

Hole in IBM E-Biz Servers

IBM has put out a security warning regarding vulnerability to an exploit in its WebSphere and Net.Commerce e-commerce software that allows password decryption using a tool called SUQ.DIQ version 1.0.

IBM says passwords can be obtained from sites that utilize macros not properly coded for security considerations. Any site created using the default merchant key is potentially exposed. IBM's asking administrators to change admin passwords and secure the macros.

The e-commerce servers affected include Net.Commerce 3.1, 3.1.1, 3.1.2, 3.2, WebSphere Commerce Suite 4.1, 4.1.1, Net.Commerce Hosting Server 3.1.1, 3.1.2, 3.2, WebSphere Commerce Suite, Service Provider Edition 3.2 and WebSphere Commerce Suite, Market-Place Edition 4.1.

Metreo Gives E-Suppliers Negotiating Power

The proliferation of e-procurement and sourcing solutions from **Ariba**, **Commerce One** and a host of others have done their part to drive down the cost for buying organizations. Suppliers are forced into reckless price competition and less profitable decisions in an effort to respond quickly to sales requests. While there are a number of products out there to help suppliers distinguish themselves from the competition in aggregated online catalogs, there's really nothing to help them fix the problem on the back end – how to compete effectively without sacrificing profit margins.

This often leads to "maverick selling," loss of profit for a hurried supplier who didn't have all the necessary information, according to Daphne Carmeli, CEO of **Metreo** Inc. The Palo Alto, California firm has launched Supplier Response (SR2), a J2EE-based suite of products that enables e-suppliers to respond in real-time to complex sales requests.

The software acts as a bridge between front office and supply chain systems. In the past suppliers have relied on manual processes to manage their customer sales requests; SR2 automates the manual process of qualifying, responding to, recommending and counteroffering buyer requests.

SR2 has five components. The Metreo Dynamic Negotiation platform supports integrated environment and data transformation technologies. The core app is the Metreo Supplier Response that does the qualifying, evaluating, recommending and negotiating in real-time. Strategy Builder lets marketing departments build templates and set targets for sales requests to hit. The IT staff uses Metreo Designer to configure and administer the entire app. Metreo Insight provides pre-formatted, customer-defined and ad hoc reports.

Its browser-based client has an inbox that routes each request to the most qualified person. The software then automatically analyzes the request, comparing it with all relevant business metrics, such as

cost and margin, historical value of the customer or product availability, including data gathered from other enterprise systems. It recommends accepting, modifying or rejecting the request and proposes counteroffers or cross-sell or up-sell ops the manager can accept or reject. It's all done in real-time, so the supplier response time is minutes or hours rather than the days a manual process requires.

Carmeli got the initial concept for the year-old start-up while she was VP of marketing for **Netscape's** app product division in charge of its CommerceXpert family. The idea started germinating when she spoke with some customers – particularly manufacturers – to learn where there were still "acute areas of pain."

Turned out trying to manage the pricing process for the thousands of requests they received topped the list. So she left Netscape and founded Metreo to "level the playing field for suppliers." Part of the imbalance, she says, is that with one click, a buyer can send a request to hundreds of suppliers. For suppliers, this means increased volume and pressure to respond as well as increased competition. The benefits of SR2, are "visibility" into sales requests, "variability" into managing tradeoffs and "velocity," making more informed profitable decisions quicker.

Metreo is initially targeting Global 2000 manufacturers and distributors of high-tech and electronics components and systems. Pricing for the software and services starts at \$250k.

Its first customer is **Eaton** Corporation, using SR2 in its **Cutler-Hammer** electrical control and power distribution products business unit. The newbie also joined with CRM consulting and systems integration firm **Zamba Solutions**. Zamba has agreed to co-market Metreo SR2 to provide manufacturers and distributors with an integrated CRM/supply chain solution enabling companies to respond more efficiently and profitably to each sales request, regardless of the channel.

White Pajama Tops \$40m

In a time when companies are cutting back on capital investments, start-up **White Pajama** is using that reluctance to its advantage. The Hayward, California firm offers integrated contact on a hosted basis, claiming that it is “re-inventing customer contact by eliminating the barriers organizations face in deploying customer interaction solutions – initial capital outlay, ongoing maintenance, and time to market – and allowing them to focus on their customers.”

The company developed customer relationship management (CRM) software that works over various channels including e-mail, web (self-service, chat and co-browsing), phone and fax and is delivered as a service to customer contact centers with less than 100 agent seats, whether in small and medium enterprises (SMEs) or departments of larger corporations. Mansour Salame, president and CEO of White Pajama, says the “real value” isn’t in the depth of each component, but that it’s a single, integrated solution so agents don’t have to learn several different systems.” It was built to provide “all the functionality without the capital expenditures, integration headaches or maintenance issues” of a solution installed at the customer’s premises.

White Pajama introduced its software in late January and claims 20 customers including **Bizfinity**, **WebConverse** and **HP e-solutions**. It’s even ahead of its plans in terms of closing deals. This makes sense, says Salame, because companies leery of making large capital investments call White Pajama and have a contact center solution up and running in a few hours.

It recently closed its second funding round snagging \$43 million from **Norwest Venture Partners**, **Mayfield Fund**, **Sofinnova Ventures** and other high-tech investors. The money “shows that investors believe we will get to profitability very quickly,” Salame says. The concern built its own software and, according to Salame, has a gross margin of 80%, far higher than the roughly 25% it would have if it used “off-the-rack software” from a variety of third-party vendors. The high gross margin makes it possible for White Pajama to sell through indirect channels and still make a decent profit.

The money will go towards sales and marketing, expanding its technology and service offerings and finding new partners to resell

the stuff. It’s also ramping up to sell the solution directly. The next funding round will either be with strategic partners or a mezzanine in preparation for an IPO.

According to the company’s web site, the name White Pajama originated several years ago when Salame was at a high-tech firm. He and a partner were working on a huge deal when the partner showed up for a crucial meeting in a linen suit that looked like “white pajamas.” Salame believed the suit would lose them the deal and promised that if they got it, he’d name his company White Pajama. They got the deal. – *SM*

Revenues Still Invisible For Disappearing Inc

By Raga Rao

Ten months after it stirred up much excitement with the release of its disappearing e-mail software for corporations, Internet start-up **Disappearing Inc** has failed to make much headway in the market.

The two-year-old San Francisco concern admits its revenues are still small and its software is not yet in commercial deployment at any enterprise.

The start-up’s Disappearing Email software is a policy system allowing corporations to control the lifetime of the e-mail they send. The messages are supposed to self-destruct at the time specified by the sender thereby reducing the chances of their falling into the wrong hands. Would **Microsoft** have looked so stupid in Judge Jackson’s court with its embarrassing e-mail trail if it had installed such a system on its network?

The Disappearing Email system works with standard e-mail clients such as Outlook, Outlook Express, Notes and **Netscape** by encrypting the e-mail as unreadable text. When recipients open the message, they “borrow” the unique key used to encrypt it. The key self-destructs after a set period rendering all copies of the message permanently unreadable.

The company launched a free version in August targeted at individuals that supposedly has been downloaded by tens of thousands of users. This ploy was basically a means for the start-up to get people to try the product and get feedback on how it works in disparate environments. Microsoft’s got a link to single-user version on its Office Update site.

According to Disappearing’s founder and

CTO Maclen Marvit, the corporate version of the product released in May “needed a lot of tuning to meet the requirements of the enterprise.” He said feedback from the early pilots helped the company bolster the product. Some of the enhancements the company has made include enabling it to work seamlessly with firewalls, adding the ability to handle attachments, supporting a broader set of e-mail clients and allowing messages to be read on systems that did not have Disappearing’s plug-in installed.

Marvit argues that it takes time to make a product robust enough for the enterprise and the latest version – Release 2.7 – is the first “really saleable product.” Apparently, the May release gave the company an opportunity to test it in diverse environments and see how it integrates with existing e-mail policies. As Marvit says, “we don’t want to be revolutionary. We don’t want to force companies to change their e-mail infrastructure.”

The current version, in “very advanced pilot,” is believed to be robust and stable. It’s supposed to be in pilot at a half-dozen companies. Consulting giant **Ernst & Young** is supposed to implement Disappearing Email internally. However, Marvit is unwilling to commit to a general availability date. “We need to make sure that the product meets all the needs. Getting everything to work is a tall order.”

Along the way, the company has made other changes as well, altering its pricing model from \$4 per user per month to a custom structure that adjusts to each enterprise’s unique situation. Instead of looking at the overall corporate scene, the fledgling has turned its attention to the *Fortune* 1000 market. “We believe large companies have the greatest need,” says Marvit. Apparently, it wasn’t economical to support the smaller corporate customers.

Meanwhile, the company’s failure to make headway in the marketplace does not seem to have dampened investor confidence. The fledgling recently closed its third round of funding with existing investor **Kleiner Perkins**, **Mitsui** and **JP Morgan Partners**. Another existing investor Eric Hahn, former CTO of Netscape and founder of **Collabra Software**, also participated in the round. The company is believed to have raised approximately \$10 million in the latest round, taking its total funding to some \$30 million. The money will go toward expanding sales, marketing and product development efforts.

Blue Martini Tackles Channels

Blue Martini Software has introduced Blue Martini Channels, an app for companies that sell through distributors, brokers, dealers, resellers, agents and retailers as well as e-marketplaces.

Blue Martini Channels is available as a standalone product or an integrated part of the Blue Martini 4 suite that includes marketing, commerce and services apps. At the center of Channels is the Universal Catalog where companies can capture, store and manage product and pricing information, enhance it with digital assets like images, graphics or video clips and deploy customized web catalogs based on factors such as industry, geography, service focus or contract terms.

Chip Overstreet, VP of market strategy and business development, says the software puts "the power in the hands of business users," allowing them to make changes to catalog information without depending on IT. Blue Martini Channels should make it easy for these users to distribute content to web sites, wireless devices and e-marketplaces. Because it can capture and integrate information from a variety of sources, it lets users be "creative" and present their products in a way that separates them from the competition.

Customers who've agreed to use the thing include office supply distributor **SP Richards**, storage firm **Iomega**, high-end sewing machine manufacturer **Bernina** and **Elemica**, a global chemical marketplace launched by 22 leading chemical companies.

The company has also formed a partnership with **Commerce One** to develop a Blue Martini adapter for Commerce One. It inked a similar deal with **Ariba** last year (OLR No 214). The Commerce One deal, however, has the e-procurement ISV training 50 consultants on Blue Martini software to service joint customers. Although Blue Martini has only developed specific marketplace adapters for Ariba and Commerce One, the software can work with other marketplaces through its XML adapter. Overstreet says the company is evaluating other marketplace software and industry standards like RosettaNet as potential candidates for future adapters.

Blue Martini Channels starts at \$250k-\$350k. It runs on Solaris, **HP-UX** and NT. Linux support is under consideration and will be added depending on customer demand.

i2 Fights Back

i2 Technologies has put a "value calculator" on its web site so prospective customers can assess the value they could realize using its TradeMatrix supply chain and e-marketplace solutions. The goal is delivering \$75 billion in value to customers by 2005. According to auditing firm **Miller-Williams**, from 1996-2000 the cumulative value generated from i2 software implementations – reduced costs, avoided or delayed expenditures and increased customer responsiveness and revenue growth – at customer sites was roughly \$16.4 billion.

The move comes a week after heavyweight **Nike** put the blame for missing its fiscal Q3 estimates on problems experienced in implementing i2's software. Now a slew of law firms have filed class action suits against i2 alleging the company and certain officers and directors violated federal securities laws by providing materially false and misleading information resulting in artificially inflated stock prices. Nike issued the warning after the market closed on February 26. Next day i2's shares lost nearly 29% of their value, tumbling to 27.56.

Separately, i2 is reportedly in talks to buy **Rightworks**, maker of e-procurement, e-marketplace and content management apps, for some \$250 million. If they do the deal, it would put even more stress on i2's relationship with **Ariba**, a Rightworks rival. Ariba thumbed its nose at i2 when it announced plans in January to acquire i2 competitor **Agile Software** (OLR No 233).

HP Launches New Small Biz E-Services

Hewlett-Packard introduced two e-services on Tuesday – HP Extended Office and HP Web Services – targeted at small businesses.

Subscription-based HP Extended Office combines the company's business computing products with installation, business software, 24-hour phone support and backups. The service starts at \$169 per month for an HP Vectra v1400 desktop with monitor or \$229 for an Omnibook 6000 laptop. Both versions come loaded with **Microsoft** Office Professional software and include unlimited Internet access, secure online data backup and virus protection. Subscribers can select various optional upgrades including additional memory, printers and monitors.

HP Web Services offers site design, hosting and e-com capabilities including real-time credit card processing and shopping cart technology. The package also includes 55 industry-specific web site templates to enable entrepreneurs to get their businesses on the Internet quickly. Web Services comes in four customizable packages starting at \$25 per month.

It's hardly surprising that HP is targeting the small business market. This portion is considered the engine of the US economy and presents a huge op for companies providing Internet products and services. Some studies have found that less than 10% of American small businesses are actively trying to market over the Internet (OLR No 205). **IBM**, **FedEx** and a host of other players have already launched e-com services aimed at the small biz segment.

CyberCash Shelves Network 1 Deal, Files Chapter 11

Unable to raise financing, electronic payment services provider **CyberCash** shelved its proposed merger with **Network 1** and filed for Chapter 11 in a Delaware court on Friday, March 2.

In a new twist, Network 1, a supplier of payment processing systems and Internet payment services, now plans to acquire all the operating assets of CyberCash. Network 1, of McLean, Virginia, is believed to have made an initial bid of \$8 million for all the operating assets of CyberCash excluding receivables, cash and other Internet investments. The deal is subject to several conditions including bids from other interested parties and the approval of the bankruptcy court. The two parties hope to complete the transaction in early April.

Reston, Virginia-based CyberCash blamed its situation on the financial markets. "The Network 1 merger was the culmination of months of hard work and was key to our getting profitable. Unfortunately, the financial markets have dried up and we have been held up just short of the finish line, without the funds to close and execute the plan," said CyberCash CEO Dan Leach.

According to CFO John Karnes, the company was looking to raise \$15 million, which would have enabled it to close the deal with

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Network 1 and compensate for its Q1 and Q2 operating losses.

In December, CyberCash disclosed plans to acquire Network 1 in a \$63 million stock deal. Under the deal, shareholders of Network 1 would receive CyberCash shares representing 50% of the equity of the merged company on a fully diluted basis. The transaction was to close in Q1 with the combined entity retaining the CyberCash name and offering electronic payment solutions to both Internet and brick-and-mortar merchants.

Karnes said the company had adequate financial and human resources to ensure no service interruption or degradation in customer support to the 27,500 Internet merchants and over 100k users of its payment software. After laying off 37 employees on Friday, CyberCash is left with 230 employees – 140 in the US and 90 at its software center in Bangalore.

Despite promising technologies, CyberCash never made much impact on the market.

Data Return Debuts Security Services

Data Return Corporation has expanded its security offerings with intrusion detection and vulnerability assessment services.

The Dallas managed services provider partnered with **Network ICE** to offer the reactive service that combines intrusion detection with packet blocking technologies to detect, identify and block intruders in real time before the network is compromised. The system is supposed to decode and detect even fragmented attacks, NMAP scans and denial of service.

The vulnerability assessment service includes scans that search for system weaknesses, an annual penetration test, ongoing remediation and operating system hardening.

Pricing for the two new services, which are expected to go live on Friday, March 9, was not disclosed. The new offerings complement the company's existing Service-Guard firewall and VPN services launched in January 2000.

Data Return is also joining with **Critical Watch** to offer an external scan option to validate the security controls it put in place. According to director of product marketing Bill Lowry, 50% of the company's 904 customers are using its security services.

Sybase Upgrades Enterprise Portal

Sybase has released an upgrade to its Enterprise Portal (EP) solution. Enterprise Portal is built on an extensible e-business foundation that includes portal services such as high-end content management and personalization, customizable presentation services and deployment capabilities.

EP 2.0 extends the platform to mobile and wireless users, business partners and e-marketplaces. In addition to adding its wireless technology to give end users access to the portal from various gadgets, Sybase added B2B integration function to automate business processes by integrating legacy apps and XML/EDI transformations to open a company's portal to business partners and e-marketplaces. There's also new support for multiple languages and character sets for globalization. Key new components include a J2EE-compliant app server, LDAP support, an integrated security framework, concept-based searching and a data server with data synchronization capabilities.

Sybase has partnered with **EDS** in an alliance to benefit enterprises by solving their e-business integration challenges while leveraging their existing IT infrastructure. EDS will use the Sybase EP 2.0 as the foundation of its portfolio focused on providing end-to-end solutions for integrating customers' existing information and applications and extending them out to business partners.

Intrusion.com's Security Device Bows

Intrusion.com has launched a new Internet security appliance targeted at small and medium businesses and enterprise remote offices.

The SecureCom PDS 2315 comes pre-installed with **Check Point's** VPN-1/FireWall-1 software for easy VPN and firewall deployment. The appliance also provides intrusion detection and anti-virus capabilities and comes with a 10GB hard drive and local logging for data capture during an attack. The devices are priced at \$1,900.

The **Intel** architecture-based widget uses a special security hardened version of **Red Hat** Linux. It includes three 10/100MB Ethernet ports for connection to sources like DSL and cable modems and routers, serial and USB ports and expansion options for added scalability.

Security appliances are increasingly seen as a cost-efficient way for small and medium

businesses to deploy out-of-box Internet security solutions to thwart hackers and denial of service attacks.

How the Mighty Have Fallen

The Nasdaq halted **Yahoo's** stock shortly after trading opened on Wednesday, March 7. The stock remained frozen throughout the day as rumors floated that there would be an earnings warning and possibly a CEO search. When the company spoke after the market closed the rumors proved to be true.

Yes, Yahoo has once again been plagued by those nasty "external conditions" bedeviling nearly every tech company these days. The online giant announced Q1 revenue will only be in the \$170 million-\$180 million range, significantly lower than the \$220 million-\$240 million it projected in January (OLR No 230). It now expects this to be a break-even quarter, after previously anticipating EPS of four cents-seven cents. Most of the revenue shortfall is being blamed on its marketing services business.

Also announced was a search for a CEO from outside the company as it fills out its senior management team with "new talent." Chairman and CEO Koogle, who will remain as an "active chairman," was one of the first to join the portal player way back in 1995. He's leading the charge to find a replacement who could turn Yahoo into a \$5 billion company, according to *The Wall Street Journal*. Apparently Koogle doesn't believe there's inside talent to take it to that level.

Depending on market conditions, share price and other factors, Yahoo's board has authorized a stock repurchase of up to \$500 million of its outstanding common in the open market over the next two years.

An hour after trading opened on Thursday shares had already hit a low of 16.50 – after hitting a new low of 20.81 on Wednesday before trading was halted – and been downgraded by **SG Cowen, Merrill Lynch and Friedman Billings**. Its 52-week high from March, 2000 is 205.63. Merrill downgraded near term ratings because of "vastly reduced visibility into financial performance (with situation still getting worse), management turnover and deceleration of user growth." However, it maintained the long-term buy rating because it believes that Yahoo's core platform – its portal – has "scarcity value as well as the ability to eventually generate earnings of \$3 or more per share."

The stock closed at 17.69 on Thursday.

Digex Introduces Intrusion Detection Service

Hosting services provider **Digex** expanded its security offerings with the launch of TruDefense, a managed intrusion detection service.

Powered by **Entercept**, server-based TruDefense seeks out attempted attacks and prevents access to the web site. The service intercepts and validates software calls made into the layers of the OS and kernel and matches them in real time to a database of both defined and generic attack behavior. When an attack is detected, the app should preemptively protect the system by responding with a pre-defined action. The actions taken may range from "log event" to "terminate process." TruDefense software sits behind the firewall in a network.

Digex is offering TruDefense in a standard version and as a web server edition that combines http parsing protection and app shielding to prevent **Microsoft** IIS web server files from being modified or destroyed.

The standard service costs \$400 per month per server while the web server edition costs \$500 per month per server. There is also a per server initial installation and customization fee of \$400-\$600 for both versions.

Digex' other security offerings include managed firewall, VPN, security scanning, vulnerability assessment and digital certificate services.

SonicWall Acquires Ignyte

Security appliance vendor **SonicWall** has acquired privately held Internet security consulting services provider **Ignyte Technology** for \$8.6 million in stock and cash. The transaction comprises 735,000 shares of SonicWall common stock and options and \$700k in cash.

Acquisition of the 40-man Santa Clara, California outfit is supposed to double SonicWall's tech support resources. CEO Sreekanth Ravi expects the deal will enable the company to provide enterprise-class pre-sales, post-sales and technical support on a 24x7 basis.

Open Market Presents CSEE

Open Market has come out with Content Server Enterprise Edition (CSEE), adding new e-marketing and B2B integration capabilities to its content management and delivery system.

The suite comprises enhanced versions of the Content Server family plus a new product.

Content Server, the foundation of CSEE, uses Java components and XML-based services to enable developers to rapidly build and deploy content-driven e-business solutions based on reusable information assets. Release 3.5 is the first content management and delivery services platform available natively on three leading J2EE app servers – **IBM** WebSphere, **BEA** WebLogic Server and **iPlanet** Application Server. Additionally, Content Server can sort, track and manage Java Server Pages components.

Content Centre is the CSEE content management and delivery app that streamlines web production processes and delivers static and dynamic sites to a range of devices. Release 3.5 has improved publishing performance.

Catalog Centre creates information catalogs that can store and manage enterprise products and services for use by partners, customers and channels. Release 1.1 has performance improvements for loading and managing more complex catalogs.

Personalization Centre lets managers create user segments and use rules or recommendation engines for personalization. Visitors can customize their experience. Integration Centre is an enterprise application integration app that provides access to transactional data and services in existing apps. Release 2.0 has better integration with **SAP** and adds a new XML document exchange for B2B integration with marketplaces and trading partners. Satellite Server is an intelligent content caching product that can handle the high-volume delivery of personalized dynamic content.

Marketing Studio is new. Through a wizard-based interface it enables the creation of customer segments, product promotions and product or content recommendations based on a visitor's profile or behavior.

CSEE is available now. Each product is priced individually based on a per CPU basis, beginning at \$29k per CPU.

Is it all over for Napster?

Napster's future got a little less certain on Monday night March 5 when US District Court Judge Marilyn Hall Patel issued a revised preliminary injunction against the file-swapping service. Last Friday the judge heard oral arguments from both the start-up and the record industry, which sued for copyright infringement more than a year ago, and wasted little time in handing down the injunction (or is that death warrant?).

Last month a three-judge panel of the 9th

Circuit Court of Appeals backed up Patel's decision that Napster is guilty of copyright infringement, but told her to make some changes to the preliminary injunction, which it felt was too broad.

The revised injunction, which requires immediate compliance, calls for the record companies to give Napster the song title, artist name and name of one or more files on its system that infringe on their copyrights. They also have to provide proof that they own or control the song. Both sides must use "reasonable measures" to identify potential variations or misspellings of the song title or artist name. Once notified, Napster has three business days to stop the files from being swapped over its system. Additionally, the record companies can provide Napster with advance notification of upcoming songs they believe may crop up on the system and Napster will be required to block access from the first time one of these infringing files appears.

There's a notice posted on the site saying it plans to take "every step within the limits of our system to exclude their copyrighted material from being shared." Even before the injunction was handed down, Napster took

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E-BILL BOARD

Singapore Outfit Debuts Novel E-Payment Service

Singapore start-up **Systems@Work** Pte has introduced a secure Internet payment service that lets consumers use their mobile phones to confirm an online purchase.

Dubbed TeleMoney, the service requires consumers to sign up online at telemoney-world.com and provide their credit card or debit card numbers, which are linked to the members' GSM mobile phone number. Consumers are then assigned a TeleMoney number and a PIN.

When shopping online at TeleMoney merchant sites, consumers enter their TeleMoney number triggering an interactive voice response message on the registered mobile phone. The customers can then select the preferred payment mode and confirm the transaction by punching in their PIN on their GSM phones.

System@Work CEO Ng Fook Sun claims that it's "practically impossible for any fraudster to shop at the member's expense, as the person would need the member's TeleMoney number, the PIN and the mobile phone."

TeleMoney members should also receive an e-mail receipt after the transaction is completed. Consumers have the option of requesting SMS receipts, as well as viewing details of previous transactions by logging onto the secure member's lobby at telemoneyworld.com.

The service is free to consumers. Merchants pay a 4% service fee per transaction and 15 are reported to have signed up. However, only one merchant, online photo printing service **GeoFoto**, has gone live so far. Sun wouldn't disclose the names of the other merchants. "I don't want to steal their thunder," he claimed. The service currently supports credit cards payments only. The fledgling plans to add direct debit and stored value payment modes within the next two to three months.

The year-old concern is targeting merchants that offer three categories of products: goods that do not require feel and touch such as books, CDs and grocery items; products and services that are delivered on demand such as downloadable software and digital music; and online ordering of customized products such as photo printing and photo copying.

Merchants are expected to derive two benefits from the service: a lower rate of fraud since consumers authorize the transactions using TeleMoney and a wider choice of payment options.

The service is currently available only in Singapore but Sun is looking at extending it to other Asian countries and the US later this year. Systems@Work is also considering ways to extend the TeleMoney service to mobile commerce and over-the-counter transactions as well.

The 15-man concern, which has received \$2.5 million from angels so far, plans to raise an additional \$7.5 million from VCs and strategic partners.

PayPal Raises \$90m

PayPal, the online person-to-person payment services provider, announced a Series D investment round of \$90 million taking its total funding to \$225 million.

The new money will go toward international expansion of the popular service, which lets consumers send and receive money instantly via the Internet. Investors in the latest round include the Spain's **Bankinter**, Japan's **eBank**, **ING Group**, credit card major **Providian** and French retail bank **Credit Agricole**.

PayPal is believed to be the leader in the hot P2P segment with 6.5 million members. Competitors include MoneyZap from **Western Union**, Citibank's c2it, the **Wells Fargo-eBay** joint venture BillPoint and eMoneyMail from **BankOne**.

NCR's E-Bank Biz Forges Ahead

NCR claims its Internet banking business is making strides. The company has nearly doubled the number of banks for which it provides outsourced e-banking services from 70 to 130 over the last 12 months. Another 20 banks are said to be in the pipeline awaiting implementation.

NCR says it recently added account aggregation and new marketing programs to enable banks to boost customer adoption of their online services.

According to Greg Hanson, general manager of e-commerce solutions, NCR worldwide customer services, the company expects to double its business income in the current year. Hanson wouldn't disclose projected revenues but said it hoped to add at least another 60 banks to its customer base. NCR provides in-house implementation of Internet bank services as well but the focus is on providing outsourced services.

E-Payment Start-up Raises \$20m

Online payments start-up **Virtual Purchase Connection** has raised \$20 million in its second round of financing taking its total funding to date to \$24 million.

LabMorgan, the e-finance unit of **JP Morgan Chase**, **Plantagenet** and **Wells Fargo**, an early investor, are the lead investors in the latest round.

The eight-month-old Alameda, California concern plans to use the money to launch and scale its web-based payment service for B2B transactions. The service, which integrates with a merchant's commerce engine, is supposed to guarantee merchants a "no fraud, no charge-back" sale. Its toolkit software should support both real time and delayed order processing.

Virtual Purchase enrolls online merchants who install the toolkit to participate in the payment service as well as major financial institutions as alliance partners. The financial institutions enroll and authenticate their business customers who then use Virtual Purchase for deals executed at enrolled merchant web sites.

The service, expected to launch in a few days, is free to buyers. Merchants will pay a fee expected to be 1%-1.2% lower than credit card transaction fees.

Wells Fargo Debuts Account Aggregation

Wells Fargo has launched Wells OneLook, a free online account aggregation service allowing the bank's customers single sign-on access to their financial information across multiple financial institutions through wells Fargo.com. **Yodlee** is powering the service. The San Francisco bank cited a **Forrester** study revealing that 66% of online customers want to consolidate their view of online services.

Intell-A-Check Names Gage CEO

Electronic payment solutions provider **Intell-A-Check** has named Joseph Gage as CEO. Belleville, New Jersey-based **Intell-A-Check's** eponymous flagship product lets companies accept check payments via the net, over the phone or through a voice response unit. Gage was previously a consultant in the e-commerce and payments area and prior to that CEO of **GO Software**, a developer of pay processing software for Internet and traditional merchants. Lou Obsuth, erstwhile acting CEO, remains president of **Intell-A-Check**.

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steps over the weekend to block access to a million files that may have been infringed. Users reported that the filtering system didn't work all that well, however, and let several misspelled names pass through.

Gartner thinks the injunction will effectively shut down the service as its analysts don't see the possibility of a legitimate business model "given the guidelines on what files can and can't be shared via its software." The ruling "buys the big five labels time to get their catalogs online and provides a legal alternative to the current illegal file sharing system," says PJ McNealy, senior analyst in Gartner's e-business group.

Downloadable music site **EMusic** has joined the anti-Napster party, filing its own complaint alleging contributory and vicarious copyright infringement and unfair competition. CEO Gene Hoffman says for six months EMusic has been asking Napster to filter and block EMusic tracks from being traded on its system without permission and Napster has "flatly rejected our requests." The file-swapper apparently told EMusic "such a system was technically impossible," then went and put a filtering system in place last weekend showing, Hoffman claims, "the company's true motive - to unfairly build a business upon the copyrighted works of others."

Strategy.com Helps Customize, Deliver Content

MicroStrategy subsidiary **Strategy.com**, which syndicates customized news, financial, traffic, sports and weather services to the web, wireless and voice channels, is now offering its services to companies wanting to personalize and distribute their own content to their customers, employees or others. Delivering personalized content to subscribers through various channels can increase the lifetime value of customers by building brand loyalty and driving transactions.

Currently, businesses depend on the web sites for communicating electronically with their customers. Strategy.com president and COO Nicholas Weir says his company is "well positioned" to help them take "the next step - where the customer has complete control over how they want to receive information." Strategy.com builds and hosts the platform and provides the tools an organization needs to gain customer permission, personalize and deliver messages and analyze the results.

eSignX Wins Patents

Wireless security products vendor **eSignX** has secured two patents for mobile digital signature devices and processes. The first deals with the basic means by which mobile phones, pocket PCs or wireless PDAs authorize transactions while the second specifies methods used in verifying and approving transactions in mobile commerce applications using public key infrastructure (PKI) and encryption systems.

Columbitech To Offer Wireless VPN Products

Swedish start-up **Columbitech** plans to offer a range of wireless VPN products in the US in Q3.

The Stockholm concern says the Columbitech wireless VPN will allow users to secure wireless access to corporate data over wireless IP networks. The VPN is network agnostic and works with all major wireless devices including **Palm OS**, **Pocket PC** and notebook PCs.

The Columbitech VPN is based on wireless transport layer security, a protocol with strong encryption and PKI support. The fledgling claims that unlike IPsec-security, its wireless VPN maintains encryption beyond the firewall of the enterprise all the way into the application.

In addition, Columbitech's wireless VPN is said to offer session and transaction recovery for temporary out-of-coverage situations giving the mobile user always-on service. IPsec solutions are believed to require new authentication at timeouts and lost connections. The VPN also supports seamless session roaming across wireless IP networks.

Currently in trials with potential partners, the VPN is expected to move into beta in Q2 and general availability the following quarter. The fledgling claims that the product is built from the ground up and optimized for wireless apps. Pricing was not disclosed.

Nothing Is Ever Free

The folks over at free ISP **Juno** have used the principles of the SETI project (you know, the thing that hooks up a whole bunch of computers to search the heavens for ET and his pals) to devise a revenue-generating plan. The US' third largest ISP is gonna link its subscribers' computers, which will have to

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remain on at all times, to create the Juno Virtual Supercomputer with enormous processing power that would be used when the computer is idle.

Juno's research shows that if all 3.16 million free subscribers' computers were used to work on one computation, it would be the world's fastest supercomputer and might even break the "petahertz" – a billion megahertz – barrier. It could then sell these supercomputing services to salivating third parties like scientific research institutions and pharmaceutical companies, who should find them very attractive indeed. Immense computing capacity is needed to perform the complex calculations required for genetic research, or to search through the components of millions of virtual molecules to find potential new medicines. Renting, rather than setting up and maintaining, such a huge network can

save millions of dollars.

Drawing on patented technology, for which Juno has been granted a US monopoly until 2016, used to collect responses to its offline ads, computational tasks will be downloaded to the subscribers' computers. The apps will run as screen savers when the computers are idle and be uploaded to Juno's central computers next time the user connects. This proprietary technology incorporates a sophisticated encryption and authentication system to maintain system integrity, insuring that data has not been tampered with, modified or replaced. Participation in the project is not expected to significantly affect the user's connection speed or online experience.

Juno president and CEO Charles Ardai says not only will his company benefit financially, the work will provide "a social benefit." Juno's talking to several potential clients

but has not worked out the "money dynamics" of the thing. Yury Rozenmann, once with **Applied Biosystems**, has been hired to help with engineering and marketing. The project will begin its first tests in the next couple of months.

The company is sending e-mails to its subscribers this week informing them of the plan. Initially, Juno is asking for volunteers, but participation may be a requirement for free service in the future.

iPlanet Teams with Firmbuy; Upgrades BuyerXpert

iPlanet, a **Sun-Netscape** alliance, has teamed with **Firmbuy**, a Toronto-based B2B e-procurement service provider. The two will jointly market an offering that gives purchasers access to Firmbuy's extended supplier network of more than 725,000 products and services. iPlanet provided much of the technology for the network.

iPlanet also introduced an upgrade to its BuyerXpert e-procurement software. Version 4.1 enables international organizations to issue purchase orders in multiple languages. It also adds the ability to track and compare suppliers to help buyers make more intelligent business decisions.

Point/Counterpoint

The **Internet Advertising Bureau** was all aflutter about the new larger ads (three times the size of those on most commercial sites) that appeared February 20, figuring eyeballs would be locked on to the massive "skyscrapers" and 336x280 pixel rectangles. Not a month later **webwasher.com** AG, backed by **Siemens**, released WebWasher 3.0, which can filter those bad boys right out. CEO Horst Joepen says the new ads are "network hogs," occupying more capacity, taking forever for modems to download and really messing up bandwidth and performance of corporate networks.

The new version filters out ads, pop-up windows, animated images, Java scripts and applets, cookies, referrers and web bugs. Other stuff can be added to the filter list at any time. The software speeds the downloading of web pages and it can save up to 45% network bandwidth. It runs on Mac 8.1 and above, various Windows flavors and, for the first time, Linux. It can be downloaded free for personal use at <http://www.webwasher.com>. WebWasher Enterprise Edition is available commercially.

E-POSTINGS

Norwegian Post, Telenor Debut E-Security JV

Norwegian Postal Service and **Telenor** have launched **ZebSign**, a new 50-50 e-security joint venture to provide electronic IDs and digital signatures.

ZebSign is a fusion of Norwegian Post's **ErgoSign** and **TeleNor ZebSign**, both of which currently offer electronic IDs and digital signatures. The two companies plan to invest about \$9 million in ZebSign, which will start with 17 employees. Jon Kummen, director of TeleNor ZebSign, has been named CEO of the new entity.

ZebSign will offer its products and services to businesses, government organizations, banks and the general public. The postal service's national network of outlets offers safe registering procedures and can issue electronic IDs and digital signatures. The post will also create a logistics and distribution apparatus for movement of physical goods ordered online. Telenor's contribution to the venture will be technology that allows electronic IDs to span access channels and apps.

ZebSign's solutions are supposed to enable users to get a personal digital identity encoded in a SIM card in a mobile phone, PC, TV or smart card, which they can use for secure payments over the net.

POs To Validate Gov't Employees for Digital IDs

The **US Postal Service** plans to roll out a new service that'll provide government employees with identity validation for obtaining electronic signature digital certificates.

The certificate can be embedded in postal-issued smart cards and used to conduct secure electronic transactions. The service is expected to be available in 46 East Coast post offices by mid-month and expanded nationwide by the fall.

The identity validation service complements USPS' recent NetPost.Certified program for government agencies to secure and authenticate electronic correspondence using smart cards and smart card readers (OLR No 231).

USPS Names Strickland Privacy Czar

The **US Postal Service** has named Zoë Strickland as its first chief privacy officer. Strickland previously worked in the USPS' office of the general counsel.

Australia Post Bags E-Ticket Order

Australia Post has snagged a \$2.5 million contract from **Ansett Australia/Air New Zealand** to print e-tickets and provide other fulfillment services to the airline.

LIES, DAMN LIES AND STATISTICS

Lack of Knowledge Keeps Buyers Offline

According to **Jupiter Media Metrix**, most B2B buyers will eventually move online even though purchasing agents are planning to conduct just 20% of their transactions via the Internet by 2002. Lack of knowledge about net markets has kept 55% of purchasing agents from moving online. The next most common reason for the slow growth of online B2B transactions is lack of trust (45%), says the researcher. As for the reasons for making purchases over the net, 71% of those surveyed cited lower product costs and 56% listed faster product finds. Jupiter predicts that 85% of online B2B transactions will be made between existing buyers and sellers, compared to 95% of offline purchases.

Dot-Com Execs Exiting

According to job placement firm **Challenger, Gray & Christmas**, the dot-com CEO bailout rate is one per day. Of the 119 companies that lost CEOs in February, 24 were of the Internet ilk. February also marked the seventh month in a row in which CEO exits topped 100. Nearly all of the dot-com departures result from changes in the wake of the sector fallout. Many of the CEOs were those who founded or co-founded the company, but couldn't sustain or expand the business.

Students Willing To Try Dot-Coms

Even with the current market conditions, 40% of students would still be willing to work for a dot-com, according to a survey from **Jobtrak.com**. Some 29% wouldn't and 31% were never interested in the first place. According to Jobtrak president Ken Ramberg, many students believe if they plan to take risks, the beginning of their career is the time to do

it. "If the dot-com were to fail, students are still confident that they will be able to land a job at a more traditional company," he says.

More Women Online in Mature Markets

Online behavior tracker **NetValue** found that in the more "mature" Internet markets of the US, UK and Germany, the percentage of women online more closely mirrors the general population than in the less mature markets of France and Spain. In the US, 49.4% of the online population is female versus 51.1% of the total population. In both the UK and Germany, women make up roughly 40% of the online population, while they account for just over half of the gen pop. However, women make up just 38% and 31.3% of the online population in France and Spain, respectively, while they account for 51% of the general population in both countries.

One Device Doesn't Fit All

LetsTalk.com, a corporate wireless solutions provider, commissioned **Yankelovich** to poll 1,023 American adults about the wireless web. More than half (53%) said they'd carry two or more wireless devices – cell phone, PDA and a gadget to access e-mail and the Internet. They simply don't believe that one single device can perform all the desired functions. For 34% one device was enough and 11% wanted none at all, even if given to them for nothing. Topping the wireless popularity list were cell phones at 62%, two-way e-mail devices like the **RIM** Blackberry came in second at 35% and 30% would select a PDA. When asked their preference for a cell phone complement, 27% chose a two-way e-mail device, 32% selected a PDA and 31% wanted both.

Cordiem Goes with Ariba, i2 and IBM

Score another one for the **Ariba-i2-IBM** partnership. **Cordiem**, the new B2B exchange and ASP created by nine airlines and three aerospace manufacturers, will use software from i2 and Ariba for its core e-business platform. IBM is the hosting provider.

Cordiem builds on the efforts of the airlines' AirNewco exchange and the manufacturer-led MyAircraft exchange that agreed last year to create a joint venture to streamline the industry's supply chain. This is the first aerospace exchange to be owned by both buyers and sellers.

Washington, DC-based Cordiem plans a phased rollout starting in Q2.

Elcom, Zeraxis Team Up

E-procurement and e-marketplace solutions provider **Elcom** Inc has partnered with **Zeraxis** Ltd to extend the reach of its Pecos Internet Procurement Manager hosted software to the UK. Zeraxis, a London systems integration and consulting firm, has become an authorized system sales partner of Norwood, Massachusetts-based Elcom and will market, resell and provide integration services for its e-procurement software. Pecos Internet Procurement Manager provides browser-based self-service purchasing functions including multi-vendor e-catalogs that support standard or negotiated custom pricing with preferred suppliers. Zeraxis will target retail, financial services, airlines, manufacturing and media markets in the UK.

Penguin, OpenReach Intro Managed VPN Service

Linux start-up **Penguin Computing** and VPN services provider **OpenReach** Inc plan to jointly introduce a VPN solution that includes managed service and a dedicated appliance.

The pre-configured VPN offering, aimed at enterprises and ISPs, is expected to debut at the spring Internet World show. The Linux-based appliance runs on an **Intel** Celeron 733MHz processor. The managed service starts at \$99 per month. In addition, there's a one-time charge of \$1,600 for the device.

Loudcloud Lowers Share Price

E-biz infrastructure services provider **Loudcloud** lowered the price of its IPO shares for the second time. The start-up, co-founded by **Netscape** co-founder Marc Andreessen, plans to sell 25 million shares at \$6 a share, a change from the 20 million shares at \$8-\$10 as planned in February. The change will lower the amount raised to \$150 million, \$50 million less than the previous upper end. Shortly after it filed last fall, Loudcloud said in an SEC filing that it would sell 10 million shares at \$10-\$12 per share. The company was expected to start trading on March 9.

Yankee Group Debuts Security Practice

The **Yankee Group** has launched its new Security Solutions & Services practice. The research and consulting practice plans to examine security building blocks and technologies such as firewalls, encryption and authentication, secure e-economy solutions, security on public data networks and their platform providers, managed security services, portal and exchange place providers, next-generation and converged communications infrastructures, complex applications, legislation affecting privacy and security and emerging technologies.

No More Valley Launches

E-business hatchery **Idealab** said it would wind down operations in its Palo Alto, California office. The 33 employees based there might find positions in one of its other locations – Boston, New York and London, which will handle any new ventures. It will continue backing the three companies that work through the Silicon Valley office. The move is the latest cutback of the former high-flyer that popularized the idea of

“incubating” dot-coms. It cut staff from all of its offices in October and cancelled its planned IPO, which was expected to raise \$300 million (OLR No 219). Just a year ago it was valued at \$8 billion and was able to get a billion dollars in backing from heavy-weights like **Dell** and **T Rowe Price**. Now some of the dot-coms it backed have failed spectacularly, including **eve.com** and just last week, **eToys** (OLR No 237). Others, like **PayMyBills.com**, have been acquired by the competition (OLR No 217) and the stocks of some of the others have fallen below a buck.

Integrus To Offer Ariba Buyer

Integrus, the IT services division of **Bull**, has become an ASP of **Ariba Buyer** e-procurement software and related services. The agreement has Integrus offering the software and services including systems integration and help desk to its customers on a monthly subscription fee basis. It will also market Ariba Buyer to mid-size US companies.

Razorfish Joins Intel eBSP Program

Digital solutions provider **Razorfish** is joining **Intel**'s e-Business Solution Provider (eBSP) program offering a single source for standardized e-business solutions. The two will work to deploy Intel-based apps and solutions “from the front-end through the data center.” Intel launched the program last year as a way to work with web integrators to develop a best-of-breed e-commerce integration framework built on Intel-based systems.

WebLogic Collaborate Adds RosettaNet Support

BEA Systems has added support for RosettaNet to its WebLogic Collaborate B2B platform. RosettaNet is an open process and message framework meant to standardize operations between trading partners.

WebLogic Collaborate for RosettaNet enables companies to build or participate in RosettaNet-based trading exchanges. It comes with packaged solutions to help businesses build RosettaNet Partner Interface Processes (PIPs) for the RosettaNet Implementation Framework (RNIF). It provides baseline rules and standard message formats for trading partner interaction in order to reduce B2B integration complexities.

Oasis To Release Rev of XML Test Suite

Oasis, the XML interoperability consortium, in cooperation with the National Institute of Standards and Technology (NIST) will make the second edition of the Oasis XML Conformance Test Suite publicly available March 15 at www.oasis-open.org. The suite, updated to be in sync with XML Second Edition, includes more than 1,000 new tests to help vendors ensure their products comply with the XML recommendation. The testing scenarios were developed with help from the W3C XML Core Working Group.

Japan Adopts E-Commerce Strategy

Last September the government of Japan set up a panel to devise a plan that will make that country an e-commerce powerhouse, with the ultimate goal of overtaking the US. This month the government announced that it adopted the ambitious five-year “e-Japan Strategy” in January. It includes establishing an ultra high-speed network infrastructure, facilitating e-commerce “aggressively” by 2002 by revising existing regulations to promote e-commerce and enacting new rules for electronic contracts and consumer protection, getting government online by fiscal 2003 and implementing programs to make Internet access available to schools and public places. The Japanese government wants to see its IT-related human resources exceed US levels by 2003.

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