

memorylane

Starting out @Home

In 1974, engineers for Intel Corp. were hard at work on what many believed would be a breakthrough computing technology, the 8080 8-bit microprocessor. The 8080's design allowed it to make use of 64 kilobytes of memory and to provide a 16-bit address bus, both of which accelerated its ability to complete instructions. The 8080 propelled the early microcomputer sector, as machines including the MITS Altair 8800 quickly integrated the fast new chip.

But an exciting new microprocessor wasn't the only important new arrival at the Silicon Valley company in 1974. That was also the year that an ambitious, smart salesman named John Doerr began working at Intel. With a master's degree in electrical engineering from Rice University, the young Doerr took to his job enthusiastically, becoming one of Intel's leading salespeople. It was a time when building blocks of the modern personal-computing environment were only beginning to take shape, and it's easy to imagine the charismatic Doerr eagerly soaking up an insider's view of how the inexorable progression in computing power might change the world.

Six years later Doerr joined the venture capital firm Kleiner, Perkins, Caufield and Byers, where he has worked ever since, helping direct the flow of capital to such legendary technology companies as Google Inc., Compaq and Amazon.com.

In November of 1994, the California investment figure was in Anaheim, Calif., at the cable industry's now-abandoned Western Show. Roaming a show floor full of technology displays, Doerr became captivated by a demonstration of an unprepossessing-looking device that resembled an oversized set-top box of the day. Its purpose was to accomplish bidirectional, asymmetrical signaling associated with digital data: in short, a cable modem.

By the time the Western Show was held that November, a trio of companies had emerged with cable-modem technologies to display. Zenith Electronics Corp., Hewlett-Packard Corp. and the little-known LANCity Corp. of Boston came to the show with highly individualized, proprietary approaches for coaxing extraordinarily fast data transfer rates over the coaxial cable networks that had been built around the country. When Doerr stopped to look over one of the modems on display, he got an idea.

That idea transcended the enabling technology itself that was on display at the Western Show. While engineers were just beginning to grapple with vexing problems like how to overcome limitations to cable's noise-ridden upstream path, Doerr was thinking bigger. He saw the potential to rally common cable industry interests around a sort of holistic business that would propel the onset of the high-speed Internet era. With business strategists for Tele-Communications Inc., then cable's dominant MSO, Doerr came up with a venture that blend-



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**@Home
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ed a technology platform with a content play, and wrapped it up in a business plan that would appeal to margin-sensitive cable companies. Doerr and TCI named their creation @Home Corp., and it was unveiled in May 1995, only six months after Doerr had seen a cable modem for the first time.

The subsequent story of the business Doerr helped to create is pockmarked with drama, and ultimately failure. Once a red-hot participant in the dot.com economy – its 1999 acquisition of the Internet portal Excite for \$6.7 billion was extraordinary even by dot.com valuations of the day – @Home vanished in a stupendous fall in 2001. Cable companies, having been spoon-fed from @Home's business model and having leveraged @Home's backbone Internet network for several years, reached the unimpeachable conclusion that they'd be better off building and maintaining their own networks, establishing their own content portals, assigning their own e-mail addresses, and effectively cutting out the middleman @Home had become. There was bedlam surrounding the process, but the backdrop to the occurrence was pure Economics 101, and in hindsight, @Home's decline seems inevitable.

What's more telling, however, is the impact @Home did have during its six-year reign as the source of ignition for the high-speed Internet category that is now a mainstream cable industry offering. @Home is one of several long-gone enabling agents that held cable's collective hand as the industry ventured, curiously, into new terrain. By showing cable companies exactly how they could profit by offering a combination of technology, content and service infrastructure tied to an altogether foreign arena known as the Internet, @Home without a doubt accelerated cable's migration into broadband IP networking. Its moment in the spotlight was short-lived, and the company is all but forgotten today. So, too, is the Intel 8080 microprocessor. But in each case, the marketplace today is in part a product of their contribution. For awhile, the 8080 was the stuff of revolution. So was @Home.