this year—with a guarantee of \$375,000 a year *for life*. He was there less than two years. During that time, Webvan went

public, lost enormous sums of money, and its shareholders lost pretty much all of their investments. (As of May 17, Webvan was valued at less than one-third of its worth during private financing; this has nothing to do with the absurdities of Internet stocks in 1998-1999. As of mid-July, Webvan is bankrupt—and, it turns out, Shaheen can't collect that obscene retirement package.)

How does Shaheen see this? "I came in and worked hard on a business model that was difficult to execute." To quote Walker again (emphasis his): "He *worked hard*. This is something we used to hear a lot during the 'instant millionaire' period—beneficiaries of this or that IPO home run were always pointing out that they worked hard. Unlike anyone else in America, I suppose." Walker also suggests that "of, say, the 800 people Webvan has recently laid off, the number who 'worked hard' is higher than the number receiving lifetime salaries from the company."

The standard justification for executives making ten, twenty, or several hundred times as much as their employees is the enormous risk in being an executive. Except that, all too often, the risk is phony—for the executives. Times turn rough? Fire a few thousand workers, but make sure the executives get their bonuses. (I live in PG&E territory, and even in bankruptcy, they've convinced the court to approve another \$26 million in executive bonuses.)

I'm no socialist. That system doesn't work, and I don't believe that's because it hasn't been tried "properly." Neither does pure capitalism, to be sure. Pure economic models are a lot like other simplistic notions: they don't play well in the real world.

On the other hand, the Shaheen situation (and too many others like it) fry me. The term "golden parachute" understates the situation. Like Dick Cheney's payoff, this is a diamond-studded titanium parachute. The big risk in Shaheen's job change was that, if he did the worst possible job, he'd make \$375,000 a year for life *without working*. Some risk.

The Entrepreneurial Exception

You could make a case that responsible operations should never have more than, say, a ten-to-one ratio between the best-paid and worst paid employees. Need to pay top managers more than \$200,000? Raise the pay of your assembly-line workers and custodians above \$20,000!

I don't believe government should attempt to impose such limits. It wouldn't work (there are ways around restrictions) and it would run up against the entrepreneurial exception. That's the case for Bill Gates, Larry Ellison, Steve Jobs, Bill Hewlett, and

thousands of others at various levels in every industry. These are the people who create companies and *do* risk failure (or did at some point). I find myself neither jealous of their success nor wishing that such success could be limited or eliminated. If they are violating laws or ethical issues in gaining that success, that's a different issue, but great success does not automatically imply criminality. (If you want to prove that Bill Hewlett was a thoroughly bad man, feel free—but that will take some proving!) People who take chances *do* create new industries, new ideas and new wealth; if they do it well, why shouldn't they get some of the rewards?

None of which leads neatly into any of *Cites & Insights'* typical areas, but typical items in Redwood City's "Liblog" give me comfort. Almost anything relates to libraries, media, and technology, if you just think about it long enough.

Press Watch I: Articles Worth Reading

Albro, Edward N., "XPosed," *PC World* 19:7 (July 2001), pp. 102-14.

This isn't about Windows XP, due out this fall; it's a good discussion of Office XP, which is out now. It's worth reading as one of several data points if you're considering an upgrade. The worst change is the new product activation wizard, an anti-piracy "feature" that could disable Office if you upgrade your new PC; otherwise, most of the changes look promising. If you're still using Windows 95 or something earlier, don't even think about it. Most file formats remain the same (Publisher's new default format is different, and Access has an optional new format), Word may be a bit less "helpful" at times, Clippy has gone into semi-retirement, and it sounds as though you can get Word to produce slightly less baroque HTML.

Bohannon, WK, "It's a gas gas gas: Plasma display technology today," *EMedia Magazine* 14:6 (June 2001), pp. 38-48.

Seen those TV ads with snazzy flat-panel TV sets mounted on home walls? You can buy a flat-panel plasma TV, anywhere from 40" to 60" diagonal—but it may take some doing to get it on the wall, not to mention the pain to your wallet. This charming and thoroughly informative article discusses the plasma field as it stands: manufacturers, sizes, prices, *weights* (70 to 80 pounds for 42", 90 pounds for 50"), and quality. You can buy one for as

little as \$9,000, but for a really big show plan on \$18,000 to \$30,000. If you're in California, think twice: unlike LCD displays, plasma units use a *lot* of power (much more than CRTs) and generate lots of heat.

Morrison, Jim, "C@ll waiting," *FamilyPC* 8:7 (July 2001), pp. 78-80.

When *FamilyPC* gets off its Web-shopping kick and avoids excess buying zeal, it can do some good articles. This is one: a real-world test of Internet phone calls, with a freelance writer trying to use the services for all of his calls on one weekday. The results make interesting reading. He didn't complete the test: when you're a freelancer, you try to avoid services that go dead midway through talking to an editor or an interviewee. His conclusion:

I'll keep trying Internet calls once in a while to see if the quality and convenience improve. For now, though, it's a frontier phone system masquerading as a high-tech bargain.

Johnson, Cory, "Paradigm lost," *The Industry Standard* 4:25 (June 25, 2001), p. 18, and Barnett, Megan, "New wall for Wall Street," same issue p. 25.

If you don't own stocks, you can skip this—except that what it says about analysts may apply just as well for technology forecasts as for Wall Street. The secondary story—and the focus of the half-page news item by Barnett—is that advice from analysts may not be as independent as you'd expect. The bigger story shows up in a stunning graph: for the year 2000, the set of stocks *most* recommended by analysts lost 48.7% in value; the set of stocks *least* recommended by analysts *gained* 31.2% in a generally awful year.

Too bad Johnson is snide, uncharitable, and apparently interested in showing how smart he is and how dumb you are. Consider these quotes:

This pediatrician [suing Merrill Lynch for bad and self-serving advice] believed that Blodgett was an independent analyst. I'm sure he once believed in Santa Claus, the Easter Bunny and the infallibility of medical professionals.

And his commentary on the University of California study reflected in the graph: "If that's news to you, perhaps Wall Street is over your head." Pardon me for living...

You might also want to cruise on over to page 48 and Anjali Arora's "The market loves a crowd," discussing changes in the stock market now that most of us are in what used to be a game for the few. It's well written and a good example of the broader focus of the new *Industry Standard*.

Ledbetter, James, "Secrets and lies," *The Industry Standard* 4:25 (June 25, 2001), pp. 36-44.

"Wireless promises a bold future of mobile commerce and multimedia, but before we get there, the telecom industry will have to overcome five unspoken hurdles." I believe the whole Gilderian scenario is silly, but my belief is beside the point. This discussion might move a few true believers to think again, as Ledbetter goes through "some pretty overblown myths" with expert notes on each one.

For example, there's reason to believe that the vaunted 3G technology doesn't work. High-speed transmission to handsets appears to drain batteries rapidly and generate too much heat for a handheld device: NTT DoCoMo has already recalled handsets that were too hot to handle. Some engineers now anticipate maximum speeds of 512Kbps or less: not enough for streaming video. Bluetooth isn't working out that well (the first big conference demonstration was a total disaster). It's not clear that consumers desire mobile e-commerce. And so on.

Good, sobering reading, particularly for those who believe wireless conquers all.

Cohen, Hal, "The old college try," *The Industry Standard* 4:25 (June 25, 2001), pp. 70-2.

For a change, this article *does* relate to libraries—academic libraries as exemplars of how university campuses deal with change. It uses Dartmouth's plan to demolish its "space-age" Kiewit Computation Center in order to renovate and expand the 1929-era Baker Library. The implicit message is that traditional design—ignoring the fad of the moment—may hold up better for the long term than cutting-edge design that suits contemporary needs.

For a short piece, this commentary offers a lot to think about. "It turns out that, even on the cutting edge, readiness for the new thing isn't as important as indifference to the current thing."

"What went right...what went wrong...," *PC Magazine* 20:13 (July 2001), pp. 135-73.

This special report on e-business covers nine different areas and offers some interesting perspectives—although the bias is still toward the revolutionary wonderfulness of it all. Still, there are enough real-world perspectives here to make the section worth reading, particularly since several of the applications and methodologies are as applicable to libraries as they are to General Motors.

One particularly interesting section discusses the mobile web and raises the question "But will it ever work?" in the teaser. You have to love pundits who grumble about Americans being slow to adopt wireless Web browsing because we've been "spoiled by

the wired Web” and are thus “hard to please.” We’ve seen the virtues (and defects) of 800x600 browsing areas; that makes it tougher to convince us that five lines of 15 characters each is ideal or even acceptable. I’m taken by the notion that “If you’re stranded in an airport, you might go through the hassle of buying a book from your phone,” but why? Unless you’re downloading an e-book (to read on a mobile phone?), the book you order isn’t going to help you while you’re at the airport—and all but the smallest airports have bookstores or newsstands with paperback racks. We’re also told that “larger screens will become commonplace” within a couple of years and, in the same paragraph, that we’ll have “smaller mobile devices.” How does that work?

But I’m picking on one of the two weakest areas of a nine-part article. It’s worth reading, recognizing that *PC Magazine* wants all this stuff to work.

Krause, Jason, “Has the net stopped growing?” *The Industry Standard* 4:26 (July 2, 2001), pp. 30-9.

Nortel’s CEO had to report a \$19 billion loss. His explanation included the comment that, for the first time in history, Nortel saw Internet traffic *decline* in the previous quarter. Given that, according to this story, “three-quarters of Internet traffic” in the U.S. flows over Nortel equipment, that’s a shocker. Later, Nortel tried to disclaim the statement.

This article takes a long, thoughtful look at the extent to which George Gilder and his cohorts have misled us for too long. Remember the long-held knowledge that Internet traffic doubles every few months? “Most reasonable observers now think Internet traffic was doubling every 10 to 14 months at its peak”—even while Internet networking companies, busily hyping stock values, were claiming traffic increases of 200 to 800 percent annually.

Read the article (seven pages including one page of graphs).

Nadel, Mark S., “The consumer product selection process in an Internet age: obstacles to maximum effectiveness & policy options,” *Harvard Journal of Law & Technology* 14 (pp. 181-263), 2000, updated 6/2001. Available at: papers.ssrn.com/paper.taf?abstract_id=247818

No direct relevance to libraries—but some possible indirect relevance, and certainly some food for thought. Nadel is an attorney at the FCC who sent me email about two of his articles; both articles reflect his own views, not those of the FCC.

This one’s about selection assistance—everything from *Consumer Reports* to MySimon. That includes collaborative filtering and quite a few other

technologies. Nadel’s interested in areas where government action might be desirable to make sure that Internet-based selection assistance intermediaries can function as effectively as possible.

That’s a dry description and it’s an intricate topic, one made perhaps more difficult by the growing realization that most people will continue to buy most stuff in the “real world.” The article isn’t as dry as my description. Without the 500-odd footnotes, it’s roughly the length of this *Cites & Insights* and surprisingly readable.

Reference librarians are intermediaries. Most librarians aid in “product selection,” where the product might be a retail purchase or the choice of a book to borrow or vacation destination. Librarians use some of the emerging Internet assistance tools and can advise users on their promise and pitfalls. Nadel raises some issues that deserve attention and thought. It’s not for everybody, but if you’re willing to immerse yourself in this topic, at least Nadel’s not pitching a product or selling Collaborative Filtering for Total Idiots.

Latham, Joyce M., “Positioning the public library in the modern state: The opportunity of the Children’s Internet Protection Act (CIPA),” *First Monday* 6:7 (July 2001). firstmonday.org/issues/issue_6_7/latham/

While less intensely footnoted than Mark Nadel’s legal treatises, this piece also provides a close look at the legal record that might come into play regarding CIPA’s legality. That legal record stands in a librarian’s framework, positing “the public library in the United States today is an essential avenue for the development of debate on the entire range of topics...that engage the American public. In order to fulfill that function the public library must be immune to the imposition of any particular orthodoxy of belief.”

Latham regards CIPA as vague and overbroad and believes it will be overturned. She sees in CIPA an opportunity for librarians to “talk about who we are...really.” She brings 20 years’ experience as a practicing librarian to this article, together with thorough research and a readable style. Worth reading and thinking about, no matter how you personally feel about filtering.

Shandler, Geoff, “Book scandal,” *The Industry Standard* 4:27 (July 9, 2001), p. 16.

This brief essay combines an interesting factual report with some unnerving possibilities. Bookscan, an objective way of measuring book sales, may be ready for operation. So what? According to Shandler, major bestseller lists (specifically, those pub-

lished by the *New York Times*) are slightly fraudulent—but in ways that encourage publishing diversity. So, for example, the *Times* store sampling overemphasizes independent booksellers; romance novels aren't included on the fiction bestseller list; and certain perennial nonfiction bestsellers have a separate list.

Shandler suggests that entirely objective sales measures might reduce publisher interest in smaller books, the ones that don't come from Tom Clancy but wind up being surprise hits or at least critical successes. His case? Soundscan, the system now used to report music sales—and, in Shandler's view, the consequent dumbing-down of the recording industry. "Just about everything became Britney, Faith, Puffy—in short, junk." Not that this isn't already happening in book publishing—but he believes that Bookscan could make it worse.

Helft, Miguel, "Dot-com survivors," *The Industry Standard* 4:27 (July 9, 2001), pp. 30-9.

If there are lessons for libraries here, they may be indirect—but this feature is worth reading in any case. It discusses the Internet retail operations that are still in business, with sidebars profiling some individual success stories. ("Success" is always relative: some of the companies profiled still aren't profitable, but all seem well on the way to profitability.)

A few of the lessons that I see:

- Don't try to be Amazon (in its original version) or Webvan—that is, stay out of high-volume low-profitability businesses. RedEnvelope seems to be succeeding by sticking with "high-margin" items, most of which people can't buy elsewhere: you don't build colossal businesses that way, but you do make money.
- Think through your plans and their real-world implications. Consider wine over the Web, given the complexity of individual state liquor regulations. There are three ways to deal with those regulations: attack them as unreasonable and either try to get them changed or ignore them; allow local retailers to hold you hostage by acting as intermediaries for your orders; or *become* a local retailer in each state you plan to serve. Wine.com and Wineshopper.com tried combinations of the first two; eVineyard went for the slower and more expensive third alternative. EVineyard is still in business and has excellent margins; the other two merged and then went under.
- Do something special that people care about and concentrate on doing it right, not on making it bigger right off the bat. And don't worry about being a "pure play"—there's nothing

wrong with real-world operations. So, for example, Etera has a patented method for growing small perennial plants that, when transplanted, will grow bigger fast. That makes it a likely candidate for online plant sales—but instead of trying to sell directly to the consumer, Etera sets up Web sites for local nurseries. The local nurseries gain Web presence and expanded offerings; Etera sells plants both through those Web sites and because the nurseries carry them for walk-in sale.

Product Watch

Remember Crusoe?

Transmeta's Crusoe CPU was supposed to be the Next Big Thing for notebook computers when it came out, using unique technology to provide good performance with very little power consumption. Relatively few Crusoe-powered notebooks have appeared, and Pentium-compatibility isn't the problem. *PC Magazine* reviews the NEC Versa UltraLite in its June 26, 2001 issue and finds the battery life impressive: 4 hours 46 minutes on the latest BatteryMark test. That's great—but not enough better than regular CPUs to make the machine worthwhile. It's expensive (\$2,500), no lighter than other ultralights (3 pounds without AC adapter, 3.6 pounds with), the screen is small for its resolution (10.4", 1024x768), and the keyboard is clumsy (the stroke is short and keys next to the one you press go down a bit). The big problem is that the Crusoe is slow—about 30% slower than the slowest ultralight notebooks *PC Magazine* reviewed earlier this year.

That same issue introduces the new BatteryMark tests in an Inside PC Labs feature; it uses Business Winstone (a set of actual Windows applications) in a way that mimics user behavior, including pauses between keystrokes and tasks.

Bright, Light, Expensive

That's the InFocus LP130 data projector, which earns a perfect five-dot rating in *PC Magazine* 20:12 (June 26, 2001). It weighs three pounds; it's "small enough to fit in a large coat pocket"; the TI DLP chip offers 1024x768 native resolution, and measurements are all good—843 lumens brightness, 1.43:1 brightness uniformity, and a very high 218:1 contrast. You get a padded pack along with the projector. Two drawbacks: no sound—and the unit lists at \$6,499, although street price could be \$5,000.

And Speaking of Projectors...

If 218:1 contrast with 1024x768 resolution sounds good, how about 1000:1 contrast and 2048x1536 resolution? Those are the claims for JVC's new M5000SC Super Contrast D-ILA projector—but it isn't precisely a portable. It's designed digital cinema and possibly uses such as medical imaging. JVC claims that resolution is *effectively* better than motion picture film. While a film frame has roughly 4000x3000 raw resolution, mechanical aspects of film projection supposedly lower the effective resolution to one-fourth as much—which makes a certain amount of sense. Save up if you plan to put an M5000SC in your media room: list price without lens is \$75,000.

Near-Archival Inkjet Photos!

The July 2001 *PC World* includes a four-page “top of the news” feature entitled “Fight photo fade-out” (pp. 48-51). If Wilhelm Imaging Research's accelerated testing is right, it's now possible to print photographs on a consumer-priced inkjet printer, mount them behind glass (with acid-free mats and aluminum frames), and display them in a room that's well-lit 12 hours a day—and *not* watch them fade away over a year or two.

Canon, Epson, and HP all show combinations of printers, ink, and paper that yield lifespans of at least 15 years before noticeable fading occurs under these conditions. In most cases, the printers have midrange prices (\$300 to \$500) and the special paper costs roughly a buck a sheet.

The most astonishing combination is the Epson Stylus Photo 2000P printer (\$899), Epson Pigmented Archival Inks, and Epson's Archival Matte (\$0.36 per sheet), Premium Luster Photo (\$0.78) or Premium Semi-Gloss Photo (\$0.85) papers. With those combinations, Wilhelm is still testing the results—and projects a full century of display without noticeable fading. That's better than Fujicolor Crystal Archive photo paper, which projects to 60 years.

Tracking Inexpensive LCDs

The July 2001 *PC Magazine* offers a half-page four-dot review of NEC's \$1,150 MultiSync LCD1830. \$1,150 is both a lot of money for a display and a reasonable price for an 18.1" LCD display from a name as reputable as NEC-Mitsubishi. As the review notes, that's about *one-third* as much as last year's 18" LCDs. (NEC isn't alone; I find a Sony 18" LCD advertised for \$1,249.)

Good points: the native 1280x1024 resolution is probably the most appropriate resolution for this

screen size anyway (that's what I use on my 18" Trinitron at home), scaling works better than on most LCDs (apparently), and special software makes it easier to change text and icon sizes in programs that use Windows API calls.

Weaknesses: no real control over brightness and contrast, poor display of the darkest and lightest grays, and some trouble with pixel jitter if you change resolutions.

I was tempted to say that the LCD premium was down to 50%-75%—but a quick look at a current mail-order flyer negates that notion. With Sony 18"-viewable FD Trinitrons going for \$489 and 18" NEC MultiSync displays going for \$359 (to use a brand-for-brand comparison), you're still paying a 150% premium for LCD's advantages.

Unobtrusive Camcorders

You fly to French Polynesia, take a wonderful cruise, and go on well-designed tours—and, when you come to a stunning grotto-waterfall combination, you can't get close to it because some yahoo is blocking the way while he takes a long, slow scan with his camcorder. We didn't push the jackass into the grotto, but we thought about it. Smaller camcorders don't make users any less rude, but at least the rest of us aren't endangered by the monster equipment. In that light, JVC's \$1,699 microPocket MiniDV appears to be a Good Thing. A four-dot review in the July *PC Magazine* notes that it's “about the size of a Palm Pilot” and produces good quality digital video as well as decent 750x550 still photos. Controls are small and hard to activate and there are few frills for the high price, but at least it's unobtrusive. Maybe the users will take a lesson from the device?

The Details

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Hanlon's Razor: Never attribute to malice that which can be adequately explained by stupidity.

URL: cites.boisestate.edu/civ1i9.pdf