

April 23, 1982

Dear Alan,

Following are some notes I thought you might like to see before Tuesday's meeting with EB.

Who we are meeting with - Charles Swanson, President EB Inc.

Charles Van Doren, VP, Editorial

James Sloan, Director, Planning & Development

Peter Norton, President EBUSA (US sales org.)

We will be coming in the day after the bi-monthly meeting of the New Business Committee (consisting of the four above plus the treasurer of EB Inc. and the president of EB International which is the international sales organization). While this committee has considered little else besides "new technologies" for some time now, they seem to be relatively befuddled. Up until now they have opted for the "let's get another report" approach and its close relative, the "let's see how the market develops" strategy. In short, they have made no definitive moves whatsoever and seem to be getting more and more nervous as time passes. At the last meeting there was a flurry of interest in microcomputer software which was seen perhaps as the area to move into initially. The main responsibility for investigating this was given to Sloan who has returned to this meeting with a 600 page report.

Jerry Rubin has been invited as a guest to Monday's meeting. According to Van Doren, Rubin will propose to EB that they work toward the creation of an "intelligent encyclopaedia" employing the videodisc/on-line combination (proposed in my report). Evidently Rubin has been doing a lot of thinking on this, since when I met with him in February he thought the idea was "unrealistic." Rubin is highly thought of by Swanson and, again according to Van Doren, they are thinking about making him the head of a new company, "Future EB," which would be responsible for directing Britannica's efforts involving "new technologies." I wouldn't be shocked if they took this step since it would take a lot of the burden off Swanson et al for making decisions they really don't feel capable of making.

I will meet with Van Doren Monday night after the meeting to find out what Sloan recommended, how it was received and the substance of the discussion with Rubin etc. I'll relay it to you Tuesday morning before we go to EB for lunch.

Van Doren has sent a memo to Swanson, Sloan and Norton explaining that our purpose in coming is exploratory, ie. they shouldn't expect us to make any sort of concrete proposal etc. They are giving us the full-treatment, lunch at the Mid-America Club plus have blocked out a significant

bunch of time for extended discussion. They may have their own agenda, but I'll guess they mainly want to hear what Atari is all about and to help us understand where they are at.

Telling them about Atari - The Atari name is a double-edged sword as far as Britannica is concerned. On the one hand Britannica likes the idea of teaming up with a company like Atari because it counters the stodgy image with which EB is appropriately associated. On the other hand, they worry that the Atari name may somehow demean the Britannica product. In other words, the very thing which attracts them to Atari, which is its image of being "exciting and fun" is what scares them as well, since whoever heard of an encyclopaedia which was exciting and fun. Leaving aside for now the idea that in fact an encyclopaedia should and now can be both exciting and fun, it is safe to assume that Swanson etc. know very little about what Atari is actually about. They have seen a memo from me to Van Doren which talks positively about the Atari computer and the thrust of the company's efforts in the home market, but I doubt they know much else and clearly they don't know that too well. I think they will be very interested to hear you speak about the plans that you have for Atari, the sort of projects you are undertaking and the joint ventures you are considering. If you feel you can talk about it, I am sure they would be impressed to hear the story you told me about the three projects that you set as a condition for moving to Atari and Atari's agreement. With the exception of Van Doren and to some extent Norton, EB's management does not consist of intellectuals. However, I think Swanson will be glad to hear of your long and profound respect for Britannica, particularly EB3. Everybody says it of course, but you so obviously mean it that I think it will have a very good effect. We want them to see the truth of the matter - that beneath Atari's somewhat frivolous public image lies a serious organization with some very serious plans. The tremendous sums of money at Atari's disposal will no doubt excite them as well. Also, they are of course star-struck and will love hearing about the connection with Lucasfilm etc.

To put all this another way, I think EB's initial reasons for being interested in Atari is that they figure Atari is tuned into the marketplace in a way Britannica isn't and probably couldn't be - ie. EB is mainly hip to Atari as electronic game maker to the world. What they don't realize is the scope and depth of the plans Atari is making to have a profound effect on the personal computer market. They have no idea what a good choice Atari would be for a partner for EB in the development of an intelligent encyclopaedia. We can definitely help things along by making it clearer to them on Tuesday.

As far as what we are looking to find out in the course of discussion, I think it breaks down into the following questions:

1. What is the range of electronic products that they are seriously considering?
2. As far as an electronic encyclopaedia are they leaning towards:
 - a) just putting the existing Britannica online
 - b) creating an encyclopaedia of a new type, along the lines of the "intelligent encyclopaedia."
 - c) a full-blown "information and knowledge service" including the "intelligent encyclopaedia" plus other components - up-to-the-minute news, bibliographies, full-text of books and articles etc.
3. Given their concern about making sure not to hurt the foundation of EB (the print encyclopaedia) in the course of developing something new, what do they see as the key aspects that need to be safeguarded? Is it simply a case of cash flow or is there more to it?
4. Assuming an agreement were reached to develop an "intelligent encyclopaedia," would EB be able to commit a portion of its present staff and facilities to the editorial development or would they want to develop it separate from existing structures?
5. What are their key concerns about potential partners? Do they have any particular concerns re: Atari, Warners etc.? Do they have any existing arrangements which would affect the possibility or nature of an arrangement with Atari. Specifically here, how does their relationship with EBEC (the wholly separate co. that produces and distributes Britannica films and distributes Britannica products to libraries and schools) come into the picture?
6. Are they open to an exclusive arrangement with Atari, ie. one where EB and Atari join together to create a substantial product - such that EB would participate in the creation of only one "intelligent encyclopaedia."

Obviously we are not going to take their answers to these and other questions as the final word. Hearing their responses however will let us understand much better who we are dealing with and from that how to put together a successful proposal for what we want.

On the Question of Videodiscs

Given the thrust of the report I did for Britannica and the recommendation that Rubin is supposedly going to make at the Monday meeting, the question of videodiscs and their relation to an "intelligent encyclopaedia" is bound to come up. While I realize that Atari's position on this will take time to develop, I thought I might put forward a few ideas here. Given your qualms the best thing I can do here is probably to take the position of advocate. So... why discs?

For me the most important reason has to do with content. There are numerous subjects in an encyclopaedia which cry out for full color photographs, motion pictures and sound. It's not sufficient to describe a Van Gogh painting with words, even if accompanied by a schematic drawing. People should be able to see filmed sequences of the salmon's breathtaking struggle to go upstream, footage of the moon landing and Jupiter fly-by, etc. When a person looks up Bach he should be able not only to hear representative pieces but to have the thrust of Bach's music explained with the aid of an example. The list goes on.... Adding these aspects to the intelligent encyclopaedia doesn't really make it any more intelligent (at least the way we are using the term) than the current Britannica, but it makes it a far richer, and I would argue much more powerful tool.

Assuming one agrees with any of the above, turning to the videodisc as a solution (at least for the next 10 years or so) seems inevitable, as it will likely be at least that long before computer technology advances to the point where it will be possible to deliver all the pictures and sound to the home in an economical fashion without a videodisc.

(I won't get into the question here of whether the videodisc player has to be in the home itself or at some head-end facility. As you know I tend to think it needs to be in the home, but that is beside the point here.)

Another reason which may sound a little chickenshit (or circular), but which I think has validity is that people are going to expect it. Although it will be a few years coming, the marketplace will begin to fill with a host of videodisc-based learning programs and encyclopaedic applications. People are going to look for a modern encyclopaedia to have a video and audio component. If you don't make it a feature of the product you are offering, I think you leave yourself open to serious competition from others who may not have anywhere near as "intelligent" an encyclopaedia.

One Disc Versus Many Discs - There is clearly a tradeoff here between the relatively small amount of material that can be included on one disc and the inconvenience inherent in having to switch from disc to disc (something which is inevitable no matter how nifty a plan is devised for placing material on the discs). This is instinct on my part, but I tend to think that people will be willing to put up with switching discs as long as there is some rhyme and reason to the placement of materials on the discs in the first place (ie. as much as possible make it topical first, alphabetical second). This is one of those situations where it seems necessary not to underestimate the user, both his ability to deal with inconvenience and the extent of his desire to access and learn from the material. After all, switching discs on a disc player is no where near as difficult or tedious as changing floppies and loading in new programs etc. People are used to changing records and also used to reaching for different volumes of an encyclopaedia.

i.e., whereas changing floppies is an example of a task of unacceptable inconvenience, changing videodiscs is probably an acceptable inconvenience—at least until alternatives can be developed.

Converging Paths to a Single Goal - The Intelligent Encyclopaedia

For discussion sake, let's suppose that the product we are working toward comprises text, full-color still and motion pictures and audio. Clearly we've got a vast number of problems that need to be solved in the course of creating such a product. At the top of the list is the problem of designing the appropriate hardware and software that will give us an encyclopaedia that is both intelligent and easy to use. (Navigating in "knowledgeland" shouldn't be more difficult than driving a car. Actually in some ways it should be easier since it shouldn't require such highly developed motor skills and coordination.) Second is a whole host of pedagogical and content questions having to do mainly with how do you use and mix the various media at your disposal most effectively. With the video and audio component there is the further problem that even once you've solved some of the pedagogical and content problems it would be many years before you could accumulate sufficient material to even approach the range necessary in a general encyclopaedia. So, given the range of problems to be solved and the desire to get something on the market in a relatively short time, it seems necessary to approach the "final" product by working on at least two different products which can stand on their own at the beginning and lay the basis for a much more complex single product in the future. In this light it might make sense to consider producing initially an online intelligent version of the existing Britannica and a series of videodisc programs.

It is plausible that within a few years we could have ready an online intelligent version of the existing Britannica, sans pictures but with line drawings. (Initially we are talking about a relatively low level of intelligence - perhaps enough to at least provide the user with help in understanding the connections between areas of knowledge - ie. helping him to focus his efforts and apprising him of alternative paths relating to the same subject matter.) With this on the market we can continue the work of raising the level of "intelligence" and begin in earnest the development of a new editorial content which really exploits the computer power underlying the system. That is when we begin to develop, for example, the "chemistry section" that permits the user to do simulated experiments while "in" the encyclopaedia etc.

I would suggest however that in order to market something really useful in as short a period as two years, it would be necessary to conduct a limited experiment first. I don't know how difficult it would be to take the existing text of the Britannica, develop a search protocol and offer it to a small # of QUBE subscribers somewhere, but if possible such an experiment seems necessary as we need a way to study how people would use such a service, the problems they naturally encounter etc. Just consider the problem of designing an index that allows the user to understand both how to get to a particular bit of subject matter and further how that subject relates to others. How much information does the user need and how is it going to be represented. There has been precious little experience with the untrained home-type

user on a full text retrieval system. We are going to have to have that experience before we can design with assurance. (I think Britannica would like the idea of this experiment as a starting point, especially if Atari were picking up the tab.)

Videodisc Programs - I think there is a gross underestimation of the difficulties involved in designing for this multi-media medium, especially when you consider putting it under the direction of a computer and mixing video and computer material. I am not referring here so much to the technical problems as to the content problems - when to use what (stills, motion, sound) and how to integrate it with the computer materials so that the content "works" for the user. The suggestion is that we develop with Britannica (and Lucasfilm) a number of videodisc programs on different subjects (eg. space exploration, dinosaurs, etc.) each of which would stand on its own. The idea would be to do developmental work on how to use the medium and yet also have a marketable product to show for our efforts. I am fairly sure these videodisc programs could be made to pay for themselves in the long run. With the expertise of Lucasfilm and Atari, the distribution strength of EB and Warner and the Britannica name, these discs will be winners enjoying wide sales. Given the participants, it is likely that either Sony or Pioneer would like to get involved in a project like this, taking some of the financial burden.

Does the Atari-Britannica Information and Knowledge Service require a daily news capability?

One question that might come up with EB is how to handle truly current developments in the news. There is undoubtedly a difference between the types of information you go to an encyclopaedia for and the types you turn to a newspaper for. While you might go to your encyclopaedia for background info on the Falkland Islands, you are going to turn to your newspaper or TV for the latest news. Even if EB were online you wouldn't necessarily want it to update its articles on a daily basis. It seems that an encyclopaedia article requires the advantages of hindsight., ie. you really don't want to rewrite the EB article on the Falklands until the dust settles. On the other hand, you could argue that the Atari-Britannica I&K Service could/should provide both sorts of information (ie. long and short term analyses) if it included as part of itself the content of an active news organization such as the New York Times. From the user's point of view there is a lot to be said for not having to flip back and forth between different databases (logging on and off etc.)

I hope some of this is useful - at least as a basis for focusing future thought and discussion.

Bob