



**Michael Dell Remarks
The Future of the Internet
Address at the National Press Club**

National Press Club, Washington, D.C., June 8, 2000

Michael Dell: It's a great pleasure to be here -- thank you very much

For about the first year of our business, we were focused on making products and satisfying our customers, so we really didn't pay much attention to anything else, certainly anything else about fifteen hundred miles away, like Washington D.C. It didn't take us very long to realize that we need to pay a lot of attention to the FCC and other government agencies, and fortunately, we've been a regular guest with them ever since. But this is my first time to speak before all of you at The National Press Club and I thank you for that. It's an honor for me to be here. I thank you for coming today.

Over the past sixteen years at Dell we have incubated a new way of doing business which, with the addition of the Internet, is proving to be successful in every industry. We call this approach the 'direct business' model, and the adherence to this model has guided our success and our growth to what should be, this year, well over a thirty-billion-dollar enterprise. And I'm proud to say we did it with just a thousand dollars of starting capital and absolutely no venture capital funding. And it's been profitable from the very start.

I'd like to share today some of the lessons we've learned as a company, and especially as it relates to the pioneering aspects of our business, in terms of e-commerce, which I think will apply to all businesses. I'm going to talk about the implications for businesses, for globalization, and for the economy, and I want to impress upon you that the Internet is in its infancy, and that some have called the Internet a revolution, but we're really just at the beginning of this revolution, and the pace of change is only going to accelerate from here.

Implications of E-Commerce

Much of what we've learned has come from our customers, which is really a central theme of the direct business model. And one of the questions we often get is: How is it that Dell figured out to be online, that the Internet would be so important for our business? Well, actually it goes back to the late 80s when we started with our technical team supplying files over what's known as an FTP site. And then in 1993, we started taking all the technical information that we have internally in our business, and putting it online so that any customer could access it.

The response to this was pretty overwhelming, and we were surprised by the huge number of customers that immediately gravitated toward this as a forum for support, and eventually a forum for sales and for ordering

products. It saved us considerable sums of money. We found that when we provide support to our customers online, as opposed to over the telephone, it would save roughly five dollars per call, and that added up to millions of dollars. So, it energized us to do more and more of this, and our sales started to grow very quickly. We set a goal about three years ago to have fifty percent of our sales online, and at the end of last quarter, we reached that goal. And now we generate well over forty million dollars of sales every day, seven days a week, three hundred and sixty-five days a year, including holidays, on Dell.com. In fact, Dell.com, all by itself -- our online business -- is the size of a Fortune 100 company. But only forty percent of businesses today in the United States have tried selling online and almost eighty percent have just tried in the last two years. And most businesses are still wrestling with their Internet strategy.

A recent survey shows that ninety-one percent are not using the Internet to its full potential. Yet, in the next three years, almost four hundred billion dollars will be spent on worldwide Internet infrastructure build-out. The network servers that process the applications and move the data around, and the large storage systems that store all this information, and the billions of bits of data that are traveling around the Internet make up a very large part of that investment. And we're very excited about that investment because we've already become the second largest server business in the world. And last year alone we gained ten percentage points of market share in the United States server business. And now more than one out of four servers sold in this country is a Dell.

How E-Works

We also believe we have the knowledge about how the Internet works, how E works. And that's something our customers are asking for all the time. But it should come as no surprise that customers cite the ability to find and retain Internet know-how as the key item that's governing their ability to grow online. Seventy-two percent of these users cited this as the key factor. And services that help customers build these capabilities in their business will be a large part of the spending that I mentioned earlier.

It's a challenge of combining bits and atoms, the digital information and the physical world, and building that into every aspect of a business. Take an example in Dell's case. We have about forty million individual visitors who visit Dell.com every quarter. Think about the physical infrastructure that we have to have to support forty million people visiting Dell, this is quite a massive structure. But in our case, the online order flows very seamlessly from our online system to our order entry system to our manufacturing system. We don't have to carry huge amounts of inventory, and we never bill a system until it's ordered, which gives us tremendous efficiency versus a more traditional system. And we ship most of these systems within five days.

When our business started out, it was almost as simple as it sounds. But it got larger and got more complicated. Last year, we shipped almost twelve million computers into about a hundred and fifty countries around the world. And the Internet has become not only a competitive weapon, but an essential tool for dealing with the volumes and the complexity of our business in an efficient manner.

But the Internet is much more than just sales and online sales, although that seems to be something that people get attracted to as a headline. One of the real values of the Internet is that we've been able to use the support information that we gather from our customers. Our business is centered around these direct relationships with

our users. And the fact that we deal directly with our customers means that we have perfect information about what they want to buy. We don't need to rely on inventory.

If you think about the example of a retail store in our industry, they essentially have to guess what customers are going to buy, and then they stock their shelves, hoping that that's actually what the customer wants to buy. Well, on those shelves are the failed forecasts of that retailer. And this is a very expensive problem because the value of our materials in our industry declines at about one percent per week. And so a few weeks of inventory can mean the difference between success and failure in our industry.

It's indicative of a fundamental value shift that's occurring, where physical assets like inventory are being replaced for information assets. This data and knowledge that we have from our customers gives us a fundamental edge. And this content really becomes the foundation for a successful online business.

Today, instead of protecting this information, we go out of our way to put it online. Every day thousands of customers come to Dell.com and they receive support; support for the specific machine that they've purchased or planning to purchase. They go to support.dell.com where they get specific information about their individual computer. And this allows us to not only solve these problems in a more efficient manner, but also to cultivate online communities. We have a forum called Dell Talk, where we have hundreds of thousands of users signed up. This ability to create an online community, which users find a real value, allows us to maintain greater customer relationships. And the effective combination of online communities, rich content on our site and commerce, meaning the automation of transactions, provide for a successful Web infrastructure.

I share these examples not at all because they're unique to Dell or the computer industry but I believe they can be extended to all industries. I personally spend a fair amount of time talking with companies across a wide range of industries about the impact that these technologies can have and how they've made our business more successful. And we've rallied our entire company to support our customers in this build-out of their Internet infrastructures.

I'd like to use an example from the automobile industry to illustrate this point. Imagine the convenience of ordering and configuring a car exactly to your specifications. You choose the color, the size, the engine type, type of tires, et cetera, and you submit this order directly to the factory. Millions of cars today sit in dealer inventory. And the auto industry in this country has about eighty billion dollars of assets, fifty billion of which is really inventory related. So if we continue this example, there are about twenty key sub-component systems in a personal computer. There are many more in a car, however there's a trend toward a reduction in the number of systems and there are even modular companies that are sprouting up to build more and more of these sub-systems.

The opportunity for savings is quite large, and that value would be ultimately returned to customers and to shareholders. The auto industry today has a return on invested capital of about thirteen to fourteen percent, which is roughly equivalent to their cost of capital. But their return on invested capital could easily be thirty-five to forty percent. Dell's, by way of example, is now two hundred and ninety-two percent in our last quarter.

Another key aspect of using the Internet is not trying to bolt the Internet onto a business, but instead recognizing that the Internet should be integrated into every part of a business. The Internet removes friction from all interactions and improves business velocity, efficiency, and I believe the overall customer experience.

I can further extend this to the global economy, because if you think about the way the economy works, it's essentially a collection of interactions and transactions. And the cost of those can be dramatically reduced using the Internet, which essentially, as I said earlier, just takes friction out and makes this entire process work better.

It's ultimately a tool that businesses should use. It's not a new distribution channel. It's a tool like electricity or the telephone, and I believe will be pervasive in increasing productivity. It will also drive further deverticalization. Companies in the past often collected large numbers of functions inside their own business, but now as the cost of interactions and transactions come down, they can connect themselves together. In fact, it would have been impossible for Dell to build a thirty-plus-billion-dollar company in sixteen years had we not connected ourselves extremely efficiently using information from our customers and with our suppliers.

Future of the PC is Bright

I'm pleased to tell you that the reports about the death of the PC have been greatly exaggerated. The PC has a very bright future. I actually enjoy, to some extent, the news reports about the demise of the PC from our competitors or industry pundits, because we'd be happy to gain additional market share from those companies that believe it's going away. But the PC does have a very long and bright future. I do believe, however, that the market for appliances will grow. And these products are fundamentally a complement to the PC, not a substitute.

Take, for example, the Palm Pilot. I've never found anyone in the world who has a Palm Pilot but doesn't have a PC. That's because these devices are totally linked, and it increases the size of the wave, not one replacing another. Some have said that the phone replaces the PC, and I would point out that the screen size is a little bit too small to present a huge amount of information. I think all of these additional devices will grow and flourish, and will addict us to information more than we're already addicted, which for me is a good thing.

This doesn't mean that the PC won't undergo radical changes. Certainly it always has and it always will continue to evolve, driven by the consumer's insatiable demand for new capabilities; and certainly the Internet is right at the center of that today. Broadband access and high speed access will drive increased usage of high-performing PCs in the home and users who want to use digital video and sound and increased capabilities. There'll be more mobile users. There's already a trend toward more mobile computing as opposed to fixed computing and we've already seen in our business a pretty pronounced shift away from desktop computers and toward mobile computers.

Wireless networks, next-generation cellular technology and wireless local area networks or metropolitan area networks will continue to flourish causing real changes in the way people work. I believe that the build out of next generation cellular systems will have as much or more of an impact on mobile computing as it does on mobile handsets and telephones. And there will be more and more of these small, dedicated appliances. But the thing you've got to remember is every time one of these devices wakes up and does something, it talks to a

bigger computer. And every time your PC goes to the Internet, it talks to a bigger computer, one of those servers and storage systems that Dell is right in the center of building.

Future of E-Support is Bright

There's also a very bright future in the world of E-support and service and self-healing systems that will have a greater up time and greater reliability for users and improve the overall computing experience. Dell's taking a leadership position in both. We already handle eighty percent of our technical support without dispatching a technician, which is largely enabled by the Internet and dramatically speeds the resolution time for customers.

And there are, of course, challenges with the Internet. About ninety percent of our customers told us in a recent survey that online privacy concerns will continue to impact the growth of the Internet. And this is an area that we take very seriously. We were the first computer company to receive the Better Business Bureau's online privacy seal, which is a mission to promote trust and confidence and advocate ethical online practices. In the next several weeks, we're planning a partnership with the National Consumers League which launches consumer awareness campaign about Internet privacy issues. And like our customers, we view Internet privacy as a potential stumbling block for the industry.

The future growth and expansion of our industry relies on companies like Dell doing more. We believe that businesses need to step up to a higher standard and ensure that individuals are protected online. In fact, if you go to Dell.com, you'll see very explicit and clear data about what we actually do with customers' information that you might not find at a competitor's site. I encourage you to study the differences. I think you'll be quite pleased with how we safeguard and protect and do not share customers' information.

Interestingly enough in the same survey, seventy percent of customers told us that the government should play no role in the Internet. And this, of course, is a complicated and emotional subject, certainly in Washington, D.C., but I'm pleased to see the actions that have been taken, both by government organizations and by the private sector, especially around things like taxation, which will enable the Internet to continue to mature unencumbered by stringent regulation.

I believe Dell has been a pioneer in e-business and is on the leading edge of creating and integrating the Internet into all aspects of the way Dell does business. That experience in e-business is more valuable to us than our experience at being a computer company and it's what customers look for when they're looking for a partner.

Today's Internet is more like the Ford Model T, it's functional, it's revolutionary for its time but it will continue to dramatically evolve over the next ten years. And in 2010, we'll look back at the advances we've had and we'll kind of wonder, hey, we thought we had all this figured out ten years ago but it's totally changed. We'll see the same progress that it took almost a hundred years for the Model T to have. So, there's a real compression of cycle time for innovation in our industry. In fact, this is effecting all industries. And companies that don't embrace this change and this reality end up casualties on the information super highway.

Now, you must have the sales and supply chain and management to make this happen in the new world, but also be sensitive to other things that are changing. Research and development is handled differently now than it was

fifteen or twenty years ago. The Bell Labs model no longer works, it's a remnant of the old way of doing business. In a new faster world, companies need to virtually integrate and cooperatively develop new technology through partnerships or investments with other companies. We've also learned in the Internet that the cycle of testing, failing, learning and succeeding is critical to success and whatever you can do to compress that, the better off you are. The businesses that succeed will be those that cultivate this type of environment and compress the cycle to the smallest possible point.

Speaking to such a prestigious group of journalists and many of our customers, I want to close with an interesting e-statistic that I recently ran across. We usually quote such prestigious sources as IDC and Forrester and Gartner Group about growth in e-commerce and broadband, online users and that sort of thing, but the real pervasive yardstick to measure the success of the Internet is this: Over the past two years, articles in business and consumer press that mention e-commerce have increased from five thousand a month to almost fifteen thousand a month. And e-commerce mentions have doubled just in the past year alone. This correlates with a similar rise in the number of press releases that you are bombarded with on a daily basis. In fact, over ten thousand press releases issued each month -- I'm not sure how you interpret ten thousand press releases -- but ten thousand press releases each month issuing mentions of the Internet or the World Wide Web or e-commerce. So, clearly, there's a lot of excitement around this subject.

Thank you for your attention and I look forward to your questions.

Jack Cushman (President of The National Press Club): Well, we have quite a few questions. What would be your guidance, your top three or four rules for an entrepreneur starting out today, other than, of course, not aggravating the Justice Department?

Dell: One of the things that new businesses often forget is that if you're really going to do something big, something that has great value, don't go and try to copy somebody else's ideas. Look for something new, look for something different, look for a need that hasn't been fulfilled or at least a better way of doing something that hasn't already been done. And be willing to experiment and make mistakes. You know, you only learn when you're making mistakes and you have to make a lot of them very, very quickly and based on feedback come up with the right answer. Certainly, all this technology provides enormous opportunity for new businesses.

Cushman: We, of course, have lots of questions about the Microsoft situation. How do you feel about Dell's relationship with Microsoft in light of yesterday's ruling? Will it affect your dealings with Microsoft and with other operating system companies?

Dell: The core issue for us here is what do our customers think? Because our company is essentially a company that delivers what our customers want to buy and the solutions and services that they want. Whether it is one company or two companies or five companies will remain to be seen.

Cushman: Is it your judgment that the judge in this case understood the case? Do you think that judiciary is essentially able to reach anti-trust decisions in your industry?

Dell: I would rather not comment on the merits of the case or the ability of the judge to understand our industry.

Cushman: Well, someone else in the audience asked the question that's more about your industry. Judge Jackson has made clear that he thinks Microsoft was arrogant in the trial. Are there lessons about the perils in the rest of your industry?

Dell: Well, I would hope that Dell is not cast in the same categorization, but certainly we are subject to individual opinions. I think we have been very pro-active in our efforts to reach out to a number of communities including Washington and the various agencies involved. But again I'm not going to comment on the merits of the case or whether one group did one thing to another.

Cushman: Do you think that entrepreneurs should be happy or not about what Microsoft is faced with right now?

Dell: You know, you're getting back to the merits of the case and I just don't want to comment on the merits of the case so--

Cushman: I think I hear a no comment in there somewhere.

Dell: You got it.

Cushman: How do you explain the longevity and the current prosperity of Apple Company operating outside of the Windows and Intel mainstream?

Dell: Well, I think that if you go and talk to Apples' customers, you can find out. They have a loyal following of customers. I think also the company has done a good job very recently of emphasizing things like ergonomics and design, a lesson that all dot com companies can learn from. They have innovated in unique ways and customers have rewarded them for that.

Cushman: Question here states that Andy Grove of Intel said earlier this week that e-commerce should not be exempt from sales taxes, do you agree with that?

Dell: This is a fairly complex question because there are global considerations. Often when this debate begins, it is considered to be a state-to-state one. I recognize the merits of the state-to-state debate and the Supreme Court has weighed in on this topic and made a judgment.

But let's consider the fact that increasingly we have a global economy and if we're going to have a new tax system, which I think we do need for products, then we have to consider that all products are not just going from one state to another. The system today is just too complicated and needs to be simplified. And certainly we've got the computers to help make it more simple.

Cushman: Would you talk a little bit about the digital divide. The separation between the poor and minority citizens from this brave new world of the Internet. What can be done to expand the world of computers to more of the disenfranchised?

Dell: I think a lot can be done. A lot is being done both by the private and the public sector, as well as from charitable organizations. The core of this issue for me is the education system. I believe that if we do not teach our kids this skill in schools, it will be very difficult to recover. While the education system has made tremendous progress, there needs to be a lot more.

We've emphasized in our organization a lot of efforts around teacher training. Our foundations are very involved in these issues. It's important to remember that yes, while we do have a digital divide, we also have an industrial revolution divide. There are lots of places in the world where the industrial revolution hasn't reached.

And it's not just computers that the rest of the world doesn't have. We need to make a more fundamental commitment to computing and education if we're going to provide the jobs and opportunities for people to be gainfully employed in this economy.

Cushman: What's your view of the quality of news coverage of your industry? How could the press coverage of your industry be improved?

Dell: Well, it has certainly received a lot more attention in the last few years than ever before. I think the quality of the coverage is continuing to improve.

Cushman: While thinking longer term what do you see about the computer in ten or fifteen or twenty years or -- or when our lease runs out here in -- in the year 2078? What is the computer going to look like then?

Dell: It's very hard to predict beyond five years with in any hope of being accurate. One thing I can tell you about computing is that we consume information visually; therefore, visual displays are not likely to go away no matter what sort of computing configuration you have. Now it may be blasted onto your eye or it may appear in mid-air or it may be on the wall or it may roll up but probably the displays will get bigger and bigger.

If you had a notebook computer when they first came out you might remember you had a seven-inch screen and then an eight-inch screen and they got bigger and bigger and now we have twelve- and fourteen-, fifteen-inch screens.

Speech recognition is obviously going to come into play with computing devices. We'll increasingly get away from the complex commands and rely on the computer as it becomes more human-like in its interaction.

We have a long, long way to go in this area. Computers are still not nearly as easy to use as they should be. There's massive opportunity to innovate in our field.

Cushman: Well, as someone who just tried to restore a crash computer for a couple of days, can you think of any other product that could be so successful when it's so difficult to work with?

Dell: The computer is different from other electronics devices in that it's not a fixed function device. It changes and evolves in a very dynamic way. For example, a camera or VCR doesn't typically get upgraded. It doesn't have applications loaded on it. So that dynamic interchange is a somewhat fragile environment.

We often load software that essentially protects the user from doing things that could crash their system. You can today go out and download software or buy software that, if you install it on your computer, can cause all sorts of problems. Normally it's available commercial software. The enhanced software we have on our computers now warns you about that. It says, "Hey, you better not do this or else you're going to mess up your computer." We need to get better at self healing systems so we are smarter at detecting and solving problems before they occur.

Cushman: There's been quite a rash of viruses and some of them very pernicious viruses in the past few weeks. How concerned are you about the ability of the industry to keep up with this invasion?

Dell: This is going to continue to be a cat and mouse game with new viruses and new protections for them. The most recent virus that occurred used some of the same loopholes as previous ones and clearly, there are ways to shut that access down.

We need strong encryption and security to help with that. There is a dynamic balance between privacy and security. If you want absolute security you can't have absolute privacy. If you want absolute privacy, you can't have absolute security. We need laws with consequences to establish parameters. We all know that what would happen if we disrupted an airport or the public road system. Measures must be put in place to ensure compliance. From a technical standpoint, solving the problem is not that hard.

Cushman: How do you see the future of newspapers on the Internet? Will there be any need for paper in the newspaper? When do I stop working for the <newspaper>New York Times</newspaper> and start working for NYTimes.com?

Dell: I think that NYTimes.com and the <newspaper>New York Times</newspaper> ultimately will be the same company, you know? No matter how the stocks are configured at any one point in time, I think trying to spin off a business like that is not necessarily the right answer. The right answer is the new way of delivering the same content.

Is the physical paper going to go away? Probably not. Are the kids today playing with electronic toys going to go to the department store in the future and register for their wedding? Of course not. They're going to go to the Internet.

Cushman: In your view, what's the greatest challenge and what's the greatest opportunity in your relationship with the Federal Government?

Dell: You know, I'm part of the CSPP group -- Computer Systems Policy Project. We have focused on a fairly narrow set of issues like encryption, export control, and PNTR. I'm glad to say the government's been pretty responsive to these issues and I think that will continue.

Our industry is in the process of doing a better job of communicating. I've been coming here for years now, which is so important as we work together on this new industry. And I see a tremendous desire in Washington to embrace it. I don't mean in a negative fashion, I mean, in a positive one. And that -- that's great.

Cushman: And how do you find the understanding in the Congress of the technical issues that confront you? Do you feel that our representatives are up to speed on your issues or do they need a seminar?

Dell: We have been actively working to increase the understanding of the issues in our business and we will continue to. Regulations need to have a pace that is somewhat similar to the pace of technology. This is beginning to come into play and I remain optimistic that progress will continue.

Cushman: You spoke about the need for consumers to feel a sense of privacy on the Internet. Do you support specifically the recent FTC recommendations that would require notice and consent by consumers, access and security rules for Internet commerce?

Dell: Well, I believe we actually helped draft them, so Dell is part of a group of companies that have endorsed and underwritten them as well as communicated their importance to our colleagues in the industry.

It's quite important that companies in our industry take these issues very seriously. I know consumers take them seriously, because we hear from them on this. Certainly, the consumer deserves to be informed.

Cushman: At every one of these lunches, I have a few questions that come from the audience which I have to confess I don't understand myself. And it's risky but I'm going to ask them anyway. What's Dell's vision on the viability and future of thin clients? You'll have to explain what they are.

Dell: Sure. Well, thin clients are computers or terminals that operate while connected to large servers. The processing and other applications actually occur on the server, not on the client.

Thin computers are popular in certain applications. If you consider the installed base of computers in the world, including personal computers and thin clients, it would approximately be three hundred and seventy-five million. Of these, about five or ten million represent thin clients.

We have a thin client product. We think of it as a peripheral that attaches to our server so for customers that need it, we're able to provide it. There are certain applications where this works, but it's a fairly narrow set.

A great example is a massive hotel chain that employs nine thousand and they're running all over the place that's several miles in distance. So essentially you have people doing very, very specific things on those computers. You don't want them doing anything else. Of course, this is an individual decision by business.

Some people would say: Well, gee, the thin clients are so much less expensive. They're actually not that much less. The cost just shifts to the server, which is just a different way of configuring the system. It's a legitimate architecture. It's just not very popular.

Cushman: Here's another one: What are Dell's short and long term plans for biometrics integration?

Dell: We're not engaged much in the biometrics area. I know that--

Cushman: And what is that?

Dell: The idea here is to take electronics, technology, biology and the human genome for interacting purposes which is an entirely new industry and offers new possibilities.

And it's not something we're investing our R&D dollars in. Of the six hundred and fifty million dollars we're investing in R&D, none of it's really going into this area. But it has potential and is an interesting field -- it's just not the business that we're in.

Cushman: A couple of people asked about the computer in the home. Will the time come where people are going to have computer networks in their home? I mean, commonplace ordinary mortals with a server and client computers around the house?

Dell: We are selling home networks today in our consumer business. It's actually easier to sell the second PC than it is the first because the users have experienced the benefits of such technology. Wireless networking fast becomes a big factor because it's very easy to attach things together.

Will you have a server or not is an interesting question. In many cases, the most powerful PC in the home serves as the server also, as opposed to having a dedicated server which adds a lot of cost and for the home might not be practical. But I do think homes that have two or more PCs and are linking them together to share files, printers, and Internet connections, should consider this feature as it's a viable and increasingly popular one that we're able to provide our customers.

Cushman: There's a lot of demand from other devices, like wireless phones, handsets, that are straining the supply of some of the components that you use, and this at a time when your own sales are pretty strong. Is this a problem for Dell? What's the impact on your computer prices?

Dell: Well, there's no question that the demand for electronic components is very strong. And -- and whether it is cell phones or handheld electronics, portable electronics, personal computers, all these devices, there's a shortage of capacity for all the components. You might have noticed that in the last couple of months, you probably haven't heard much about the five-hundred-dollar PC. The reason is you can't make a five-hundred-dollar PC anymore because industry capacity has shifted to the higher-priced components which are actually the most profitable components. This certainly affects Dell and the rest of the industry. We are the largest personal computer seller in the United States and the fastest growing. We always have to fight for supply with our suppliers. But, you know, we've generally been able to get the supply that we need, but it's never quite as much as we'd like.

Cushman: What did your parents think when you started this business? Did they think this was a good idea, or were they against you jumping off the cliff like that?

Dell: They were very upset. For at least the first six months, they were quite upset at me and thought I had made a very bad decision. But after I showed them my first financial statement, they said, "Well, this -- this looks like it

may be OK, so you -- you keep doing this for a while." And, everything turned out OK. Eventually, they forgave me, and eventually, I forgave them, too.

Cushman: What's your view of Internet today? How big a deal is this going to be to those of us who are daily users of the Internet? How's it going to change our lives?

Dell: The Internet is continuing to evolve. We're talking about high-speed evolution from today's 56K modem to a cable modem and then a fiber optic connection and linking. The entire world will use photonics and extremely high-speed connection systems. We've got the possibility of moving video and sound instead of e-mails.

And there's never been any shortage of creative capacity in this country or anywhere in the world to soak up the processing power, the bandwidth and the communications capability that's out there. And I have no doubt there'll be plenty of creative people out there in the world who will figure out how to make wonderful use of all this stuff, and the vast majority of it will be for very good things.

Cushman: Have you done any of the following things in the past couple of weeks: Have you bid or offered for sale something in an online auction? Have you had a video conference online for other than business purposes? And have you read a book on a computer screen?

Dell: I have bid and -- and won more than one auction online in the last few weeks. I conducted a video conference with a customer, so that was business. And I did not read any books online.

Cushman: Do you contribute to political campaigns? And what do you look for in political candidates?

Dell: I do contribute to political campaigns occasionally, and I am supporting George W. Bush for president. And, in fact, I'm part of a group of high-technology CEOs that have organized tremendous industry support for George W. Bush. I look for candidates that understand our issues and believe in free markets and capitalism and in the creative capacity of the people in this country. My personal experience in the state of Texas with Governor Bush has been outstanding. This is the first time I've endorsed a candidate, but I think he'd make a great president.

Cushman: Well, before I ask the last question of the afternoon, I'd like to give you a couple of tokens of our appreciation. One is a certificate of appreciation for appearing here and the other is the world renowned and highly-coveted National Press Club coffee mug. I recommend you install Java in this before you use it.

Dell: Great. Thank you.

Cushman: And the last question of the day is if I log on to your Web site and order a laptop-running Linux, will you ship it to me?

Dell: Absolutely. Not only can you order a laptop, but you can order at least one configuration of every single product we sell, and we would encourage you to. We are one of the leading providers of Linux-based systems, and I believe that's a rapidly growing part of the market.

Thank you.