

May 1, 2002

## **The Telecosm is Dead**

### **Long live the Telecosm**

Anyone who has invested in the Telecosm since 1999 or so has had a ride not unlike what cowboys experience while riding broncos in rodeos.

Now Gilder's favorite cowboy has been thrown from the saddle at WorldCom. Bankruptcy cannot be far away for WorldCom and the other carriers still left standing with large debt loads. The carriers that have already faced bankruptcy have shaken off their debt and will be able to operate with a much lower cost structure and carriers with debt will not be able to pay off their debt, ergo, bankruptcy.

What does this mean for suppliers to the carriers? They won't be getting any orders until the carriers themselves are out of the woods. Since the vultures picking up the pieces probably have no use for obsolete SONET, the SONET providers either switch or fail. When orders start coming in they will be for new stuff like Ethernet and TCP/IP.

Out of the ashes of the old SONET Telecosm the new Ethernet - IP Telecosm will be born. But will GTR subscribers make any money on the likes of JDSU and Avanex?

I believe the new Telecosm is still a year or more away, that's the time it will take to bury the remains of the old and now dead Telecosm. At the same time, the technology itself keeps advancing by leaps and bounds. Who can tell today what the winning technology will be a year from now, specially since almost none of it is selling in the market just now.

For the individual investor, for the retail investor, Gilder's style has always been a problem. He is a technology enthusiast who falls in love with technology and recommends buying before the market has given the technology its seal of approval. This early moment is probably the right time to buy for the venture capitalist but not for the average retail investor who makes up the bulk of GTR subscribers. I would like to remind the board members that George Gilder was an advisor and an angel at garage.com, Guy Kawasaki's high tech venture firm. This

clearly confirms Gilder's status as a technology enthusiast and as a venture capitalist.

Ask yourself the question: "Do you fit the mold of venture capitalist and technology enthusiast?" Despite my admiration for George Gilder, I have finally taken the decision not to renew my GTR subscription because I no longer receive any useful investment advice from the newsletter.

To those of you who will continue faithful to Gilder, I extend my best wishes.

Denny

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

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