

Electronic Money: Ready, Aim, Halt.

By Bill Ragsdale

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Two computer experts thought they had found a fountain of money. They are still waiting.

John Dvorak and Jerry Pournelle both have established themselves as astute, witty observers of the personal computer scene since the late 1970s. With the advent of the Internet they saw a fun way to unbelievable income.

They opined the public would pay for a daily dose of banter between them. They certainly never lack for a pithy observation on the contemporary technology and computer world. They simply would post a running dialog along the line of Siskel and Ebert's movie reviews or Abbott and Costello's repartee but on technology.

Between them they have a magazine readership in the low 100's of thousands. They estimated their combined on-line readership would be about 30,000 in the US, let alone internationally, quite reasonable by today's Internet activity. If the cost per read were just 10 cents they each would see about \$1,500 each per day. Or a gross revenue of just over \$1 million a year.

The jammed gear which blocked them is the lack of an on-line payment method called "micro payments." This means small payment amounts made quickly and casually. Rather like the tray of pennies by the cash register in the convenience store. Or... money in such small amounts it hardly pays to keep track of it but which would aggregate into meaningful amounts.

Several companies have come and mostly gone trying to provide such a service. So far the losers have been DigiCash, CyberCash and First Virtual Holdings all of whom have dropped out. The current hot item is the one use credit card number. For each purchase your computer obtains a number from, say, VISA. This number is transmitted to Amazon for a book purchase, valid for the one transaction. All three parties are protected against the likely fraud possibilities. But, the process does nothing to reduce transaction costs.

Classic credit card processing fees have a minimum of about 35 cents. Paypal is successful with transactions in the range of a dollar or so with a transaction charge under 25 cents. There are a few experiments of electronic charges directed toward your phone bill. Scandinavia has a very successful method to make casual charges to your cellphone for vending machines and the like.

Microsoft and Orbiscom recently announced a cross licensing program for their patents. Newcomers are Compaq with Millicent, IPin, ECharge, and Qpass. Maybe this time around the technology will converge with the need.

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Bill Ragsdale has edited the Good Fortune advisory for eleven years, managed a mutual fund for three years and for 25 years was the CEO of an electronics manufacturer. He has an MS degree from the Stanford Graduate School of Business.

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