

## **ESTHER DYSON, CHAIRMAN, EDVENTURE HOLDINGS**

### **Where is the industry going? (Putting TW/AOL in context)**

The underlying question is: Is the marketplace changing so quickly that (1) regulation can't keep up with it or (2) it is impossible for any companies to keep up with it, so that seeming monopoly positions can't be exploited? In other words, the market WILL take care of it?

### **Content (and IP)**

Content has value - but the content market needs to figure out new business models. The intermediary provides less value - e.g. the music business. Consumers will be providing more for themselves, both in terms of content itself (self-publishing) and access to content (Napster, Gnutella, etc.). Consumers become providers (and competitors).

### **Consumer choice**

All business models require presence of consumers. How to reconcile consumer choice with businesses' need to make money from their content, products and services?

The danger is that (content) providers control the users' access to other providers. At what point does convenience constitute control? Is this more about other suppliers' access to consumers, or consumers' access to content? Consumers want convenience up to a limit. They also want choice. In the end, the battle may be more for the consumer overall than for a particular market, as everyone becomes an intermediary. The key chokepoint is the billing relationship (the money). Thus AOL/TW will be competing with banks, (born-again) phone companies, utilities, Amazon.... anyone who has a relationship with the consumer and extends its offerings to cover other market sectors.

Short-term efficiency or consumer convenience is not the best goal, if it leads to longer-term lock-in.

### **Specific issues**

Aside from open access overall (cable/ISP/etc.), there are other concerns, such as e-mail address portability and Instant Messaging access. At what point does a service such as IM become a public service (if ever), to which all consumers should have access? Can companies have no proprietary advantages? In this case, the market seems to be solving the issue of IM (via standards bodies, slowly), but e-mail address portability is still an issue. (Of course, other vendors, by offering lifetime e-mail addresses, are making it into an opportunity.)

**Conclusion:** There is no easy regulatory solution, because things keep changing. The major goal should be to keep the marketplace fluid, with oversight. That's the actual situation, whether it's explicit or implicit. The role of government should be to make sure that things stay fluid, or to exert a gentle but visible nudge.