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## Role of Technology in Communication

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# Role of Technology in Communication

Stephen A. Weiswasser

## **Abstract**

Speech given at Session 2: World Communication: Where is Technology Leading Us? Mr. Weiswasser about the role of technology in communications from the perspective of somebody who is in the entertainment and information business, what he called the content business—meaning television programs.

## ROLE OF TECHNOLOGY IN COMMUNICATION

*Stephen A. Weiswasser\**

If you sit where we're sitting, you see a gradual recognition in this audience that the weather outside is balmy and warm and pleasant, and that the crowd is getting smaller. I know it's not the quality of the speech; it is the lateness of the hour. I'm going to try to be brief.

But, I do have to say, it reminds me of the story of a fellow who was part of a large panel of people who were called upon to speak at a banquet one evening. He couldn't help but notice that after each speech, the audience kept getting smaller and smaller and smaller, until just as it was his turn to get up and speak he discovered there was only one other person left in the hall. He said to the other fellow, "I really appreciate that you're here to hear my remarks this evening under these circumstances. Can you tell me why it is you're here?" The fellow said, "I'm the next speaker."

I really will try to be brief because I don't want that to happen to my colleagues up here who have probably far more profound things to say than I do.

I do want to talk about the role of technology in communications from the rather different perspective of somebody who is in the entertainment and information business, what we like to call the content business — and we don't mean the same thing using that term that the people in the computer business mean. We don't mean software. We really mean television programs.

From my perspective, several of the speeches earlier today — and I think maybe we should have an opportunity to discuss them — are reminiscent of what I heard two years ago when I was invited to take my current position as CEO of a venture that was going to revolutionize the American television and telephone industry.

Two years ago, the world was about to change. The cable industry was going into telephones. AT&T, without any help from a regional Bell company, was going to invade the local loop

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system of all of the Regional Bell Operating Companies. My telephone companies were going to go, in a major way, into the creation, through the telephone line, the fiber optic line, of a broadband, highly interactive television and services business. We were all going to compete with each other merrily from that time forward. And the American consumers were going to invite us all into their homes and spend great deals of money to get all of the services we were creating.

I quickly recognized that I was there in part because of the cable industry and AT&T. I remember telling a reporter about a year and a half ago that, if the cable industry — particularly John Malone, who was the CEO of TCI and Gerry Levin, who is the CEO of Time Warner — were to announce that they weren't going to go into the telephone business, I would get a call from at least one member of my board the next day wondering why I was still there.

Well, the fact is that they both announced a withdrawal of their telephoning plans and have moved on to doing other things. Nonetheless, I am still here.

As somebody suggested earlier, the great full-service network that Time Warner was building in Florida is disappearing. AT&T has not yet shown up in the local loop business in most of the places that my partners worry about. And my partners are no longer quite as keen on building a massive system for the delivery of highly interactive television through the phone lines in the next short period of time, although they will ultimately do so. It turns out these things are very expensive to do, and they are very hard to do.

We now have a new hype. The new hype is the Internet. The Internet is going to do all those things that two years ago I was supposed to be doing. And it may well do it, although I have my doubts. I don't mean to suggest for a moment that the Internet does not offer enormous potential, but there are some lessons from my experience that I think are at least worth putting on the table, through which perhaps one can evaluate all new media, including the Internet.

I again take this as somebody interested in mass media who is looking at the world from the perspective of television rather than from the perspective of the personal computer. I am also speaking solely from an American perspective. I don't pretend I

really understand what's going on in the rest of the world. These are just American lessons.

First, it is not clear that the American television audience — or that the average American consumer — is particularly interested in interactivity. There is, in fact, overwhelming evidence that most people, most of the time, during most of the hours in which they deal with what we call “free time” in television do not want interactivity. It is not clear that most people most of the time are going to be terribly interested in the Internet as a medium of entertainment and information, as opposed to e-mail and chat, which is a very different kind of experience.

I think the AT&T presentation — which I think was an infomercial I saw recently, or should be soon enough — is clearly right in terms of what is theoretically possible. And Dr. Nagel<sup>1</sup> was very effective in making the important observation that there needs to be considerable improvement in the technology before the kind of sales effort he outlined can become an end-to-end delivery system.

It's not clear that American consumers are going to buy bicycles through a device which doesn't give them a chance to go sit on them before they spend money or that much of the commerce that is theoretically possible will get here in a relatively short period of time.

I think it's significant that there are 650,000 web sites, as was described. I think it is important to know that people can engage much more simply today than they could before in self-publishing.

But, the entertainment and information industries in this country are built around the critical principle of aggregated audiences — that is, bringing eyeballs together — because there need to be enough people watching enough of the same things if producers are to invest in content, either because they can charge the consumer for the content or they can get advertisers who are interested in reaching them.

In fact, the Internet operates directly contrary to that principle. The audience is almost impossible to aggregate. Six hundred and fifty thousand web sites will tell you how hard it will be for those bicycle fellows in real life to get anybody to find them.

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1. See David Nagel, *When Technology Drives Economics*, 21 *FORDHAM INT'L L.J.* 430 (1997).

The simple act of being found in an environment like that is extraordinarily difficult. It's very difficult to aggregate audiences, and it will be very difficult at the same time, therefore, to make advertising and many forms of commerce successful in that environment.

The result, I think, will be that the Internet will have a great deal of difficulty succeeding as a mass communications medium in the form or in the sense that I use that term. And I do not believe that the Internet will fulfill the promise that those of us who were creating full-service networks two years ago set out to achieve.

Well, you might say on the basis of what I've just said, why is he still here and why does he still have his job? Well, I actually do believe that the telephone companies in particular, and the communications industry in general, are learning once again the great and most important lesson about communications, at least my world of communications, and that is that technology doesn't do the driving — content does the driving. We are beginning to recognize that, while we are living in a world of rapid change, the American television audience is not changing anywhere near as rapidly as the technology is, that the American audience can still be reached with content and ideas and innovations that are exciting and interesting, and that it will stay around because of those ideas. That is a very, very interesting challenge.

My own personal view — and therefore, I guess, the view of Americast as a venture — is that there are opportunities to marry some of the very special things that the Internet can do, in terms of bringing instantaneous graphics — even text and, to some extent, full-motion video content — to a television screen for an average viewer who is actually interested solely in watching television.

The application can be just as simple as watching a baseball game and wanting to know what the fellow at bat is hitting, or what other members of his team are hitting, or what is going on with other teams playing at the same time; or watching a news story and saying, "I'd like to get more information," and pushing a button and being able to do that. Those are not terribly sophisticated applications, but they are important applications — paradigm shifts in television, in my judgment.

Multichannel distribution is not going to come through

satellites offering 200 channels of programs, many of which are the same, or cable modems that are delivering the Internet in pure form to people who want to engage in chat at the same time as they watch television. It is going to come because the Internet offers the television programming creative community the opportunity to re-think the way television programs are done. It may well allow programmers to say: "We can enhance the experience of watching traditional television for people who do not care much about interactivity, do not care much about the Internet. That is, we can make programming more entertaining, more informational, more educational, and more personal for people without ever telling them that they're on the Internet simply by showing them a new way to use the remote control device with their television set."

If one thinks about the future of television in the United States in those terms, and if one thinks of the Internet not as a medium of its own but at least in transitional terms, as a transitional medium through which information of this kind can be transmitted, then we have the beginnings, I think, of the promise of the Internet that people have been talking about.

I think at that point people like me, who have to create markets in that world will have to act. I think Dr. Eckert is exactly right; waiting around until the market is there and then trying to jump into it is a sure way to lose — I wouldn't want to be the one to explain to my Board why we did it that way. The other way means I have to spend my partners' money up-front. But, it's the only way to be in this business. It's a very risky business.

If we can begin now to invest capital in finding new ways to think about content rather than technology, and be confident that AT&T Labs and others, including some of my partners, will create the technology to support it, we are really on the threshold of a new and very exciting era in television. Ultimately, my view is that the marriage of a company like the Disney Company, which is one of the great content creators in the world, with the extraordinary marketing capacity and personal relationships to customers that most of the regional telephone companies that are on my Board have, is the right one for a future that really can be revolutionary — or at least progressively evolutionary — in the development of television content.

I would be more than happy to talk more about that with

this distinguished panel and with you in the audience when we get to the questions, so I'll just be quiet now and hear the rest of the speeches, and then we'll have some conversation.