

The first inside story of the world's largest Internet company.

My Life at AOL

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Chapter One: Is This a Career for You?

My job was so free of interest, it would have made a great loan.

It was thus I found myself one Sunday in the summer of 1988, sitting on the sugar-maple carpeted floor of the one-bedroom Alexandria, Virginia high-rise apartment I shared with my sister, thumbing through the copious classified ad pages of Sunday's Washington Post. I was looking for that job description that would save me from my mind-numbing gig as a proofreader at a large D.C. law firm.

I'd seen the ad and it looked bizarre but intriguing:

"Writer/Producer

We're Quantum Computer Services, an innovative leader in providing interactive online services to the home computer market. We're searching for a creative, flexible individual to sharpen our competitive edge in the educational/entertainment market.

As Writer/Assistant Producer, you will write promotions and program online events, new services and newsletter material; coordinate a monthly events calendar; maintain live data base areas; and develop and produce online contests.

You may qualify if you're a real self-starter with natural promotional talents who loves details...thrives on deadlines...communicates clearly...and has a B.A. in Communications, Journalism, or Advertising. Some computer experience is a definite plus. If you have the spark we're looking for, let us hear from you now in writing..."

**WRITER/
PRODUCER**

We're Quantum Computer Services, an innovative leader in providing interactive online services to the home computer market. We're searching for a creative, flexible individual to sharpen our competitive edge in the educational/entertainment market.

As Writer/Assistant Producer, you will write promotions and program online events, new services and newsletter material; coordinate a monthly events calendar; maintain live data base areas; and develop and produce online content.

You may qualify if you are a real self-starter with natural promotional talents who loves details...thrives on deadlines...communicates clearly...and has a BA in Communications, Journalism or Advertising. Some computer experience is a definite plus.

If you have the spark we're looking for, let us hear from you now in writing. No phone calls please. Send your resume, salary requirements and three non-refundable writing samples to:

Cindy Solta
Human Resources Department
Quantum Computer Services
8619 Westwood Center Drive
Vienna, VA 22180

An equal opportunity employer. Principals only.

[illust. 1]

Writer/Producer? What was this, Hollywood? And online services? To the home computer market? What the heck was that? But it sounded intriguing. And futuristic.

I thought it was a very long shot, but figured what the heck. As the song says, "when you got nothin', you got nothin' to lose." I gathered up three of my best writing samples from my stint at the college student newspaper The Cavalier Daily, and sent them in with my cover letter.

And so it was that I got the job at a little company called Quantum Computer Services in 1988. What would happen to that company in the next several years would be amazing, even more amazing as what had happened to it in the several years before.

This stint as "Writer/Producer" was to be my first "real job." I was then working as a proofreader for a swanky law firm, Debevoise and Plimpton, and although it was fun to work

in an environment where people wore leather dresses and fur coats to work (remember, this was the 80s), I figured it was time to start using the creative part of my mind, if it was still there.

My non-illustrious collegiate career had yielded little in the way of good grades. But I did have a few interesting college newspaper clippings to my name, thanks to working for the Lifestyles department of The Cavalier Daily, and the fact that the University of Virginia was visited by a number of kooky and interesting characters.

One of my favorite interviews was with Rob Coles, who was Thomas Jefferson's fifth great-grandson through the female line. But the real clincher was that Coles was a dead-ringer for ol' T.J., the latter who was nothing short of a deity at "The University," the school he founded and which was so dear to him. (Thomas Jefferson requested that only three things be listed on his epitaph: "Author of the Declaration of American Independence, of the Statute of Virginia for Religious Freedom, and Father of the University of Virginia.").

Coles was the same weight, height, and build as Jefferson; was born in the same area, and had the same Albemarle County, Virginia accent. He had attended the University, but dropped out. When I mentioned to him one of my favorite Jeffersonian quotes about U.Va. - "a place where you were free to succeed or fail" - he said, with self-deprecating humor, "I guess I was one of those who chose to fail." But he was a success as an adult with a one-man show about Jefferson's life and thoughts.

So I felt that my interview with Coles, complete with a photo of his striking face, reflected positively on my abilities as a writer, which I felt were being thoroughly squelched by my stint as a glorified comma-mover at Debevoise.

Another great assignment I had at the "U" was interviewing "Shoe" comic strip author and political cartoonist Jeff MacNelly. "Shoe" was short for "Shoemaker," the surname of his first editor at the Chapel Hill Weekly, and a cigar-smoker and sneaker-wearer just like the bird character in the strip.

"I didn't really want to call it that because I didn't want to embarrass him," said MacNelly, "but it just sort of stuck."

And did his ex-editor feel honored for having a comic strip named after him? I asked MacNelly for my piece. "No; I think he's pretty pissed," he said.

So it was with these nuggets that I hoped to get the attention of the Powers that Were at this mysterious computer company.

Quantum Computer Services's offices were located in a nondescript four-story office building in Tysons Corner, Virginia, a short ways west from that infamous behemoth of modern-day materialism, Tysons Corner Mall. I hadn't been to Tysons Corner for years, since when I lived in nearby Reston, Virginia as a kid. In those days, it was an ex-urban outpost, most known for its large mall, and a few car dealerships in between. Over the years, it had spawned more and more office buildings, chain restaurants like TGIFridays and Bennigan's, and stores like Marshall's discount clothing, Payless Shoes, and CompUSA computers.

I put on the best suit I owned, an inexpensive but passable brown-and-black checked tweedy number from Marshall's, donned my heels, and bravely headed out onto the Washington Beltway in my puke-green 1981 Chrysler "K" car station wagon.

My interview with Quantum was an exuberant experience. Unlike any other job interview, where you're asked the obligatory questions "where do you see yourself six months from now?" and "What are your biggest weaknesses?", this one yielded refreshing queries. (To that last question, I knew better than to say anything but "I can be just too organized; too hard-working" or "I am more detail-oriented than The Anal-Retentive Chef").

Here, I was asked, "What's your favorite tv commercial?" (the Veryfine juice ad where the guy's body looks like it's navigating roads like a human car) and "What's the last book

you read?" (Fortunately for me I had wedged "Ogilvy on Advertising" in between Jay McInerney and Judith Krantz).

My first interview was with Christine Leberer, a diminutive thirtysomething executive with wavy strawberry blonde hair and a low-key demeanor. The pink-and-green inflatable palm trees on her computer told me she had a sense of fun. She had been hired from Viewtron, an early "videotex" (no "t") service started by Knight-Ridder, where the startup Quantum had recruited a few online service pioneers.

After meeting Chris, they asked me back for a second interview, where I met several of the software engineers, and some of the other producers, including one guy who explained how he would "hang out" at an online bar with his pet alligator, who he kept on a leash. I was just beginning to get that this place was headquarters to a whole imaginary world of role-playing, not unlike the "Dungeons and Dragons" game which engrossed so many kids in the late 1970s. (J.R.R. Tolkien's wildly popular book "The Hobbit," and subsequent trilogy "The Lord of the Rings," had spawned this world of fantastic Middle-Earthian characters and imagination).

A human resources manager sat me down and explained the salary: \$22,000 to start. When I told him I was currently making only \$15K a year, he asked, tongue-in-cheek, "how do you live on that?" And yet the salaries that Quantum was offering at the time were not exorbitant. In fact, to make up for that, the company offered something called stock options. When the HR manager handed me the stapled document explaining what would happen should this little privately-held startup ever "go public," I gave it hardly a glance, figured, "yeah, whatever"... but kept the paperwork safe in a file, just in case.

I wasn't the only AOL employee who knew from the beginning I was in for something different. "I was in a job I hated down in DC, and answered the old "put some magic in your career" help wanted ad in the Washington Post with the wizard on it," said one AOL developer. "I went to a job fair at the Sheraton in Tysons Corner, just up the street from AOL. I walked into the lobby, and was confronted with a six-foot-tall inflatable godzilla wearing a 'PC-Link' tee shirt. I thought, 'Cool! I could work here!' I then met with several people, all cool. I met the HR director, and she was wearing acid-washed blue jeans."

"Is this a Career for You?"

Twenty-two K or not, the truth was, this was the end of an era for me: a hash-slinging, mindless, low-paying string of crap jobs that are a rite of passage for most American kids whose parents aren't loaded and who don't want to be seen wearing the same pair of Toughskins the rest of their adult lives.

I had worked cleaning houses, cleaning toilets, and cleaning dishes; slingng grub at a bakery, deli, and Tastee-Freez; hawked wares at a jewelry store, five-and-dime, and two clothing stores; hostessing at two restaurants; delivering papers; filing magnetic tapes for a phone company, and finally, playing glorified comma-jockey as a proofreader at Debevoise.

College brought a brief respite from the world of paying jobs. I didn't want to jeopardize my brilliant academic career with time spent working. But this strategy didn't work much anyway, since said academic career was pretty much blown grade-wise after my first disastrous semester in Virginia's E-school.

However, in the fourth semester of my fourth year at Virginia, I came to terms with the harsh reality that a 4.0 GPA wasn't bloody likely. Also, I wanted a little dough for a trip I planned to take to Europe that summer, so I bit the bullet and took a job with a deli in Charlottesville. I just prayed that none of my sorority sisters ever patronized the place (a few of them did once, and I had no idea who they were. I guess you could say I was a less-than-model Greek).

The deli's staff was a hybrid of college students, locals, and transient adults living in Charlottesville. Once, while immersed in the subtle nuances of making the perfect Rueben, one of my co-workers (who was one of the transient adults) turned to another deli worker (who was a college student) and asked, deadpan, "is this a career for you, Tom?" Call it snot-nosed snobbishness, but that became our mantra-like joke while working there, and we'd often turn to each

other in all mock seriousness and ask, "Is this a career for you?"

Exposé

For whatever reason, I have a long and sordid history of guys exposing themselves to me on the job. It all started with my very first job, a paper route for the Washington Star when I was ten years old. One of my customers lived at my "drop point," which was the apartment building where the Washington Post's truck dropped off the stack of newspapers every morning.

One afternoon, when I went to his apartment to collect for the paper, he answered the door (this was a rarity, since he was one of my "deadbeats" and usually pretended not to be home, even though I would see his peephole darken, a wary eyeball behind it). He invited me in while he got his checkbook, and I waited in the foyer while he wandered off. When he returned back to the foyer, he was not wearing any pants! Or underwear either. I got out of there as fast as I could after taking his money. The worst thing was I never knew when I would run into him again, since he sometimes came home when I was putting the papers on my cart from the drop point.

And then there was my disastrous brush with waitressing. When I was nineteen, I answered a window ad for "Waitress Wanted" at a pizza place a block from where I lived in Richmond, the summer of '84. The place was very slow --I only had a few tables all night. At the end of the night, as I was tallying the checks at one of the tables, the restaurant's sole employee that night, a Sicilian guy of about twenty-two, came over and stood next to me. He proceeded to unzip his fly and take down his pants. I can only imagine what he expected me to do.

I left in a flurry, and the place actually called me the next day to ask "why she no come back to work tonight?"

I mention this as a prelude to one of the most egregious examples of exhibitionism I would witness, courtesy of Q-Link, Quantum's online service. In the early days of Q-Link, the service had a very popular virtual nightspot known as "Bonnie's Bar," run by a real-life woman named Bonnie. As any

good bartender would, Bonnie paid attention to her customers, and some of them, particularly the male ones, could get carried away. One of them actually sent her a series of photographs through the mail that would make anyone's hair curl. He'd mounted a camera at an angle above his bed, and taken several shots of himself masturbating. Let's just say this guy was by no means, as Seinfeld would say, "master of his domain."

But I'm getting ahead of myself. Those pictures of that guy jerking off were just one of the curious examples of human behavior I would witness via the strange and wonderful job I was to have at Quantum, which later became AOL.

Chapter Two: You May Ask Yourself, How Did We Get Here?

My first day on the job at Quantum, I didn't know quite what to expect. I'd had brief flashes of this "online service" during the interview - every employee had one or more (usually three) computers in their office, and most of them were signed up to the system.

The signon screen of Quantum's online service, which everyone called Q-Link for short, was an animated virtual marquee, flashing different colors all around.



[illust. 2: QuantumLink Signon Screen and Main Menu, courtesy of <http://www2.ari.net/jpurkey/qscreens.html>]

One co-worker described Q-Link as "cable t.v. for the computer." I was left alone with a Commodore 64, the computer which Q-Link was built to work with, to troll around the menus and explore. There were more nooks and crannies than you'd find in an English Muffin factory. There were areas with information and member posts about news, sports, recreation, health, you name it. There were games and clubs for people with similar interests. There was stuff about just about anything under the sun, only not in encyclopedic depth.

I was beginning to get a handle on just what this online service thing was. But it would be years before my friends and family would understand what I did for a living, much less use it themselves. Still, I had many questions. Just who used this thing? And how did it come about?

In the 1970s, the personal computer revolution was in its infancy. Most households didn't know what a personal computer was, much less own one. But the concept of interacting with a video device in the home was around. In this case, the video device was the plain old CRT (cathode ray tube) of the television screen, and the company that brought video games to homes was Atari Communications.

Ask a kid today what was the first video game, and they will reply, "Pong." Pong was the first simple "table-tennis" game, which Atari produced. It allowed a single user or two users to play a game of tennis, using two simple rectangles on the screen as "paddles."

But as the 70s came to a close, other uses for the CRT were in the works. What if you could retrieve information on that screen, and interact with it by typing? That would require a personal computer, and not just one...one that was linked up to others.

One day in 1986, I was hanging out in my boyfriend's dorm, when I watched him type a message on the bottom of his screen. "What are you typing?" I asked.

"I'm just talking to a friend across campus," he said.

"You mean he's on a computer, like you, and you're communicating?"

"Yep...isn't it cool?"

"But how are they connected?" asked Dave, a friend who was hanging out with us.

"Telephone wires," shrugged my boyfriend, as if he's been asked what color the sky was.

It was my first experience with modems.

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Jim Kimsey, now Chairman Emeritus of America Online, has said, "the story of AOL has been one of the most entertaining corporate stories in America because it's so bizarre."

Indeed, it's a miracle that America Online exists at all, when you consider that it's the ultimate result of three

previous companies that not only failed, but also spectacularly exploded. In fact, had its founders been less tenacious, AOL would be nothing more than some papers in a cigar box, where its ancestors dwell.

So how did the company eventually become the number one Internet/online service in the world, not to mention, with its merger with Time/Warner, a giant media conglomerate?

It all started with a restless racecar driver. He and a young maverick engineer noodled around with technologies that read like a timeline of America's love affair with things electronic of the late 70's and early 80's,

The Mad Genius/Inventor/Promoter

The year was 1981. Video games like those made by Atari and Activision were in their heyday. A man named Bill von Meister had an idea: to create a product that would download video games through a modem connected to a phone line. Instead of endlessly going to the store to buy new cartridges, a cassette would fit into your game machine onto which you would download new games.

Venture capitalist Frank Caufield was interested. Caufield's firm, Kleiner, Perkins, Caufield and Byers, has been cited in WIRED magazine as one of the names that comes up "when you rummage through the IPO investment prospectuses of the hottest companies in technology," and was behind Tandem and the original Apple investment. "We thought this was a pretty clever idea," he said.

Caufield described the man behind this brainchild, von Meister, as a "mad inventor/genius/marketer/promoter."

He was the son of wealthy parents: according to Kara Swisher in "aol.com," his father was a godson of Kaiser Wilhelm II, and his mother was a countess. Per one report, the elder von Meister commercially developed the offset printing process still used by many magazines. Von Meister grew up in the horse country of New Jersey and toyed with the idea of entering the Foreign Service after attending Georgetown University.

"When I found out the starting salary was \$7000 a year, I forgot about it," he said. He got married, moved to Europe, and raced cars for a while. (According to "old-timer" AOL employee lore, his passion for racing cars would crop up again later while courting investors for Control Video Corporation, when he sped 100 mph on a bridge span between Virginia and the District, claiming speed limits didn't apply there. "That was the deal; 'Give us more money or I'll do it again!'" joked early Control Video employee Mike Ficco about von Meister's proclivities toward speeding.).

"Business Could Be Almost as Much Fun as Racing Cars"

Then an opportunity came up with a friend of the family that would change the course of his life, turning him into a serial entrepreneur...and eventually change the course of corporate history. The friend was a Western Union Telegraph Corporation executive who complained of problems scrapping the company's old Air Force communications systems. It was in the process of switching from outdated vacuum tubes to transistors, and needed the old material hauled away.

Von Meister realized the tubes "had tremendous salvage value," according to Inc. magazine. "They had copper in the communications wires, the vacuum tubes could be sold for 10 cents a piece, and so forth." Since he was the only one willing to pay for them, von Meister got them, giving Western Union \$750 for the lot. He'd found a salvage company that was willing to haul the stuff away for him in exchange for half of his profits on the parts. He made \$250,000.

Von Meister "discovered business could be almost as much fun as racing cars."

"What do people do that's really challenging?" asked von Meister rhetorically. "They race cars, climb mountains, go scuba diving, and that's about it. Most really do live lives of quiet desperation. Well, entrepreneurship can be challenging, too. There are rules, but there ain't many."

The vacuum tube windfall was only the beginning. Since he now had access to top Western Union executives, he found out about a new product called mailgrams. Von Meister

smelled another opportunity. At the time, the methods for large-volume users to send mailgrams was limited, and von Meister came up with a better way to do it.

He pitched Western Union an idea involving a central computer that would sort the messages by location and deliver them to a Western Union dispatching operation. Western Union turned him down, but gave him their blessing to try it on his own. So he went to a California company named Xonics which invested \$1.2 million to develop the equipment. They quickly became the largest sender of mailgrams. Three years later, von Meister netted another \$1.2 million when Western Union bought the idea back for \$6 million.

Living well in a Great Falls, Virginia mansion, replete with lighted tennis court, heated swimming pool with automatic cover, and canvas-draped Ferrari Boxer in the garage, von Meister enjoyed the fruits of his ideas. He even had a racing engine put in his BMW M635.

He had about 2 acres and "a butler called Sargeant, who came around refreshing your drinks," recalled Ficco.

"Bill's most memorable characteristic was that he lived hard and well...loved good food and wine, always had the latest in audio/video stuff and other high tech toys," remembered Marc Seriff, former head of AOL Development, who met von Meister at GTE Telenet. "He definitely was a fascinating guy."

"Nobody will Pay You Enough"

"Sure this is all a game. What is it they say? He who dies with the most toys wins," Bill once said. His philosophy was that simply being an employee isn't enough: "Nobody will pay you enough. You have to do it out of capital gains."

"There's no secret; I just look at things and how they can be improved. Can you come up with an idea that will do something better, faster, cheaper? That's what I ask myself," he said.

Some of von Meister's other ideas included TDX, one of the first companies to supply devices that automatically send telephone calls over the cheapest routes. London-based Cable & Wireless PLC invested in the venture, eventually buying out Von Meister with \$700,000 for his 24% stake, according to Swisher.

Another was one of AOL's precursors, a data-retrieval online service called The Source which Reader's Digest Association Inc. bought after 15 months. Built in the mid-1970s, The Source was the very first "online service"; so von Meister was in more ways than one the father of online services.

"The Source was really the company that first said 'there may be a business in people using online services in their home,' " said Seriff.

Precursor to Digital City

Von Meister met Marc Seriff around 1980, just after Telenet was acquired by GTE and became GTE Telenet.

"Being acquired by a telephone company is something you never, ever want to go through," Seriff has said. They worked together on a project called InfoVision, AKA Infotech, a concept which astonishingly mirrors the "Digital Cities" of today's AOL.

"It was to be a bunch of local online services around the country tied together with a national service. Sound familiar?" said Seriff.

"Infotech was an effort for GTE to go into local marketplaces, form partnerships with important businesses -- TV stations, newspapers, cable TV systems, and put up local online services with a national umbrella behind it," he said.

But Infotech never went anywhere because the two couldn't convince anybody there was a business there. "Unfortunately, GTE never got it and the project died on the vine," said Seriff.

Digital Music: First True AOL Predecessor Company

But Seriff's acquaintance with von Meister would pay off. Bill left GTE, and Seriff became V.P. of Quality Assurance for Telenet, a management job that he didn't feel was a good fit with his personality. "Bill called me and offered the technical/operations department of his new company, Digital Music, the first true predecessor company of AOL."

"I jumped at it. Digital Music was the best technical idea I've ever worked on. The company's product was the 'Home Music Store.' The concept was to send extremely high-quality digital audio through a satellite and a cable t.v. system into homes. Remember, this was before compact discs. The service would supply five channels of commercial-free radio and three to five channels of pay-to-record uncut albums; we gave you the right to legally purchase albums through this medium. It was really a great product!" said Seriff.

"You called us up, gave us your \$5, charged it to your Visa, and in the middle of the night we hit the remote control on your tape recorder, and we would download the album onto your tape recorder.

"Great concept; technically it all worked like a charm; in fact we believe that somewhere, under some floor in the city of Huntsville, Alabama, our cable modem is still connected to the Huntsville cable system, because nobody ever found it," he joked.

The company had "excellent backing; we had our own transponder on a satellite disk; we'd received tentative approval from companies like Time Warner to supply digital masters," said Seriff.

It was launched grandly, which was to become one of von Meister's trademarks. "We had a big press conference in New York and they brought digital masters over in armored cars so we could show them to people," said Seriff.

Digital Music had some interesting investors: "We had the financial backing of the Osmond family - the good side of that was we had planned to build our studio and our uplink in Provo, Utah, which is some of the most beautiful country in

the world. By this point, we had grown to four vice presidents and a secretary, so we were really on the move," he said.

Record Industry Rebels

Like all good things, Digital Music had to come to an end. And an idea this good was sure to threaten the tillers of some very lucrative companies that thrived on consumers getting their music the old-fashioned way.

"One day we picked up Billboard magazine. In Billboard there was a full-page letter to the editor from the then-president of Waxy Maxie's, the local record chain, and he'd heard about this thing called the Home Music Store from this company called Digital Music. He wanted the entire retail industry to band up against it, because we were going to destroy the retail industry by bypassing it," said Seriff, adding facetiously, "which was true."

Within two weeks, all of their suppliers decided that maybe this wasn't a business they wanted to be involved in, so their source of supply was gone. Within a few months after that, the company was in a cigar box.

Leftover Bandwidth

But a serendipitous discovery while working on Digital Music planted the seed for von Meister's and Seriff's next endeavor: "Bill and I formed the nucleus of the team that started the next company, largely because one of the by-products of downloading music into the home was the leftover bandwidth at the end of the spectrum after we divvied up these video channels into these very high-speed data channels - 800 meg data channels for the audio," said Seriff.

They had a dozen 9600-baud channels. (Ninety-six hundred-baud were amazingly fast in those days).

They started thinking, what could they use those channels for? "We could give them news...the big thing we could do was download stuff. In fact, we could download video games," explained Seriff.

So von Meister and Seriff set off to create another startup, the one that would morph into America Online.

They went back to the same venture capitalists. "This is one of the things Bill von Meister was better at than any other human I've ever met, which was taking money from venture capitalists, burning it all up, and then getting more money from the same venture capitalists," said Seriff.

That's how Control Video Corporation, the predecessor company to AOL, was born. "CVC was created to try to capitalize on the then-really hot video game market. It was the first time video games really hit the stratosphere," said Seriff.

Although von Meister loved the challenge of creating companies and implementing ideas, as with many "creative people," management was not his forte. "He could be very frustrating to work for -- he was master at raising money for his companies, a master at coming up with neat concepts, but not very good at managing the company to produce results," recalls Seriff.

(Some of von Meister's ideas were truly "out there." One employee from that era recalls him having a company that would match and sell human kidneys).

"He was a hardcore entrepreneur that, frankly, was probably more interested in the fun of doing a start up than the possibility of enormous success. However, I can honestly say, that in all the years I worked with Bill, I was *never* bored!" said Seriff.

Von Meister also paid close attention to trends. For example, explaining why he started Quest Communications Corp., he said the initial idea had been to cash in on the trivia craze started by Trivial Pursuit.

"If you go into a Toys 'R' Us, there's a wall of trivia type games," he said in a Washington Post interview in September 1985.

He also noted the success of '976' telephone services in New York, such as one run by High Society magazine featuring aural sex that von Meister noted was "pulling in something close to half a million calls a day," he told the Washington Post.

But his idea was not so titillating: he would fuse trivia games and dial-up services. The way the service worked was that you'd call an 800 number, listen to a series of multiple-choice trivia questions, and answer them by punching numbers on your telephone. You could win up to \$100 for answering the questions right, and pay \$2 a game for that privilege.

Although that company stopped operations due to undercapitalization, von Meister was undaunted and changed the company's direction, planning to make its mandate taking orders for companies that sold merchandise by phone.

So it was no surprise that von Meister started Control Video Corporation. It was, after all, was a company that meant to capitalize on another trend: the explosion of the video game industry.

Control Video would ultimately morph into AOL. But first, what ever happened to Bill von Meister? Sadly, he died broke, largely forgotten as the original founding father of AOL. He had a serious melanoma that claimed his life just six months after his diagnosis, according to Swisher.

His dislike for details dogging him, CVC's investors would sour on Von Meister, and he would eventually drift away from the company and its successor, leaving the reins to others more adept at managing.

(There had been many moments of tension along the way when the company's finances were tight - one employee's main memory of von Meister was him showing up one day in the office, poking his head in the doorway of an office, and joking "If a guy named 'Guido' shows up to repo the computers, let me know.")

Von Meister never got to profit from what the company he started became. His stock in the company became worthless, and he would not have stock in the company that followed. But although the world of magazines and newspapers has

largely forgotten the role von Meister played, a few folks who knew von Meister in the early days will never forget him.

"For all his negatives, and all his positives, a lot of the success of AOL is a direct result of him," said Ficco. His free-thinking ways... His high visibility stuff... I have to say, as a staff member, I liked it."

Ficco pointed out that von Meister's expensive taste and corporate flamboyance were lightning rods for talent: "Bill liked nice stuff. The offices were custom-made. Anyone at any substantial level had a nice office. Frankly, that's one of the reasons I was there, and one of the reasons why they had a lot of smart people in the early days. You could be proud to go to work; it wasn't a shack; it wasn't a warehouse with a lot of torn furniture."

"He was the ultimate salesman," remembered Ficco.

Ficco's first encounter with von Meister was memorable: He was coming to CVC to see about a job. "I parked my car in the parking lot, and walked past a black Ferrari Boxer. I observed the car...it was a nice car! The secretary brought me to the door; he was on the phone. He motioned me to come in. I was looking out the window, and I said 'nice view, I like that car down there.' And he held up the keys and said 'want to go for a ride?'"

Certainly, von Meister sold Ficco easily on working for CVC. He offered Ficco a job after their meeting, and when Ficco said he was not sure; that he was working for these defense contractors, etc., von Meister's sales pitch was, "I don't care what you're doing now; this will be more fun!" "And he was right!" said Ficco.

I never did meet von Meister, since by the time I joined in 1988, it had already become Quantum. When I interviewed AOL's chairman emeritus James Kimsey for this book, I lamented the fact that I was never able to ask the true "father of AOL" questions directly.

"Yes," he said. "Then you truly *would* have a book."

The Company Before the Company

So how exactly did Bill von Meister finally make a company "take"? Encouraged by what they saw around them in the hot-selling world of video games, von Meister's team and the investors were ready to take another crack at it. Caufield's firm bought into Control Video, as did video game company founder Bill Grubb, and venture capital firm Hambrecht and Quist. "It was a small investment," said Caufield; "about \$400,000."

Atari's Heyday

"Atari had the Atari 2600, this dinky little game machine that had a 6502 inside of it, and was a god-awful machine, but people were buying cartridges as fast as they could put 'em out then," said Sheriff.

"They were raking money in hand over fist. So we built a service called GameLine," he said. GameLine had a master module, which was a modem that plugged into the Atari VCS.

"We were able to put this guy on the dock at a time when 1200 baud modems were six or seven hundred dollars -- unless of course you bought it from Apple, and then it was \$1100," he joked.

A GameLine unit went for about \$70. "You plugged it into your VCS, plugged the telephone in the side, stuck a battery in the little door, called us up on an 800 number to register, and lo and behold, a little keyboard would pop up on your screen that you could edit with your joystick. Through that you could use the GameLine magazine, or the catalogue that we sent you, which had listings of games in them - descriptions, listings, all of which had a little three-digit number next to them," said Sheriff.

"You entered the three-digit number, we charged your Visa card \$1.00, we download the game, as long as you left the power on, you could play this game as long as you wanted. We had contests, we would keep the scores, we were going to give away college scholarships and all kinds of good stuff," he said.

They went to the Consumer Electronics Show of 1983. "It was extremely well-received," said Seriff. "The CES of 1983 was a success beyond our wildest imagination. We took in orders for literally hundreds of thousands of these little devices."

"I learned a lot about retail in the six months after. But it was fun - this was a pure Bill von Meister CES.

"We had our own suite; we had showgirls that came up to our suite to talk to all the retailers. In order to attract the retailers into this suite we gave away gold bars," he said.

People-Poaching

They took in hundreds of thousands of orders. "It was great," said Seriff, adding, "Then all we had to do was to make it work. "

They began to put together a team. Seriff immediately thought of Telenet, where he'd had a good team.

The only minor problem was that he had a legal agreement with GTE that he wouldn't hire anyone from GTE. "However we discovered there was no prohibition on me *hiring* someone to hire people from GTE," he said.

"So that's exactly what we did. In March we got really busy developing the system. Not only did we have to develop the host system, the billing system, etc., but it turned out the video game industry at the time was really a garage industry," said Seriff. They had to make minor modifications to run these programs in this device.

They also wanted to do things like collect the scores for contests and things like that, so they went to the video game companies who had licensed us their titles for

electronic distribution from the company and asked for a copy of their source code.

"When they stopped laughing, they would describe the guy that lived on a mountaintop - they'd never seen him - and he sent them ROM. As far as they were concerned, there was no source code, so we literally had to reverse-engineer every one of these cartridges in order to add our software. So that was a lot of fun," said Seriff.

They had to put in our own network, because these were proprietary modems. "We actually sold the rights to individuals to put in the local nodes as a business. It kept us alive for a while by collecting money from all these people," said Seriff.

The first person who bought one of those was a guy named Jim Kimsey. "He had some follow-on history with the company," said Seriff facetiously, "mostly to get even with us for selling him the local nodes."

Jim Kimsey: The Millionaire Soldier

Who is Jim Kimsey? Philanthropist, entrepreneur, Vietnam vet, straight from-the-hip-shooter - any one of those descriptions of him would be correct. You will never meet anyone who filters what he says less than Jim does.

Jim Kimsey had always been a smooth, enigmatic figure around AOL. With all the press attention Steve Case gets, sometimes it's easy to forget that Jim was there when it all began. Once CEO of AOL, he eventually ceded that role to Case. I most remember Kimsey as the only guy to drive a Jaguar around AOL in the early days (and as I recall, they changed colors frequently).

Always a candid speaker, sometimes it was surprising what this top-level executive said in our company meetings. Around the time AOL did its deal with blue-chip computer giant IBM to produce an online service called "Promenade," Kimsey joked about being careful when you got in bed with the "big boys," lest they "roll over and crush you." He also

counseled that we should tread lightly should a "peeing contest" develop.

He always seemed calm. Maybe that was because he had millions before AOL even started, and he would have millions should AOL ever go belly-up. Kimsey founded and served on the boards of a number of successful businesses in the Washington, D.C. area, from real estate development projects to restaurants. A Vietnam veteran and financial backer of an orphanage there, Kimsey was on the short list for ambassadorship to that country in early 1996.

He grew up in Washington, D.C., where he attended Gonzaga High School. "My Dad was a GS-3 [government worker rank], my mom was an Irish Catholic housewife," he said of his parents. After graduating from West Point and Georgetown University with honors, Kimsey served in the United States Army as an airborne ranger, where he ultimately became a Major. He won various awards for valor and service in the Dominican Republic and his two tours in Vietnam. If you called central casting and asked for the quintessential Vietnam War hero, you would get Jim.

Tour of Duty

Although it was over 20 years ago when Kimsey served in Vietnam, the country has stayed with him. One could say he is a surrogate father to a whole troupe of children: he founded an orphanage there and has continued to finance it all these years.

"The first tour I had was in South Vietnam," said Kimsey. "There were all these kids running around who were orphans....they were orphans we actually created," he adds in a soft voice. "We were in a very bad area. In fact my predecessor got wiped out." Kimsey was commander of an elite unit who was sent in to Duc Pho to replace him and his troops in 1965. Described as a "martyr" and "hero," the deceased leader had wanted to build an orphanage.

"So I ended up with this project," he explains.

During Kimsey's return to Hanoi in 1995, CBS's Bob Simon asked him why he built an orphanage in such a heavily

Communist-controlled area. "Well, that's where the orphans were," he said.

Not only did Kimsey convince the US army to finance the place and build it where he wanted (which, by the way, would allow him to ask for more troops in order to defend it), he also convinced the Catholic Church to send four Vietnamese nuns down to run it. "It's unbelievable their ability to keep track [of me]," jokes Kimsey, who sends the institution money on a regular basis.

For Jim Kimsey, it's his legacy of a time of terrible carnage; his way of making amends to help the Vietnamese. As Bob Simon said of several veterans of the Vietnam War, "Good works have become their rosary."

"I'm sure I was responsible for hundreds if not thousands of deaths by calling in air strikes and artillery. I'm sure I was responsible for some of those orphans being created," he said. But, as he told Simon, "I think life is about moving on, being progressive, and doing the best you can."

Business Empire Started on a Shoestring

After the war, he returned to the D.C. area, where he bought a building on M St. NW with his \$2000 in savings. He rented the top floor to an investment brokerage, which wanted to open a bar downstairs. They ran out of money, so Kimsey finished the job and opened The Exchange, complete with working ticker tape machine. The first Exchange restaurant was where the "Mad Hatter" is today.

Early Quantum and AOL Christmas parties were held at The Exchange, which at the time had moved to a location near the White House, and was an intimate little place. (I remember one such party, because I had a great time, and because it resulted in my becoming violently ill somewhere around the Washington Monument. Perhaps it was on the Washington Monument). A toy train was rigged to chug around the perimeter of the establishment's ceiling, and the atmosphere was warm and cozy.

This was quite a contrast to later vast and impersonal Christmas parties held at Union Station, in a room big enough to house an Inaugural Ball. Other parties would take up whole floors of the Westfields Conference Center in Chantilly, Virginia, where employees had to park in remote parking lots and be bussed into the hotel.

From there, Kimsey moved into other business ventures, including Bullfeathers restaurants, the Business Bank, and "a bunch of real estate projects."

The Accidental Babysitter

When Jim Kimsey left for a river rafting expedition down the Grand Canyon with his West Point buddy and former roommate Frank Caufield, he had no idea he would be taking the first step toward his main occupation for the next 20+ years. Kimsey had just sold a business, so he and Frank talked during the trip about what he might do now.

"It was all a big accident," said Kimsey.

Caufield told his friend, "We just made an investment in this little company all of about five minutes from where you live. Why don't you go down and check it out?"

Kimsey must have liked what he saw, because he became involved in Control Video first as a consultant, then as head of Manufacturing, head of Operations, and then as the number two guy.

Some put Jim's joining the company in more candid terms: "I don't remember what Business Week said re: how Jim came in, but it was bull," said Seriff. "Here we were burning through money as fast as we could print it, and Caufield called Jim and said go over there and figure out what they're doing. Jim actually entered the company as a manufacturing consultant. His job was to make sure the deals we were making with hardware manufacturers [were OK]...that was his *official* deal. His *actual* deal was, he was sent in to babysit and make sure we didn't burn through the money.

"He then became President and became the primary liaison with the money men, because we still had to go back to the

well a number of times to the venture capitalist community," said Seriff.

The Company that West Point Built?

Kimsey's West Point connections, as a matter of fact, were a matter of some potential controversy.

Because of the initial tie between West Pointers Frank Caufield and Jim Kimsey, and the friends they had made in their class there, West Point became a tie that bound several of the CVC (and later AOL) board members. Jim Kimsey, Frank Caufield, General Al Haig, and Jim Andrus, head of a pharmaceutical company, were four out of the seven board members at one time.

Kimsey spoke of concern about the Wall Street Journal reporting about this, "because it looks like croneyism." He dismissed any allegations of wrongdoing or intrigue by pointing out there's nothing wrong with capitalizing on relationships if they'll help a legitimate business venture. "Well, but if my friends turn out to be good contacts... Frank Caufield is one of the best directors and venture capitalists in the world."

Many of the top-level executives in the company have been gotten by West Pointers, he pointed out - including [Chief Financial Officer] Len Leader, former head of AOL Networks Technologies Mike Connors; head of Marketing, Jan Brandt, and (now former) AOL International President Jack Davies.

Atari Implodes

In early 1983, everything was coming together for CVC. They had the product, they had their own host system, and they were supposed to start shipping in June of 1983.

But shortly after Jim started keeping his watchful eye on Control Video, a disastrous thing happened. "Around the first of May, 1983, Atari issued a press release and became the first company in the history of the U.S. to lose a

billion dollars in a quarter. And they announced that basically the video game industry was dead," said Seriff.

"The company basically crashed," said Caufield of the market's implosion.

You Sold How Many Units?

The tepid reception of the product with consumers was reflected in an early meeting with investors.

"I remember when they launched their product, and there was a board meeting here in California," recalled Caufield. "There had been a nationwide launch, and much money had been spent in the course of it.

"Their head of marketing came up and presented the first sales report. They were trying to put the best possible spin on it. The guy reported proudly they'd sold 16,000 units. Everybody just sat there. I looked up and said, 'You'd have thought they'd shoplifted more than that!'" said Caufield. "Things kind of unraveled from there."

The disastrous events underscored the disparity between the successful demos of the product at the CES show, and what the market was willing to actually buy when the products were ready. "That's when we learned the difference between an order in the retail world, and a release to ship," said Seriff.

CVC finally did ship about 40,000 of the GameLine units. "We got about 37,000 of these units back," said Seriff. "We actually had, at peak, about 1500 customers, who were perfectly happy with the system. We still get, coming into the switchboard every once in a while a call from somebody who's bought one of these from a garage sale somewhere and wants to know how to turn on their service."

When it was all said and done, Control Video had a pile of 60-70,000 of these units. "The salvage value of each of these units was less than the cost to ship it to the salvager. The units ended up in a dumpster next to the company," said Seriff.

The numbers were sobering. And when certain boondoggling costs were factored in, were even more depressing. "That company burned through about \$20 million in venture capital, and had a sum total of about \$40,000 in revenue. It actually sounds pretty good until you realize that of the \$40,000, \$15,000 came from selling the hot air balloon they used at CES," he said. (CVC had purchased a hot air balloon to display outside one of the hotels at CES. "It actually looked like a joystick -- it was amazing; it was gorgeous," said Seriff. It was also \$15,000).

Brer Rabbit

"I ended up like Brer Rabbit with a tar baby," said Kimsey of the company at the time. "It kept getting in more and more trouble...it sucked up 20 million dollars. At one time I got a questionnaire from the SEC that asked 'have you ever been an officer or director of a company that went bankrupt?' I thought, I'll never be able to say no to that again. So I became very motivated to keep Control Video out of the tank."

CVC avoided bankruptcy, but went out of business.

MasterLine: The Last Stab

One might think that after this disaster, the principals involved would cut their losses and run with their tails between their legs to a "cog-in-the-wheel" job in corporate America. But they'd tasted blood, and weren't ready to pack it in.

"Before we closed up shop with GameLine, we made one more stab at it: same concept; a service called MasterLine. We caught on to the fact that video games were dead, but PCs were coming, and we adopted the same technology to a modem that we could plug into a PC," said Seriff.

"And that sort of began our partnering strategy. We went and we partnered with one of the newly spunoff RBOCs, [regional Bell Operating Systems] BellSouth - we were going to be able to keep all the service revenue. Really, really good deal. But, we almost blew it at the time when our

contact at BellSouth, who was dealing with Steve [Case] [introduce Steve], called Bill von Meister and said he refused to deal with this whippersnapper anymore."

But the deal proceeded. "We were moving ahead, and then this funny little man named Judge Greene came in and said Nope, sorry, Bell Operating Cos. can't do this kind of thing; they're not allowed," said Seriff.

So once again, on the verge of moving into a business, von Meister and Seriff and were thwarted. But by this time, they had a team. "Steve and Jim and I were sharing the management of the company...and we weren't quite ready to give up."

Enter Commodore; The Birth of Quantum Computer Services

Meantime, "all four of us formed a little consulting company on the side, so we could do things like eat when we were trying to get all this stuff coming together," said Seriff.

Kimsey began looking for strategic partners. He tried to take the PC/modem service idea to Apple, but the friction between John Sculley and Steven Jobs made that a bad bet. (Sculley was the former head of Pepsi Co., who Apple hired to be CEO. He and Apple's maverick, mercurial Steven Jobs had many clashes, until Jobs's eventual forcing out of the company).

Then, another player came into the picture. "Commodore computer was then probably the hottest consumer PC company in the world. And they had a corporate planning guy who was really interested in online services," said Seriff.

So Kimsey went to Commodore. "The Commodore guy and I got along. But he was too smart to buy it so I suggested that we start this joint venture to make the technology available," said Kimsey.

Commodore had found two companies they were considering for building an online service specifically for Commodore users: One was Kimsey and Seriff's, a small, not-yet-formed company called Quantum Computer Services, in Vienna, Virginia; the other was a company in upstate New York called

PlayNet. PlayNet had devised technology for an online gaming service with a semi-graphic interface.

Ultimately, Quantum got the job, but with a hitch. Commodore walked in and said "you're the company, but in order to get the deal you have to go license PlayNet's technology," said Seriff.

So Quantum Computer Services was started, and Kimsey became CEO of that company. (Von Meister was no longer in that role...as Caufield explained, "it was probably mutual all around that the investors were tired of him.").

Turning Point

The Commodore deal was the turning point. AOL is now a multi-billion dollar company; PlayNet has been out of business for 13 years. "That was in the Spring/Summer of 1985. AOL officially came into being the summer of that year," said Seriff.

"We launched the service called Q-Link [short for Quantum Link]. It had little magazines and schedules, a Casino, and all kinds of good stuff," said Seriff.

Q-Link was "strictly for Commodore users. It was really nice for the operations people - and we were the operations people. We programmed during the day and ran the system at night. At 10 a.m. every morning, Q-Link closed its doors and didn't reopen them until 6 o'clock in the evening."

Because of Q-Link's limited production hours, the Quantum engineers didn't have to worry about operating an online service around the clock. "We had eight hours every day to do whatever we wanted with the system because there were no users on it," said Seriff. "It actually went pretty well by those standards."

But Q-Link had other problems. In the first of its many scaling problems (which would prove the bane of its existence after the company became America Online), the engineers learned the software they licensed would only grow to about 50 simultaneous users before it would tank. "We learned its reliability left something to be desired. I wrote a memo: "Congratulations - the system has been up for three

consecutive days without a total system failure. That's a big deal," said Seriff.

The advantage they had was nobody cared about the Commodore users. "Nobody believed there was much of a market there, so we were able to proceed pretty quickly in building a service to a peak of 80,000 or 90,000 users, which for the time was pretty good," he said.

With all the struggles to keep the service up and running and grow it with its audience, it was easy for the Quantum team to sometimes lost sight of the importance of what they were creating.

"It was the first service to treat the PC as anything more than a model 33 teletype. It was the first time that anybody had looked at these PCs and said "Wait a minute! This computer is more powerful than the mainframe we were using three years ago. So we were the first to actually have software running in the PC cooperating with host software," said Seriff.

The Early AOL Vision

According to Kimsey, the whole vision of what has become AOL was never really the brainchild of Steve Case. It started with a guy named Clive Smith. Smith, who was an employee of Commodore at the time, was the one who suggested marrying the technology of the erstwhile online service "PlayNet" and Control Video, and distributing them in Commodore boxes with Commodore machines.

"The core of all our software is PlayNet," said Kimsey, who had licensed it for CVC. But PlayNet was in financial in trouble at the time, and Kimsey needed to raise money for the company and get the partnership off the ground. "It was my job to get all the venture capitalists, get everything squared away with Commodore," he said. "The only person who did have money was Frank Caufield, and he was off on a trek in Nepal, walking the ridges." Eventually Kimsey got the money situation straight, and the fledgling Quantum-Link slowly took shape.

What exactly was Q-Link? That answer wasn't easy to give. One of my co-workers used to liken it to "cable t.v.

for the computer." Another called it "an information and entertainment online service for owners of personal computers."

All I knew was that it made my computer come alive. It made computers -- which I had previously only known via my frustrating days studying the Pascal programming language at college (where a missing semicolon could make or break you when running your program through a compiler) -- fun.

Q-Link may have been an obscure product, but it was also a ground-breaking service. At a time when most "videotex" companies only offered plain-vanilla ASCII-text based information and chat, Q-Link's front screen sported flashy multi-color animation like a high-tech marquee. Its ground-breaking chat concept, which allowed people to create virtual "rooms," either public or private, and assign them names they thought up, made Q-Link's chat system the best interactive online experience out there.

And Q-Link contained all the key elements that AOL eventually would have: an interface that simplified the online experience, the large central chat area known as "People Connection," and special interest areas for information and bulletin board communication.

This was to become my home for the next several years.

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