TO: Jerry Levin   CC: Curt Viebranz
FROM: Walter Isaacson
DATE: Dec. 12, 1993
RE: Library of Congress/Other online issues

You sent me a memo on January 5 noting Bell Atlantic's announcement that it planned to deliver a Library of Congress service on its info highway network, and you asked whether we should have a similar relationship.

I spoke with the director of the American Memory project at the Library of Congress. She said they have not yet begun working on the details of the Bell Atlantic arrangement, but she assumes that the information will be delivered to home and school computers, not television sets. Most of the material is digitized text and still pictures. Even though we are not yet equipped to deliver to computers, I told her that we would explore ways we could work together.

This brings up a larger question. As you know, Bell Atlantic, Murdoch, and some others are planning to deliver interactive services to computers as well as television. This is particularly easy for us to do now, because of the breakthroughs that both Zenith and Intel/General Instruments have made in creating an inexpensive, high-speed computer-to-cable modem.

Curt Viebranz and I have begun to explore ways that Time Inc. could create, and that Time Warner Cable could distribute via its cable systems, a news and information service designed for home computers connected to high-speed networks such as cable.

Originally we thought that we might merely broker cable access for existing online services such as America Online. But our thinking has evolved, and now we are considering a service that offers Time

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Inc. content, material that is in the public domain, and serves as an open gateway for other commercial services.

This service could make use of the broadband capacity of cable to deliver pictures and some video as well as text. Users would be charged an hourly connect charge plus extra fees for access to other commercial services. It would be easy (and profitable) to be an open platform for any commercial or public offering that wants to be on.

The service would provide access to all Time Inc. material, including magazine text and graphics, the picture collection, all CD-ROMs and videos. In addition, anything we produced or acquired for News on Demand would be available.

To that we would add material in the public domain, most notably the Internet. For very little money, we could have an Internet connection and a friendly interface. Other public material could come from the Library of Congress (as per your memo), the Smithsonian, the Congressional Record, C-SPAN, the Census Bureau, the Commerce Department, etc.

In addition, some material could be acquired, such as: a stock ticker and database, a sports ticker, a wire service feed, an encyclopedia, a dictionary, etc.

We will also be able to get some commercial services for free, such as an airline guide and reservation system, because they can make money from transactions that occur. Shopping and car malls similar to the ones that are being developed for the Full Service Network could also be offered.

Another source of material would be profit-sharing arrangements with vendors of educational and self-help products. For example, programs such as SuccessMaker and Language Arts have been asking to have access to the Orlando network, even though their products are designed for use on computers.

And finally, we could provide an easy, broader-band gateway to commercial services such as Prodigy, America Online, CompuServe, Dow Jones, Nexus, and Delphi. These services now pay up to 40% of revenues for phone line access, which we could collect instead.

Creating a service for cable delivery to computers in homes and schools would leverage Time Inc.'s assets as the largest owner and producer of information copyrights, especially in text form. It would be very inexpensive to produce, since most of the content is already owned by us or in the public domain. And it would allow us to approach the eventual convergence of televisions and computers from both sides.

It would also satisfy the Gore-Kapor-Markey crowd. In delivering to the computer via cable, we would have a financial incentive to offer an open platform with great interactivity and two-way traffic. This could help reduce the pressure to have open access on the television version of the FSN, where the economics are different.

Along with Time Online and the Full Service Network, this new service would be part of the change that is now beginning in the delivery of news.

Currently, news organizations gather and transmit news for a specific format. The result is a packaged product: Time Magazine, the CBS Evening News, Entertainment Weekly, Entertainment News Television.

Over the next five years, we will begin to see a shift. Instead of producing packaged products, media companies will be putting information and news stories into digital servers. Their customers will be able to choose, at any time, what content they want and how they want to get it. They will be able to have their choices delivered to their mailboxes, doorsteps, printers, computers, portable screens, or TV sets.

This gradual shift from a world of packaged information products to one based on servers is the philosophy behind developing a Time

Inc. databank that would be delivered by cable to home computers. We are getting together a small team to look at the economics of this, and if we feel that it makes sense, we'll come up with a proposal for launching it at Time Inc.