Hollywood Fever Afflicts AT&T, October 23, 2016.

A. Michael Noll
Columns · 2016
Original: http://quello.msu.edu/hollywood-fever-afflicts-att-by-a-michael-noll/
Archived copy, Internet Archive snapshot 2017-06-21

Hollywood Fever Afflicts AT&T by A. Michael Noll

by William Dutton

October 23rd, 2016

by A. Michael Noll

October 23, 2016

© 2016 AMN

One can only wonder in amazement over the Hollywood fever that seems to afflict communications business in the United States. The proposed acquisition of Time Warner by AT&T shows that the disease is still flourishing.

Time Warner creates and owns content. It is a media entertainment company, owning such content as CNN and Warner Brothers. The former Baby Bells had a strange fascination with Hollywood and the world of content. They did not seem content with their monopolistic control of the conduit, and today do not seem content with their duopolistic control of the conduit. AT&T – the former Baby Bell SBC – wants both: conduit and content, although these businesses are quite different in terms of such areas as technology, economics, and management. The proposed acquisition of Time Warner by AT&T simply does not make sense, other than as a manifestation of past weirdness.

A little over 30 years ago, AT&T broke apart the Bell System by divesting the regional Bell telephone companies. Then, in 1991 AT&T acquired NCR in an attempt to enter the computer business. AT&T knew nothing of computers, and about five years later spun off the computer operations. AT&T's acquisitions had become a revolving door, and were clear evidence of nonsensical strategic planning.

Ultimately, AT&T itself became such a thin shell of its past grandeur that SBC Communications, which then cloaked itself in the AT&T identity, acquired it. There was hope that the nonsense that had plagued AT&T would be left behind in the acquisition. However, the proposed acquisition of Time-Warner by AT&T indicates that the weird behavior and nonsense is still there.

Back in the early videotex days of the 1980s, AT&T was content with providing terminals and the conduit, while Knight-Ridder provided the database and the content. It seems that the past history is yet again being ignored. AT&T recently expanded its conduit by acquiring the satellite TV business of DirecTV. AT&T did not have the broadband needed for the local delivery of TV and thus had to

acquire it. Verizon's FiOS has that bandwidth. With AT&T's proposed foray into Hollywood, how will Verizon respond?

Perhaps government regulators will decide that the ownership of content and conduit by the duopolistic AT&T is not acceptable. If so, then AT&T will be saved from its own illness. If AT&T has such funds to waste in the pursuit of Hollywood, then perhaps instead it should decrease its rates and more truly compete in its duopolistic businesses – and invest in improving its infrastructure.

A. Michael Noll

Author(s):

Date of Publication or Speech:

Location:

Associated Organization:

Associated Names:

Tags: AT&T, CNN, Hollywood, SBC, Time Warner, Warner Brothers

Category: Blog

Leave a Reply

Archival reading copy rendered from the Internet Archive snapshot of the page above, for the A. Michael Noll collection at bre.art, with the author's permission. Text is the author's; this layout is not the original publication's.