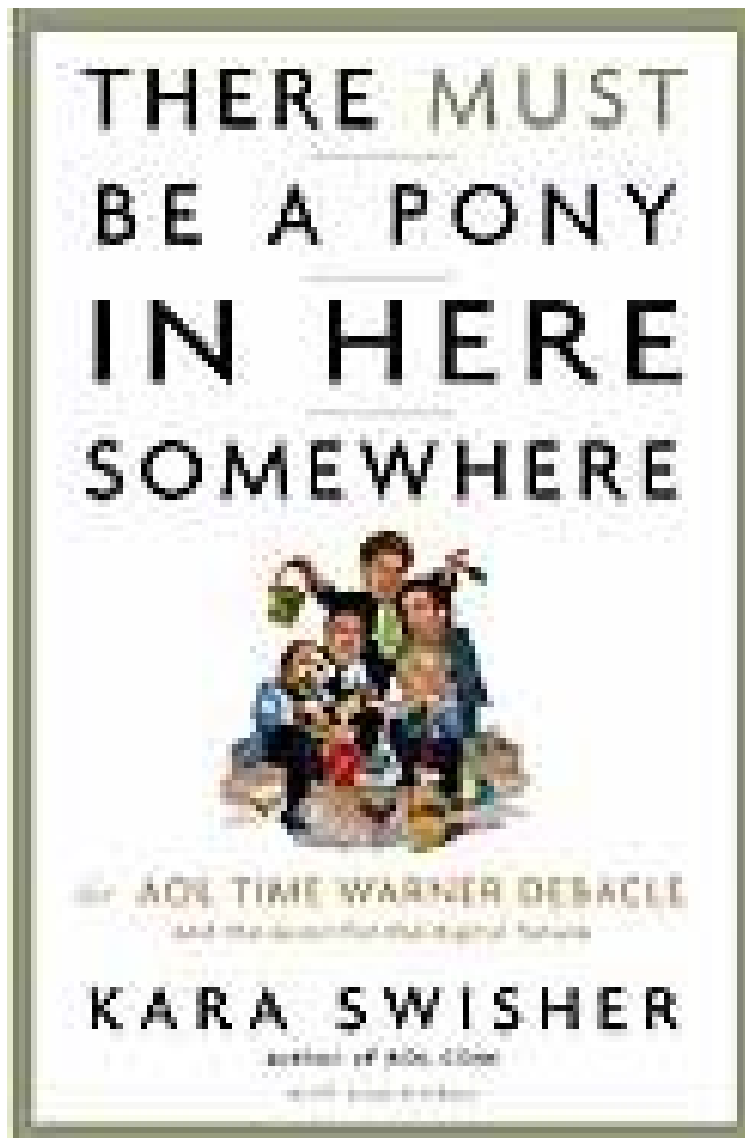


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## There Must Be a Pony in Here Somewhere: The AOL Time Warner Debacle and the Quest for a Digital Future

*Kara Swisher*

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**Kara Swisher : There Must Be a Pony in Here Somewhere: The AOL Time Warner Debacle and the Quest for a Digital Future** before purchasing it in order to gage whether or not it would be worth my time, and all praised There Must Be a Pony in Here Somewhere: The AOL Time Warner Debacle and the Quest for a Digital Future:

0 of 0 people found the following review helpful. Digital PersonalitiesBy Retired ReaderThis is a witty, gossipy book

that is a fun read about a very unfunny merger between the Internet bad boy AOL and the venerable Time-Warner entertainment conglomerate. Unfortunately it is also terminally superficial. As has often been observed more can often be learned from failures than successes. So one would have hoped for a little substance in this book than Swisher was apparently willing to deliver. In part this may show how journalism has changed over the years. In 1971 two reporters wrote of the failed 1968 merger of the Pennsylvania and New York Central Railways (Duaghen/Binzen, "The Wreck of the Penn Central"). In this book a good deal of detail was provided on how borderline criminal financial operations, lack of detailed operational planning, and a massive failure of management caused the merger to fail almost before it began. Because of the detail provided in this book it to this day can be a guide not only for mergers, but for any type of major reorganization. In Swisher's book one learns only that the AOL-Time Warner merger failed because a lot of superheated egos were unable to cope with crash of AOL stock when the 'dotcom' bubble burst. There surely is more to the story than this. This reader would have liked to have read more about the issue of AOL acquiring access to Time-Warner's broadband cable assets and the whole problem using AOL resources for delivery of Time-Warner content. What serious thought and planning actually did either side of this merger actually do other than looking for a quarterly stock jump. If that is all they did that would be worth noting as well. Business reporting ought to be more than gossip about the personalities involved in any venture that is what "People Magazine" is for. 12 of 12 people found the following review helpful. Crash of the Titans By Cliff Rives Much of Kara Swisher's lively chronicle of the biggest media merger in history is focused on two visionary company leaders: AOL's Steve Case, who made the company into the 800-pound gorilla of cyberspace but could never seem to turn that power into genuine respect; and Time Warner's Gerald Levin, whose efforts to take the venerable media company into a Net-based future met with one failure after another (FSN, Pathfinder). In theory, the merger should have given both partners what they wanted. So what went wrong? Swisher counts the ways, from bad timing (the tech boom of the late 90's was already starting to wane when the merger was first announced) to tumultuous ego clashes between the "young turks" of AOL and the feudalistic "old school" hierarchy of Time Warner. And then, of course, there's the money. Swisher details AOL's "creative" accounting practices, Time Warner's less-than-diligent due diligence (possibly a product of Levin's determination to make the merger happen, no matter what), and the desire on both sides to create a "synergy" of old and new media, with no clear idea on how to make it happen. Synergy was AOL-Time Warner's Holy Grail, all-important but ever-elusive, and when the company failed to get it, the stock price tumbled. Swisher's prose style is accessible and informative. When she offers personal anecdotes or opinions, they are never intrusive or self-important; instead, they add dimension and context to the narrative, fleshing out the how-high-can-we-go? headiness of the late 1990's. My only complaints are minor ones. First, I wish the book contained a "cast list" of the major players for quick reference; when the surnames start flying around (Pittman, Parsons, Colburn, Crawford), it would have been nice to have a reminder of what positions each person held. Also, and this is no fault of Swisher's, the book went to press before the ideal ending could be included: the decision to drop AOL from the company name. (In fairness, Swisher did predict the name change would happen, and she expected it sooner rather than later. Perhaps the paperback edition will feature an extended coda.) When the merger was first announced, Ted Turner, a major stockholder and Warner board member, compared the experience to "that night when [he] first made love some forty-two years ago." By the end of *There Must Be a Pony*, readers may have much earthier metaphors in mind. 17 of 18 people found the following review helpful. Wonderful, Easy to Read Perspective on AOL-Time Warner Deal By W. Heron, Jr. I would get this book prior to any trip...it is well-written with an irreverent, breezy style and an eye to the clever phrase or interesting anecdote. It is fun to read. The author, Kara Swisher, not only chronicles the AOL-Time Warner transaction but also provides interesting perspective on the late 90's and early 00's. One could ask why my comments and why this particular book? The book has value in that the author lived through this period, understood the genesis of the acquiring company, AOL, and importantly, was a keen observer of Time Warner (including its key players, Jerry Levin and Ted Turner among others) and the transaction that took place. To give you a sense of her style and perspective, she describes the merger as "a company without any assets acquiring a company without a clue." What makes the book worthwhile is the author, her style and most importantly, the relationships she established with almost all of the main players. She had extraordinary access to them over time and they were comfortable enough with her to provide their own perspectives in something other than a self-serving manner. There are no heroes only fools, some more gullible than others. Buy it, you'll enjoy it and you will remember to look for Kara Swisher's by-line when you next read the Wall Street Journal.

“AOL had found itself at the edge of disaster so frequently that one of its first executives, a brassy Vietnam veteran and restaurateur named Jim Kimsey, had taken the punch line of an old joke popularized by Ronald Reagan and made it into an unlikely mantra for the company. It concerned a very optimistic young boy who happened upon a huge pile of horse manure and began digging excitedly. When someone asked him what he was doing covered in muck, the foolish boy answered brightly, ‘There must be a pony in here somewhere!’” —From the Prologue If you’re wondering what happened after “a company without assets acquired a company without a clue,” as Kara Swisher wryly writes, it’s time to crack open this trenchant book about the doomed merger of America Online and Time Warner. On a quest to discover how the deal of the century became the messiest

merger in history, Swisher delivers a rollicking narrative and a keen analysis of this debacle that is a must-read for anyone who wants to understand what it all means for the digital future. Packed with new revelations and on-the-record interviews with key players, it is the first detailed examination of the merger's aftermath and also looks forward to what is coming next. It certainly has not been a pretty picture so far—with \$100 billion in losses, a sinking stock price, employees in revolt, and lawsuits galore. As Swisher writes, "It is hard not to feel a bit queasy about the whole sorry mess. . . . It felt a bit like I was watching someone fall down a flight of stairs in slow motion, and every bump and thump made me wince. It made me reassess old ideas and wonder what I had gotten wrong. And it left me deeply confused as to what had happened and, more important, what was coming next." For Swisher, finding the answers to what went awry is important because she remains a staunch believer in the digital future—maybe not in the AOL Time Warner merger, but in the essential idea at the heart of it that someday the distinction of old and new media will no longer exist. Borrowing from Winston Churchill, Swisher calls it "the end of the beginning" of the digital revolution. "By that, I mean that it is from the ashes of this bust that the really important companies of the next era will emerge. And that evolution will, I believe, be shaped by what happened—and what is happening now—at AOL Time Warner." To figure it all out, Swisher takes her reader on a journey that begins with a portrait of two wildly different corporate cultures and businesses that somehow came to believe, in the crucible of the red-hot Internet era, that they could successfully join forces and achieve unprecedented growth and success. When the merger was announced in early 2000, the irresistible combination was hailed as the new paradigm and its executives—Steve Case, Jerry Levin, Bob Pittman—as popular icons of the future. But after the boom so spectacularly turned to bust and the visions of New Media Supremacy lay in ruins, Swisher searches for clues about where the merger went wrong and who is to blame. More important, she looks to the future of both AOL Time Warner and the Internet as she seeks to answer the key question that the noise of the disaster has all but drowned out. Will the demise of the AOL Time Warner merger be the final and inevitable chapter of the dot-com debacle or will it herald a new paradigm altogether? This book, then, is a primer for the time to come, using the story of the AOL Time Warner merger as the vehicle to show the troubled journey into the future. From the Hardcover edition.

From Publishers Weekly In an always lively, sometimes glib style, Swisher, writing with Dickey, recounts the forces that led to the biggest media deal in history and then traces the downward spiral of the combined AOL Time Warner. In the late 1990s, executives of AOL, led by Steve Case, were looking to capitalize on AOL's sky-high stock price by completing a transforming acquisition with a major media company. At the same time, Time Warner, burned by several failed online ventures, was looking for a way to make sure it didn't become an anachronism in the new age of the Internet. So when Case met Time Warner CEO Gerald Levin, the combination seemed like a sure winner. A preliminary merger agreement was announced in January 2000 with great fanfare, but within a year, and before the deal was even officially completed, there were signs of the problems that would lead to the ouster of nearly every one associated with the merger. The Internet bubble, which had driven up AOL's stock price to unsustainable heights, burst, dragging down its share price. And the skidding price exacerbated what was already a difficult task of meshing AOL's corporate culture with that of Time Warner. Swisher (AOL.com), a columnist with the Wall Street Journal, doesn't take sides in deciding who is to blame for the merger's failure, but provides the perspective from both AOL and Time Warner on why the merger failed to click. Swisher uses her access to most top AOL executives and Levin to deliver a story that races along in Internet time about one of the seminal events in media history. Copyright 2003 Reed Business Information, Inc. From the Inside Flap AOL had found itself at the edge of disaster so frequently that one of its first executives, a brassy Vietnam veteran and restaurateur named Jim Kimsey, had taken the punch line of an old joke popularized by Ronald Reagan and made it into an unlikely mantra for the company. It concerned a very optimistic young boy who happened upon a huge pile of horse manure and began digging excitedly. When someone asked him what he was doing covered in muck, the foolish boy answered brightly, "There must be a pony in here somewhere!?" From the Prologue If you're wondering what happened after "a company without assets acquired a company without a clue," as Kara Swisher wryly writes, it's time to crack open this trenchant book about the doomed merger of America Online and Time Warner. On a quest to discover how the deal of the century became the messiest merger in history, Swisher delivers a rollicking narrative and a keen analysis of this debacle that is a must-read for anyone who wants to understand what it all means for the digital future. Packed with new revelations and on-the-record interviews with key players, it is the first detailed examination of the merger's aftermath and also looks forward to what is coming next. It certainly has not been a pretty picture so far—with \$100 billion in losses, a sinking stock price, employees in revolt, and lawsuits galore. As Swisher writes, "It is hard not to feel a bit queasy about the whole sorry mess. . . . It felt a bit like I was watching someone fall down a flight of stairs in slow motion, and every bump and thump made me wince. It made me reassess old ideas and wonder what I had gotten wrong. And it left me deeply confused as to what had happened and, more important, what was coming next." For Swisher, finding the answers to what went awry is important because she remains a staunch believer in the digital future—maybe not in the AOL Time Warner merger, but in the essential idea at the heart of it that someday the distinction of old and new media

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**About the Author**  
**KARA SWISHER** is a technology columnist for the Wall Street Journal and the author of the acclaimed 1998 book on the rise of America Online, AOL.com. In 1999, she was named the "Internet economy's most influential journalist" by The Industry Standard. She lives in San Francisco.  
**LISA DICKEY** is a freelance writer and editor who most recently worked on *The Woman Who Would Not Talk* with Susan McDougal and Pat Harris. She lives in Washington, D.C.