TO: **Jerry Levin**
FROM: **Walter Isaacson**
DATE: **January 10, 1994**
RE: Library of Congress/Online

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 from the library will be delivered to home and school computers, not to television sets. Most of the material is digitized text with still pictures, although there are a few historical films clips.

I told her that, for the moment, our Full Service Networks were designed to deliver information and entertainment to televisions rather than computers. We agreed that the Library's material, on the other hand, is better suited for computers, which have the keyboards necessary for conducting database searches and have screens that permit reading of text. Nevertheless, we plan to explore ways we may work together.

This inquiry 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.

I believe that Time Inc. should create, and that Time Warner Cable should distribute via its Full Service Networks and other upgraded cable systems, a news and information service designed for use in the 35% of U.S. homes that have computers.

I have been discussing this with Curt Viebranz. 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 planning to explore the possibility of a news and information service that offers all of Time Inc.'s content and provides an open platform for information that is delivered by commercial services or resides in the public domain.

Such an information 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 for the service plus extra fees for access to other commercial services. Unlike a television service, it would be easy and in our interest 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 access to a wealth of material available in the public domain, most notably the Internet. For very little money, we could have an Internet connection and a user-friendly interface, which we could provide to our users. Other public material could come from the Library of Congress (as per your memo), the Smithsonian, the New York Public Library, the Congressional Record, C-SPAN, the Census Bureau, the Commerce Department, etc.

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

We will also be able to get some 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 work in this new service.

Another source of material would be profit sharing arrangements with a wide variety of vendors who make 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 and Delphi. These services now pay 40% of revenues for phoneline access, which we could collect instead.

Creating a service for cable delivery to computers in homes and schools would leverage Tie 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 available or can be obtained from the public domain.

It would also satisfy the Gore-Kapor-Markey crowd who are pushing for the info highway to be an open, interactive system. In delivering to the computer via online 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.

In addition, this system will be well-suited for educational products and for use in schools. This offers by a financial and a public elations opportunity.

After visiting Orlando and the MIT Media Lab, and thinking about Time Online and the Full Service Network, it has become clear to me that we are about to see a radical change in the way that news is delivered.

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 toward a new method of delivering news and information. Instead of producing packaged products, media companies will be putting information and news stories into databanks and 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.

Some people will continue to take delivery of the packaged products they know: They will get Time delivered to their mailbox each week, and perhaps avail themselves of the chance to read it on their computers.

Others, however, will look upon these new databanks and servers as a chance to tailor news to suit their personal desires. They may browse through scores of information sources to choose articles and TV stories that interest them. And they are likely to rely on (and subscribe to) the commercial information services that offer them the widest variety of trusted content, in the best selection of formats, with interfaces and navigational tools that make it easy to get to what they want when they want it.