

NOT Posted to the Gilder forum - February 26, 2001

War

Two or three or five years ago the Internet was the toy of academia and the defense establishment. All of a sudden that changed with the www and other stuff that is happening. Canada is a country because the Canadians built a transcontinental railroad to hold it together. Rome was an empire that depended on its roads. The British and the Spanish empires existed because of their naval fleets. Germany almost won the war by sinking the Allied shipping. The first thing the Japanese attacked was the heart of the American fleet at Pearl Harbor.

Communications is POWER!

As of this decade, the Internet is the most powerful communications system man has ever built. It will help us built untold riches if we keep it free. If we don't, we will be governed by whoever governs the Internet. Already some dangerous things are happening. There is some crime, there is a lot of malicious hacking but recently I read an article that made me stop and think. The Palestinians are waging war against the Israelis using the Internet, they try to disrupt web sites which soon will be the heart and mind of business.

I'm not saying that Arafat will take over the world in 15 days. That would be ridiculous. What I am asking you is to use your brain. Do a little drama. Think of yourself as Dr. No of James Bond fame and figure a way to control or disrupt the world using the Internet.

Since my main interest at this time is discovering future stock market gorillas, I do a lot of thinking about what the world will look like tomorrow. That is the fascination that Gilder has for me, he does this very, very well. Of course, I have large investments in the Internet infrastructure. That is what is happening now. But eventually the value of business should shift from the build out to the actual usage. Once you have built all those lambda channels you need to use them. But they have to be secure as otherwise you cannot use them. Going back to history, the important thing was to keep the sea lanes open and to keep the roads free of potholes and free of highwaymen. We will need to keep the internet free of potholes and that is where Micromuse (MUSE) comes in and we will need to keep the hackers in check and that is where Checkpoint Software (CHKP) comes in. Do

you see how looking at the big picture helps you fill in the details? I am going to the extreme of saying that a company like Checkpoint could eventually make as much or money that the great defense industries of the past, Dupont in gun powder and Krupp in armaments. History has a strange way of repeating itself by doing something different!

Sadly, my use of the war metaphor on the GTF is appropriate. There is a gang out there trying to sabotage GG, the GTR and the subscribers for their own benefit. BigJim identified the "bad cops" as he calls them (Waldo & co.) but is worried about the "good cops" who are a lot harder to identify. I hate conspiracy theories but where there is big money involved, anything is possible. Ten percent of the subscribers, maybe 6.000 people, could be visiting the GTF. Give them average portfolios of what? \$10,000? \$100,000 each. Pretty soon you are talking money, specially in thinly traded stocks. Somehow I don't see how you can compare a bunch of teenagers exchanging chat and music to a group of WEALTHY adults moving a lot of money around. For example, I don't work anymore, my livelihood depends entirely on my investments.

If these musings make your brain cells do a little dance, that would make me very happy!

Take care!

Denny

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

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