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Mr. Charles E. Swanson

April 29, 1977

TO Charles Van Doren

FROM

SUBJECT: Subject: Video Cassette Add-on for EB3

Pursuant to your request we have done a fair amount of investigation of this subject. We have carefully examined the index of EBEC films made by Howard Goodkind more than five years ago. As such it is out of date and it is also defective in other ways, but it is certainly usable and represents an important first step toward realization of this product. In addition, we are all convinced that the product, on the whole, is a good one. Everyone's imagination is tickled by it. Everyone likes it. Everyone would be happy to have, and/or to sell, a "Visual Micropædia" -- for example.

The problem seems to be mainly costs, both production costs and repeating unit costs. I enclose a copy of a memo from Paul Buchbinder of EBEC (incidentally, Marion Sloane and his associates at EBEC have been very helpful on this) detailing production costs of one half-hour cassette. As you can see, these come to a minimum of perhaps \$6,000. A one-hour cassette would cost a minimum of \$12,000. If we made one cassette for each Micro volume, this would mean production costs in the range of \$60,000 to \$120,000 for the project. These costs include a fee to EBEC for the use of the films.

However, the memo from Buchbinder also points out that repeating cost (of transfer from 2" master video tape to V2" Betamax cassette tape) is now about \$20 (or, at a minimum if we had a large "print" run, perhaps \$17). This cost would be, at a minimum, about \$34 or \$35 for a one-hour cassette.

These repeating costs are, of course, very high.

I recommend waiting until the video disc system gets closer to commercial reality. I believe that system would greatly reduce unit costs. According to my understanding, 10 hours of material, which would have a manufacturing unit cost of over \$300 with the Betamax system, might have a manufacturing unit cost of as little as \$3 with the video disc system. Such a reduction is, I believe, worth waiting for.

Nevertheless, we will keep our eyes open on this and report back to you periodically if any changes appear to be occurring in the marketplace.

CVD/cc

att.

cc: H. B. Goodkind

CC: R. Siegf
9/4/81