

Geeks double as scourges and sages at media summit

July 5 2009, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- The media moguls attending an annual powwow staged by investment bank Allen & Co. used to be able to rest comfortably in the Idaho mountains as they mulled their next moves.

Even if they didn't hatch any big deals or bright ideas, the media executives could try to squeeze more profit from their firm grip on the flow of news, entertainment and seemingly everything else people read, watched or heard.

Things have changed radically since Allen & Co.'s first summer summit in 1983. The conference, which returns to Sun Valley on Tuesday, now revolves around the technology trailblazers who have turned computers and mobile phones into multimedia hubs that are tormenting newspapers, magazines, broadcasters, music labels and movie studios.

The disruption has the geeks playing the dual role of the media's sages and scourges.

This week, [Twitter](#) Inc. CEO Evan Williams will likely be in high demand as everyone tries to figure out whether the online messaging service is a fad or a revolutionary breakthrough in communications.

"Ev is going to be the belle of the ball," predicted Silicon Valley entrepreneur Mark Pincus, CEO of Zynga Inc., a developer of games widely played at online hangouts such as Facebook. Pincus is going to the Allen conference for the first time.

With roots going to the 1920s, Allen & Co. is run by Herb Allen, the grandson of one of the firm's founders. Although relatively small, Allen & Co. has become a prominent media investment bank by emphasizing a personal touch - such as the Sun Valley summit. The firm invites current and prospective clients to spend five days frolicking with their families at a posh lodge made famous by Ernest Hemingway.

When they aren't playing tennis, golfing, biking, swimming, fishing and rafting, the guests are cloistered in presentations about emerging opportunities and business challenges.

The Allen & Co. guest list isn't officially disclosed, but familiar media faces at the conference typically include News Corp.'s Rupert Murdoch; Donald Graham, head of the Washington Post Co., and Robert Iger, CEO of Walt Disney Co.

Allen & Co. began sharpening its focus on technology in 2001, around the time the dot-com bust caused other investment bankers to abandon California's Silicon Valley and New York's Silicon Alley. The firm has tried to enmesh more media leaders in the Web by regularly inviting Internet innovators such as browser pioneer Marc Andreessen, Amazon.com Inc. Chief Executive Jeff Bezos and Google Inc. founders Larry Page and Sergey Brin. All are expected back this year.

A few years ago, YouTube CEO Chad Hurley stole the show as he met with TV, movie and music executives eager to learn - and sometimes gripe - about the Internet's most popular video channel.

Like YouTube before it, Twitter still hasn't come up with a way to make money. That is likely to stir speculation that Williams may be fishing for business partners or even an acquirer as he holds court in Sun Valley.

For what it's worth, Hurley agreed to sell YouTube to Google just three

months after dominating the discussions at Allen's summit in 2006. The deal, worth \$1.76 billion when it closed, was hammered out at a Denny's in Silicon Valley. YouTube remains unprofitable, though its audience is larger than ever.

Williams and Twitter co-founder Biz Stone have consistently said they aren't interested in selling their company, preferring to subsist on \$55 million in venture capital until they unveil their plans for bringing in revenue.

Meanwhile, long-established media companies are desperately trying to plumb new revenue sources as their advertising sales shrivel.

The 18-month-old U.S. recession has stung newspapers and broadcasters as advertisers have clamped down on their marketing budgets. But even before the economy collapsed, the Internet was luring consumers and advertisers from traditional media.

The trend has caused the media business to lag the overall economy, with revenue growing slower in good times and falling further during the recent downturn. The newspaper industry in particular has gone into a free fall, with U.S. ad revenue plunging \$7.5 billion, or nearly 17 percent, last year.

Internet veterans like Pincus believe newspaper publishers and other media executives have to offer more engaging services that give their audiences more opportunities to commune and conduct commerce.

"Maybe there is something the off-line media can learn from the online media about monetizing their users differently," Pincus said.

Although they aren't necessarily losing money, many of the Internet's best known companies have problems of their own to hash out in Sun

Valley.

Yahoo Inc. is breaking in its third CEO since June 2007 as it tries to weed out bureaucracy and snap out of a three-year earnings slump. Despite investing billions, Microsoft Corp. still can't undercut Google's dominance of the lucrative Internet search market. AOL has been struggling for so long that Time Warner Inc. is spinning it off to get rid of the headache. (AOL's new CEO, former Google advertising executive Tim Armstrong, is supposed to be at the Idaho summit).

Google has its own worries, even though its revenue has been rising despite the recession.

Its biggest potential problems appear to be Twitter and Facebook, whose 25-year-old CEO, Mark Zuckerberg, is uncertain whether he will attend Allen's conference.

Twitter looms as a threat because the constant chirping on its service enables it to offer a search engine that illuminates what's on people's minds within seconds after they express it - a "real-time" look at the Web that Google hasn't yet perfected.

Facebook could turn into an even bigger challenge for Google. Facebook has attracted more than 200 million users and made it enticing for them to share personal details about their backgrounds and lives. That kind of data - potentially intriguing to advertisers - has eluded Google's tentacles and could threaten its status as the Internet's most effective marketing vehicle.

Andreessen, a Facebook board member, thinks technologists like the leaders of Google are more likely to rise to the challenge than media companies still fighting to protect franchises born before he helped simplify Web surfing by co-founding Netscape Communications in

1994.

"In the technology industry, change is a constant so it feels like there is always a gun to your head," Andreessen said. "You quickly learn you have to either adapt or die."

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