"Letters from the User Group Fringe...
Installment #32
"A Sound Mind in a Sound Body"

Some advice on picking winners
in the computer competition

Auctor: *Mens sana in corpore sano!*

Lector: *Et cum spiritu tuo.*

Auctor: No, no, you idiot! I was not beginning the ordinary of the Mass. What kind of preparatory school did you attend, anyway?

Lector: One that prepared me for life in the real world, not for the cloister, you ecclesiastical windbag.

Auctor: Windbag, am I? Have we sunk to the level of name calling in the first few paragraphs of this month's commentary?

Lector: And who, may I ask, called whom "idiot"?

Auctor: *Mea maxima culpa.* A point well taken. It only goes to show that we are all of us in serious need of reformation and reclamation.

Lector: How very convenient of you to have led us around to the theme of this month's issue in such short order. Now if only you could as easily lead us to the Holy Grail of true cross- platform computing.

Auctor: 'Tis no "Holy Grail," friend reader. The alchemist's stone you seek, which would transmute our leaden output into golden, easily shared data, lies far beyond some spring- fed well down which the ancients dropped it. If the truth be told there is, I suspect, a vast conspiracy of computer bigwigs whose schemes keep us isolated in our separate fiefdoms of Macintosh, IBM, Sun, *et cetera*.

Lector: Now there's a group of people who could stand to have a modicum of mental health thrown their way. Plenty of room for self-improvement there!

Auctor: Well spoken, dear reader, well spoken indeed! And as if to signal the possibility, however remote, of such improvement, we have the signal token of Apple Computer, Inc.'s shakeup. John Sculley hands over all day-to-day operations to his heir apparent, Mikey Spindler; Apple endures a blood bath of pink slips; and the Apple product line is given a thorough scrutiny to see which items are viable on the cusp of the twenty-first century.

Lector: It appears to be a project of reformation and reclamation -- to use your words -- of epic proportion.

Apple's Corporate Health & That of its Users/Consumers

What the give and take with my always stimulating reader has brought to the fore is, I

believe, the oft-neglected truth that the fiscal health of any of the major players in the computer industry is inextricably tied to the health of its buying public. If you are inclined to disagree with the outcome of my diagnostic talents I would call to your attention two points:

o The significant number of smackeroos you and I have tied up in hardware of a particular manufacturer (whether Intel-based or Macintosh®);

o The hours/days/weeks of our time we have invested in learning to use applications which run on our microcomputer platform of choice.

Were we to awake tomorrow and read in the headlines of the Morning Examiner that aliens had swooped down during the night and carried off in the bellies of their great, grey vessels both the manufacturing plants where our computers were made (probably to be given to their children as souvenirs of the backward planet that Mommy and Daddy visited while on holiday) as well as all the programmers who wrote software for our computers (no doubt so these geeks and nerds could amuse the children with tales of Jolt Cola induced delusions of grandeur), then where would we be? No new versions of our MegaFantastic word processor of choice?!? No place to obtain a replacement doohickey when that greyish colored thing connected by red and black wires to the black thingy next to the internal hard disk goes golly west. In short, the end of western civilization's computing as we have known it.

Now I will grant you that we as consumers have been schooled to believe that when one source of doodads on which we spend our money disappears, another will spring up to take its place. It is such a staple of our post-Darwin diet that we actually believe it.

Exercise: Find someone in your city who owns and operates an Edsel. Ask him/her how easy it is to find replacement parts.

Oh, sure, Edsel owners could give up their fascination with the past and buy an automobile of more recent vintage. Which is tantamount to apostasy for the dyed-in-the-wool Edsel owner. And the same is true for a great number of computer users as well. Just ask someone who is still using a CP/M machine or one of the fanatics who keeps his Sinclair because he's convinced it was the most elegant solution ever devised for portable computing. Trying to convince such folks to give up their computers is comparable to persuading Saint Athanasius that he was confused about the nature of the Holy Trinity.

Which brings me back to the matter of our computer manufacturer's health and viability. Given my editor's penchant for running these monthly homilies on both the Macintosh and the Windows versions of *Nautilus*^{sm}, I cannot take for granted that I am preaching to the converted. Still, the shock waves from the events taking place at Apple will have their effect on all the shores of this lake we call computerdom. So pay attention all you heathen on the other side of the pond! Next month this could be Bill Gates and his empire we're talking about.

Apple in the Summer of '93

A quick summary of what is going on inside Apple Computer, Inc. may be in order for those who have been away at their cabins fishing for the past month or two. In mid-June John Sculley, once President, CEO, and Chairman of the Board of Apple Computer, announced that he was relinquishing his title of CEO (having previously handed over that of President) to Mike Spindler. Spindler, perceived in the industry as very much a "hands on" player, is thus entrusted with Apple's ongoing transition from a high margin manufacturer to a company better equipped to play in the high volume/slimmer margin arena.

The first chore meted out to the heir to the throne was the layoff of ten percent of Apple's work force. What a way to begin one's term in office, eh? With an anticipated 2,500 pink slips in hand, Spindler ascends to the throne. Beyond this solution to the short-term problems at Apple there is the question of the long-haul direction which Apple is to take. It is here that Sculley claims he will keep his hand in the ball game as he circles the globe ferreting out products and services Apple might provide as well as looking for key alliances into which the company might enter.

A second aspect of the new honcho's task will be the streamlining of the Mac product line to make it competitive through the remainder of this decade. Like the Chrysler corporation of the 1970s, Apple has finally seen the handwriting on the wall. People (well, most people) will no longer pay a premium price for the computer equivalent of a gas guzzler. The analog of the K car is Apple's line of Performa computers. In the short term Apple will improve its position in the industry by cutting out jobs. For the slightly longer haul it will hone its product line. What lies beyond?

This writer has previously offered his prognostications on the future of Apple Computer. Nearly two years ago I opined that Apple's destiny lay not in the assembly of silicon bits and pieces but rather in the sale of software. It is no secret in the industry that what sets the Mac apart from the Intel-based machines is not its innovative hardware but its interface. My brother and sister columnists who have been predicting the imminent demise of Apple have based their obituaries upon the success of Microsoft in cloning the Macintosh's graphical user interface (GUI). Similarly, those who have offered their advice as to how Apple might maintain its lead in the GUI race pushed for a radical overhaul of the Mac interface.

At this juncture -- the coronation of Spindler and Apple's fiscal crisis -- it is meet, right, and salutary that we should again consider the long-term direction toward which Apple (and other computer manufacturers) might set their cap. To this besotted mind there seem to be three obvious directions:

- o Software
- o Information Access Provider
- o Content Provider

Theorem #1: The Future Lies in Software (not in sowbelly futures)

Not only for Apple but for that other company -- the one bent on world domination -- Microsoft, this is an avenue already well explored. Apple has forged its strategic alliances with DEC, IBM, and a host of lesser players. Microsoft has betrothed Xerox, Canon, Hewlett-Packard, and a bevy of other suitors (so much for monogamy!). All of these marriages of convenience are aimed at putting someone's operating system onto other people's hardware. Apple and IBM's PowerOpen OS will run on a variety of computers so long as they have the PowerPC chip inside. Microsoft's "Microsoft at Work" (MAW) application programming interface will control photocopiers, fax machines, and your office's coffee maker, for all I know.

None of us likes to admit that we are fallible, but my bold claims of these past two years have been shortsighted. Yes, the interface which gives us access to the wondrous things our computers, fax machines, and coffee makers can do for us may be either a hindrance or a help. If it takes more than thirty seconds to program a VCR most people won't bother with it. The proliferation of VCR controls (even one that you can talk to!) prove that people will pay for any tool/interface that simplifies a task. All those thousands of copies of Windows should clinch the argument: all DOS needs is a pretty layer slapped on top of it. But what really drives these sales is the need people have to use their computer/VCR/photocopier to get something done. Neither the tool nor its interface are the be all and end all.

Theorem #2:   **The Future Lies in Channels by Which We Obtain Information**

Just ask anyone who got in on the ground floor of the cable TV industry. Owning the wires through which information flows can be a real money maker. Ma Bell knew this better than anyone, which is why she spent tens of millions of dollars fighting the breaking up of her kingdom. For our clans of computer users the equivalent example would be CashWe$erve ... er, make that Compu$erve ... and its competitors. How many hundreds of dollars have we poured into those late night sessions perusing the seemingly never-ending fora on-line? The company or companies which provide access to information -- the wires or other media through which the information pours, that is, not the devices at the consumer's end through which we view the information -- can make a pile of cash.

Here again Apple, Microsoft, and the other big hogs at the trough have shown considerable interest. Apple has had AppleLink® on-line since 1984. Initially it was a channel between corporate Apple and its dealers, employees, and larger clients. Four years ago Apple was involved in a collaboration to provide widespread access to AppleLink in a form tentatively called "Personal AppleLink." When Apple backed out of the deal the fruit of its partnership became America Online. More recently, Apple has been showing off a little device replete with software tentatively called "ezTV," by which one may control and manipulate the ubiquitous boob tubes which populate our homes and workplaces.

On the Microsoft side of the world there are countless partnerships with the likes of TCI (one of the largest cable TV providers in the US and Canada) and Time-Warner. With Microsoft providing the interface tools and the partners putting up their delivery channels, the potential for expansion of the duchy of Microsoft seems guaranteed.

While the promise of immediate return (read $$$) on a minimal investment by the computer companies involved appears very promising, the extended outlook is not so sanguine. As witness to my claim I would call the fax industry. Not one manufacturer of fax machines is making a fortune on the sale of the boxes. Nor are these companies raking in the cash from the telephone charges incurred by the sending of many, many fax messages. The money to be made lies in the content, the information sent and received, not in the technology by which the sending and receiving is done. If Apple, Microsoft, or any of the other folks currently involved in the industry has hopes of retiring to Florida so the grandkids can come and visit, their nest egg will not be laid away with funds gained from the sale of conduit rights.

Theorem #3:   **It's the Content, Stupid!**

Knowing full well the risk I am taking in borrowing a phrase from "the man from Hope" (especially when he seems to lose sight of the truth of the original phrase more often than not), I still find it the most successful communicator for the message I would like to send to Apple in its time of reorganization and redirection. "It's the content, stupid!" What we use those boxes on our desktops for is not to see nifty icons on which we may click. We do not use them even for the privilege of paying connect charges to this, that, or the other telecommunications service. What we do use these devices for is to either (a) Create content (write letters, create fiscal forecast models, *et cetera*); or (b) View content (check the Saint Louis Cardinals baseball scores, see what Apple's stock closed at on Wall Street, read Roger Ebert's review of *Jurassic Park*).

Boys and girls who don't know a Pentium processor from a PowerPC still need the information with which to write a report on the dinosaurs of the Mesozoic age. Homemakers who could care less how many MIPs their CPU is running at still appreciate new ideas on how to prepare chicken breast for supper without being boring. All of us at the end of a grey day at work or on the playground welcome a story or song to take us out of ourselves and restore our spirits. The companies that provides this information, recipe, aesthetic uplift will tuck away a yen or two in their bank accounts.

> **An Ominous Example:** At one of the first public displays of its interactive television technology, Apple Chairman and Grand Poobah demonstrated a virtual visit to the Stanford Mall to buy a hat. If these gadgets are going to provide us with access to a glorified version of the Home Shopping Channel, I think I'll stay here in the Stone Age. You go on ahead.

Cognizant of the hazard that in offering this advice I might be encouraging a generation of couch potatoes to spend even more time in front of those boxes which seek to define how we think of ourselves, I would still advise Apple and others to keep in mind what it is we use these bloody boxes to do. We send letters to Grandma McCormick wishing her a happy ninety-second birthday. We order hard-to-find books from specialist bookstores on the other side of the world. And yes, we read columns by seemingly deranged priests who would advise us on what the future holds.

Our Role in the Future

Most of us who browse our way through *Nautilus* each and every month are not involved in the decisions which will make/keep Apple or Microsoft healthy and profitable (that leaves you out, Mister Sculley). What shall we take away from this trip through the looking glass? At the very least we may walk away aware of some warning signals which will emanate from computer industry contestants that are not likely to survive into the next millennium. Companies which continue to place all their eggs in the single basket of hardware and software will go the way of the Dodo. Firms which think they can sell us fancier ways to link our computers to other computers are meat on a hook. Corporations that are not investing significant chunks of cash into research and development will most likely nickel and dime themselves out of existence.

On this last point, R&D expenditures, I can give you a clear-cut example of what I am saying. At the peak of its success (read "when profit margins were at their zenith") Apple was reinvesting fifteen percent of its net sales into research and development of future generations of Macintosh and their successors. For fiscal 1992 this amount had shrunk to ten percent -- a still healthy 650 million dollars, especially when compared to the average one or two percent spent by Intel-based manufacturers. As the former president of RJR Nabisco is reported to have said when accused of economic frivolity (you should pardon my French), "Every nickel you think we're pissing away here comes back to us dressed up as a dime." Or, as my less salty Grandmother used to say, "You have to spend money to make money."

There you have it. Father Mack's guidance on how to pick the healthy contestants in the computing fray. I doubt if many of you, dear readers, are likely to dump your IBM or Microsoft stock because of what I have said above. What I do hope all of us as users are stimulated to do is consider the financial future of the companies we do business with. Not only the equipment we purchase but, perhaps more vital, the time and energy we spend learning to use them for the real world purposes for which we bought them, could be redundant before we know it. *Caveat emptor!* As my grammar school principal admonished us *ad infinitum*, "A word to the wise should be sufficient."

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