

Terno Times

Welcome aboard!

Congratulations to Bud K World Wide who has selected TernoVelocity as their new platform for growth. After reviewing several packages, Bud K selected Terno's software on a Windows 2000 platform powered by a Dell PowerEdge server.

Bud K now has the stable infrastructure and quality support needed to grow their business.



Bob Paylo, Director Of Client Services, and Joe Pindel, Manager of Research & Development were the managers of the project which was completed on September 26th. They have been hard at work with the system setup including an enhanced warehousing module. Also, a real-time web interface has been put in place using a middleware product known as RedBack.

Based in Moultrie, GA, Bud K WW is a leading cataloger selling swords, fantasy knives, and edged collectibles. Started in 1989, this company has seen tremendous growth driven by their devotion to excellence. They operate a 50,000 square foot warehouse facility which houses their distribution center, call center, and retail showroom.

Terno staffers are excited to work with the Bud K staff and have them join the Terno client family. Jeff Moliterno, President of Terno, states "The Bud K company has a great group of people and we look forward to providing them an excellent system and support."



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Bud K Worldwide

Web: www.budkww.com

Channels: Catalog, Internet, Retail

Divisions: Catalog, Wholesale, Retail

Number of employees: 55

Year founded: 1989

Order breakdown:
Mail 31%, Phone 36%,
Web 29%, Retail 4%

Terno Times

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WE'VE GOT YOUR BACK-- REDBACK THAT IS!

As the web becomes more common place in the catalog environment, Terno is working hard to bring the latest web connectivity to your mail-order system. The newest integration with IBM RedBack is complete and powering budkww.com. This allows the Bud K web site to use one database that connects directly to their Terno system resulting in instantaneous information to web users. Customers have instant access to their orders and inventory availability even if they placed a phone or retail order. They will also know precisely when an order has shipped with the tracking ID.

How it works...

We start with your Universe database and assign RedBack Business Objects (RBOs) to specific data fields or subroutines. Once RBOs are setup, they are coded in your web site and then accessed by anyone logged into your site. Your financial and operating data are secure because only data fields that are setup can be accessed.

What benefits can this offer my company?

- No uploading and downloading files
- No separate web database to worry about
- No order import problems
- Reduce customer service time
- Customers have instant information
- Easy maintenance

How do I learn more?

In order to add real-time connectivity to your Terno system, the RedBack software is needed from IBM. You can learn about this at www.ibm.com and search on Redback. Costs will vary from client to client but an estimate can be given upon request. If you are currently a Mentor Pro user, you will first need to upgrade to the Universe database.

Who should I contact?

Pasquale LaRocca or Jeff Moliterno.

THE BEST GETS BETTER...

A NEW EDITION TO TERNOVELOCITY

Terno programmers have been busy working to provide the latest in cutting edge technology. We proudly release the newest version of Velocity and offer these upgrades to our current clients. Please call for details.

CSV codes

Card Security Verification is the latest round of protection against credit card fraud for direct marketers. This module allows you to capture the 3-4 digit code not embossed on the front or back of a customer's credit card and submit it to your processor. This insures the order placer has the card and not just the numbers.

Promotions

This latest development allows you to offer promotions to your customers based on a source code or catalog code. Promotions can be free gift items, percentage discounts, or free shipping based on a sliding scale of merchandise totals.



Cross-sell/up-sell reports

This report allows you to offer incentives to CSRs based on their cross-sell and up-sell performance. The total number of cross-sell/upsells and dollar totals are included.

Shipping Restrictions

This change in your software allows you to mandate shipping methods or restrict items to certain states. An example of this would be to restrict an oversized item to only ship via ground.

Mail-order batching

This simple switch allows you to input mail order cards and verify the batch balances.



Warehousing Improvements

Terno has revamped warehousing in TernoVelocity. Items are now committed on a bin level which are assigned as a picking or overstock location. Then replenishment reports can be driven to restock the picking bins. Also, in these modifications, reports have been added to track productivity and accuracy of pickers and packers.

Order Entry/ Customer Service

Many enhancements have been made in this area. More options such as customer email status (i.e. Do not email to me), preferred method of communication (i.e. Contact me by phone), and RFM (Recency, Frequency, Monetary) scores have been added.

Discount Pricing Matrix

This module allows your company to enter one "retail" price and give percentage discounts to each customer level (retail, wholesale, distributor, etc) on a per item basis. For example, you may offer wholesale customers 10% discount on books and 20% on CDs.

Nested Accounts

If you need a more efficient way to handle several sub-accounts but bill-to one corporate account, then this small change is one you should consider. Each customer can now be marked or unmarked as the ordered-by, mail-to, ship-to, or bill-to.

NEW EDITION TO TERNO VELOCITY

TERNO TIPS

How do I figure out what port I am on?

Occasionally, Terno programmers will ask what port you are working on to resolve a problem faster.

Depending on your type of menu system, you will use one of two methods to complete this task.

1) To find your port location, simply press the zero key from anywhere in the menu (not in a specific program) to have the cursor move to TCL. Then type WHO and press enter. Your port location will be listed. To return to the menu, type MM and press enter.

2) Or you may access TCL by typing in TCL at any menu location. Type WHO and press enter. To return to the main menu, type G and enter.

This process may not be available to users without TCL access.

What are SEED or SALT names?

These are customer IDs that you setup in the Mailing List Management Utility menu. Typically, they are employees or friends who have no order history. When generating a mailing list select, you can choose to add these names to validate the arrival date of a catalog or to verify that rented names are used properly.

TERNO TERMS

BAUD- refers to the rate of data transmission. It also refers to a TCL command for Mentor Pro users.

Mux- a slang term for a multiplexer. This is the communication device that allows outgoing and incoming signals. These devices are often used to connect a warehouse location to a home office.

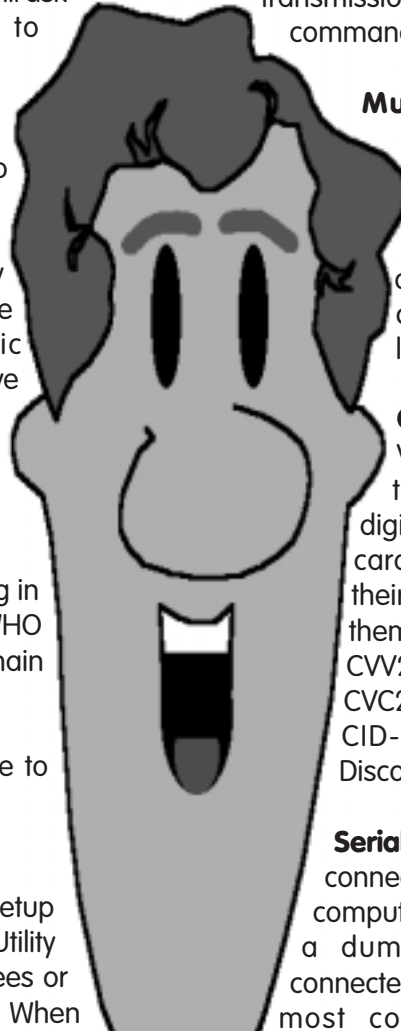
CSV number -Card Security Verification number. This is the non-embossed 3 or 4 digit numeric code on a credit card. Different issuers have their own abbreviations for them.

CVW2-Visa

CVC2- MasterCard

CID- American Express & Discover Card.

Serial connection- A cable that connects a device to your main computer system. Examples are a dumb terminal or printer connected to a main server. Today, most computers use network connections to the main server rather than a dedicated cable.



TCL TIPS

SELECT INACTIVE INVENTORY WITH QUANTITY GREATER THAN ZERO

Mentor Pro/Universe command: SELECT INV WITH ACTIVE = "N" AND WITH QOH > "0"

SELECT 12 MONTH BUYERS (assume date XX/XX/03)

Mentor Pro/Universe command: SELECT CUST WITH LTD GE "XX/XX/02"

ARE YOU CREATING VALUE?

How does your company stack up? Are you keeping pace with the competitors? What are you doing for your customers that your competitors aren't? Today's competitive pressures invite constant evaluation of your business processes. Any company who loses customer focus may end up out of business quickly.

Recently, a new buzz word in the direct marketing arena is *value*. What is value and how does it relate to your company?

Before talking about what value is, the key question is why do people go to your catalog, web site, or retail store instead of your competitors? In most cases, this is a combination of many factors including your product, price, reputation, and convenience. The Internet has added more pressure making some of these factors more difficult to compete against. Before the internet evolution, a consumer would receive your catalog, call your 800 number and the sale was complete. Now, the consumer can do a quick online search to see if they can purchase the same product from another company or find a similar substitute.

So the original business model needs to be expanded; no longer are product and price as important as they once were. With the ease of finding substitute companies, catalogs must differentiate their offering to make the consumer attracted to their product. This is where value comes in to make your company stand out.

Finally, adding value to your product offering is selling more than just the product. It is about adding an intrinsic quality to your product or company. Does your catalog and web site offer just products? Do customers turn to you when they need help, have a question, or want to learn more about a product?

Let's examine a site selling CDs because this is a product consumers can buy in several locations at the same or similar prices. If your site sells the same CD as everyone else, your site needs to motivate shoppers to turn to you for the purchase. Some sites will give you one screen with quantity available, price, music samples, customer reviews, what buyers of the CD also bought, similar musicians, info about the musician, and more. The consumer has everything they would ever want to know in one screen. Although this CD can be purchased at many sites and stores, the site saves research time by providing all the of the info to you. This is the value they offer-- a vast improvement over sites just listing the product.

Taking the same logic can easily be applied to all products. Does your web site have FAQ about products, common uses, cleaning instructions, customer service questions, usage instructions, reviews, upsells and cross-sells, web links and more? Does your catalog offer more than just products? An excellent example is a company who markets kitchen gadgets and includes recipes, ideas, hints, and more while still maintaining products for sale.

A Terno client that does an excellent job of creating value is multi-channel marketer *Into The Wind*. Search their web site and you will find flying instructions, kite information, and even a kite forum! This information attracts new kite flyers to the site and keeps current customers interested. The net result is more web traffic and subsequently a sales increase.



A proposal for adding value cannot be summed up in one short article. It must be carefully evaluated. Value can be added everywhere!

CREATING VALUE?

TERNO TALES FROM THE UNDERGROUND

My name is Bubba McCracken and I am going to tell you how I ended up in the big house. You see, I loved to play games as a child and it finally caught up to me.

I especially loved to play Atari and learned some technical knowhow from the years of tinkering with these types of electronics. After getting fired from a septic treatment plant, I decided to take a job as a part of the cleaning crew at a cataloger. Anyway, it would be more fun to cause mass disruptions across an entire company. I didn't like their IT guy Timothy so I thought I would give him all kinds of problems.

The first order of business was shutting the power down—my buddy at the local electric company shut it off whenever I asked. One time, I even got stuck in the can. You see, the company I worked for did not have a functioning UPS (Uninterruptible Power Supply) and every time he did this, everybody lost all their work and orders they were processing. They wised up after a while and found their UPS battery to be completely discharged—it took 4 times for them to realize this.

I thought I would move into higher stakes and started messing with their system. They only did file saves when they remembered so I would sneak in and start tinkering at TCL. That's some pretty amazing stuff—I soon erased half of the live orders and nobody even noticed until customers called to complain. Not bad for someone who only had an 8th grade education and Atari experience. In the meantime, I just

laughed as they ran around in circles. Poor pathetic Timothy—file saves are so much fun that I can't understand why he wouldn't do them. Sometimes, I would sneak in on weekends just to do file saves and bring them home.

Then Timothy came up with his own trick—he figured because my name was Bubba that I might have something to do with all their technical problems. Just as I was ready to light the server on fire in a mysterious "electrical" fire, he caught me dumping gasoline in the computer room. Now, I'm at the Big House and ironically my cell mate is also named Bubba.

Trust me, this isn't one Bubba you would like to know. I am telling this story to save other people some headaches. If you do what you're suppose to—you don't have to worry about Bubbas like me.

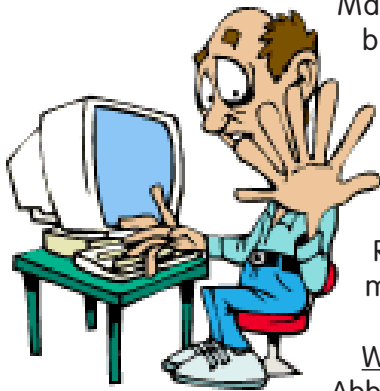


TERNO BRIEFS



Cuddledown of Maine has chosen to upgrade to the Universe database with a Dell server. They selected this system to replace their aging server and to increase speed, reliability, and stability. The conversion is slated for January.

WHAT'S THE SCOOP WITH ODBC?



Many clients have been calling for more information on ODBC and how they can use it in their businesses. Read on to find out more about ODBC.

What is it?

Abbreviation for Open DataBase Connectivity, a standard database access method developed by Microsoft Corporation.

What is the purpose of ODBC?

The goal of ODBC is to make it possible to access any data from any application, regardless of which database management system (DBMS) is handling the data.

How does it work?

ODBC manages this by inserting a middle layer, called a database driver, between an application and the DBMS. The purpose of this layer is to translate the application's data queries into commands that the DBMS understands. For this to work, both the application and the DBMS must be ODBC-compliant — that is, the application must be capable of issuing ODBC commands and the DBMS must be capable of responding to them.

Does this work on my system?

It depends. Universe clients with version 9.4.1 or higher, yes. Mentor Pro clients can purchase ODBC separately at a nominal price.

How can I use this practically?

One way is to retrieve data from your TernoVelocity system and use it in Microsoft Excel or Access to perform your own reporting or sortations. Programmers use this application in the interface between third party systems such as UPS Worldship and Clippership. There are many ideas on how to use this software.

How do I setup ODBC on our system?

For Universe users, the ODBC software is built into the database. However, a dictionary needs to be setup for each ODBC field that is to be accessed. Terno programmers are available to set these up or to give instructions on how to do so.

Once it's setup, how do I access the information?

You would simply open your third-party program (Excel, Access, etc.) and map the data source to the Universe field you wish to access. A Terno programmer is available to guide you through this process.

Where can I get additional information?

A complete ODBC booklet is available online at <http://www-3.ibm.com/software/data/u2/pubs/library/>. Then click on Universe and secondly on Universe ODBC.

Also, please feel free to contact a Terno associate to find out the latest.

Sources:

- www.webopedia.com, September 9, 2003
- <http://www-3.ibm.com/software/data/u2/pubs/library/>, September 9, 2003



The UPS Worldship integration is in place in yet another location. The Nu-Era Group will be using the UPS software and an integration has been performed using ODBC connectivity.



Ohio clients have recently had to update their tax rates in their mail-order systems to collect tax on shipping. The new change went into effect on August 1, 2003.

terno times monthly

Email updates coming soon!



Soon, you will be able to look in an email box near you for the latest happening at Terno headquarters. Beginning in November, Terno will also provide a monthly *email* publication.

Pasquale LaRocca, Marketing & Sales Manager states "email newsletters will allow Terno to give the most up-to-date news to clients instantly... not when the mail man delivers."



Terno Times paper edition will remain unchanged and still be produced twice a year. The electronic version dubbed as **terno times monthly** will be delivered in a concise format. TCL tips will be included and past newsletters will be available on the web.



Look for the **terno times monthly** on the second Tuesday of each month.

While most email addresses are in the Terno Times database, if you have recently changed your address, please email info@terno.com

Terno Teasers

When mailing catalogs to their house file, what is the average response rate?

- a. 4.08%
- b. 6.78%
- c. 9.23%
- d. 17.10%

How about promotional email responses to their house file?

- a. .22%
- b. .78%
- c. .96%
- d. 1.23%

According to the Direct Marketing Association 2003 Response Rate study of 156 catalogs. Courtesy of Catalogage.com
"Live from the ACC: Dma Releases Response Rate Data," June 3, 2003.

Answers: #1 a, #2 c.

The Terno Cartoon... Chaz

