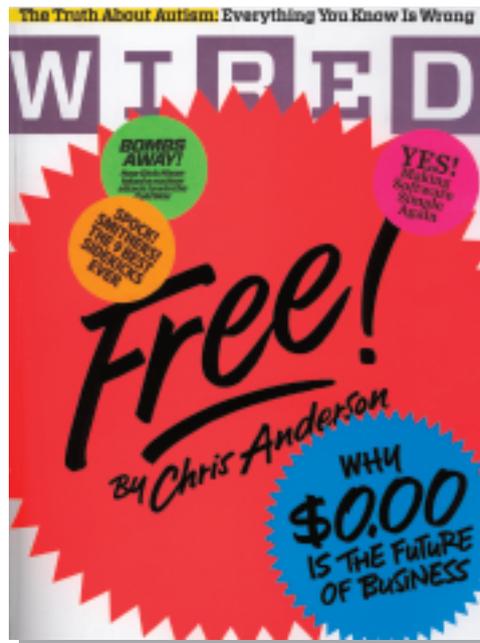


There IS a Free Lunch

Arguably, Google is the most powerful commercial force on the Internet with its stock trading at \$443.39 as of this writing. The aging giant from Redmond is trying to club Yahoo into submission so that it has a chance to compete against Google with some kind of MicroSoftHoo hybrid. And yet, as Chris Anderson of *Wired* points out, “Google offers everything they do for free.” Picasa; YouTube; Gmail; GOOG-411; Orkut; Google Maps and Earth; a small warehouse of widgets, programs, and services; and, oh yes, Search—all available for no more than a couple of twitches of your mouse finger. And the company’s bottom line for 2007—\$16.6 billion, up \$6 billion from 2006.

Chris Anderson is editor-in-chief at *Wired*, and he recently offered the February print issue of his magazine for free. He also initiated a wiki on free business models, open to all who want to participate. The lead article in the magazine, “Why \$0.00 is the Future of Business,” offers an outline of Anderson’s new book (yet untitled) due out in 2009 from Hyperion. The article and wiki are part of Anderson’s creative process: “The feedback I get on this piece will be invaluable in making a better book, just as it was with *The Long Tail*,” his other book about online commerce. You’re invited to help write the book through his wiki, but don’t expect to be compensated—the



book is, after all, about the free business model.

Anderson’s basic thesis is pretty simple. CalTech’s Carver Mead offered the corollary to Moore’s Law, explaining that the cost of transistors would halve every 18 months. As the cost of these components went from “tens of dollars in the 1960s to approximately 0.000001 cent today in Intel’s latest quad-core,” bandwidth and storage space began to plummet toward zero, and so has

the cost of doing business online.

And how close are we to ground zero? Well, if you want unlimited free storage online, you can get it for your e-mail from Yahoo, and free information, software, and media are everywhere. Anderson presents a “taxonomy of free” that includes freemiums (Flickr), advertising (a variety from banners to search hits), cross-subsidies (Prince giving out his latest CD free to boost concert earnings), zero marginal cost (giving away content that can be distributed at almost no cost), labor exchange (your use of free site or service helps the provider), and gift economy (Wikipedia to Freecycle, which gives away free second-hand goods). All of these models trade in *externalities*—“a concept that holds that money is not the only scarcity in the world.”

Read the complete article at www.wired.com/free. Then join the wiki at http://howto.wired.com/wiki/Make_Money_Around_Free_Content. ■