



Steve Perlman

## WebTV co-founder resurfaces at head of new venture

By Jim Davis

[http://www.news.com/WebTV-co-founder-resurfaces-at-head-of-new-venture/2100-1040\\_3-235540.html](http://www.news.com/WebTV-co-founder-resurfaces-at-head-of-new-venture/2100-1040_3-235540.html)

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**Steve Perlman, the co-founder of WebTV who left the Microsoft subsidiary last year, is getting ready to start an incubator for other digital technology companies.**

Perlman is heading up a new venture called Rearden Steel Digital Development Studio that will act as a launching pad for companies developing technologies for the consumer market, according to information posted on the company's Web site.

Rearden Steel will play host to companies aiming to develop products or services in areas such as movie development and video games, as well as non-profit projects such as digital sculpture, animation and motion studies, according to the site. Its official coming-out party will be held later this month at Perlman's studio in San Francisco.

"This is my fourth start-up. Every single time, we've been swamped with just setting up the infrastructure for our company, whether it's setting up a credit line or a phone line," said Steve Perlman, who will be president of [Rearden Steel](#).

Incubators typically provide young companies with office space and business services such as long-distance lines and management expertise. In exchange, they often receive an equity stake in the start-ups. Additionally, incubators can serve as a place for entrepreneurs to test out new business ideas.

Among the services available to companies from Rearden Steel are 3D graphics and Internet content production facilities and a studio for digital audio and high-definition TV production. Perlman himself will be available to act as a member of management, as an advisor or board member, according to the company.

Companies housed in Rearden Steel's studio will focus on developing new kinds of content and devices for the mass market, Perlman said.

"We're no longer in a situation where you can just do a start-up for home applications which is just about technology," he said. As the AOL Time Warner merger highlights, new technologies need to be developed side-by-side with content, Perlman explained, so a facility that provides support for both is crucial.

Perlman co-founded and then oversaw WebTV after it was acquired by Microsoft in 1997 for \$425 million. As an independent company, WebTV brought to market one of the first commercially

viable information appliances to offer Internet access on a TV set. Prior to starting WebTV, Perlman worked at General Magic and Apple Computer.

He [left Microsoft](#) in May of 1999, just a short time after Microsoft had invested \$5 billion in AT&T to ensure the rollout of cable set-tops with the Windows CE operating system.

Some speculated that Perlman's somewhat abrupt departure was the result of personality and culture clashes between the former start-up and the larger, more bureaucratic Microsoft. But Perlman has denied that he was in any way forced out.

"If (frustration from the merger) was an overriding factor, then I would have left a while ago," he told CNET News.com in May. But he added that "it's a fair thing to say it was a new thing for Microsoft and a new thing for us. We are Microsoft's only subsidiary." At the time, he said he was leaving to take some time off to pursue other interests.

Since the acquisition, WebTV has been the centerpiece of Microsoft's television strategy, with plans to disseminate Windows CE and content from its MSN service via [cable](#), [satellite](#) and telephone networks.

Microsoft's TV efforts have progressed on the satellite front, but not as quickly as hoped in the cable arena. Microsoft was supposed to have started tests of interactive services in two cities served by AT&T's broadband and Internet services unit, formerly known as TCI, no later than the end of 1999. AT&T executives [now expect](#) that 300,000 to 500,000 customers should have these services available sometime in the third or fourth quarter of 2000.

WebTV now has more than 1 million subscribers, according to the company. Still, that accounts for less than 1 percent of all U.S. households, according to market research firm International Data Corp., and the company faces stiff competition from companies such as AOL, which are [getting ready to deploy](#) similar television-based Internet access.

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