

COMMENTARY

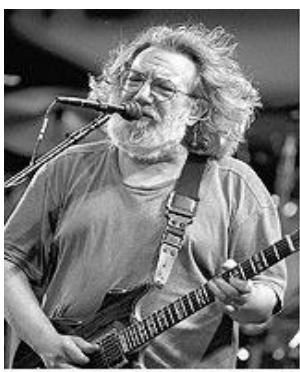
The Ghost of Netscape

By RICH KARLGAARD *August 9, 2005; Page A10*

Ten years ago today, the Grateful Dead's Jerry Garcia died of a massive heart attack. His last words were rumored to be: "Netscape opened at WHAT?"

We all felt the shock. Morgan Stanley's top tech banker Frank Quattrone, a poor south Philadelphia kid with a gambler's heart, had priced Netscape's IPO at \$28 per share. This price was thought nuts. Typical for tech IPOs, then and now, is around \$15 per share. But all summer the heat had been building for Netscape. A pre-thunderstorm sauna it was: Netscape had not reported one profitable quarter.

Netscape, of course, didn't open at \$28. It burst into the public realm at \$71. A few minutes later the stock peaked at \$75, then closed the day at \$58 -- for a \$2.7 billion market cap. The great Internet gold rush was on.



AP Photo/The Register-Herald,
Chris Hancock

**Jerry Garcia:
'Netscape opened at
WHAT?'**

Ten years later, what can we say about Netscape's IPO? Was it to Nasdaq as Mrs. O'Leary's cow was to the history of Chicago -- a bit actor touching off a great blaze with grave economic consequences? (Like the cow, Netscape the company is no longer with us.) Or did Netscape's Web browser alter the world in thrilling and still unforeseen ways?

The answer is yes -- on both counts. The Internet, invented in 1969 but sparked to life by Netscape's 1995 browser, really has reshaped business and the world. The rise of China and India is impossible to imagine without the cheap communications medium of a browser-based Internet. China will surpass the U.S. in numbers of Internet users next year or so. When Beijing figures out Internet use creates national prosperity, censorship will begin to melt away. In the '90s, Singapore restricted citizen Internet use. Then the country discovered its best scientists and engineers were leaving. Now Singapore is wide open.

The Internet has had a positive effect in the U.S., too. The speed with which the U.S. economy recovered after the quadruple blast of Fed tightening, a stock market collapse, a recession and terrorist attacks, could not have happened without an Internet immune system. Key to recovery from financial cock-ups is rapid re-pricing between sellers and buyers. That is how inventories get soaked up. That is how new markets are made. During the grim year of 2002, Sun Microsystems discovered its chief competitor was its own used Sun servers selling on eBay for a dime on the dollar. But "clearing" is how an economy heals. After the 2001 recession, the economy had cleared within a year and has been growing at a 3.5% clip since.

The history of the PC suggests where the Internet is going. In 1980, Apple Computer went public, making centimillionaires of its founders, Steve Jobs and Steve Wozniak. In 1982, Time magazine named the PC its "Man of the Year." During early 1983, venture capitalists went crazy, funding dozens of lookalike PC and disk drive companies. The bust came in late 1983 and lasted for three years. Many danced on the PC's grave. One was Ken Olsen, founder of Digital Equipment Corporation and considered the father of the minicomputer industry. He said PCs had little use in serious business.

Mr. Olsen was wrong. By 1986, PCs were fast enough that graphic displays now worked. New software appeared, such as desktop publishing and computer-aided-design. Microsoft went public in 1986. The same year Intel turned itself back to profitability. The PC, once a novelty, was now a real business machine. By 1990, Microsoft and Intel were unstoppable.

Ten years after Netscape's IPO, the Internet is where the PC was in 1990. What a short, strange trip it's been! Google, only seven years old, is wildly profitable -- and menacing. Large local newspapers, their classified ad sales, in steep decline, are going to Google, Monster.com, and Craig's List. Netscape's Big Meteor of 1995 dooms any nation or business that can't adapt. For the nimble and quick, thrilling days lie ahead.

Editor's Note: And now there's Netword, the internet's only "web resolving" keyword advertising technology that can resolve an advertiser's *Live* website alongside 17 major search platforms. Netword's Patented technology provides advertisers their choice of: local; state-wide; regional, or; nationwide (and shortly, international) Internet advertising at a fraction of the cost of that which any of the other search engines charge. Positioning itself as a Pre-IPO, I say... Move over Google!