



Spring 2003

Issue 003

WHAT'S INSIDE...

FOCUS STORY

New litigation in the online ordering arena that may affect every company taking orders on the internet!

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A message from Jeff...

As I sit and write this newsletter article, I am also watching a war on live television. With the large number of cable networks in addition to the regular network news agencies, you can watch the war around the clock in real time as reporters travel with the armed forces. We have been able to see our troops as they drop high tech bombs, travel through Iraqi cities, rename the Saddam International Airport to Baghdad International Airport, and camp out in front of one of Saddam's Palaces. Whether you are for or against "Operation Iraqi Freedom," you have to admit the technology behind this war and the way it is being beamed into your homes live via satellite, cell phone, and satellite phone is amazing.

You are probably wondering by now how this relates at all to mail order and direct marketing companies. Well, look at the way technology has changed and advanced the way you live and the way that business is done. Remember the days before the fax machine? If you needed to send some documents or paperwork, you almost certainly had to send them via a ground or air carrier. Then came the fax machine and many catalog companies began taking orders via fax using a simple phone line. Then years later came email and the Internet. Like the fax, it is now difficult to think of what things were like before the web was widely in use. Now, you don't even have to print and fax your documents, you can just send them via email along with

image and sound files. Can you remember just a handful of years ago what you did before taking orders over the Internet? Isn't it amazing how quickly new technologies can take hold? A few other things of note over the past 10 to 20 years have been barcode scanners, RF scanners, cell phones that can transmit images, faster and faster laser printers, and the list goes on and on.

As the world continually and rapidly changes around us, it is comforting to know relationships with our clients have remained constant. At Terno, we know and understand the importance of building a connection among our valued clients. We pride ourselves in our service and strive to help you adapt to the continuing technological changes that just keep coming faster and faster. This newsletter is one example of how we try to keep in touch and provide you with the latest changes and improvements we have to offer for your software. Visit our web site for more information about upgrades that may help your business take advantage of the latest and greatest that Terno has to offer.

I started this article discussing the War In Iraq, and I would like to finish it by asking you to remember our troops, their families, and friends in your thoughts and prayers.

Sincerely,
 Jeff Moliterno
 President of Terno & Associates, Inc.

Terno Times

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New Columns in this issue:

Terno Terms

Technology based companies tend to use more than their share of jargon. Terno support staff are often talking to dozens of clients at different skill levels in computer literacy from IT Managers to Customer Service Managers. It is possible that we may use some language that all people do not understand. In this newsletter column, we will provide some commonly used terms in an effort to better assist our clients.

Terno Tales from the Underground

This column is designed to take a humorous look at issues that may adversely affect your company. This first edition discusses credit card fraud.

The simple facts about credit card fraud

*Courtesy of Paymentech
www.paymentech.com*

■ Internet transaction fraud is twelve-times higher than in-store fraud. As a result, merchants pay a heftier price for card-not-present sales.

■ One in six online consumers has been the victim of credit card fraud; one in twelve has been hit with identity theft.

■ In 2001, some \$700 million in revenue was lost, representing 1.14% of \$61.8 billion in online sales. In 2000, online fraud losses were 1.13% of \$44.2 billion in annual online sales.

■ Credit cards are a necessary risk for online retailers, accounting for more than 90% of Internet transactions in the United States.

■ Merchants receive no payment for fraudulent purchases, plus incur shipping costs for delivery of physical goods.

■ While screening for fraud, merchants reject an estimate \$1.2 billion in valid sales due to suspicious transaction characteristics.

■ Chargeback penalties for fraudulent transactions are typically in the \$15 to \$30 range. Internal investigation and chargeback management costs are additional.

■ Many merchants experience a fraud loss of \$1.00 or more every time they accept an online sale.

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Terno Times

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TERNO TIP

We always want our clients to best utilize their Terno systems. It has come to our attention that many clients do not use the two step source code reporting. In this issue, we will explain what they are, give an example, and show you how to use them.

2 step source code --A special type of reporting mechanism built into your mail-order software that allows you to keep track when your customer places an order upon the second contact to your company.

Example:

Step 1: Mr. Smith requests a catalog from your company because of an advertisement he seen in a magazine. You would capture the magazine source code and then send a catalog with a new source code printed on it.

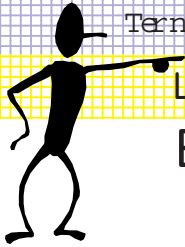
Step 2: Mr. Smith now calls ready to place an order using the source code on the catalog.

Two step source codes allow you to see the sales came as a result of the magazine advertisement.

How to use 2 step source codes:

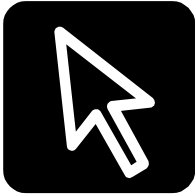
You would use the same process as entering a 1 step source code with the following exceptions:

1. For preparation costs, enter the cost associated with the cost of the design or artwork of the advertisement.
2. For list or space cost, enter the cost of the advertisement. Please note, if your system does not have this field, add the space cost to the prep cost.
3. Instead of entering a general mailing cost, enter an incremental mailing cost to send a single catalog. Include postage and printing.



LITIGATION...

Excuse me... Are you taking orders on the internet?



be coming your way!

What's going on?

Two technology-based firms recently began targeting companies who conduct business on the internet. Their claims stem around the processes of purchasing items through a shopping cart system via the world wide web. Although several specific patents are being referenced in this litigation, the main concept stems around submitting financial information being exchanged between two computers. These firms believe that many businesses are violating their patents and are now ready to capitalize on it. Chicago-based Divine, Inc., has been targeting mid-sized merchants since September 2002. They are asking for licensing fees or a percentage of online sales. If you think this isn't serious, you would be wrong.

ComputerWorld magazine reports that Divine has already settled six of these claims including one with FTD.com. Other companies are choosing to band together and fight. On February 25th, 2003, Divine reported they have voluntarily filed for Chapter 11 bankruptcy. It is unknown whether this filing would affect this litigation.

Another company is also starting to come after internet retailers by trying to enforce a similar patent on online payment technology. San Diego-based Pangea Intellectual Properties (PanIP) has also been filing lawsuits. According to ComputerWorld, "PanIP holds two patents on technologies and processes that appear to cover any business conducting online commerce." Litigation is nothing new to this company who once sued American Airlines claiming patent

infringement on their reservation system.

According to a small retailer interviewed by Internet Retailer Magazine, PanIP starts by asking for \$30,000 but eventually settles for around \$5,000. Small and medium-sized companies are being targeted which appear to have little consistency among geographic locations.

"PanIP holds two patents on technologies and processes that appear to cover any business conducting online commerce"

ComputerWorld

"Online businesses face increase in patent-infringement claims"

Can it affect you?

The broadness of these patents could affect virtually all companies

conducting sales online. If you become a target of these companies, you may want to contact Terno for consultation. Unfortunately, there seems to be little that can be done to prevent this type of litigation from happening to you. In fact, one of the resource web sites says it best.... youmaybenext.com!

Divine Inc.

Web site:
www.divine.com

Related Patents:
5,715,314
"Network Sales System"

5,724,424
"Digital active advertising"

Resources

Divine Lawsuits
www.divineintervention.biz
www.ecsforum.org

PanIP Lawsuits
www.youmaybenext.com

Read the patents

www.uspto.gov
(United States Patent and Trademark Office)

Pangea Intellectual Properties

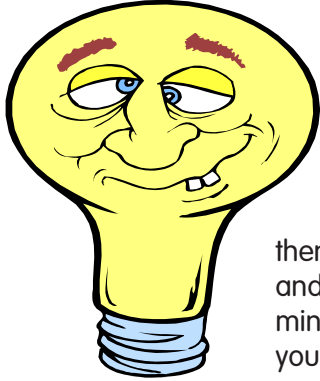
Web site:
www.panip.com

Related patents:
5,576,951
"Automated sales and services system"

6,289,319
"Automatic business and financial transaction processing system"

DON'T BE LEFT IN THE DARK...

Know what to do when the power goes out!



Sitting in the dark may be fun on a camping trip in the woods but if it happens in the middle of the work day, it may be no picnic! If your Terno server loses power in the midst of operations, do you know what to do? The course of action is outlined below depending on what type of platform you are using.

The process should include getting everyone logged off that can be logged off, and then shutting the machine down in a controlled manner. This varies from system to system and is predicated on the usage of a *functioning* UPS (Uninterruptible Power Supply). Keep in mind, your window of opportunity may only be a few minutes until the power runs out - so you will need to work fast.

Windows NT/2000

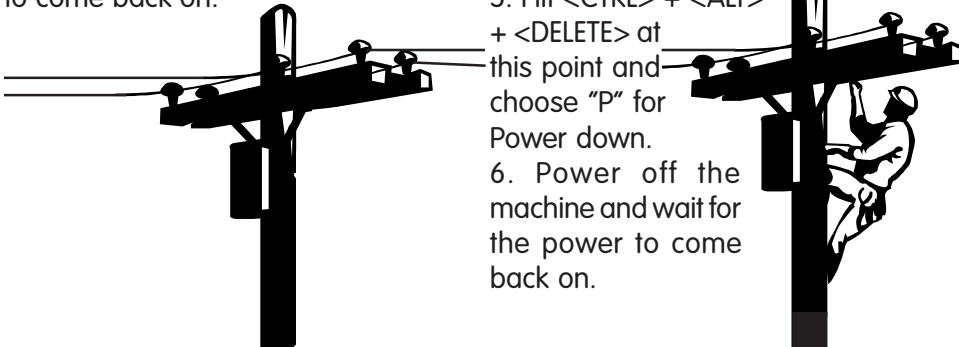
1. Go to the console and open a session into Terno using an ID with administrator privileges.
2. Login and get to TCL.
3. Use the "PORT.STATUS" command to find users still logged on.
4. The "TANDEM" verb will not work on NT, so use the "MASTER OFF XX" where "XX" is the Universe WHO user number to remove users.
5. Once everyone is logged off, click on <START> and choose <SHUTDOWN> and <SHUTDOWN>
6. The machine should be powered off at this point and wait for the power to come back on.

Pick machine

1. Go to port 0 (the main console).
2. Use the "LISTU" command to see what ports are logged in.
3. Use the tandem verb ("TANDEM XX" where "XX" is the port number) to take command of the ports one by one and finish up their processing (by using <ESC> + "F"). Log them off before breaking connection (hit <ESC> + "X" to do this) and move on to the next session.
4. Once complete, logto the SYSPROG account ("LOGTO SYSPROG") and type ".SHUTDOWN" and then wait for the message that it is ok to reboot.
5. Hit <CTRL> + <ALT> + <DELETE> at this point and choose "P" for Power down.
6. Power off the machine and wait for the power to come back on.

Unixware

1. Go to the console and open a session into Terno. Note: this may require client specific commands to execute the Universe shell command. Typically, it is "/uv/uv/bin/uv" from the super-user (#) prompt.
2. Login and get to TCL.
3. Use the "PORT.STATUS" command to find users still logged on.
4. Typically the "TANDEM" verb will not work if people were connected via a network connection such as a PC telnet, so use the "MASTER OFF XX" where "XX" is the Universe WHO user number to remove users. This may cause loss of data or file corruption if a session is partway through an update, so let the user beware.
5. Once everyone is logged off, type "Q" at TCL to exit to the Unixware super-user (#) prompt.
6. Type "shutdown -y -g0".
7. Power the machine off when it says it's ok to reboot and wait for the power to come back on.



TERNO BRIEFS

**Upgrade Complete**

Terno has recently completed a hardware upgrade for Nichols Direct. They upgraded their Mentor Pro operating system and database to a Windows 2000 platform using Universe Database.

**Changing your World**

UPS Worldship integration is now complete. Several clients are using the real-time integration with the UPS software which allows data to be exchanged between the two systems.

LOOKING INTO WAREHOUSE EFFICIENCY...

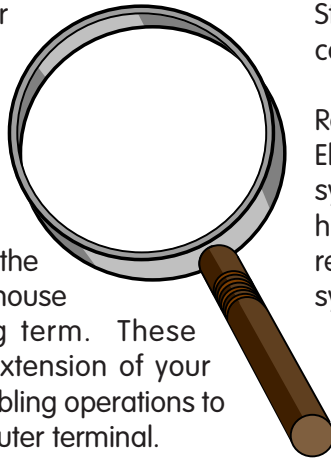
Turn the radio up!

Thinking about revolutionizing your warehouse? Improving efficiency? Reducing warehouse labor? Managing inventory more effectively? Eliminating paper work?

Radio Frequency scanners may be the answer to automating your warehouse and saving money in the long term. These handheld devices work as an extension of your catalog management system enabling operations to be performed away from a computer terminal.

The use of RF Scanners improves efficiency leading to time and money savings. These instruments are no longer a luxury item that only large businesses can afford. Return on Investment for small businesses may impress you.

Depending on the type of scanners you would use, Terno can integrate these devices in real-time improving information flow. Data exchange methods will depend on whether your company is using a Universe or Mentor Pro database. Prices will vary depending on the level of integration. Please call your Terno analyst for details.



Streamlining the following processes is what RF Scanners can do.

Receiving—Eliminate having to print receiving worksheets. Eliminate the hassle of entering received goods into the system. Your Terno system will be able to update on-hand quantities precisely when merchandise was received, not hours later when someone keys it into the system.

Shipping verification—Checking packages for accuracy can be done without being attached to a computer terminal. Simply use the RF scanners and verify your customer's orders anywhere in the warehouse.

Physical counts—Imagine physical counts without having to print out large paper listings of inventory and rekeying the data into a terminal. Eliminate inaccurate inventory due to keying errors and sloppy handwriting.

Transfer inventory—Transferring inventory to your retail outlets or other divisions can be streamlined. Simply enter the transfer request on a RF scanner and have the transfer created instantly.

Inventory adjustments—Changing on-hand quantities, entering damaged goods, correcting the amount received, etc. This would greatly streamline this process.

What makes up a RF system?

3 simple components:

- Portable unit (with keyboard, scanner, display, and memory)
 - Base station linking portable units to the server
 - Controller handling the communications traffic



It's a boy!

Congratulations to Jeff & Patty Moliterno, President & Vice-President of Terno, respectively, on the new addition to their family. Marcus Antonio Moliterno was born December 23, 2002.



Employee of the Year

Congratulations to Bob Palyo, Director of Client Services, who received our Employee of the Year award by Terno. Great job Bob!



User Group coming soon!

Terno is currently beginning to plan for the 2003 User Group Meeting. Please email any suggestions you may have for this year's agenda. Let us know if you would prefer June or August for the date!

LEARNING WITH TERNO...

TERNO TERMS

Phantom

-- This is a process that is being performed in the background as you continue to use your TernoVelocity/QOP session. This is typically used to build large data files without affecting the number of users that can logon to your system.

.CSV

-- Comma Separated Value. This is a file extension commonly used by your system to import and export files. This type of file would separate the data by commas. Example is Mylist.csv.

FTP

-- File Transfer Protocol. This is set of rules used for sending files through the internet from one computer to another. A common use for this is for transferring information to and from your web site host or call center.

ODBC

-- Open DataBase Connectivity. When a database (i.e Universe) is said to be ODBC compliant, this would allow the retrieval/sending of data back and forth to another database. A middlelayer (dictionary) is required to translate the information between the two applications.

Stacker

-- The stacker is a list of the last 20 commands that were performed on your workstation. You may view your stacker at TCL by simply using the ".L" command.

Terno's Computer Lesson on Terminal Control Language

FINDING PHRASES IN FILES

Mentor Pro Command: >FIND Name.of.file "YOUR PHRASE"

Universe Command:>FIND Name.of.file <enter> string: "YOUR PHRASE"

Example: >FIND CUST.MESSAGE "PROBLEM" (MP)
>FIND CUST.MESSAGE string "PROBLEM" (UV)

This would find all customer messages which find any occurrence of 'problem'.

ADD A HEADER TO A REPORT WITH THE PAGE NUMBER

Mentor Pro/Universe Command: HEADING "title 'P'"

Example: >LIST INV WITH 5 > 200 HEADING "Pasquale's inventory list 'P'"

TOTALING RETURNS AMOUNTS BY VENDOR

Mentor Pro/ Universe Command:

>SORT SRAIJ BY VENDOR BREAK-ON VENDOR TOTAL 9 ID-SUPP DET-SUPP

COUNTING RECORDS IN YOUR FILES

Mentor Pro/Universe Command: COUNT

Example: >COUNT INV 5 >= 500

Counts inventory records with attribute 5 (cost) greater than or equal to \$500

Visit the New Client Section at terno.com!

The screenshot shows the Terno Associates website. The navigation menu on the left includes: HOME, ABOUT US, PRODUCTS, SERVICES, CONTACT US, Client News, Announcements, Upcoming Events, TCL Tips, Accounting Survey, and Contact Us. A red arrow points to the 'Client News' link. The main content area features several articles: 'NEW ACCOUNTING CHANGE PROPOSED', 'SURVEYS TO BE RELEASED SHORTLY', and 'NEW TCL TIPS'. The 'NEW ACCOUNTING CHANGE PROPOSED' article discusses a revolutionary change to business processes and mentions a representative will be in contact shortly. The 'SURVEYS TO BE RELEASED SHORTLY' article states that Terno is always striving for complete client satisfaction and that annual client surveys will be conducted. The 'NEW TCL TIPS' article mentions a new Terminal Control Language to customize reports and a survey to expand the TCL set list.

- ◆ Terno Announcements
- ◆ TernoVelocity & QOP Updates available
- ◆ New TCL Tips
- ◆ Complete the Accounting Survey

TERNO TALES FROM THE UNDERGROUND by Bil Sefcik

... an exposé of protecting your company against credit card fraud

Hi. I am going to tell you a little story, so that what happened to me doesn't happen to you.

About a year ago now, I was at a 'friends' house when I noticed his credit card sitting on his counter table. Since no one was around, I took out a pen and paper and jotted down his credit card number, and expiration date. Smiling to myself, I knew I would soon be able to buy way more stuff than I usually can on my wages working at the stromboli stand at the local county fair.

I went about calling some mail order companies, and placing orders. I realized long ago that doing card-not-present transactions were the way to go. Most companies have very laid back guidelines for credit card orders. Usually my large rush delivery orders, going to PO boxes don't even raise red flags for the order takers. Even if they ask me for the issuing bank or phone number, I usually can bluff my way through. I don't even think they pay attention to my answers sometimes.

I was soon rolling in gear, when I pushed my luck a little too far. I called to place an order for a catalog that I found pretty interesting. When we got to the method of payment, I confidently read off the digits and the expiration date. Then the lady on the other end of the phone started a line of conversation that went something like this:

"Can I have the security code on the card please?", she asked in her pleasant tone of voice.

Security code, I thought, what the heck is that. I decided to play dumb.

"Security code? I am not sure I know what you mean".

"The security code is a number located on your card that is uniquely generated based on an algorithm for the card number. The security code is known by different names for the different types of credit cards. Mastercard calls it CVC2, Visa calls it the CVV2 number, and American express knows it as the CID number. For American Express it is usually a 4 digit non-embossed number located on the front of the card; for all other card types it is a non-embossed 3 digit number following the credit card number on the back of the card."

"Wow, that was a rather detailed description", I said with amazement.

"Yes, I am rather knowledgeable about numbers located on credit cards. Its sort of a hobby."

My mind raced. What was I going to tell her; what was I going to do?

"Umm...I am sorry I didn't expect you to ask me that question."

"Well, we have a system designed by Terno and Associates, and they did a modification to capture this information, so that we can send it off to Paymentech to further protect us from fraud. Although the number is prompted for in order entry, It is not stored on the customer record for security reasons. Then when the authorization report is printed we chose to have the code printed out.

This tells how the security code was handled. This addition to the report was not mandatory, but we thought it would be helpful."

Panicked, I decided to hang up. After that failed attempt, I was so distraught that I decided to turn myself in and deal with the punishment for all my crimes. When I was first arrested I used my one call to phone the operator at the catalog company and thank her.

"Hello, this is Beth, how can I help you?" she said in that pleasant voice which sounded like a chorus of angels.

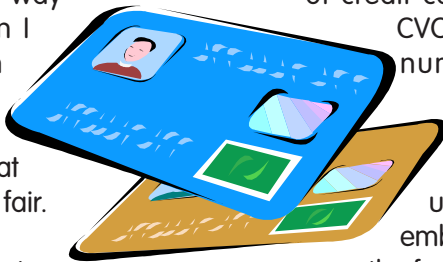
"I am a criminal that you helped lead to justice by your knowledge of credit card fraud protection. I wanted to thank you."

"You're welcome Sir. I could have also asked you for the 4 digit non-embossed number that appears on the front of Visa cards. I know that this number should match the first 4 digits of the card itself. Or if it was a Discover card, I could have asked you what the issuing bank was. The tricky thing about that is that it should always be the Greenwood Trust Company."

"Thanks, I will never try credit card fraud again," I said fighting back the tears.

"OK bye, have a good day!", she said and signed off.

So as I sit in my jail cell, and think about all the mistakes I made in my life, I know one mistake I will never make again. I will never try credit card fraud with a company that has an integrated security code modification for their Paymentech (or other credit card) transactions.



TRADE SHOW SCHEDULE

A DAY IN THE LIFE OF TECH SUPPORT

IT'S SHOWTIME!

Visit us at...

NCOF

National Conference on Operations & Fulfillment

April 13-16, 2003

The Walt Disney World Dolphin
Orlando, FL
Booth # 700

ACC

The Annual Catalog Conference 2003

June 1-3, 2003

Moscone Convention Center
San Francisco, CA
Booth # 1327

Actual calls to technical support help desks...

A woman called the Canon help desk with a problem with her printer. The tech asked her if she was "running it under Windows." The woman then responded, "No, my desk is next to the door. But that is a good point. The man sitting in the cubicle next to me is under a window, and his is working fine."

Tech Support: "How much free space do you have on your hard drive?" Customer: "Well, my wife likes to get up there on that Internet, and she downloaded ten hours of free space. Is that enough?"

Overheard in a computer shop: Customer: "I'd like a mouse mat, please." Salesperson: "Certainly sir, we've got a large variety." Customer: "But will they be compatible with my computer?"

I once received a fax with a note on the bottom to fax the document back to the sender when I was finished with it, because he needed to keep it.

Customer: "Can you copy the Internet for me on this diskette?"

I work for a local ISP. Frequently we receive phone calls that go something like this: Customer: "Hi. Is this the Internet?"

Some people pay for their on-line services with checks made payable to "The Internet."

Customer: "So that'll get me connected to the Internet, right?"

Tech Support: "Yeah."

Customer: "And that's the latest version of the Internet, right?"

Tech Support: "Uhhh... uh... uh... yeah."

Tech Support: "Ok Bob, let's press the control and escape keys at the same time. That brings up a task list in the middle of the screen. Now type the letter 'P' to bring up the Program Manager."

Customer: "I don't have a 'P'."

Tech Support: "On your keyboard, Bob."

Customer: "What do you mean?"

Tech Support: "'P' on your keyboard, Bob."

Customer: "I'm not going to do that!"

Courtesy of www.lotsofjokes.com

New Advertisement
released!

The escape concept
will be unveiled in
trade publications
starting in April.

Looking for an escape
from your software?



If you need a catalog management solution that will set you free, Terno & Associates has the answer for you. Our full-featured TernoVelocity package is sure to expand your possibilities. Not only will it deliver the robust features you need, but the package can be customized to meet the unique demands of your company.

Whether your orders are taken on the phone, online, by mail, or in a retail store, TernoVelocity will give you the freedom you need to let your business grow.

**TERNO
ASSOCIATES**

Visit us online at
www.terno.com