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Market Roundup

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War Online

By Jim Balderston

According to a variety of reports, people flocked to the Internet this week as the war in Iraq finally kicked off. Many major news sites, including CNN and MSNBC, suffered performance degradations as a result of high Web traffic. While polling data showed that most people were still using television as their major source of news about the war, many people found the Internet to be useful for augmenting network coverage. Sites offering non-U.S.-centric visions of the war reported significant increases in traffic. News Web sites updated war developments as quickly as they came in during the past week, and many sites, like Google News, offered the opportunity to scan news items from outlets around the world, many within minutes of their posting. The Web also provided access to censored or generally unavailable images, including videotapes of deceased U.S. soldiers that U.S. networks refused to broadcast. Weblogs (blogs) also have been a substantial part of the news fabric. These online diaries from individual civilians, journalists, and organizations not only provided visitors access to personal accounts and scanned news items from around the world, but were also picked up as "exclusives" by major news outlets.

The past week's developments in the war in Iraq provide an interesting and useful contrast to the 1991 conflict, one that indicates just how far the Internet has made its way into mainstream life across the globe. With "embedded" journalists reporting from the front lines and Al Jazeera now within a mouse click, the ability of people around the world to see many different visions of the war becomes a much greater reality. The contrast to 1991, where the coverage consisted of CNN and the other networks re-running CNN footage, could not be starker. As the Internet becomes more indispensable, events like major armed conflicts or terrorist attacks like 9/11 show the ongoing value of giving the end user more control over what information they seek. Web surfers who are looking for specific information can move beyond annoyingly repetitive and increasingly homogenized network news cycles, dashing in to get what they want and then getting on with their business.

While the Internet is a long way from – and perhaps not ever to become – the primary means by which people get all their news, the impact the medium is having on what news people see on TV should not be underrated. In the past, if the major networks and news outlets failed to cover an element of a story, it took time and usually extraordinary journalistic effort to drive the overlooked item into the mainstream news feed. Yet today, more and more of what the big media players overlook initially is making its way into the Weblogs and alternative media outlets that have found homes on the Web. To be sure, many of these stories – and how they are reported – do not deserve greater exposure. But in some cases, meaningful and unreported stories have enough substance to deserve to be seen by larger masses of viewers, thereby ensuring not only a wider range

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and depth of information, but also offering some assurance that there is an effective watchdog keeping an eye on the major media's performance. While some would argue that the Internet will not arrive until it becomes major medium itself, we would argue that influencing the entrenched players is no small accomplishment, and one that provides real value in times like these.

IBM and Dell Announce New Printer Products

By Charles King

IBM announced this week the immediate availability of a new "plug and print" 802.11b Wireless Print Adapter that the company says allows users of laptops, PCs, and PDAs to print documents remotely without the need to purchase a new WiFi-enabled printer or multi-function device (MFD). The device offers a wireless solution for Ethernet-capable printers, MFDs, and resident print servers, and supports Wireless Equivalent Privacy (WEP) using 64- or 128-bit encryption for secure transmission of print data. The IBM 802.11b Wireless Print Adapter can receive wireless Ethernet transmissions up to 1,200 feet away from the transmitting host in an open area. The list cost for the new device is $212. In an unrelated announcement, Dell Computer introduced four new Dell-branded printers for users ranging from consumers to corporations. The Dell A940 Personal All-In-One machine is a standalone printer, scanner, and copier that also includes fax software and will be priced at $139. The Dell P1500 Personal Laser Printer, designed for home and business use, is available for $289. The Dell S2500 and S2500n Workgroup Laser Printers are designed for standalone or networked business use and sell for $499 and $839 respectively.

On the face of it, the IBM and Dell announcements appear to have little in common beyond printing technology, but we believe they offer interesting glimpses into how each company is strategically focusing on their respective customers. The fact is that low-end printers for consumers and businesses have essentially become commodities that offer vendors a foot in the door to deliver other more lucrative products (i.e., ink and paper) and services. This is the business model that printing/imaging innovator HP keeps riding to notable financial success. While IBM-branded printing products are manufactured by vendors including Hitachi and Ricoh, the company also understands the economics of managing and maintaining enterprise IT solutions. WiFi solutions may qualify as the latest family of trendy gizmos, but their application in the enterprise offer some unique benefits. Not only are wireless-enabled workers freed from specific desks and locales, shifting the balance of staffing and workgroup models, but deploying wireless IT resources is considerably cheaper than hardwired alternatives. From a practical standpoint, the IBM 802.11b Wireless Print Adapter makes life a bit easier and more affordable for the company's business customers, and as vendors are well-aware, happy customers also tend to be generous customers.

So that being the case, Dell's new Lexmark-manufactured printers are certain to be a slam dunk success, right? Well maybe, among certain classes of customers anyway. Protestations aside, Dell's melodramatic jump into the inky printer pool a few months ago appeared to us to be more aimed at blackening HP's eye than improving the lives of Dell customers. This is not meant to smear Lexmark, which makes peachy keen low-end printers. Instead it merely suggests that Dell tends to be most comfortable dealing with vendors it holds some advantage over, a not unusual circumstance in modern business life. For Dell to make a dent and a buck in the printer business, they need to deliver products that are notably cheaper than the competitions' (i.e., HP) if not necessarily better in quality. The printers Dell announced this week fit that scenario well enough, and we expect the company will find some success among the consumers and small businesses who are more concerned about initial cost than quality or long term reliability. However, corporate customers and corporate printing are considerably tougher nuts that we believe Dell is unlikely to crack anytime soon.

"But I Don't Like Spam!"

By Jim Balderston

Spam was a prominent topic in IT circles this week as a number of developments concerning unwanted email solicitations made the news. In one, Microsoft changed its Hotmail policy to limit the number of emails a user can send from a free MSN Hotmail account to 100 in any 24-hour period. Those using MSN's Internet ISP

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services for a monthly fee will have no such limits. Meanwhile, Mailblocks, Inc. announced a new antispam service that promises to block all spam while allowing desired email to make it through to one's inbox. The company, founded by a former Microsoft VP and co-founder of Web TV, not only uses existing spam-blocking blacklists and heuristic techniques but also deploys what it calls a "challenged response" which asks the sender to type a provided seven-digit number into a reply, something automated spam machines cannot do. When a reply containing the seven digit number is received by the recipient of the email, the sender is added to his or her accepted senders list while others are permanently locked out. The annual cost of this service is $9.95 with 12MB of storage, or $24.95 with 50MB storage. In other news, a ruling from the U.S. Eighth District Court of Appeals upheld a law banning unsolicited fax advertising. Antispam activists said that the ruling will have a material affect on coming antispam legislation. Finally, the Chinese government is apparently using "phone spam" to force illicit advertisers to come in and pay fines for posting illegal advertisements in cities. These small bumper-sticker sized advertisements list phone numbers, which the government then bombs with phone calls, rendering the numbers largely useless if the owner keeps it, and make the advertising null and void if the owner switches phone numbers.

Spam continues to be a topic of hot debate all around the Internet, but most of the heated debate about this nuisance is among what are termed "power users" who constitute about one in five Internet users. Those who become increasingly dependent on the network find the invasion of spam – especially on their home or non-work computers – increasingly annoying. Of course, the criteria for what defines a power user – especially related to spam – will continue to be generalized out into the population as it ages and gains experience with the Internet. Considering the growing size and influence of the Internet-enabled population, we will not be surprised if antispam legislation makes headway in the near future. Given the high profile of the issue, the Eighth District Court's ruling and the ongoing efforts to allow consumers to sign up for "Do Not Call" registries on both a state and national level to free themselves from dinnertime telemarketers is not especially surprising. We would even expect antivirus companies to include such offerings in their ever-expanding suites of home computer protection, and ongoing refinements from the enterprise security vendors who must try and keep all of those porn and penis enlargement emails out of corporate email inboxes for reasons of probity and liability, as well.

This having been said, we also suspect that spam – and spammers – are going to be a lot harder to eradicate than by simply putting a filter here or a gizmo there. Spam is clearly one of the Web's most viable businesses, otherwise why would so many people be partaking of it, with seemingly more joining the fray every day? Yet it will be when the issue is roundly noted, not as a theft of disk space or of users' time, but instead as an impediment to the network itself that we suspect the tide will finally turn for good against spammers. As billions of emails offering Viagra or Russian brides actually have an impact on the daily business of doing business on an increasingly mainstream and relied-upon communication network, the idea that anonymous, annoying, and in many cases illicit merchants can ply their trade without regulation will fade, perhaps forcibly, away. Until that time, we suspect that most antispam technology efforts will continue to act as temporary fences of short-lived use that spammers will find ways under, over, and around.

Tracking the Online Electorate

By Charles King

The Pew Internet and American Life Project released a new report this week analyzing Internet-related political activities by individuals and campaigners during the 2002 midterm elections. In the weeks following the elections, the Institute for Politics, Democracy, and the Internet spoke with campaign staff from thirty-three hotly contested elections to gauge their use of and satisfaction with online resources. Additionally, the Pew Project sponsored a tracking survey in the weeks leading up to and following the elections with 2,745 U.S. adults, 62% of whom were Internet users. Of that subgroup, 741 (43%) said they got political news and information online. The surveys documented two major developments in online politics; the use of email as a mainstream channel for political communication (two thirds of those surveyed said they had sent or received such emails); and the growing popularity of interest group Web sites (nearly three quarters of respondents said they visited such sites). Overall, survey respondents believed the candidates missed as many

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opportunities as they seized. While they succeeded in utilizing the Internet to conduct valuable research and communicate with the press, they were less successful in coordinating their online activities with national parties and failed to provide adequate financial data or information of interest to ordinary citizens on their Web sites. In fact, while individuals complained that they were often unable to find information they were looking for on candidates' sites, they enjoyed participating in online polls and swapping jokes about candidates and the elections. Additionally, respondents found that major Internet portals such as AOL, MSN, and Yahoo developed extensive toolsets and directories for campaign and election activity, but did not promote them adequately. The survey concluded that campaigners, citizens, and portals would be wise to improve online activities including grass-roots support efforts, Get Out the Vote operations, and searchable databases.

In a sense, the most interesting thing about the Pew survey results is how mundane they appear. More than a decade into the Internet Revolution, email continues to make headlines and the Internet remains a valuable tool for discovering, collecting, and disseminating information of particular interest to users. However, the Internet's genie also seems to remain comfortably ensconced in its bottle, no matter how hard self-styled experts, media giants, and geek-wise specialists polish the sucker. So what gives? The Internet began and remains a means of communication that is as analogous to the telephone as it is the television. Sure, it can be used as a means of information or entertainment delivery, but it primary power (and the source of continuing frustration to commercial promoters including portals) is in the autonomy of its users. Switching or ditching Web sites is easier than hanging up the phone and only slightly more difficult than changing channels or hitting the mute button (exercises that advertising and marketing professionals continue to be in deep denial about). So what does this mean to politicians in light of this latest Pew study? First, while folks online often search out information that largely reaffirms already held opinions (in other words, they're just like people offline), they can usually tell thin data from thick, and have any number of resources to gather what they want or need. In other words, go light on the self-promoting B.S. and deliver what your constituents are looking for. Additionally, while the goal of most every modern politician is to stay "on message," the power and passion inherent in the Internet lays in enabling lively dialogues between individuals and groups. Campaigners who use the Internet successfully know that the water is both deep and fine. Those who fail to make that leap run the risk of staying high and dry.

Primus Announces eMail Assist

By Myles Suer

Primus Knowledge Solutions this week announced Primus eMail Assist, an application the company claims will create cost savings by altering the way customer support agents receive and respond to emailed customer questions. The new product integrates with the existing Primus knowledgebase software and enables customer service representatives (CSR) to find solutions not only in these structured knowledgebases but also in content located elsewhere in the host enterprise. For these systems, eMail Assist includes natural language processing which the company says can understand customer's questions by automatically examining the problem description. According to Primus, software agents review suggestions, click to embed what they determine to be the best solution in an email-ready template, and instantly deliver the answer to the customer. Primus eMail also integrates with call tracking and other CRM systems by opening tickets or linking to existing tickets for consolidated records of customer responses and interactions. Currently, the Primus software only integrates with email management systems from Microsoft. The company announced general availability of the product but pricing details were not included.

We believe that eMail Assist does two things that are interesting. First, it direct-links the trouble ticket and email support systems. For many call center providers, email support has been a distinct channel not considered part of mainline systems, a notion we believe limits opportunities for both providers and customers. Second, eMail Assist allows agents to tap into other sources of enterprise product knowledge, potentially reducing support costs because new product knowledge is often discovered through impromptu dialogues between support personnel and technical experts located elsewhere in the organization. Typically, this product knowledge is not shared between agents or captured in the knowledgebase until the knowledge

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discovery process is repeated multiple times. Sharing this knowledge could help reduce support cost by streamlining this process.

Nevertheless, we see what Primus has created with eMail Assist as essentially an automated support system similar to those offered by Banter, Kanisa, and Native Minds for support agents. To be fair, these systems have not been perfect even with natural language support, and we do not expect to push the state of the art. It also appears that Primus is limiting its opportunities in not integrating with email systems from vendors including Lotus, Oracle, and Send Mail. We do think that applying eMail Assist technology to automated support is on track. Here, linkage to the trouble ticket system makes tremendous sense, especially if consumers of such systems are provided advantages for trying these solutions first. Giving the user a call acceleration number means that the consumer gets to call center support staff faster. It also means the system can use information discovered during automated support to accelerate the process, potentially sending the consumer to the agent with the most likelihood of solving the problem. This improves the consumer's and the company's use of time. Lastly given that Primus integrates with Microsoft email systems, we think Primus would be wise to explore Microsoft Instant Messaging integration, since with an automated support front end, IM is a long term replacement for both chat and email support that drastically improves customer satisfaction. So far, Primus and others in this space including the company's CRM partners have failed to realize that binding together automated support systems and instant messaging has the potential to redefine the support process. We believe they would be wise to reconsider this stance.

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