

## in this issue

1

Google, Yahoo  
Crushing Print Ad  
Revenue

2

How long do you plan  
to be in business?

3

Value-Added  
Resellers:  
The Future of  
Information  
Technology

•

Microsoft Scraps Old  
Encryption in New  
Code

4

New Trojan Aims  
Koran at Viewers  
of Porn

•

IRS Increases  
Mileage Rate Until  
December 31, 2005

## Google, Yahoo Crushing Print Ad Revenue

The migration from print to online for news and business information has pushed down the money made from print ads.

In the distant past of 1995, InfoWorld was my primary source of technology information. I found that by following the magazine, and never missing a Bob Metcalfe or Stewart Alsop column, my tech education was progressing nicely. I even discovered that I was better informed than my superiors, and that helped me move up the IT food chain.

An InformationWeek article reminds me of how far the Internet has gained in importance for tech information. That article notes how revenue for the news and trade markets grew 8.7 percent in 2004, but will likely be half that in 2005.

That doesn't come as much of a mystery to those following the online advertising industry. Jupiter Research noted last month that revenue from search engine ads will double within five years to nearly \$19 billion.

Yahoo had more than \$1 billion in online ad revenue in the first quarter of 2005; that rose to \$1.25 billion for the second quarter. Google's second quarter ad revenues were slightly higher at \$1.36 billion. All that money comes at the expense of other media outlets, as the print world has seen.

Part of that change has happened as users switched from waiting for the weekly trade journal to arrive to going online for answers. Search engines like Google and Yahoo turn up multiple sources for pretty much every tech issue that exists.

Sites (besides the two mentioned) supported by advertising revenue, and blogs created by individual users, have picked up that traffic. According to research firm Outsell's Market View report, individuals are spending 15

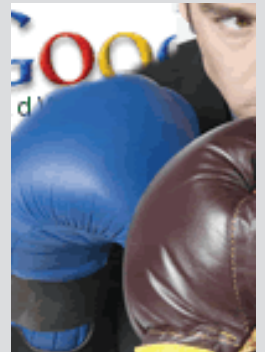
percent less on printed news and trade journals than they did in 2001.

The article discusses how the news and trade industries have seen print ad revenue drop, and that lower cost online ads aren't covering those losses. As online ads gain in importance, a rise in their rates will eventually offset that print ad revenue loss.

InformationWeek doesn't touch on one aspect of individuals and their purchasing habits, as they might relate to publications like themselves and InfoWorld. That aspect would be outsourcing. As tech companies have aggressively placed jobs in low-cost countries, American employees have found themselves changing fields. Why would someone keep buying tech magazines when embarking on a new career?

With fewer prospects for tech employment in the US, fewer students choose to enter the computer science fields in college. That leads to fewer tech trade readers, print or online, which now impacts print advertising to a much greater degree.

Broadband penetration in the US market has given more households the means to access high-bandwidth video content. News organizations like CBS and CNN have been racing with others to meet that demand, and monetize it via advertising. They can meet the higher expectations of an audience that no longer finds print as compelling a medium. Print media will have to adjust its revenue expectations to match the change in demand.



# How long do you plan to be in business?

**Y**ou advertise. Good. Television is out of the question of course. Too much moola. Your Yellow Page ad has that phone ringing off the hook. What's that? Oh? It's not?

Well, at least you've got your newspaper ads running every day. Oh? Not doing those either? Never saw the results you expected? Hmmm.

How about direct mail? Surely that will work. Huh? You've heard too many horror stories of monies lost? (Believe me... they're true!)

But Yellow Pages? Newspapers? What's the problem? Williams found that people who respond to your Yellow Page ad call when they don't know who else to call and they're shoppers who have no preference.

He calls newspaper advertising the "sprinter's" of advertising. Such advertising is good for companies that are looking for people who are buying today. Short-term sales. What are the chances of that? Plus, newspaper advertising doesn't build relationships with people buying weeks or months down the road.

In one way, cold calling is similar to newspaper advertising. The average cold caller is looking for a deal today. Hold your fingers up in front of your face. Go ahead. All ten of them. Now count the number of sales you've made on your first cold call. Are you going to make a good living at that rate?

I call this type of cold calling – looking for a quick sale now – flash in the pan marketing. The average cold caller fails to understand that the prospect will buy what he's selling some time in the future once he has the need. Rather than take the time to start a relationship so he'll be remembered when the need arises, he hangs up and makes his next call. Like the early prospector looking in his pan of silt and rocks, he fails to recognize the gold nuggets and throws them out with the wash.

This is not to say that cold calling doesn't work. It does. I think – no I know from over 30 years of experience – that this is one of the fastest ways to build your business. Where I differ from most others is the follow-up required for cold calling. 95% of salespeople don't do it. Their laziness is great for me. By failing to follow-up and build relationships, they do more to eliminate themselves than anything I could ever do to knock them out of the picture.

If you're doing cold calls as a "numbers game" you're a flash in the pan salesperson. I'm not saying you can't make a good living doing it, but from my research only 1% of salespeople have the endurance to play the numbers game like this. They could care less about having any relationship, want the commission now, and want to move on. Most of these people you wouldn't even want to do business with yourself.



Success in advertising (and cold calling is self-advertising) comes in the follow-up. It comes in qualifying and building a long-term relationship with the prospects. And qualifying doesn't have to be complicated. In fact, all you have to determine is if the prospect is buying your service or product from your competitor. If she is, establish a relationship. She has a need for what you're selling.

Things change and the chances of her doing business with your competitor for a lifetime are 0%. She'll be changing vendors. You can take that to the bank. This is where your relationship guarantees the prospect remembers you first when she's ready to buy later. If you're a flash in the pan, a onetimecallPaul, she'll never think of you. If you're a professional, if you have a relationship that none of your competitors bothered to establish, you'll be the first one she calls.

A problem we have in sales is that we want instant gratification. Our commissions are tied directly to our sales. Our sales managers need sales closed before the end of the month. Business owners need sales now to meet payrolls. We want sales without taking the time to build any pesky relationships. This is the flash in the pan approach to selling. It's the man who wants his fish today without learning how to fish. (A fish in the pan approach?) I know it's tough, but in sales you've got to work both sides of the street: get the quick sales when you can, but establish and build relationships for the long term sales tomorrow.

Find your company's top salespeople. It won't be hard. It'll be just one or two. Take them to lunch. Talk about selling. Ask about relationships. The best salespeople know that relationships are created by repeated contacts: visits, phone calls, and cards. I bet they can tell you so many good stories about their clients you'd be amazed, awed, and blowing milk out your nose from laughter. They have the skinny and the dirt on everyone. They have relationships. They didn't get to be the best because they're flashes in the pan.

# Value-Added Resellers: The Future of Information Technology

The future of the IT field is truly the new millennia's great business dilemma. Today, in addition to multiple hardware platforms, diverse application development environments, endless upgrades, complex multi-vendor problems, integration and ongoing maintenance issues, a company needs to be sure that they are getting the most effective and efficient use of their technology investment.

While there is no doubt of the great benefits provided by the open integration of software and hardware products, the complexities have become a challenge to manage. Mastering the intricacies of such integrations has become nearly impossible due to the rapid changes in technology. In small and large companies alike, internal IT managers are continuously challenged with evolving technology.

No longer are internal IT managers, or large IT departments able to handle all their technology requirements. Today's complex systems require specialized knowledge to guarantee effective and efficient integration within a business. The value-added model is quickly becoming the solution of choice.

Companies of all sizes can turn to smaller technology specialty organizations that fit their corporate budgets. In addition to providing vendor neutral hardware recommendations, the advantages of a value-added reseller, also called a VAR, are numerous. Some of which include: strategic planning, system design, implementation, training, asset tracking, technical support, database development, Web development, consulting and research.

While an internal IT manager can become static in their knowledge, focusing only on day-to-day operations, a VAR must stay at the top of the technology curve to remain competitive.

The focus should be on business continuity and expansion through technology advancement. A VAR can help assess what is needed to upgrade, integrate and improve an organization's technology environment, while minimizing or eliminating interruptions to the workflow.

In smaller companies, a full-time computer specialist may not be justified. In larger companies, skill-sets needed may be so diverse that in-house IT departments just can't handle it. Without considering the value-added option, smaller companies turn to a "Friend who know computers," while the larger companies usually hire an extremely expensive expert, who becomes stagnant or leaves for a better offer after starting the new project. The dangers inherent to either approach are apparent.

In the dealing with a VAR, those dangers are removed by providing an on-call team of specialists whose combined skill-sets exceed anything remotely attainable in a single technician. The net-result to the company is a more cost-effective, low-risk business solution scalable to virtually any environment or situation where "Adding value" becomes the business mantra.

# Microsoft Scraps Old Encryption in New Code

**Microsoft is banning certain cryptographic functions from new computer code, citing increasingly sophisticated attacks that make them less secure, according to a company executive.**

The Redmond, Wash., software company instituted a new policy for all developers that bans functions using the DES, MD4, MD5 and, in some cases, the SHA1 encryption algorithm, which is becoming "creaky at the edges," said Michael Howard, senior security program manager at the company, Howard said.

MD4 and MD5 are instances of the Message Digest algorithm that was developed at MIT in the early 1990s and uses a cryptographic hash function to verify the integrity of data.

The algorithms are used to create digital signatures and check the integrity of information passed within Microsoft Corp.'s products.

DES (Data Encryption Standard) is a cipher that is used to encrypt information that is used in many networking protocols.

Microsoft is recommending using the Secure Hash Algorithm (SHA)256 encryption algorithm and AES (Advanced Encryption Standard) cipher instead, he said.

The change is part of a semi-yearly update to Microsoft's Secure Development Lifecycle policies by engineers within Microsoft's Security Business & Technology Unit.

Microsoft should have ended use of DES, MD4 and MD5 "years ago," and is only being prudent in doing so now, Schneier said.

However, the company's "case by case" approach to banning SHA1 is more aggressive, considering that theoretical attacks on that algorithm only appeared in February, Schneier said.

The theoretical attacks on SHA0 and SHA1 were developed by Chinese researchers and have some experts predicting that those algorithms will soon be considered too vulnerable to rely on.

Using vulnerable encryption algorithms could expose sensitive data in Microsoft systems. But attacks on those algorithms are still unlikely, given other, easier to exploit holes in the software, Schneier said.

# New Trojan Aims Koran at Viewers of Porn

**“This Trojan writer just wants to clean up the Internet, which is unique for a worm creator,” noted Graham Cluley, senior technology consultant at security firm Sophos. “But despite what they might see as the best of intentions, this isn’t the way to do it.”**



A new Trojan has surfaced that targets Windows-powered PCs and displays a message from the Koran if it determines that a pornographic Web site is being accessed.

Called Yusufali.a by some security firms, and Cager.a by Trend Micro, the Trojan monitors a browser’s title bar once a system is infected with the malware.

If a word in the URL matches one of the worm’s trigger words, the site’s window is minimized and a Koran quote pops up.

“Yusufali: Know, therefore, that there is no God but Allah, and ask forgiveness for thy fault, and for the men and women who believe: for Allah knows how ye move about and ye dwell in your homes,” the message reads.

## **New Twist**

Although infections with the new Trojan have been reported mainly in Iran, the malware has

received global attention for its unusual nature. Rather than trying to lure victims into parting with their money or trick them into damaging their systems, Yusufali.a is more intent on preaching a message of morality.

“It’s quirky and very different from what we usually see,” said Graham Cluley, senior technology consultant at security firm Sophos. “It’s certainly a change from the monotony of worms designed to steal from you.”

While the Trojan is not considered much of a threat, it could inspire imitators bent on spreading a religious or political message through such strong-arm tactics.

“This Trojan writer just wants to clean up the Internet, which is unique for a worm creator,” noted Cluley. “But despite what they might see as the best of intentions, this isn’t the way to do it.”

## **Clean Air**

Because the Trojan is adept at blocking several porn sites, Cluley believes that some companies or individuals might be tempted to download the Trojan knowingly. However, he advises against such a strategy.

“There are legitimate Web-filtering programs that let you control which sites your employees or your kids visit,” said Cluley. “The idea of putting controls into the hands of a Trojan is a bad one.”

# The Accountant’s Corner

## IRS Increases Mileage Rate Until December 31, 2005

**T**he Internal Revenue Service and Treasury Department announced an increase to the optional standard mileage rates for the final four months of 2005. The rate will increase to 48.5 cents a mile for all business miles driven between September 1 and December 31, 2005. This is an increase of 8 cents per mile.

The new four month rate for computing deductible medical or moving expenses will be 22 cents a mile, up from 15 cents.

The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents per mile.

2006 mileage rates have yet to be determined.

