

Posted to the Gilder forum - 3/31/2001

## **The Internet and the Telecosm are alive and well**

How many of these cars and car companies do you recognize ([Note: the HTML file has links to many interesting new and classic automobiles](#))? I had a lot of fun finding the stuff. My dad loved cars and he had several classics including a 1939 Lincoln with a V12 engine, two Packard Clippers, 1948 and 1952 with straight 8 engines, and a Cadillac El Dorado.

The thing is, many of these companies don't exist anymore or are part of big groups like General Motors which swallowed a lot of them. But the automobile industry did not disappear, on the contrary, it has grown until today a great many people use them. And it's not just making cars. You need to build roads, fuel them, lube them, repair them, service the automobiles, insure them, replace worn out parts, wash them, ship them from one country to another, lease them, rent them, and eventually, make scrap out of them. In America a whole culture was born with drive in movies, drive through tellers and fast food places, and watching the submarine races on Memorial Drive, a.k.a. necking. Of course, the literati had to write books about it and Hollywood had to make movies too. Now that the industry is mature, there are whole lot of shops turning out ersatz classics or refurbishing real ones.

Why the nostalgia? Because just like the death of so many car shops did not kill the industry, the Internet and the Telecosm are alive and well despite the disappearance of the majority of web sites built in the last five or seven years. It took quite a bit of money, in relative terms, to build a car. It costs almost nothing to build a web site. My out of pocket expenses for running Software Times is well under \$1000 a year. The computer I had to have anyway so that was not an additional expense. Just a few software packages, Home Page, FileMaker Pro, BBEdit, and Interarchy and you are in business. Most people who build a web site have no idea what it takes to create an interesting place for visitors that brings them back time and again. And most people have no idea how to build a useful, user friendly, user interface (they would do well to study Apple's [Macintosh Human Interface Guidelines](#) and Philip Greenspun's [Philip and Alex's Guide to Web Publishing](#)).

All these dead web sites are a source of learning. The good ones will survive and people will start figuring out why they survived. Some of my favorite web sites are:

[Barnes and Noble](#)

[Monster.com](#)

[MicroWarehouse](#)

[World Wide Wheels](#)

[Egghead.com](#)

[Yahoo!](#)

What they have in common is that they are simple to use, they don't get on my nerves and they provide a useful service.

The next thing to consider is that the Internet and the Telecosm are not just about B2C. There is a tremendous amount on inter company communications going on, stuff that used to be done by telephone, fax, cable, Telex and courier. There is also a tremendous amount of B2B happening. Cisco is a good example, they sell more and more over the Internet every day. The Internet is a great way to go shopping for a lot of things that you don't need to touch and feel to buy such as books, music, airline tickets, tea, computer software and hardware. The Internet is a great way to manage your stock portfolio, your credit cards, and your bank accounts (if you still use them). The fact that you can do these things from home or from the office without the hassle of traffic and parking and mobs in malls, is reason enough to believe that these services will thrive on the Internet, provided the web sites are properly designed and executed. The Internet is the ideal place to have nationwide and worldwide job offers and job searches. Used and new cars, used and new boats, used and new homes, can all be offered in an attractive way over the Internet.

All these people who are predicting the end of fiber optics, the end of the Internet and the end of the Telecosm are just plain wrong. Will it be easy investing in this industry? No, by no means. you will still have to do your due diligence. You will still have to separate the leaders from the me-toos. You will still have to separate the sellers of commodities from the sellers of franchise products. But if you pick well, you should be able to outperform the general

indexes.

Happy investing!

Denny

"Demand creates queues. Supply gets rid of them."

[Software Times](#)

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On 4/1/01 12:10:30 AM, gg wrote:

Thank you for the typically lucid and interesting post. There are now estimated to be some 8 billion web pages, of which Google catalogues a couple billion, despite the absence of adequate broadband in the local loop or robust and resilient access devices. As these Internet tools are perfected, the industry will resume its previous rate of expansion.

Accelerating the consolidation of the automobile industry that you describe were disastrous mistakes of tax, tarriff, and monetary policy that changed the stock market correction of 1929 into a ten year depression. The building of roads and other accessories also slowed drastically. Today's political talk of reducing the national debt is exactly analogous to Hoover's tax hikes to "balance the budget." After two years of deflation, the refusal to enact significant tax rate reductions--at least rescinding the Clinton hikes--can doom the Republican presidency and substantially slow the rollout of the telecosm.

--GG