Michael Dell Remarks
Customer Experience Forum for Consumers - 2003 CES International

Las Vegas, Nevada - January 9, 2003

MICHELA O'CONNOR ABRAMS: Hello. Welcome to Dell's first Customer Experience Forum for Consumers. My name is Michela O'Connor Abrams and it is my distinct pleasure to join all of you as personal technology consumers at this town hall meeting, which Dell calls Direct to Dell.

The purpose of the town hall meeting is to explore your personal technology experiences and your expectations of the digital lifestyle and finally what Dell and the personal technology industry can do to improve both.

It has really been over the last, oh, 18 years that I have had the good fortune to be a part of the technology industry and to watch the evolution of this digital lifestyle. And I can honestly tell you that I do not know of a time when we have had such opportunity to bring together consumers who care about their experience and be able to talk to the CEO of the nation's leading computer systems provider in a way that we will have an incredible forum and conversation and have one for an entire hour.

The focus of the town hall meeting today is a relentless focus on the customer experience. Now, Dell tells me that focus starts at the top, so let's do just that.

Michael Dell is the longest tenured CEO in the computer technology industry in the U.S. and even more importantly he is the man who pioneered the direct to customer model. And it's my pleasure to introduce to you today for our Dell Direct town hall meeting Michael Dell.

(Applause.)

MICHAEL DELL: Thank you, Michela.

MICHELA O'CONNOR ABRAMS: You look very good, Michael. Thank you.

MICHAEL DELL: How are you?

MICHELA O'CONNOR ABRAMS: Great.

Well, I think the audience is all prepped and ready and I've told them that selfishly I'd like to ask you the first question to queue this up.

So, Michael, 18 years ago you not only created a brand new computer systems company but you pioneered the new model, which was direct to customers. Did you envision a time where we'd be sitting here today 18 years later and have so much available for personal technology use for consumers today?

MICHAEL DELL: Not really. I started off like pretty much all of you as a customer and I was frustrated by the computer dealers at the time who weren't really offering much in the way of service and support and at the same time had high markups. And also I found that the technology took too long to get from the laboratories to the customer and basically found that there would be a better way to do that.

Now, through that process I think we've learned a lot more about how a relationship with customers give us really tremendous insight and it's one of the reasons why I'm so excited to be doing this today, because I think we're going to learn a lot and I'm looking forward to hearing your input and your ideas.

We speak to customers in all kinds of ways but I think this will be a great exchange, a great opportunity to share thoughts.

I got to listen to some of the questions in the back and I'm ready, so I'd love to hear whatever questions and thoughts you all have.

QUESTION: Hi, Michael. I'm very impressed with your work. I work here in Harrahs and the Rio and basically they're about two blocks away from each other. My question to you is I have a PDA phone. Now, with the Axim do we have any idea when we can have a phone and a PC that will be able to transfer back and forth?

MICHAEL DELL: Well, the phone and the PC are both very, very big markets and right in the middle we're seeing this kind of experiment with these new products -- and I see you have one -- where people are taking a PDA and a phone and they're putting it together. And one of the ways that you know a market is emerging is you have a lot of experiments and you see a lot of different kinds of things. That doesn't necessarily mean that they're going to all succeed. In fact, it's usually not the case.

So I think this is very much an emerging area. Of course, we did introduce the Axim. Oh, there it is, the Axim right here. In fact, I think we have a little special surprise for all of you at the end. The Axim takes the Pocket PC operating system, which appears to us to be emerging as a successful operating system -- there are others out there, which also means that the PDA itself is still kind of in a state of early development. And you'll see newer generations of products coming that integrate wireless into them.

Now, if you look at computing today and you say what's really going on in wireless with computing today, it's actually not the same wireless that's in your telephone; it's 802.11 wireless, the Wi-Fi wireless that you have in public gathering places and in hotel chains and airports and convention centers and lots of hot spots. And people

have it in their homes, they've got it in businesses and it's very high-speed, a great way to use your notebook and a lot of these machines are hooked up with 802.11. Tens of millions of 802.11 machines are out there today.

However, there's also the cellular technology, kind of a wide area wireless, and those are improving from analog to digital and so you're getting higher data rates, so you're starting to see the potential to get wireless data everywhere. And people have talked about this as the third generation of your network and that sort of thing. I think it's coming.

I also question what exactly is going to be the right product. I'm not sure that it's going to be the same answer for all customers. I think some people want a really small device that they can use for the phone. Some people want to have everything with them. Some people say, well, the screen is too small; I'd rather have a notebook or I don't really want to take it with me, I'd rather have a desktop. So I think there will be lots of different kinds of solutions, there won't be one answer, and so we're going to provide many, many different products sort of along that continuum.

The Axim today, of course, has what's known as a CF slot and you can put an 802.11 card or any number of other kinds of wireless technology in that if you're so inclined, but these products today are still emerging in terms of wireless handhelds. Most handhelds today are not wireless.

QUESTION: With regards to service and support, if we were, say, a small or a large corporation looking to purchase Dell as our standard, do you offer things similar to like the competition that you have? I don't want to mention any names.

MICHAEL DELL: We don't offer things similar to the competition; we offer things that are better than the competition.

QUESTION: That's what I was getting at.

(Applause.)

MICHAEL DELL: We wouldn't be America's favorite PC if we were just like all the other guys. In fact, I think we're not perfect but we do go out of our way to provide a very high level of support and I think also in our design process we're really the only computer company that has that closed loop process. In other words, oftentimes when you buy these products you're buying them from a dealer and if you have a problem and you tell the dealer, does the dealer tell the manufacturer, does that get all the way back to the guys that are designing the products? In fact, we have some of them here, some of our guys from R&D are here and they're listening because they want to learn, too. And we take that feedback that we get from customers every day, we make better products and better services as a result. So our goal certainly and a lot of the survey data would suggest that we do have the highest level of support in the industry.

QUESTION: Speaking of better products and new things, are you guys going to come out with like a game console like other companies do, but better?

MICHAEL DELL: Well, gaming is a really interesting market. It's kind of a razor blade market. You notice how the console doesn't cost very much but the games cost a lot. We actually think that the PC is a fantastic gaming machine. And if you think about the Sony PlayStation or the Xbox or Nintendo GameCube, when they come out they're pretty high-performance but over a couple years' time they start to look really, really slow compared to the latest Dimension 8250 really high performing product.

Also the other thing that happens is you get a lot of interactive games and if any of you are into online gaming -- do any of you do online gaming? Kids are into online gaming. Well, online gaming is pretty much all done on the PC. And, of course, if you want to do instant messaging and you want to do storage and retrieval, yeah, you can kind of do it on a game console but I don't know anyone who's really succeeded at that very well.

So a lot of people have underestimated how far the PC will continue to go. I happen to believe the PC will be the center of the entertainment experience. It's not going to be a perfect solution for all customers but for gaming it's a fantastic device that's rapidly growing and we're serving a lot of gamers with our products. They want the really fast 3-gigahertz processors, the big screens, the Dolby THX sound, the broadband connections. They really thrive on that.

QUESTION: Now, I'm curious how influential is Dell in developing new technology versus are they more content to just apply what is currently available?

MICHAEL DELL: Well, you know, there are generically speaking two kinds of inventions in our industry, inventions that benefit the customer and inventions that benefit the manufacturer but often don't benefit the customer. And you have a lot of companies in our industry that often stand up and they wave this flag and say, "We're really good because we do lots of R&D." Well, one of the things they do is they make their products so that you can't actually switch from one to another. Any of you who have used computers for a while know that it's really hard to get stuff to work together.

I'll give you a simple example. You know these power adaptors that plug into notebooks? You ever notice how they're different? Does that help you? Well, it doesn't help us either. And we've actually gone to a lot of other manufacturers and said, "Can we just agree that we're going to have the same connector for the power?" They don't want to have anything to do with it.

You know the memory modules that go in these? Dell was the first computer company to really have standard memory modules. Remember how the old computer companies used to have different memory modules? They've kind of been forced now to comply with the Dell way of doing it, having standard memory modules.

You know when you go to the retail store and you see -- and hopefully you won't do that anymore -- but when you used to go to the retail store and you'd see this huge wall of printer cartridges and they're all different, why are they all different? Does that benefit you? It benefits the other guys, right. And is that R&D that helps you? No.

So we spend half a billion dollars a year in research and development. We have over 3,000 people in our product development organization that develop technologies. We've received over 800 patents from the U.S. Patent and Trademark Office.

So we develop a lot of technology but we develop it to benefit customers. And we leverage the investments of our partners instead of reinventing the things that they invest in.

You walk around a consumer electronics show or any computer show, there's not a shortage of new technology. I mean, there's tons of new technology. We've got more technology than we know what to do with. We have technology in search of problems. We have people out there with widgets and things that people are saying, "What in the world are we going to do with this thing," and a bunch of engineers kind of dreamt this thing up and they never thought to talk to the customer.

QUESTION: It looks like we're bound by the speed of our peripherals today and a lot of the technology that could be advanced is being slowed down by that, the combination of the peripheral speed and the software.

Does Dell have any plans on getting into the software development market to maybe enhance some of their own products with their own software?

MICHAEL DELL: Well, we have inside those 3,000 engineering folks that we have about 700 of them do software. They do the system software that goes inside the machine. I mean, the first thing that comes to mind when I hear your question is something like USB 2.0, which is a fantastic high-speed interface that you're now seeing on a lot of the newer machines. And those kinds of high-speed interfaces are really important when you have these big digital cameras and you're downloading massive amounts of data. This is why you need 802.11, it's why you need broadband.

There's lots of software out there also for us to leverage and to work with. We haven't gotten in the business quite frankly of developing applications or operating systems but we are developing the system software to make the product easier to use, to essentially provide an out-of-the-box experience that when you take your machine, you load it up, it comes up, it's ready to go.

We also do a lot on Dell.com, as you've probably seen at support.Dell.com. I think there are great resources there to get and share information in an online way.

QUESTION: The question I want to ask you is that I bought my first Dell about three years ago. I didn't know how to operate it. My son had to put it together for me because I didn't know nothing about putting it together. He had to put it together for me.

So I'm saying this here; what you should do is people at my age, senior citizens, you got most senior citizens and elderly people using computers now. They do not know how to put them together. They do not know how to use them.

So what I'm suggesting is that maybe you should come out with a video or something to let individuals know how to put things together, you know, how to use the computer. I know they come with instructions or whatever, but I had to go back to school in order to learn computers. (Laughter.) My son and my daughter have been knowing computers since they were kids but my son is so busy he never has time to teach me, so I enrolled in school and now I know how to operate a computer.

MICHAEL DELL: Congratulations.

QUESTION: And I do have a Dell computer and I wouldn't go no other way.

MICHAEL DELL: Thank you.

QUESTION: I mean, I know some of my friends have Dell computers and they had other computers that they had problems with, but the Dell that I have I haven't had any problems, no problems at all.

MICHAEL DELL: It's good to hear.

We've done a couple of things in the last three years to help with this. One that comes to mind is we offer an installation service so when you buy the computer we'll send somebody out to set it up and even on top of that you can get kind of a basic training to get it going.

QUESTION: Does that come along with the deal? (Laughter.)

MICHAEL DELL: Well, you know, you've got to pay a little extra for that. That doesn't come along with the deal. But at Dell everybody gets a deal. (Laughter.) So you've got to pay a little extra for that. But we also have some education and training programs that we provide along with the product.

But installation has grown in popularity and I think also we've spent a lot of time on kind of making it really, really easy to take the thing out of the box, plug it in and get it going so you don't have to be an expert, so things like color coding cables and just really trying to simplify it as much as possible, and then having folks on the phone if you do have a problem to provide support.

So there's more we can do there but the installation I think is one option that will help us address that. But fortunately you've already --

QUESTION: I'm a teacher and I use my computer a great deal. I get very frustrated though because every time I get a computer something better comes out and faster. And my question is how often should one update a computer to stay on top of things? We were talking earlier about whether or not to use -- obviously I don't use everything on it that I could -- I don't know how -- but the things that I use seem to get slower and slower quickly.

MICHAEL DELL: I think it very much depends on what you're doing with the computer. I mean, if you're doing a lot of digital imaging and always getting the latest digital camera and DVDs and broadband, you're going to be able to take advantage of the newer processors as they come out. And a lot of our users very much look forward to and purchase just about all we can make, you know, those new machines when they come out, but that's really not the bulk of the market. The bulk of the market tends to keep them for a longer period of time. And the capability of these machines is pretty strong. I think it kind of depends on what you're doing with it.

There are, to answer some of the questions that were posed as I was back there, we do have some trade-in programs and also programs to help you donate for auction your old machine so you can donate to a charity or you can auction it off and get some dollars back for it. And there's also leasing, which is pretty common that a lot of customers like to take advantage of. So there's a couple different ways to go about doing that.

I think the other thing is that people are not only buying their computer but then they're saying, well, hey, a year later how about one of those really great digital cameras or a PDA or some extra peripherals to enhance the experience, and we're doing a lot in our business to provide all those things that go around the computer system so that you can get the full life out of it.

We find that in many homes they actually don't want to sell the old computer. It gets used by somebody else in the family or gets used for something else around the house. There are plenty of things to do with these machines and they do get put to good use. There's never enough instant messaging machines if you have kids around.

QUESTION: I have a question, basically a follow-up. I have a computer that was I think like three years old and I can't keep up with technology. If I buy a computer today, tomorrow something else might come out that I might want.

The question I have for you is can Dell provide slots without opening up the computer, a video card, a sound card, increased RAM where from the outside you can just slip it in and update it in that respect, so therefore I can keep up with technology without changing my computer every year or two?

MICHAEL DELL: It's an idea that we've looked at before and probably the best way to think about it is to imagine the car industry, and the computer industry changes very, very quickly so imagine one year in the computer industry is like ten years in the car industry. So imagine if you had a modular car where you could take the engine

out and put a new engine in. Well, it doesn't really work very well. It's kind of really hard to do. And what happens is you get these changes like from 16-bit to 32-bit and 32-bit to 64-bit and USB 1.1 to USB 2.2 and wire to wireless and CRT to LCD and all these things and all of a sudden you end up having a completely different computer.

So the cost overhead of doing that, having everything be modular, is actually quite prohibitive. It was actually tried in the mid '80s. Somebody came out with a computer with an 8-bit processor back-plane and when the 286 came along you could put the 286 inside there. The only problem was it didn't work very well because it's a 16-bit processor and so it's kind of a romantic notion that doesn't really work very well unfortunately because of the rate of change of technology.

So I think what you have in the computer is a defined life device where you can expect that we're always going to come out with new machines based on the miracle of semiconductors and this is devices that you buy, you use for a couple of years, you get good use out of it and then if you're ready there's always another one and it's always going to improve. So the best I can tell you is get used to it -- (laughter) -- and take advantage of the fact that the cost is coming down. You know, the other amazing thing is if you look at what these machines used to cost five or 10 or 15 years ago and what they cost now they've come down very, very dramatically and we're going to continue to be able to make that happen.

QUESTION: My question is more on R&D than Dell. Do you have any plans for 2003 as far as video streaming or videoconferencing go that might actually make things a lot nicer than they are today? Today it seems like there's basically just a couple ways to go and that's it. Does Dell plan to expand on that?

MICHAEL DELL: Well, the key variables there are to some extent the speed of the connection. If you have a good broadband connection oftentimes you have intermittent latencies between the networks and cable is particularly notorious for this because you get spikes in the performance of the line itself.

We don't have a tremendous amount of demand for that. I mean, my brothers and I have Yahoo instant messaging and we have the little cameras and we'll get on and we'll have three-way talks and I'll get my dad on and we'll have a little fun, but the quality is not that hot because the network capacity is really, really hard to do that and then after five or ten minutes we kind of joke that there's this technology called the telephone that seems to work a little bit better.

So I mean I think there's still more to be done in the network to get this stuff to be better, so I'm not very satisfied with it myself and there's more work to do there.

QUESTION: My name is Jeremy and I wanted to thank you for coming, first of all.

MICHAEL DELL: Sure. Thank you.

QUESTION: What is the most exciting new emerging technology that you personally have seen and how do you plan on implementing that within Dell's business model?

MICHAEL DELL: Well, there's plenty of exiting stuff. I think at the very high end of the spectrum, which really doesn't have a lot to do with individual consumers, but people are taking the servers that we sell and they're attaching huge numbers of these servers together and they're creating essentially what are called high-performance clusters. So at the University of Buffalo there are 2,008 Dell servers all attached together in a room probably about the size of this room except the ceilings are about half this high and not as well decked out and not nearly as many lights either. Anyway, they've got -- and I'm just talking about this part of the room, not the other part -- I don't know what's back there. Anyway, this is the most powerful supercomputer in all of higher education in the world and it's all based on a bunch of Dell 2650 PowerEdge servers. That's pretty exciting because we're essentially creating supercomputing power at a cost that kind of democratizes supercomputers much like as the cost of the PC came down individuals and small businesses could buy PCs and it really changed the way society used information.

I think when you go to the consumer I think what's happening with digital media and broadband and wireless and the incredible resolution you can get from digital cameras and the ability to share those images quickly and easily I think that's very, very exciting and that's not going to slow down. We think 802.11 is going to be on every notebook that gets out there and there will be more and more users saying, hey, I want to have 802.11 everywhere I go, so you can imagine having a future version of this with 802.11, you kind of have access to your data everywhere you go.

QUESTION: I am a complete amateur. (Laughter.)

MICHAEL DELL: We all started out that way.

QUESTION: I used to use a computer many years ago in business and had no problems with it and I suddenly came to the Internet and it was a different story. My son-in-law ordered a Dell for me. He said he ordered it because it is the best and he's in business also.

MICHAEL DELL: He sounds like a great son-in-law. (Laughter.)

QUESTION: And he ordered the Hewlett-Packard printer. I got the thing and I could never get --

MICHAEL DELL: This is what you need right here.

QUESTION: I could never get the printer to work.

MICHAEL DELL: You weren't the only one. (Laughter.)

QUESTION: But Hewlett-Packard blamed Dell. Dell blamed Hewlett-Packard.

MICHAEL DELL: Well, that's not good.

QUESTION: It turned out Hewlett-Packard sent me another one and Dell ended up after a year of arguing sending me another computer and now I can print. (Applause.)

MICHAEL DELL: Well, it shouldn't take a year to print, I guarantee you that, and whether you buy our printer or somebody else's printer it's our job to make sure that works together. In fact, we have a whole team of engineers at Dell who all they do is spend time testing all these things so you shouldn't have had that problem and we should have done a better job helping you solve that problem.

But we are also getting in the printer business and I think if you have the opportunity in the future you'll be pleased to see that these products are completely integrated and there are no issues with them working together.

QUESTION: Now, I originally had the 98 --

MICHAEL DELL: Windows 98.

QUESTION: -- Windows 98. I now have the Millennium and I have problems. I have the Dell Internet and I have the MSN Internet and I suddenly get the Dell coming up.

MICHAEL DELL: Well, we should capture your name and phone number -- actually the gentleman sitting right beneath you is a vice president in our consumer business and he's among other things responsible for making sure that you're happy. (Laughter.) So he's just given you his card and we're going to get you fixed up.

QUESTION: I was wondering if you're going to come out with a Pentium 5 chip?

MICHAEL DELL: We're going to follow Intel's progression in terms of processor I think and we generally are introducing essentially right at the same time that they're making their products available in volume. So you'll see us contemporaneous with their releasing a wide array of products that support the latest technologies.

QUESTION: Michael, a question about your printers: Dell is going to start manufacturing printers that are friendly with the Dell computer.

MICHAEL DELL: Yes.

QUESTION: Okay, so are you still going to be linked with Lexmark?

MICHAEL DELL: Yes.

QUESTION: Okay. Why did you form the link with Lexmark?

MICHAEL DELL: Well, Lexmark is a technology partner for us for printers. There are other technology partners for printers as well. But they have a great basic technology and I think you'll see a strong product line for us that integrates not only their technology but also others.

QUESTION: (Off mike.) I had a Hewlett-Packard printer and, of course, I upgraded to the Lexmark. I have nothing but Lexmark at work. And that's why I'm surprised that Dell is coming up with the printers, because I didn't know, so thank you.

MICHAEL DELL: Coming soon, coming soon. Yeah, this is kind of a 4-in-1 printer. It scans, it faxes, it copies and it prints, too, of course. This is a color and black and white. This is an inkjet but we'll have lasers, too. We didn't bring them all today.

QUESTION: (Off mike.)

MICHAEL DELL: Well, we're not ready to announce this one totally. You're kind of getting a sneak preview so don't tell your friends. (Laughter.) You could tell a few of them.

QUESTION: Hello? Hey, Mike, what's up?

MICHAEL DELL: I'm doing good; how are you?

QUESTION: I go to UNLV. I'm majoring in film and we only use Dell computers for editing and stuff like that. And I was wondering, we came from computers, the next big breakthrough was laptops and then after that the PDAs and I want to know what is the next big breakthrough. I mean, are we going to have holographic screens coming up or watches with computers in them; what's up?

MICHAEL DELL: That's a good question. I think if you think about computers you look a little bit young but I remember when -- I'm starting to get a little older now -- I remember when the computer screens were a lot smaller and actually for those of you who have been around for a while you know that over time the screens have actually been getting larger. Probably the best way to illustrate this is does anybody remember the first notebook computers? Does anybody remember how big the screen was? It was 4x4 and then there were the LCD screens, they were like 7.8-inches and then we went to 8-inch and 9-inch and 10-inch, 11-inch and 12-inch to 13-inch so now you have like a 15-inch screen, right?

So because we're humans we consume information visually, which is why you probably won't use a screen like this for all your information. You use it for some but the screens are actually getting bigger.

Now, what form could the screen take in the future? Well, I mean there's lots of experiments out there. There are people with these headsets and you kind of look at this thing and walk into walls and there's holographic, we've seen some technology in the works where screens actually roll kind of like a roll-up type screen. There's projection technologies of all kinds.

I think probably for the foreseeable next couple years the real big news is going to be flat screens and the cost of those coming down, becoming more affordable. People want to have a 17, 18-inch type flat screen. And one of the exciting things that people are doing now with screens, and you'll know this from doing movie editing, is they're having two screens because then you get twice as much information. And if you're doing e-mail and you're doing Internet, you're doing a couple applications you kind of get them all going at the same time and you can move between them very easily.

QUESTION: With regards to screen size I noticed that Apple introduced a computer that had a 17-inch display laptop and it only weighed like four pounds or something like that. Do you have anything like that pipelined for the future?

MICHAEL DELL: Yeah, I think you'll see some goodies from us coming in that area. We're working on kind of portable cinema type machines. These are pretty big machines in terms of the actual size but there's also a classic customer that says, hey, if I'm going to buy one computer I want it to have all the stuff and that's quite popular. So we're working on larger screens, going to keep getting larger.

But at the same time we have smaller ones, too, so this machine you're sort of getting down in the three pound type range and there are users that want the thinnest and lightest machine they can get as well.

QUESTION: How soon will we have talking computers?

MICHAEL DELL: Well, by talking do you mean where the computer will read text or will recognize the voice?

QUESTION: Star Trek.

MICHAEL DELL: Star Trek. (Laughter.) Hmm, well, you know it's really hard to predict the future. It's especially hard because technology changes so quickly. There are a lot of universities that are doing work on voice recognition and voice is a fantastic user interface because we're all very used to it and if your computer could talk to you and you could talk to your computer, boy, wouldn't that be a wonderful thing but there's still a lot of subtleties and expressions and words jumbled together. It just doesn't work all that well unfortunately.

So if you look at these new inputs whether it's pen or voice or speech-to-text I think the dramatic increase in processing power is going to make those more and more possible but I think it's going to be more incremental progress. I wouldn't look for a huge change super quick. There will be niches that can use those things.

You know, the other thing is that if you sit down and think about it, typing, actually people learn how to type pretty fast and you can navigate things and if you imagine how much data is being exchanged it's pretty good.

Now, what would be really cool is if we could somehow link up the brain and the computing engine and get rid of the whole mouth completely but that's kind of beyond Star Trek.

QUESTION: Hi. Back when I was in college -- I won't say how long that was -- Macintosh was donating thousands of computers to computer labs, getting the universities up to speed on computers. Does Dell donate computers, hardware to elementary, junior high and high schools, anything like that?

MICHAEL DELL: We do. In fact, we have a program called TechKnow that has taken I think about 4,000 or 5,000 machines this year into about 15 school districts across the United States and is basically taking at-risk youth in the kind of 3rd, 4th and 5th grades and it's an after-school program where you learn how to use the computer, take it apart, put it back together, load software and if you stay in the program through the entire semester and you don't have any disciplinary problems you get to take the computer home. And it's proven to be extremely effective at helping kind of put some of these kids on a totally different trajectory.

Now, if you go to the universities and say what about just giving computers away, one thing I'd point out is that some companies in the past have been very good at, if I can say this, charging a whole lot for some computers and then giving others away and it averages out to a price that is actually still higher than ours.

So we've sort of taken a different approach, which is we want to make computers as affordable as possible. Now, we have some philanthropy and we have things that we do as a company and individually to help get computers out there, but I actually think Dell has made a relatively profound contribution in education and maybe more broadly in driving the cost of computers down with efficient distribution, forcing all the other companies to have to respond to that and making these products more affordable.

Now, if we hadn't done it somebody else probably would have, but we did do it so we can be a little proud of it. And I think that's something that is really important in society. I mean, if the education system doesn't deliver the skills around computing a lot of these kids may not ever get the skills at home or anywhere else. So it's very, very important that we get more and more computers into schools and that these kind of 21st century skills really become like reading and writing and arithmetic, you know, you learn how to use tools that are in every day modern society really hard to function in today's society if you don't have these skills, so the education system plays a really vital role in that.

MICHELA O'CONNOR ABRAMS: Michael, we have time for two more questions and this gentleman has the microphone here and then the lady in the blue right there.

QUESTION: Hi. I'm Richard Williams. How are you?

MICHAEL DELL: Good. How are you, Richard?

QUESTION: A question sort of along the same lines as education: I was wondering what the newest and most recent advances in technology that Dell offers to students and teachers in the classroom that they can utilize as part of teaching tools and techniques?

MICHAEL DELL: Well, we have in our education business an education alliance with the software providers, with the peripheral providers to essentially provide a complete solution to schools. One of the most exciting areas and an area that has the most traction are wireless carts. So remember how we talked about 802.11. Essentially this is a cart and one of the problems with schools when they started they built the computer lab and the students would leave the classroom and they'd go off to the computer lab and the teacher is sitting there going what happened to my students and they've left and I don't know anything about these computers and what's going to happen now.

So we've kind of as a way of involving the teachers and also giving teachers training and the computers actually come to the classroom. What also happens is you end up getting much more utilization out of the computers all day long, so they can go from classroom to classroom to classroom, they're wireless, you take them out of the cart, turn them on and they're connected and you just kind of hand them out, and that's been very, very popular and effective in schools. In fact, about two-thirds of our K-12 customers in the United States are using 802.11 and we are the leading supplier of computers to the education market.

QUESTION: Hi, Michael. My name is Michelle. I am a Dell owner and I also have Dell as my Internet Service Provider. I was wondering what portion of that makes up of the total Dell business and what kind of improvements you're making on your Internet service to enhance the whole Internet experience and especially for children in the line of the parental controls? And before you answer that, my son told me to tell you he likes the Dell dude better than the Dell intern. (Laughter, applause.)

MICHAEL DELL: Okay, well, you know, our partner for Internet service for the Dell branded Internet service has been MSN and we've basically transitioned that over to an MSN service as opposed to kind of a Dell MSN service. And with the new version of MSN I think they've made massive improvements and done a lot with parental controls and the sort of protected environment that you want for kids today. It's not perfect but it's certainly a lot better than it was.

In terms of our commercials, it's not the first time we've heard that. One thing we do know from our commercials though is that while a lot of people might want to see Steven they might be more interested in seeing Steven than necessarily seeing what's in the ad. And we're not actually in the business of putting Steven on TV, as exciting and interesting as that might be. (Laughter.) We're in the business of selling our product.

Now, we're talking to Steven and you may see Steven again in our ads. In fact, if you look closely at some of our ads you'll see Steven appears just at the end for a little bit. And, yeah, maybe we'll turn him into an intern. He's still in college, so he could be ready for an intern program pretty soon.

But the other thing we found with our new ads is while they don't have Steven in them they actually do a better job of communicating the messages about Dell's leading service and support, value, really the messages that are important to our company. And we're not running the Steven TV show; we're trying to present our products and our services.

MICHELA O'CONNOR ABRAMS: Well, thank you very much, Michael. Thank you for spending time with us.

MICHAEL DELL: Thank you. (Applause.)

Let me just take a minute here and thank you all for coming today and for your great feedback and thoughts and really appreciate your input. And as a token of our appreciation we'd like to present each of you with a Dell Axim. (Applause.) So in the reception back here we have some more products for you to see and please grab one of these and enjoy it and have fun and thanks for coming today. (Applause.)

END