

In The Realm of New Ideas

Decades ago I read Gay Telese's The Kingdom and the Power which is a history and profile of *The New York Times*. One particularly memorable incident for me was the hiring of McCandlish Phillips as a copyboy before he became a prominent reporter.

Phillips was a recently discharged Army Sergeant with no college education. When he got before the final decision-maker in the interview process, he was told that all copyboys at *The Times* had college degrees and some even had PhD's. Phillips responded with something like, "It is true that I have no college education. But I regard the essence of education as the enlightenment of the mind with new ideas and I *dwell* in the realm of new ideas."

The interviewer indicated that although he appreciated the nobility of the response, he did not see how the young man could possibly live in New York on the \$27 a week salary of a copyboy. Phillips merely answered, "Leave that to me."

Even today I vividly remember reading Phillips' comment for the first time. I found it to be rather strange. It did not seem at all profound. I just didn't "get it". In later years after a career as a stock analyst specializing in various technology sectors, including being among the first "Internet" analysts, I came to a fuller appreciation for Phillips' meaning.

Less than three months ago I left my job as a stock analyst and launched a business that enables me to "dwell in the realm of new ideas". Moreover, in the spirit of Phillips' "Leave that to me" comment, the start-up expenses were self-financed and the business is run out of a home office with modest overhead. The business, Inside Digital Media, is a media property where I conduct interviews with individuals all over the globe who are doing new and interesting things on the Internet with Digital Media. However, the interviews are not in a text format. They are either audio-only or synchronized PowerPoint slide shows with voice-over of the conversation between me and the guest. Since all I need is a computer and a telephone, I can interview people from all over the World.

After spending most of my working life as a stock analyst, I really learned to hate airline travel. Over the years the seats got smaller so that bigger planes just meant bigger crowds and a deteriorating travel experience. It became a silly idea to check baggage on a business trip because the big planes created long waits in recovering your luggage. Waiting for baggage meant that you got a later cab and arrived at the end of an even longer line at the hotel check-in. Multiple fares encouraged larger employers to treat their travel departments as profit centers

thereby assuring those workers unfortunate enough to be required to travel for a living with the worst possible seat and the least flexible ticket. Owing to such frustrations, combined with a constant readiness to investigate new ideas, I began to learn of a way to cut back on my business travel by using computer and Internet technology toward the end of the 1990s.

Stock analysts normally specialize in companies within a single industry which defines the analysts' "coverage sector". Traditionally, one of the analyst's main jobs is to visit all the companies that are constituents of his sector. That way he can stay up to date on each one and question them about general industry conditions, their perception of competitors and suppliers, as well as specific background on the visited company. The technique was actually pioneered by the legendary Phil Fisher (now deceased) who was an investment manager in San Francisco. Fisher's approach is detailed in Common Stocks and Uncommon Profits which was published almost 50 years ago.

Since the mid-1950s communications technology has improved significantly, but most stock analysts still typically get on an airplane to visit companies in their industry, particularly if they have not previously met with a targeted company. However, owing to the fact that I was the Internet analyst for Raymond James & Associates, there were just too many companies jumping into the coverage sector. In the late 1990s new ones sprang-up like popcorn in a hot oiled skillet.

There was no way to visit them all, and many did not even want to take the time to meet with a stock analyst from far-off Florida, where, presumably, everyone is retired and playing golf anyway. For example, as if to underscore the ancient "pride goeth before the fall" wisdom, Netscape flatly refused to meet with me. Without knowing me, who could blame them? At the time, they had plenty of interest from most every institutional investor. I mean, it wasn't like I represented a major New York investment bank or a prominent Boston mutual fund. They did not know Phil Leigh from Jackie Chan.

Despite this, I believed that the Internet would ultimately become the dominant form of electronic media and felt compelled to do my best to stay current on the rapidly changing developments. I soon learned that one way get the attention of the new Internet companies was to phone them and offer to interview the CEO in an audio format on a now defunct website named Radio Wall Street.

I found that the executives of many fast-moving Internet companies liked to be interviewed. They naturally tended to appreciate the idea that audio-over-the-Net was one of the paradigms of the future and wanted to help encourage its adoption. One obvious way to do so was to agree to an interview with me over the medium itself, to wit, Radio Wall Street. They also liked that my audience was composed of influential members such as venture capitalists, institutional investors, investment bankers, stock analysts, market research analysts, and

others with a financial stake in the Internet and Digital Media such as competitors, suppliers, and potential customers.

Thus, in 1998 I started a weekly program on Radio Wall Street. Basically, it was Internet talk radio with the CEOs of Internet companies, although there were at times other guests like industry analysts and authors of books that were germane to the sector. Ultimately I named the program Inside Digital Media.

Today, all programs are pre-recorded so that listeners do not need to “tune-in” at a specific time. They merely visit the website (www.insidedigitalmedia.com) and click on the hyperlink of the interview that interests them. The interviews are conducted over the telephone. The audio-only ones are recorded on my PC with a software package called Sound Forge which is now owned by Sony, but was developed originally by Sonic Foundry. The audio-only recordings are encoded in either dot-mp3 or realmedia formats and sent via FTP (File Transfer Protocol) over the Internet to the hosting website. All of this can be done from my home office.

Unfortunately, Radio Wall Street was a dot-com company that went dot-gone after the Internet bubble burst. So I switched my program to www.on24news.com which was better funded. The interviews continued with a frequency of about once a week.

There were two basic advantages to the Radio Wall Street and On24News.com interviews. First, I could generally get access to the CEOs of interesting companies that might otherwise be hard to meet in a physical setting. Many were located in places like California, Washington State, and Massachusetts. It could be hard to co-ordinate schedules even if I took frequent business trips to such locations. Second, I could gain such access without leaving my office since the interviews were recorded over the phone.

Although audio was an okay medium and relatively advanced for the Internet of the time, in the spirit of McCandlish Phillips I remained constantly alert to new ways of enriching the media on my show. One obvious way was to add video, but that generally required that I physically meet with my guest in a studio. Such a requirement would remove the advantage of producing the program remotely with nothing more than a telephone and a computer.

However, a little over two years ago I gained a working familiarity with the new technology of Web Conferencing. I soon learned that by using Web Conferencing I could not only record an audio interview with the targeted CEO, but could also record his PowerPoint presentation. Since most management teams of targeted companies interested in telling their “story” to investors or potential customers already have prepared such slide shows, the ability to see them remotely from my own PC was a big advantage.

Many times when a stock analyst visits a company for the first time, his exposure to management is merely limited to a sitting at such a slide show with a company Investor Relations executive anyway. If I could do that remotely from my PC, it really did not make much sense to visit the company. Additionally, with Web Conferencing from my desktop PC I could view a lot more PowerPoint presentations from interesting companies all over the globe during any given time interval than I could by jumping on a plane to go visit them.

When I learned that I could *record* PowerPoint slide shows exhibited over Web Conferencing the McCandlish Phillips wheels started turning in my head. It became evident that I could enhance the media content of my shows by including the visual elements of a PowerPoint presentation along with a voice-over of the conversation between me and the presenter. Essentially, a Web Conferencing session with the subject company's CEO *became* my Inside Digital Media interview.

As my affinity for the new things I was doing with Internet media grew, my dislike of airline travel intensified proportionately. Incremental information is the lifeblood of any good stock analyst. Despite the advantages of recorded Web Conferences as a shortcut to acquire such information, the conventional stock analyst job function still required a heavy travel schedule of me. Eventually, I reached a crossroads where I enjoyed gaining via my Digital Media programs the information required to do my job, more than I enjoyed doing the job in a conventional way. As Yogi Berra put it, "When you come to a fork in the road, take it."

So, predictably, I found myself in a position where it made more sense to take my personal experience with Digital Media during the past five years and make a business out of it that would not require me to travel as much as before. Moreover, owing to the constantly improving price/performance characteristics of PCs together with the growing reliability and ubiquity of the broadband Internet, I could start such a venture modestly from my own home with capital provided from personal savings.

As a result, at the first of September, I left Raymond James & Associates to establish Inside Digital Media as an independent website. My first sponsor was WebEx who is the leader in Web Conferencing. Merely by using their technology, Inside Digital Media becomes an agent of evangelism for them. Many of my audience members who watch the recorded PowerPoint interviews are getting their first exposure to Web Conferencing as a concept. Prior to the interview, they simply were unaware that PowerPoint presentations can be made remotely from one PC to another.

Moreover, many of the interview guests are the CEOs of highly innovative companies who are prone to adopt new technologies themselves. Often they have been either unfamiliar, or only vaguely familiar, with WebEx. After the

interview they often immediately grasp the potential for a Web Conferencing service to enhance their own businesses.

In a sense, WebEx is like TiVo. The best way to sell it is to get people to use it. Since my guests are often important decision-makers in their own companies, they have the power to induce WebEx adoption throughout their companies.

Although WebEx is my sole sponsor for recorded Web Conferencing interviews, they have not prevented me from conducting interviews in competing formats when I choose to interview a WebEx competitor. Thankfully, their attitude about this helps insure the objectivity of the Inside Digital Media. It is also constructive from the WebEx viewpoint. As WebEx CEO Subrah Iyar put it to me, "Please feel free to use competitive technologies when appropriate, since I want to *learn* about it when you discover products that are better than WebEx." It was a sincere remark, not a flippant one.

Later, RealNetworks became my second sponsor. When there is breaking news, interesting guests may not have had time to prepare a PowerPoint slide show. Therefore, I continue to conduct interviews in the audio-only format as well. Real is the sponsor for such interviews. As a leader in streaming media, they realize that many in the audience are potential customers of Real products including their rapidly growing online music service. I will also be doing research analysis for Real.

Whether Inside Digital Media becomes a lasting success remains to be seen. However, it *does* appear that the Internet is becoming a new electronic medium capable of permitting modestly financed new businesses to get started and to offer something more than just text and graphics. As a new medium it may also be repeating some of the funding characteristics of early television.

Contrary to conventional wisdom, it may well be more feasible to find sponsors for Internet programs than skeptics think. In an echo of 1950s television, sponsors may also choose to be *identified* with a particular program, much like the *General Electric Theater* that Ronald Reagan hosted during that era. Identification with a specialized program may actually *enhance* the value of the advertising dollar to the sponsor, as I believe it does for WebEx and RealNetworks at Inside Digital Media. In the future it may make sense for Inside Digital Media to find sponsors among the investment banking and venture capital communities because a number of guests are the top managers of companies that may be attractive venture investments or IPO candidates.

Whatever the future holds, my guess is that evolving Inside Digital Media to be consistently valuable to existing and new sponsors will require that I constantly search within the realm of new ideas.

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