



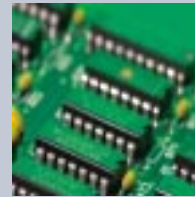
TERNO TIPS
Protect your company from fraud!

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INTEGRATION
What does fully integrated mean to you?

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HARDWARE
What kind of server do you need?

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TERNO TIMES

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DOES JENNY HAVE YOUR CREDIT CARD NUMBER?

Stolen credit cards, online scams, and identity theft are making headlines every day across the country. Catalogers are especially susceptible because they have card-not-present transactions. Many safe-checks are in place to provide the utmost security to our clients accepting credit card payments.

The Address Verification System (AVS) has been in place for many years trying to curtail fraud by matching the bill-to address to the credit card holder's information. More recently, CSV (Card Security Verification) numbers have been put in place at many client sites to make credit card payments safer. These 3 or 4 digit numbers, embossed on the back of the credit card, are another precaution to prevent stolen credit card numbers from being used. The additional numbers should only be available to the individual who has the physical card in hand as opposed to capturing the number from a credit card statement or other documents. AVS and CSV numbers help immensely with avoiding fraudulent orders, but they are not a guaranteed answer.

Recently, a Terno client has been the victim of fraudulent orders. Although details cannot be released at this time,

the scam artist(s) placed large web orders using stolen credit card numbers. After the company began receiving chargebacks from some of the credit card holders, Joe Pindel, Manager of Research & Development at Terno, took action with a full investigation. He first began by looking at the IP addresses of the orders which are the identification number for a particular internet session (these numbers are static or dynamically assigned depending on your service provider). He immediately found a large number of orders with similar internet IP addresses (some had the same) using many credit card numbers and many bill-to and ship-to addresses. Moreover, he found some of these IP addresses were registered to a European provider although the company in question did not have international shipping available. In addition to looking at the IP

addresses, the credit card numbers used were of the same sequence. The perpetrator had figured an algorithm for a series of cards resulting in most of the credit card numbers beginning with the same 8 digits.

With this information, Pindel was able to immediately identify the problem orders and put a halt on them before they shipped. The proper authorities have been notified and an investigation is underway. With identity theft and fraud at an all time high, please be extra cautious with web orders. We will keep you posted with new developments.

If you are worried about fraud protection control, contact Terno about enhancing the fraud control parameters fro your system. Also, check out page 6 for tips on reducing the problem.

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READY FOR

GET THE POWER: DRILL-DOWN REPORTING



Recently, many clients have expressed interest in an affordable Windows based reporting tool. Only one reporting application is specifically developed for multi-valued databases such as Universe. The MITS package is a powerful business Intelligence solution that offers advanced dynamic and interactive data reporting. By design, it takes information from a company's legacy system (such as QOP and TernoVelocity) and makes it quickly and easily accessible. Using a simple drill down interface, MITS puts the organization's information at the finger tips of the user.

How it works

MITS works by mapping files from a multi-valued database (such as Universe RDBMS) to the product. Once the information is mapped, users can use the MitsViewer interface to create the reports with drill down features.

Runs on most versions of Unix, Linux, and Windows.

Finding out more

Visit www.mitsonline.com for an interactive demo or contact a Terno representative for more information.

Advantages to using MITS

- Powerful drill-down reporting
- No separate database to maintain
- Windows-based point and click technology
- Little training
- Very quick results and custom reports
- No additional hardware/changes to network
- Designed for multi-valued databases
- Directly pulls info from database in real-time

TERNO TIMES

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NEW OPTIONS?

IS YOUR DATA WORTH \$5 A DAY? A LOOK AT TSPS

Imagine a water main breaks and floods your computer room. Or there's a fire in your building. What about a natural disaster like an earthquake or hurricane... now imagine what happens to all of the data stored on your system.

In the event a tragedy occurs, many companies have off-site back-up policies in place, but these are often forgotten about. How often do you make a copy of your data and store it in a secure place outside your building? If you are like most clients, not very often is the answer.

We are now offering Terno Security Plus System (TSPS) as a proactive solution for this type of problem. Every company carries liability insurance and has their assets covered but what about their data? TSPS serves as an insurance policy to protect your valuable information on customers, orders, accounting, and more.

The service has three separate components available for purchase separately or as a package depending on the needs of your company. A high speed web connection may be necessary in order to use this service.

Please contact Jeff Moliterno at 330.629.7004 or jmoliterno@terno.com for more information.

SERVICE	DESCRIPTION
Data back-up	Through a secure web connection, a backup of your current data is created each night at Terno. We store this data along with a fully-operational version of your system. If a problem occurs, we react immediately to restore your backup tape to your current machine or a back-up machine.
Web back-up	This service allows a back-up copy of your web site to be stored on a Terno server. The frequency of the back-up would depend on how often your web site is updated or if you have a real-time link.
Emergency hosting	If a problem occurs, you have the option of having a tape delivered to you with next day service or connecting remotely to Terno headquarters. At Terno, we have the capability to host your TernoVelocity/QOP system or your web site temporarily until your own system is restored. This is especially vital with web servers.
Emergency server	We also have the capability of having a dedicated server ready to be shipped out if you need it.

TERNO BRIEFS

ANOTHER GREAT SHOW

A new trade show has been added to the Terno lineup for the 2004 calendar year. The ECSForum First Annual Conference, held in Philadelphia from March 10-11, was a success!

This conference is truly designed for the multi-channel marketer covering all aspects of the business from e-commerce, forecasting, inventory, shipping, call center practices, technology, etc. Jeff Moliterno, President of Terno, conducted a presentation on "Managing Cross-Channel Inventory" for the event. For more information, visit them online at www.ecsforum.org.

UPGRADE IN PROGRESS

Congratulations to Mostad & Christensen who will be completing a hardware and database upgrade in the first quarter of 2004. They will be moving to a Dell PowerEdge 4600 server on a Windows 2003 platform. The change will require moving their existing data and programs from their existing Mentor Pro database to the Universe database.

Mostad & Christensen is a direct marketing company dedicated to serving the needs of accounting firms. Visit them on the web at www.mostad.com.

everything you need to know

With technology advancements growing at an exponential rate, new hardware is becoming increasingly affordable.

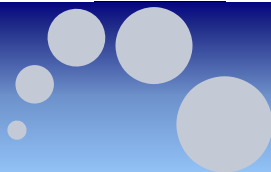
Trying to weed through server specifications can be a daunting task. What is the appropriate size server and what do the items mean? We have compiled a table to help you understand what to look for and what the technical jargon means.

As always, please feel free to discuss your hardware needs with a Terno representative.

Server Market 2003 Sales Leaders¹

1. IBM
2. Hewlett-Packard Co.
3. Sun Microsystems, Inc.
4. Dell

ITEM	MEANING
Processor	The processor, also known as a CPU or and computing take place. The processor
Processor Cache	Performance is also affected by cache memory. information which can increase performance
Second processor	A second processor would enhance availability case of a failure and remain viable until the
Hard drives	The hard drive is the main data storage device within the computer chassis. Some drives are the machine is running without the need to ATA (IDE or EIDE) and SCSI, will typically range
Memory	Refers to the amount of information capable of with a certain amount of physical memory, Random Access Memory (RAM) is the with the processor to temporarily store in current use. This gives your processor easy Memory equation: 1 megabyte of memory = As the memory gets full, the processor has to disk drives are roughly 10,000 times slower than slower than accessing information in memory. has to look for updated information in your hard
Hard drive Configurations	Hard drives can be configured in many ways: Level 0: Provides data striping (spreading out Level 1: Provides disk mirroring. Both disks should one disk fail. Level 3: Same as Level 0, but also reserves performance and some level of fault tolerance. Level 5: Provides data striping at the byte level excellent performance and good fault
Misc.	Redundant power supplies and Uninterruptible electrical problems occur.
Support	Support contracts and rates vary considerably year packages.



...and more

about a new server...

WHAT WE RECOMMEND

microprocessor, is a silicon chip in your server where calculations determines the potential "horsepower" of the computer.

2.6 GHz or higher

Cache is a temporary memory where the computer holds by speeding repetitive tasks.

512 Mb or higher

and performance. This may also provide back up to the first in problem is corrected.

Terno feels the added cost are worth the additional speed and security.

for your computer. Hard drives are generally located in fixed bays hot-pluggable, meaning they can be removed and replaced while reboot. The most commonly used interfaces for hard drives are in size from 8GB to 146GB.

Terno has found five 36 GB hot-pluggable hard drives to be a great balance between cost and performance.

being stored in a temporary work space. Every computer comes usually referred to as main memory or RAM.

1 GB or higher

workhorse behind the performance of your server. The RAM works information from your operating system, applications, and data access to the critical information that make your applications run.

about 1 million bytes (or characters) of information.

go to the hard drives (or virtual memory) for new, fresh data. Hard main memory so writing or accessing information on disk is much Therefore, the more memory you have, the less your processor drive, and the faster your processor server will run.

RAID 1 for operating system
RAID 5 for data.

blocks of each file across multiple disks) but no redundancy. would have the same information so a backup is instantly available

one dedicated disk for error correction data. It provides good

and also stripe error correction information. This results in tolerance²

Power Supplies see that your server remains operational if

We feel the costs are worth having these components.

depending on which vendor you select. Most companies offer 3

Depends on your business needs, but 24 x 7 support is advisable.

Sources:

1. McMillan, Robert.

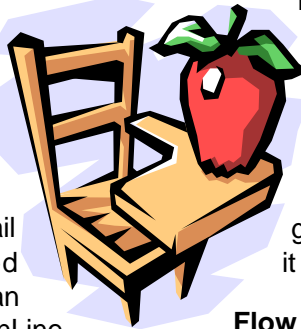
"IBM tops 2003 server market,"
ComputerWorld. February 27, 2004.

2. www.webopedia.com

TERNO TIPS

PROTECT YOUR COMPANY AGAINST CREDIT CARD FRAUD. Fraudulent orders are most likely to come across via your web site so look at for the following warning signs:

- A larger portion of web orders are coming across with a different ship-to address.
- If your web import module has the ability to capture the IP address, look closely if different credit card numbers are used with the similar IP addresses.
- Fraud orders are more likely to have the email addresses coming from “free” web based company such as Yahoo or Hotmail rather than a dedicated ISP such as Earthlink or America OnLine.
- If you notice sequential credit card patterns across multiple orders. For example, if you have multiple orders with credit cards beginning with the same 8 digits, this can be a warning that a hacker has a “series” of credit card numbers.
- If you notice a larger number of chargebacks to your company, look closely to see if a pattern is established (i.e. certain ship-to addresses, certain credit card issuers, common email address given, etc).
- Look closely at international orders.
- Large order amounts should be double checked by calling the customer for verification.



TERNO TERMS

EDI—Electronic Data Interchange. Short for Electronic Data Interchange, the transfer of data between different companies using networks, such as the Internet. As more and more companies get connected to the Internet, EDI is becoming increasingly important as an easy mechanism for companies to buy, sell, and trade information.

.asp—Active Server Page, a specification for a dynamically created Web page with a .ASP extension that utilizes ActiveX scripting — usually VB Script or Jscript code. When a browser requests an ASP, the Web server generates a page with HTML code and sends it back to the browser.

Flow control—In communications, the process of adjusting the flow of data from one device to another to ensure that the receiving device can handle all of the incoming data. This is particularly important where the sending device is capable of sending data much faster than the receiving device can receive it.

Print servers—These are small devices directly connected to your network used to control printer queues. Name brands include HP JetDirect and Hawking.

Terminal emulator—This is a product loaded on to a computer to display software screens. Some emulator programs have transferring data functionality built-in.

TERNO EDUCATION

TCL TIPS

STAT—This command will generate summary information for a particular attribute. It would provide you with a total, average, and count of the statement you inputted.

For example, if you want to know summary statistics on the order totals for open orders, the TCL statement would be: STAT ORDER.DAT 46

This statement would use the open orders (ORDER.DAT) file to display a total of all open orders, the average amount on open order, and a count of open

orders (Line 46 is the total of the order in this case).

Your results:
 TOTALS = 2588.00
 AVERAGE = 258.80
 COUNT = 100

Also, the COUNT and SUM commands are available the same way the STAT command was used if you need to perform only one of the functions.

More tips available at www.terno.com.

INTEGRATION IS THE WORD!

The best lesson of 2003 is integration. The integration of marketing and operations across channels significantly increases response, revenue, and retention. Customer analysis for our clients demonstrates that multi-channel customers' lifetime value is 30-55% higher than their single channel counterpart. The objective is to increase the number of multi-channel customers by removing the barriers so channel crossing is simple and easy.

We found that there is a five-step process to successfully integrating channels:

1. Identify and quantify all of the issues and benefits of integrating channels. It is much easier to inspire change when there is a clear direction and expectation of benefits. Create a detailed listing of all foreseen issues, current metrics, and expected benefits and provide the information to everyone in the company. The objective is clarification and anticipation. It is key to building interest and excitement.

2. Choose the players. This is not a solo marketing project. While the impact on marketing is significant, this is a corporate project. There has to be team members from every department to make this work. Choose the players carefully. You are looking for

teammates that will work together and can inspire the rest of the company to follow.

3. Plan carefully. The first step in planning the process is to identify the easiest change that will generate the most obvious result. Change is hard. It becomes much easier when there is a concrete example of the benefits. Next, thoroughly plan the integration process from beginning to end. Be sure to include a timetable and how the information will be communicated. Communication failure will derail the process faster than any other challenge.

4. Implement completely. Start with the easiest change and then just follow the plan. Provide weekly updates for everyone that includes issues, resolutions, and benefits. Setbacks will happen. Address them when they arise and include them in the weekly updates.

5. Measure the results. The metrics established in step one are regenerated in appropriate timing. Some will be weekly, others monthly. Trends should be identified and data utilized to enhance the planning and implementation.

The process is simple. The execution is challenging. We find that companies that invest time and effort to improve inter-departmental relations are most successful.

Integration is the Word! was contributed by:
Debra Ellis Of Wilson Ellis Consulting.
WEC is dedicated to advisory and consulting services to direct marketing companies.

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This article is available at wilsonellisconsulting.com

integration tips

- Insure that all marketing offers are interchangeable or clearly identified as channel specific.
- Establish consistent sales and return policies across the channels.
- Clearly post customer service numbers throughout the site. Instead of encouraging customers to complain, it inspires trust and increases orders.
- Place URL's on every print piece from ads to catalogs. When customers are hesitant to call, clicking provides an excellent alternative.

- Test new promotional sources before making long-term commitments.
- Avoid "it" technology that is new and unproven. Do not invest until you are insured that it is necessary, beneficial, and internal resources will not suffice.
- Add value to your website and catalogs by including applicable information. It will inspire customers to return to the site and increase the life of the catalog.
- Share the success with everyone in the company. It builds trust, morale, and longevity.

KEEPING UP WITH TERNO...

TRADE SHOWS

NCOF

National Conference on Operations & Fulfillment

Pre-conference: April 18, 2004

Conference: April 19-21, 2004

Booth # 527

Hyatt Regency on The Riverwalk

Chicago, IL

www.ncof.com

ACC

The Annual Catalog Conference 2004

Conference: May 3-5, 2004

Booth # 960

McCormick Place, Lakeside Center

Chicago, IL

www.catalogconference.com

Special Offer: If your company is interested in attending the ACC show, please contact us for a special promotional offer. Guests of Terno can save an additional 25% off the regular ACC conference price.

Call 330.629.7004 or email info@terno.com for details.

FLEXIBILITY AD UNVEILED

Flexibility.



Not usually the first thing you associate with catalog management software...

...but it should be. Today's competitive marketplace demands a powerful yet flexible solution to meet your needs. At Terno & Associates, we have created the most adaptable software solution in the industry to support your business.

If you need an integrated system to handle mail, phone, web, and retail orders, then our full-featured solution is for you. Proven, dependable, innovative -- **TernoVelocity!**

 **TERNO ASSOCIATES** INC.
Software solutions for the multi-channel marketer

www.terno.com or 1-877-99-TERNO

2004 USER GROUP MEETING... COME FOR THE FUN!

You are invited to the 2004 Annual User Group Meeting. This year's meeting is sure to be bigger than ever!

The topics include:

- Advanced reporting from TCL
- ODBC
- Hardware maintenance
- Comparison of operating systems
- System administration

This meeting serves as a way for our clients to have personal contact with our staff and other companies using Terno products. The focus of these meetings are to continue product education, discuss software modifications, introduce new hardware and software products, and to solicit opinions of our clients.

If your company has specific topics or questions that you would like addressed, please feel free to tell us. The date for this meeting is not set at this time. We would like suggestions on convenient dates for you in July or August. Please let us know via email if you are interested in attending and dates that are preferable.