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CIO staffers keep an eye on IT news from the industry press.

Apr 22, 2005

Just Offshore Outsourcing

APR 22, 2005 12:15:01 PM [Add Comment \(0\)](#) | [Permalink](#)

My colleague Chris Lindquist alerted me to Dian Shaffhauser's [blog entry](#) on [Sourcingmag.com](#) earlier this month. Although it's not hot off the press news, it's an interesting enough quirky thing to mention even belatedly.

She reports extensively on the business plans of [SeaCode](#), a startup outsourcing company whose intent is to run an offshore services shop—just barely offshore. That is, in a ship three miles away from L.A. That being in international waters means no troublesome H1B issues to deal with, for starters.

While workers of many nationalities, but presumably mostly Indian or Russian, will labor in shifts to keep the work going round-the-clock, SeaCode's founders, Roger Green and David Cook, vow it will not be a sweatshop. Private cabins, meal service, leisure activities, duty free shopping, water taxi to L.A.... As Shaffhauser puts it: "Picture the Love Boat with a time card." Cook and Green argue that they offer the best of both worlds—lower cost engineering and development, but with an American company whose proximity to the mainland means it's easy for U.S. clients to get to and it's likely that the company's expenses will be expended domestically.

This is also covered in a May 9, 2005 *Forbes* story cleverly titled [C++ Faring Lads](#), which points out that the on-board programmers will be card-carrying "seamen," and can get said card in the Bahamas, where the ship will likely be registered.

What do you think? Will this fly—er, float?
—Sandy Kendall

Apr 19, 2005

Another Bigger Than Reported Data Theft

APR 19, 2005 12:19:49 PM [Add Comment \(0\)](#) | [Permalink](#)

According to a story in [The Boston Globe](#) today, thieves who accessed a DSW Shoe Warehouse database obtained 1.4 million credit card numbers and the names on those accounts. Last month, when parent company Retail Ventures announced the thefts after notifying federal authorities and credit card companies, the Secret Service said only that information involving more than 100,000 people had been compromised.

A [DSW press release](#) issued yesterday says that for each card compromised, the info stolen includes credit or debit card number, name and transaction amount. For information stolen from 96,000 check transactions, checking account number and driver's license numbers were stolen, but not customer names, addresses or Social Security numbers.

I'm just conjecturing here, but if you're sophisticated enough to pilfer the above info, it seems like it mightn't be too hard to extrapolate (or buy for a small fee) the hidden facts such as address and name. See Scott Berinato's current [Alarmed](#) column on one new aggregator of personal information.

Meantime, Ben Worthen notes in his [Tech Policy blog](#) that there's not much hue and cry about these rather significant burglaries. Does anyone care? Do you care? [What should we do about it?](#)

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Don't miss an issue...



—Sandy Kendall

Apr 11, 2005

Indian Police Arrest 12 in Call Center Bank Scam

APR 11, 2005 08:36:00 AM [Add Comment](#) (0) | [Permalink](#)

According to an **Associated Press** report on **Yahoo.com**, three former employees at a call center in the Indian city of Pune and nine of their associates have been charged with cheating four Citibank customers out of nearly \$350,000. Citibank had outsourced some of its customer support operations to Mphasis BPO, which operated the call center. The assistant commissioner of police said, "By talking pleasantly to the customers, these men obtained the personal identification number of the customers and used the international wire transfer system to move the funds."

Forrester Research, according to a newsletter it sent to *CIO* editors, believes that unlike past negative BPO headlines, this was not a lapse of judgment or an issue of poor customer service, but rather an organized and systematic plot to steal customers' money. "The incident will undermine call center expansion by as much as 30 percent as security concerns, regulatory pressure, and end customer backlash lengthen sales cycles, impede the ramping up of larger projects, or drive firms to take the captive route," says Forrester.

To read how some organizations in the military-industrial complex are protecting their sensitive data in outsourcing deals, read *CIO* magazine's January story, **How to Safeguard Your Data in a Dangerous World**.

—Sandy Kendall and Stephanie Overby

Apr 08, 2005

DHS CIO Says Bye

APR 08, 2005 12:28:33 PM [Add Comment](#) (0) | [Permalink](#)

According to a story in **Federal Computer Week**, Steve Cooper, the first chief information officer at the Homeland Security Department, has decided to step down to spend more time with his family.

And why not? The job is about as thankless a task as any in government. Constant criticism, insufficient budget, intransigent bureaucracy with outdated IT and with all that you're paid about one-third what you could make in the private sector. Plus, if you mess up, people could die.

Seriously, DHS is going to have a devil of a time getting a good CIO to replace Cooper. The CIO reports to the Undersecretary of Management, and the position isn't even on the **DHS org chart**.

CIO magazine wrote a profile of Cooper and IT at DHS in December of 2002, called **Integrating America**.

—Allan Holmes

Apr 05, 2005

Hospital Score Card

APR 05, 2005 04:05:03 PM [Add Comment](#) (0) | [Permalink](#)

Medicare has launched a **website** that allows consumers to compare the performance of hospitals nationwide on 17 quality measures in treating heart attacks, heart failure and pneumonia. The site eventually will include measures for other conditions and procedures and is the first of what no doubt will be more in-depth websites for consumers who want to choose their health providers. Such public-reporting efforts will prompt more hospitals to install electronic medical records that allow them to more easily track patient outcomes.

According to Friday's **Wall Street Journal** (subscription required), all but about 60 of the nation's 4,200 general hospitals are voluntarily turning over data for the Hospital Compare site.

To read about smaller scale data sharing among health-care organizations, read *CIO* magazine's **Sharing Data, Saving Lives**.

—Alison Bass

Mar 25, 2005

Pod-Cashing?

MAR 25, 2005 04:27:46 PM [Add Comment](#) (0) | [Permalink](#)

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Every couple of weeks, [podcasting](#) breaks to the surface of the news media, with some new commentator remarking on its future, or some hip person or organization offering something noteworthy. Like an inventive use of the do-it-yourself radio technology, or—wow—a claim to potentially make money.

That's part of the latest, from the [BBC News Online](#) today. [Adam Curry](#), former MTV VJ and—as the BBC identifies him—the Pied Piper of podcasting, told the BBC, "It is totally going to kill the business model of radio. I just did a tour of Madison Avenue where all the big brands and advertising agencies of the world are." It is still a fledgling movement, all agree. So, isn't it natural for denizens of the capitalist world to turn their minds to how to monetize it? Somewhat hedging the confident optimism of Curry, Jupiter Research analyst Ian Fogg told the BBC there could be potential for business, but it could take an interesting turn if big companies, like Apple and Microsoft, get involved. And downright contrary is [Dave Winer](#), who designed the format called RSS (Really Simple Syndication), which gives web users an easy way to keep updated automatically on sites they like. (You can even sign up for [CIO.com's RSS feed](#)). And podcasts rely on RSS for their feeds to be found. "No matter how you look at it, commercializing this medium isn't going to make very much money," he says.

Who's going to be right? You'll have to stay tuned to know for sure. We'd be interested, though: Can you imagine it having a role anywhere in your business?

—Sandy Kendall

Mar 22, 2005

Hack Barrage on Higher Ed

MAR 22, 2005 05:46:18 PM [Add Comment \(0\)](#) | [Permalink](#)

An [AP Report](#) on [CNN.com](#) and elsewhere today reveals that hackers gained personal information of 59,000 people affiliated with a California State University, Chico. The university discovered the attacks during routine monitoring of its networks, CNN says, though it doesn't say when. The investigation revealed that hackers installed software to store files on the system and tried to break into other computers three weeks ago. As this took place in California, with its [reporting laws](#), most of the people with potentially compromised personal data have been notified. A school spokesperson said they expected the break-in was for the purposes of illegal access and storage of files on the school's computer, not necessarily to steal identities. Indeed, in a separate report by [Internetnews.com](#), a statement on the [school's web site](#) quotes officials saying the hackers installed root kit software on the system for storing music, movie and game files. They also attempted to break into other university computers. (Meanwhile [Boston College](#) and [Harvard University](#) were both hacked in the last few weeks, as well.)

There's no mention made in these sources of what technologies the school was using, but according to my colleague Scott Berinato in his recent [Alarmed](#) column, it just doesn't matter. For certain uses any of the available technology may be unsafe at any speed.

—Sandy Kendall

Mar 15, 2005

Is Your Web Site Vulnerable?

MAR 15, 2005 11:38:46 AM [View/Add Comments \(1\)](#) | [Permalink](#)

In the wake of the ChoicePoint and Lexis Nexis identity thefts, [The Wall Street Journal](#) has a stunning report out today that says that one of the most widely used and state of the art encryption techniques is vulnerable to attack. ([The article](#) requires a paid subscription.) From the article:

The technique, called a "hash function," has been used for years by Web-site operators to scramble online transmissions containing credit-card information, Social Security numbers and other sensitive data. Hash functions are at work, for instance, for most of the millions of transactions that take place on the Internet every day. The system, involving an algorithm, or mathematical formula, was thought to be impenetrable.

Last month a group of Chinese scientists discovered that the technique was actually quite penetrable. While the experts quoted in the article all say that this flaw would be very difficult to exploit—the most likely way would be to steal the authentication credentials of a website or service, but even that would require a lot of computer power—it is enough to

send security firms scrambling. [PGP](#) and [RSA](#) have said that they will phase out hash functions, and the [National Institute of Standards and Technology](#) recommends that new applications not be built with it.

Mar 09, 2005

A Must-Read for Health Care IT Execs

MAR 09, 2005 01:52:31 PM [Add Comment \(0\)](#) | [Permalink](#)

[The New York Times](#) has an important story in today's edition about some studies that show how information technology, heralded by the Bush administration as the cure for many of health care's ills, might actually create more problems than solutions. The Bush administration has been vocal in its support for electronic medical records and other information technologies since the President unveiled his [health information technology plan](#) in 2004. But the *New York Times* article cites a study at a large teaching hospital that found 22 different ways an automated system could cause medical errors—just what CPOE and barcoding systems purport to prevent. A major criticism of these technology systems voiced in the piece addressed the fact that the systems force doctors to work according to the dictates of the technology rather than the system working to support clinicians and their processes.

To read about an electronic medical records success story, see *CIO's* article, [Sharing Data, Saving Lives](#), in the March 1, 2005, issue.
—Meridith Levinson

Mar 08, 2005

Big Day for P2P? Not as Big as It Looks.

MAR 08, 2005 04:28:50 PM [Add Comment \(0\)](#) | [Permalink](#)

At first glance today seemed like a big news day in the world peer-to-peer file exchange, but it turns out there isn't much meat on these bones. First, an Arizona teenager became the first person in the country to be convicted in state court for illegally downloading music and movies from the internet. According to [an AP report](#) the FBI found more than \$50 million worth of music and movies on the teenager's computer, including movies that were still in the theaters. The article goes on to note that the thief was copying and selling everything.

First of all, wow, \$50 million in music and movies! Not sure how they did the math to come up with that. It is a lot nicer to read about the film and music industry going after a clear pirate as opposed to a 12 year-old who downloaded the new Madonna song, though. The big to-do here is the fact that this case was tried under state law as opposed to federal law, which generally covers copyright cases. Some new way to catch cyber-crooks perhaps? Turns out that the only reason it was referred to state court was that the thief was a minor when he committed the crime and the minimum sentence in federal court is three years in jail, which the authorities deemed too harsh (he received a three month deferred sentence in state court).

The second story out today, headlined [U.S. Asked to Probe Music Download Sites](#), should also disappoint those hoping for a crackdown on peer-to-peer file swapping. Instead of an investigation into the software that allows users to share copyrighted material, the article is about a possible FTC investigation into web sites that defraud consumers by making them pay for these applications—which are available free elsewhere—and offers assurances that using it is 100 percent legal, which is correct, but awfully misleading (it is legal to use the application, it is illegal to download copyrighted material, which the sites are implying you should do). So it looks like your standard fraud case. Though you would hope that more people would be wary of a site called [www.mp3downloadhq.com](#).

—Ben Worthen

Mar 04, 2005

Asia Will Lead Digital, IT Industries

MAR 04, 2005 02:12:52 PM [Add Comment \(0\)](#) | [Permalink](#)

That's what Korea's *Chosun Ilbo* newspaper reports today, in coverage of the [Asian Leadership Conference](#) it sponsors. Financial leaders of the Asia-Pacific region agreed that Asia will drive the digital and IT industries, and that leadership is urgently needed in a new management environment, according to the [story](#) in the paper's English online edition. They came up with a list of 10 conditions required for successful management for the coming hegemony:

- regular reorganization and innovation
- securing and nurturing core talent
- management that recognizes the importance of technology
- increasing partnerships with overseas firms
- global management and localization
- creative partnerships between big and small companies
- leadership with vision and acting power
- improvements in corporate governance and increasing transparency
- improving trust in corporations
- quality management based on consistent principles

Not a terribly surprising, but a quite ambitious list. *CIO's* own research and conversations with countless IT professionals helped us develop our own—much shorter—list for leadership imperatives for the next year. See [Leadership Agenda](#) for more.

—Sandy Kendall

Mar 03, 2005

More States Ponder Privacy and Data Security Legislation

MAR 03, 2005 05:57:08 PM [Add Comment \(0\)](#) | [Permalink](#)

According to a [story](#) in the *Baltimore Sun* today, Maryland legislators are expected to introduce legislation as early as tomorrow to protect personal information from identity fraud in response to the [security breach at ChoicePoint Inc.](#) State Sen. Leonard H. Teitelbaum said privacy issues have been in the forefront this session of the General Assembly and that he “can’t imagine who would oppose it.”

In Tallahassee, Florida Sen. Dave Aronberg (D), pledged to amend legislation already under consideration to further safeguard consumers from incidents such as the ChoicePoint debacle, according to [coverage](#) earlier this week in *The Palm Beach Post*.

The Columbia Missourian likewise [reports](#) that several Missouri Senate Democrats filed a block of legislation aimed at protecting consumers from privacy and ethical threats. One bill would protect Missouri consumers from the purchase and spread of personal information and would create a set of procedures to be followed if companies collect and use personal information in the same way ChoicePoint did. Another would require any products that contain a RFID tag to disclose that information to consumers. The third creates an Office of the Inspector General to oversee all privatization efforts by the state of Missouri.

See Ben Worthen’s [Tech Policy Blog](#) as he follows some reactions in Washington to the ID theft epidemic.

NOTED PASSING

Jef Raskin, the software developer and Renaissance man who brought us the “click and drag” function as well as the original MacIntosh computer, died on Feb. 26, 2005. He was 61 and suffered from pancreatic cancer; he was working on Archy, a system that exemplifies his human-machine interface design principles, until a few days before his death, according to a [press release](#) from the [Raskin Center for Humane Interfaces](#). *CIO's* sister publication [MacWorld](#) ran a full obituary of Raskin last week.

—Sandy Kendall

Feb 28, 2005

Retail Merger

FEB 28, 2005 03:12:26 PM [Add Comment \(0\)](#) | [Permalink](#)

It’s official. [Federated Department Stores](#) and [May Department Stores](#) finally agreed to a merger yesterday (Sunday, Feb. 27), according to reports in [The New York Times](#) and other media outlets. Federated, which owns and operates Macy’s and Bloomingdales, will buy May, which owns Lord & Taylor and Filene’s, for approximately \$11 billion in cash and stock. The deal is subject to approval by federal regulators. The two companies had been in negotiations for several weeks, and in fact had tried to arrange a marriage about two and half years ago but failed due to disagreement over who would run the combined company. *CIO* wrote about Federated’s use of forecasting technologies in [They Know What You’ll Buy Next Summer \(They Hope\)](#).

Oh, about that little issue of who would run what in the combined company? That's always a tough one. Here are the stories of two CIOs whose companies experienced (separate) mergers:

[What It's Like to Get the Job](#)

[What It's Like to Not Get the Job](#)

—Meridith Levinson

Feb 24, 2005

Has Technology Boosted the Number-One Home Store?

FEB 24, 2005 10:19:32 AM [View/Add Comments \(1\)](#) | [Permalink](#)

[Bloomberg.com](#) and others report on fourth quarter earnings announcements from The Home Depot and Lowe's. [Home Depot](#) reported a 9.5 percent rise in profits for the fourth quarter 2004. Sales during fiscal year 2004 for the number-one home improvement retailer increased 12.8 percent over 2003, to \$73.1 billion, and same store sales grew by 5.4 percent. Home Depot attributed the growth to its multi-billion dollar effort to modernize its stores with better lighting, more signs and more upscale merchandise. The Atlanta-based company cited its installation of self-checkouts and new software platforms among its accomplishments in 2004. *CIO* magazine investigated the payback of those and other technology investments The Home Depot has made to improve efficiency and compete with Lowe's in a story called [Home Improvement](#).

But Home Depot's increases weren't enough to beat its main competitor. Mooresville, N.C.-based [Lowe's](#) outperformed The Home Depot with a 27 percent increase in profits during the fourth quarter of 2004, an 18 percent jump in sales for the year, and same store sales growth of 6.9 percent. Because Lowe's hasn't saturated the U.S. market with stores the way Home Depot has, the number-two home improvement retailer still has room to grow. Home Depot meanwhile has to look to expansion in foreign markets and broadening its service offerings, not to mention more efficient operations to placate shareholders.

—Meridith Levinson

Feb 16, 2005

Fraud Ring Taps into Credit Data

FEB 16, 2005 12:06:33 PM [Add Comment \(0\)](#) | [Permalink](#)

Today's [L.A. Times](#) reports that a fraud ring infiltrated ChoicePoint, one of the nation's largest collectors of consumer information whose 19 billion records include credit reports, social security numbers, court records, phone numbers and more.

The fraud was first detected last October, and perhaps the only reason benighted consumers know anything about it at all is thanks to [California's law](#) requiring any organization to notify people (Californians, that is) that their personal data may have been compromised while in that organization's keeping. (For more about the Golden State's lead in law-making, see our Jan. 15 story, [Riding the California Privacy Wave](#).) Yesterday ChoicePoint said it began sending letters to about 35,000 California residents. A ChoicePoint spokesman told the *L.A. Times* the number of victims nationwide could total 100,000, but the company could not be sure of the extent of the fraud and had no plans to contact people outside California. [ChoicePoint's website](#) doesn't mention the incident, though the *L.A. Times* quotes a spokesperson saying, "This is extraordinarily serious."

The company won't go into any detail, but says the fraud was initially detected when a ChoicePoint employee noticed a suspicious application to open a customer account, which lets users search for background information about people and to request credit reports from one of the three major credit bureaus. ChoicePoint also says it has corrected the flaws exploited by scammers. I hope by now they've read this month's story [Invitation to Steal](#).

Feb 14, 2005

Tech Analysts Find Their Own Future Difficult to Analyze

FEB 14, 2005 10:41:15 AM [View/Add Comments \(1\)](#) | [Permalink](#)

According to a [story](#) in *The New York Times* today, the technology research business is at a crossroads. Spending on information technology has started to grow again, but not so much on IT research. Spending on research remains about 6 percent below its 2001 peak, the *Times* quotes Outsell, a California company that analyzes the analysts.

Why would this be, when the world is only getting more complicated and harder to grasp? For one thing, as the *Times* puts it, “technology researchers have had to parry questions about the independence of their advice, amid allegations that their reports, some of them corporate-sponsored, helped inflate the previous bubble.” For another, the Internet is leading executives to research and knowledge at a much lower price—sometimes free.

Many research organizations are moving into fields of consulting, conferences and executive programs, while trade publications (hmm, like this one) are offering more in the way of research.

One bit of journalistic research *CIO* magazine did for you appeared a few years ago in [How to Analyze the Analysts](#). Although it appeared at the peak of research spending, its six practical ways to get the payoff you deserve are still worth reviewing.

Feb 07, 2005

Utility Computing

FEB 07, 2005 04:40:04 PM [Add Comment \(0\)](#) | [Permalink](#)

Sun Microsystem's CEO Scott McNealy tells BusinessWeek today about the promise of [utility computing](#), a week after the server and software vendor announced two new “pay-as-you-go” offers. McNealy, whose company was hit hard during the tech downturn, boasts that Sun is the first to offer the equivalent of price per kilowatt hour, even though competitors such as IBM are touting “on demand” strategies. Sun's new “Grid computing utility” lets customers rent computing power starting at \$1 per hour that will be delivered via one of four data centers maintained by the vendor, BusinessWeek says. The other is called “Sun Grid storage utility” and offers a gigabyte of storage for \$1 a month.

McNealy concedes the concept of utility computing may have been oversold, but expects everyone from Wall Street traders to oil and gas companies to sign up for his new utility services. Sun has said that, in the future, customers will want to stop fussing with their own equipment and instead buy what they need like they purchase electricity. See [our take on utility computing](#) from two years back, and help explain it to your CEO by following [these tips](#) from our August 1 issue.

Feb 01, 2005

Unstoppable Spam

FEB 01, 2005 01:08:37 PM [Add Comment \(0\)](#) | [Permalink](#)

A [New York Times](#) story today says since the Can Spam Act went into effect in January 2004, unsolicited junk e-mail on the Internet has come to total perhaps 80 percent or more of all e-mail sent, according to most measures. That is up from 50 percent to 60 percent of all e-mail before the law went into effect. A [BBC News](#) story today puts the proportion of spam at 90 percent. The *Times* outlines the argument between those who say Can Spam is an abject failure, which may have even caused the increase in spam, and those who say no law takes effect instantly and that it will ultimately control the tide. The story quotes a December survey from Stanford University that showed that a typical Internet user now spends about 10 working days a year dealing with incoming spam.

The BBC story, quoting e-mail management company Email Systems, says virus traffic has slowed down, but denial of service attacks are on the increase. It also notes that lately scam messages have decreased in number while offers of health products and pornography have surged, which it surmises may be a seasonal fluctuation. However, the *Times* says that analysts predict more viruses will be used to commandeer more personal computers as zombie spam transmitters of junk mail. Hijacked machines are estimated to handle 50 percent or more of the spam stream.

Is it surprising then, that some researchers, such as Osterman Research, have found that 44 percent of Internet users claim to have [reduced their e-mail and Internet use](#) in the last year?

Well, if you're trying to stay in business, your people probably still need to stay online. *CIO* magazine has published stories over the past couple

of years that may help keep up the fight. See [Why You Should Sweat the Small Stuff](#) and [Be a Spam Slayer](#).

Jan 19, 2005

Barron's Eye on Video Conferencing

JAN 19, 2005 09:29:44 AM [Add Comment \(0\)](#) | [Permalink](#)

Barron's has its eye on the realm of [video conferencing](#). According to Mass.-based Wainhouse Research, which specializes in the field, the market for corporate video conferencing gear should jump from \$6 million in '03 to nearly \$180 million in '08. And the big guys, such as Microsoft and Sony, are jumping on board.

It's just part of the landscape that we covered recently in [A Travel Guide to Collaboration](#).

Jan 11, 2005

Big Blue's Gift

JAN 11, 2005 04:35:32 PM [Add Comment \(0\)](#) | [Permalink](#)

According to [Reuters](#) and other news outlets today, IBM said late yesterday it plans to donate 500 patents for free use by software developers. (The donation coincides with an announcement by the [U.S. Patent and Trademark Office](#) that IBM topped the list of annual patent recipients for the 12th straight year, with 3,248 patents.) IBM's own [press release](#) on the matter says, The pledge of open access to these patents is applicable to any individual, community, or company working on or using software that meets the Open Source Initiative (OSI) definition of open source software now or in the future. Big Blue states it hopes this will lead other corporations to follow suit and create a patent "commons" that would be a springboard for innovation. The company says the donated patents cover a wide breadth, including patents on important interoperability features of operating systems and databases, as well as internet, user interface, and language processing technologies.

A year and a half ago *CIO* published a point-counterpoint article on the patent system, [The Great Debate over Software Patents](#). Are patents a small price to pay for progress, or an excessive tax on CIOs? (Lots of reader feedback, to which you can still add yours, by the way.)

New Homeland Security Nominee

JAN 11, 2005 01:06:30 PM [Add Comment \(0\)](#) | [Permalink](#)

The New York Times has [just reported](#) that Michael Chertoff has been nominated by President Bush to be the next secretary of homeland security. Chertoff, a federal judge, was an architect of the administration's approach to fighting terrorism when he was a Justice Department official. He'll be replacing Tom Ridge, the Department of Homeland Security's first secretary. (Registration required for the *New York Times*.)

Jan 06, 2005

Security around Tsunamis

JAN 06, 2005 04:17:41 PM [Add Comment \(0\)](#) | [Permalink](#)

A recent piece on sister site CSOonline.com takes a look at the recently elevated field of [travel risk management](#). As writer Daintry Duffy says:

There are a number of players in the area of travel risk management: iJet (which is allied with security behemoth Kroll), Pinkerton and the U.K.-based Control Risks Group are among the leaders. Each provides some combination of a pushed information service (consisting of updates and prognostication) with in-depth reporting on specific regions and round-the-clock access to experts who can advise travelers in emergencies. What benefits can such services offer a global security organization? How do you get those benefits? And how should you select the right provider?

Read her piece for the answers you need.

Jan 05, 2005

CRM's Downward Spiral

JAN 05, 2005 08:06:25 AM [Add Comment \(0\)](#) | [Permalink](#)

And to think of all the investment you've made in automated systems. Today's *New York Times* pinpoints consumers mounting frustration with **de-humanized customer service**. Workarounds, such as simply punching in zero on the phone, can help bypass the automated phone systems. Some claim that such systems employing artificial intelligence are **poised to work better**. But that's a glimpse into the future. Right now, chances are you'll be joining Amazon, eBay and other retailers in establishing workarounds to counteract consumer workarounds.
-- Janice Brand

Jan 03, 2005

Coupla Guys Predicting

JAN 03, 2005 02:09:49 PM [Add Comment \(0\)](#) | [Permalink](#)

Tim Hanrahan and Jason Fry dust off a crystal ball with a few predictions for **tech 2005** in their *Wall Street Journal* Real Time column. Among trends they're predicting:

- PC price wars
- Search and advertising get local and personalized
- Information wants to be freely connected
- Microsoft will get pushed (a bit) off the desktop.

Dec 30, 2004

Oracle Takes (More) Control of PeopleSoft

DEC 30, 2004 11:39:59 AM [Add Comment \(0\)](#) | [Permalink](#)

The Wall Street Journal (subscription required) reports today that Oracle Corp. said it took control of PeopleSoft Inc. after shareholders tendered about 75 percent of PeopleSoft's outstanding stock. According to the *Journal*, Oracle now owns almost 300 million PeopleSoft shares and controls a majority of PeopleSoft's board seats, but the deal will not be completed until Oracle acquires at least 90 percent of PeopleSoft's nearly 400 million shares.

The New York Times (registration required) reported on Tuesday that PeopleSoft founder David Duffield, who returned as chief executive of the business software maker during its takeover battle with rival Oracle, has resigned from the company, effective Dec. 21.

After an 18-month struggle to resist acquisition, PeopleSoft's shareholders agreed in mid-December to the \$10.3-billion hostile takeover. According to a recent article in **Forbes**, that event seems to show that Oracle leader Larry Ellison's pronouncement that the software industry had too many players chasing too few deals, and that most companies should just go away, is coming to pass. Besides PeopleSoft's falling, *Forbes* points out that Veritas Software was also taken out this week, and that more will disappear in 2005. *Forbes* also mentions a **Walker Information** loyalty report from September, in which the market research firm's study showed customers are more loyal to market leaders and brands that they know, because they're perceived as a safe choice. At this rate, that will soon be the only choice.

With **The ERP Pickle**, *CIO*'s **Chris Koch** tackled that topic in his **IT Strategy blog** last week. His spin? The acquisition of Peoplesoft by Oracle is the final example of how badly the original mission of enterprise software has failed. Oracle isn't buying software in this deal; it is buying customers—not just Peoplesoft's but J.D. Edwards' as well. And that likely means you.

Dec 29, 2004

NYC Launches Identity Theft Unit

DEC 29, 2004 03:42:53 PM [Add Comment \(0\)](#) | [Permalink](#)

The **Wall Street Journal** reports that Manhattan District Attorney Robert Morgenthau has launched a new Identity Theft Unit to target criminals who use sophisticated tactics to raid victims' credit-card and bank accounts.

The Federal Trade Commission has estimated that businesses lose \$48 billion and consumers \$5 billion in a year as a result of identity theft

New York is not alone in such a commitment. Linda Foley, founder of the **Identity Theft Resource Center** in San Diego, says other cities in California, Texas and Pennsylvania have made ID theft a priority, often by

setting up task forces to coordinate efforts with police, federal agents, postal inspectors and the U.S. Secret Service.

Dec 28, 2004

What? CAN-SPAM Not Working?

DEC 28, 2004 02:00:17 PM [Add Comment](#) (0) | [Permalink](#)

Sounding more like *The Onion*, ComputerWorld's headline -- **CAN-SPAM law seen as ineffective** must be this year's poster child for stating the obvious. Haven't seen *The Onion* lately? Then you'll get a chuckle out of their recent take on [privacy](#).

Dec 27, 2004

Gartner to Acquire Meta Group

DEC 27, 2004 04:23:53 PM [Add Comment](#) (0) | [Permalink](#)

Surprised? Probably not. [Computerworld](#) just announced the \$162 million deal. But we had a feeling...thanks to Scott Berinato's [analysts' story](#) from last March.

Dec 22, 2004

Trading Secrets?

DEC 22, 2004 08:00:13 AM [Add Comment](#) (0) | [Permalink](#)

It's uh-oh time for Microsoft in the European Union. A ruling Wednesday holds that the Redmond giant will have to change its commercial practices. In a piece in [USA Today](#), the ruling of the Luxembourg-based European Court of First Instance has huge implications for the company, since it forces Microsoft to divulge some trade secrets and produce a version of Windows without its digital Media Player.

Dec 20, 2004

Symantec/Veritas Deal Raises Questions

DEC 20, 2004 12:39:10 PM [Add Comment](#) (0) | [Permalink](#)

Security vendor Symantec's acquisition of Veritas Software could benefit customers and stockholders--but how, among other things, will the company's products be integrated? Paul Roberts, of [IDG News Service](#) wonders.

Dec 14, 2004

Mergers: The Story Continues

DEC 14, 2004 10:26:19 AM [Add Comment](#) (0) | [Permalink](#)

This time, it's Symantec and Veritas, as reported in Tuesday's [New York Times](#):

The deal, which could be announced as early as this week, would create a huge competitor in the software industry that would be a one-stop shop for products to fight a wide range of threats to personal computers and corporate networks. If successfully completed, it would represent one of the largest software mergers.

But does this pale next to the [Oracle/Peoplesoft](#) deal?

It's easily the largest merger in software industry history. The combined company could have more than \$12 billion in annual sales, and it makes Oracle -- already tops in the database software world -- a comfortable No. 2 in the corporate-applications software market.

(Note: registration required for the Times and BusinessWeek)
-- *Janice Brand*

Dec 10, 2004

Sprint + Nextel?

DEC 10, 2004 12:42:51 PM [Add Comment](#) (0) | [Permalink](#)

From the morning's e-mail: Three insights on the possible deal between Sprint and Nextel from M&A expert, Lorraine Segil, partner at [Vantage Partners](#):

1. Because wireless companies will be partnering with everyone in the

next 12 months — wireline companies, content companies, hardware manufacturers, software companies — the best opportunities and technologies will go to the ones with the largest market share. Hence, there is a vast amount of consolidation potential in the industry due to the huge size of Cingular et al.

2. Competitive advantage will not only be in size. It will also be in ability to be flexible and move fast, not a characteristic of most telecom companies. So, the challenge here will be whether the merged Sprint and Nextel will create a monster of bureaucracy or a more important competitor. Can they integrate two different cultures (the product of various consolidations in the past) to compete with Verizon and Cingular?
3. Does size matter? To Sprint, size will matter since it can apply cost saving measures to such a consolidation. To Nextel, with its evolving technology gap in radio-wave spectrum, this would be an acceleration of its already successful consumer programs of turning the cell phone into a two-way radio and appealing to the youth market. So the synergies are there, but the cultural issues should not be underestimated. Our research shows that 80 percent of mergers fail due to cultural incompatibilities.

— Janice Brand

Dec 08, 2004

Bush League Security?

DEC 08, 2004 07:56:11 AM [Add Comment](#) (0) | [Permalink](#)

According to Reuters, as published in [Computerworld](#), members of the Cyber Security Industry Alliance are getting a little nervous. They'd like to see the Bush administration step up the plate on cybersecurity issues.

"There's certainty across the cybersecurity community that we are still vulnerable and we need to do more," said Amit Yoran, who served as the Homeland Security Department's point man on cybersecurity until he abruptly resigned in October amid reports that he was frustrated with his lack of authority.

— Janice Brand

Dec 03, 2004

Trusting No One is Bad for Business

DEC 03, 2004 09:57:37 AM [Add Comment](#) (0) | [Permalink](#)

Managers with outdated notions about controlling workers are misusing technology to monitor and micromanage employees, according to a new report.

"The Future Role of Trust in Work," released this week by the London School of Economics and Political Science (LSE) and sponsored by Microsoft, collates research from 15 major field studies done around the world over the last three years.

It reveals that managers are using technologies such as e-mail, mobile phones, and SMS (Short Messaging Service) to keep tabs on employees when in actuality they are reducing workers' productivity and the amount of time that they spend serving customers.

Modern work has become more mobile and less visible to managers, causing them to use mobile technology to check in on workers, explained Carsten Sorensen, an LSE researcher and author of the report. Meanwhile employees are seeking to demonstrate to managers their diligence, through a flood of e-mail and messages, he said.

This is an inappropriate use of the technology and we should be working on creating new technologies that foster group work and increased transparency in a trusted environment, Sorensen said. He suggested a shift away from individual productivity tools to technology that offers group productivity.

"Mobile groupware and software that raises awareness about what others are doing would help bring productivity to the next level," he said. Sorensen gave the example of an instant messaging program that included information on how many words a minute a colleague was typing, so users could decide if they wanted to contact the colleague when he or she appeared "busy."

While the new technologies he suggested spelled more visibility about

what workers are doing, and less privacy, Sorensen's view is that greater awareness of other people's activities is just part of working in the modern world.

"When managers can't see what a worker is doing, there needs to be more visibility, but there also needs to be trust," he said.

The "Future Role of Trust in Work" report was issued as part of a long-term study initiated by Microsoft called Tomorrow's Work, which seeks to explore how people manage their personal and professional lives in the digital age.

--Scarlet Pruitt, IDG News Service

Nov 30, 2004

The Name Says It All

NOV 30, 2004 02:04:50 PM [Add Comment](#) (0) | [Permalink](#)

The Customer Respect Group, of Bellevue, Wash., reviewed the websites of 63 of the largest computer products and services firms in the U.S. — and has spoken.

Its "Fourth Quarter 2004 Online Customer Respect Study" was released today and reported on in [ComputerWorld](#).

Winners? eBay, Lexmark International, Microsoft, Hewlett-Packard and Avnet. Losers? Equifax, Symbol Technologies and Siebel, among others.

Sites were rated on simplicity (ease of navigation), responsiveness to inquiries, respect for customer privacy, attitude (the customer focus of a site), transparency (open and honest policies) and principles (value and respect for customer data).

Nov 29, 2004

Something Not in the Air

NOV 29, 2004 03:03:22 PM [Add Comment](#) (0) | [Permalink](#)

The failure of a communications satellite on Sunday has knocked out broadband services supplied by StarBand Communications Inc., according to a statement posted on the company's website.

The irreparable failure of Intelsat Americas-7 at 2:30 a.m. Eastern Time on Sunday is forcing StarBand to move customers to a different satellite. Meanwhile, the company is attempting to provide temporary dial-up service to customers affected, the statement said.

The satellite owner, Intelsat Inc., said the craft had suffered a sudden and unexplained electrical anomaly and that it was permanently lost. The satellite was launched in September 1999. From its orbital position at 129 degrees West it covered North America, Central America and parts of South America.

The satellite was self-insured by Intelsat, which *CIO* cited as one of its [Agile 100](#) (second item) in this past year's special issue. Guess they're plenty agile today, as Intelsat said its IA-8 satellite, scheduled for a Dec. 17 launch, may take over some of the lost services.

— Paul Kallender, IDG News Service (Tokyo Bureau)

Nov 19, 2004

Search Me

NOV 19, 2004 07:41:13 AM [Add Comment](#) (0) | [Permalink](#)

Google, which implemented an internal Web log system behind its firewall about 18 months ago, is now a big blogging fan and may in the future consider providing tools and expertise for this purpose to interested clients, a Google executive said.

Google deployed an internal blog for its employees shortly after acquiring the blogging service Blogger in early 2003. Since then, says Jason Goldman, Blogger product manager at Google, "we have seen a lot of different uses of blogs within the firewall: people keeping track of meeting notes, people sharing diagnostics information, people sharing snippets of code, as well as more personal uses, like letting co-workers know what they're thinking about and what they're up to. It really helps grow the intranet and the internal base of documents."

Google executives have talked in the past about the company's internal Blogger implementation, called Blogger in Google (BIG), and a Google

employee even [posted a screenshot](#) of a BIG page last year.

It's unlikely that Google will develop a version of Blogger that would compete head-to-head against enterprise document management products. But it's very possible Google will give Blogger some features in the future to make it more attractive for business use, said Allen Weiner, a Gartner analyst.

CIO columnist Michael Schrage's [a fan](#). Read about other collaborative strategies in [A Travel Guide to Collaboration](#).

— Juan Carlos Perez, IDG News Service

Nov 10, 2004

30 Percent Of Companies May Miss Sarbox Deadline

NOV 10, 2004 11:16:09 AM [View/Add Comments](#) (1) | [Permalink](#)

Monday Nov. 15 is the day every public company has been waiting for with bated breath. That's when Section 404 of the Sarbanes-Oxley Act, which mandates strict internal controls over financial reporting, takes effect. (See [CIO's coverage](#).)

And what should we expect?

Nothing, for a little while at least.

That's because the rule kicks in only after the end of a company's next fiscal year. For 80 percent of companies covered by the rule, that isn't until December 31. "It's not like something is going to happen on Nov 16," says John Hagerty, an analyst with AMR Research. "But now the clock is running."

And for many companies, the clock is running out. Auditing firms — which have to certify companies' internal controls — say that anywhere between 15 and 30 percent of companies will fail the internal controls audit. As many as 15,000 companies are covered by the law. That equals a lot of companies that won't be able to meet the deadline. The SEC thinks the number is high enough that it has already proposed dropping its 60-day deadline for companies to file their 10Ks that is required by Sarbanes-Oxley and keeping the current 75-day deadline in place another year.

The filing extension might help companies that just need a little extra time to get their act together: an extra 15 days to complete the internal controls audit along with their 10K. But it won't help companies that are really behind, says Jeffery Held, a lawyer for the firm Testa, Hurmitz & Thibault. Held adds that given the number of companies that will likely miss the deadline it will be hard for the SEC to sanction everyone.

As a way out of this dilemma, the SEC might extend the Section 404 deadline for smaller companies, SEC Chief Accountant Donald Nicolaisen told "Compliance Week," a corporate governance newsletter. In the meantime, expect the first evidence of non-compliance to emerge in February and March, when most companies' 10Ks are due.

For companies that aren't in compliance, Wall Street's reaction is the biggest worry. Held suggests being as up-front as possible with investors. Companies have the right to amend 10Ks and it would be acceptable to say that although you are not compliant with Section 404 yet, you intend to become so. "Explain why you weren't able to meet [the deadline], what the state of your internal controls are, and what the game plan is," he says.

In the meantime start thinking about next year. "Companies can't afford a fire drill every quarter," says AMR's Hagerty. "CIOs need to plan to make [the internal controls audit] repeatable and cost effective for next year."

— Ben Worthen

Nov 08, 2004

Voters In Tech-Heavy Districts Stick With Current Office-Holders

NOV 08, 2004 04:59:18 PM [Add Comment](#) (0) | [Permalink](#)

Although Republicans strengthened their control of Congress Nov. 2, Democratic incumbents in several technology-focused congressional districts hung on to their seats in last week's election. The GOP did, however, pick up the Senate seat in North Carolina, left vacant by Democratic vice presidential candidate **Sen. John Edwards** in a race where tech issues weren't a major topic of debate.

Meanwhile, four IT workers across the country who ran for Congress to oppose offshore outsourcing were defeated in their respective primaries earlier this year and were not on the ballot last week. They are: **Mike Emmons** and **Floyd Jay Winters**, both Florida Democrats; a Texan, **Brian Rubarts**, a Republican; and **Bob Dodge**, a Pennsylvania Republican. An Independent, **Paul Jenkins**, who ran in the same suburban Dallas district as Rubarts and was on the general election ballot, finished with 8 percent of the vote. (See our [previous coverage of their races](#).)

The winners are:

North Carolina Senate

Rep. Richard Burr, a Republican, won the open North Carolina Senate seat with 52 percent of the vote. Burr beat Democrat **Ersine Bowles**, former White House chief of staff under President Bill Clinton, who also ran for Senate and lost in 2002. Burr is a conservative who believes minimal regulation of the telecommunications industry will help his state's fiber-optics industry. He has also sponsored legislation promoting biomedical imaging and bioengineering. The race was an uphill battle for Bowles in a state where 56 percent of residents voted Republican in the presidential contest.

Washington Senate

Democratic incumbent **Sen. Patty Murray** defeated Republican challenger **Rep. George Nethercutt Jr.** Murray, a former teacher and self-described "mom in tennis shoes," received 55 percent of the vote in a state that also voted for John Kerry for president. Nethercutt, from rural eastern Washington, trailed Murray, from more liberal and populous western Washington, in the polls throughout the campaign. Although both candidates took positions on high-tech issues — such as free trade to promote software exports (Nethercutt) and loosening export controls on encryption products (Murray) — during their campaign, the Iraq war, which Murray opposed, and stem-cell research, which she supports, were bigger issues for voters.

Silicon Valley

In California's 14th congressional district (which includes Palo Alto), **Rep. Anna Eshoo**, a Democrat, won election to her seventh term with 70 percent of the vote. She defeated Republican **Chris Haugen**, a teacher and school principal, and Libertarian **Brian Holtz**, a software engineer. Haugen received 26 percent of the vote and Holtz received just 4 percent in a race that most observers predicted wouldn't be close. Eshoo supports a national do-not-spam list, which the FCC has said isn't feasible, and she's backed the elimination of export restrictions on encryption technology.

Democratic **Rep. Mike Honda**, a two-term incumbent, received 72 percent of the vote in the 15th congressional district, which includes Santa Clara. Honda, active in the Congressional Internet Caucus, defeated Republican **Raymond Chukwu**, an aerospace engineer and author. Honda was also favored to win.

San Jose-based **Rep. Zoe Lofgren**, also a Democrat, won a sixth term representing the state's 16th congressional district with 71 percent of the vote. Republican challenger **Douglas Adams McNea**, a nuclear scientist received 26 percent of the vote, and Libertarian **Markus Welch**, an IT manager, received 3 percent of the vote. Lofgren, active in a variety of tech-related issues, generally wins high marks from the technology industry, which she has back by supporting policies to increase exports of IT products and by opposing the elimination of stock options.

— Grant Gross, IDG News Service

Now What?

NOV 08, 2004 04:37:19 PM [Add Comment \(0\)](#) | [Permalink](#)

Now that President Bush has been reelected and the Republicans have retained control of Congress, Washington is abuzz in gossip about who in Congress and the cabinet is staying, who is leaving and who is taking over. The news will trickle out during the upcoming weeks or even months, but in the meantime, that won't stop anyone from guessing. Here's what might happen and what it might mean for the CIO

community.

Congress

In the House:

Rep. Phillip Crane (R-Ind.), the House's longest serving member, was upset in his bid for reelection. That means another Republican will take over as chairman of the ways and means subcommittee on trade. The trade subcommittee deals with legislation concerning outsourcing as well as the R&D tax credit long desired by technology companies. Rep. Clay Shaw (R-Florida) is in line for the position, but he may not want to give up his current job as chair of the social security subcommittee, since Bush has made revamping Social Security a top agenda item. Rep. Nancy Johnson (R-Conn) is another — albeit less likely — candidate. Johnson has been a vocal opponent of offshore outsourcing and sponsored the USA Jobs Protection Act of 2003, which would overhaul how temporary work visas are granted (companies use the temporary visas to bring over outsourcers to learn their new jobs). Harris Miller, president of the Information Technology Association of America, doubts that Johnson would be able to sway the Republican caucus to oppose offshoring, and that she might not get the chairmanship if she tries.

Rep. Tom Davis (R-Va.), stays on as chairman of the House Government Reform Committee. Davis, a former lawyer for high-tech companies, is one of the few members of Congress who understands information technology. He is responsible for several bills that tighten information security within the government and provide technology training for federal employees.

In the Senate:

Sen. Ted Stevens (R-Alaska), has reached his term limit as chairman of the Senate Appropriations Committee and will take over the Senate Commerce, Science and Transportation Committee from Sen. John McCain (R-Ariz). Stevens has a long history promoting wireless and other technologies he believes would help his home state make up for its lack of telecommunications infrastructure. Erin McGee, a spokesperson for the CTIA, the wireless association, says that Stevens has a history of working with wireless carriers and that he understands wireless issues. Look for Stevens to use his new position to promote legislation friendly to wireless carriers,.

Meanwhile, McCain will move on to become chairman of the Senate Committee on Indian Affairs.

Sen. Arlen Specter (R-Pa), a moderate on social issues, is in line to become chairman of the Senate Judiciary Committee, which oversees patent and copyright law, the Patriot Act and has a role in cybersecurity policy. Specter's predecessor, Sen. Orrin Hatch (R-Utah), an amateur songwriter, consistently sided with the recording industry on digital copyright issues. Some advocates for file-sharing networks hope Specter will be more friendly to their point of view. Hatch has advocated renewing provisions of the Patriot Act that expire next year and that critics contend violate privacy. Specter, on the other hand, co-sponsored a bill that would have limited the government's surveillance power under the Act.

Hatch, meanwhile, is in line to take over the Senate Intelligence Committee

The Cabinet:

The top jobs at the Department of Justice and the Department of Homeland Security — two agencies that have a large impact on CIOs — are apparently up for grabs. According to the rumor mill, Attorney General John Ashcroft and DHS Secretary Tom Ridge are both expected to resign soon. There is only speculation about who will replace them at this point, but names mentioned for Attorney General include the current White House Counsel Alberto Gonzales, former Ashcroft deputy Larry Thompson and former New York mayor Rudolph Giuliani. Gonzales or Thompson would likely pick up where Ashcroft left off. Giuliani, who was once a federal prosecutor and is said to be mulling a run for President in 2008, has spent his time since 9/11 advising governments and the private sector about security. Giuliani would be tough on terrorists, but is a moderate on social issues.

As for DHS, gossip is focusing on DHS Under Secretary for Border & Transportation Security Asa Hutchinson to replace Ridge, along with Massachusetts governor Mitt Romney, whose credentials include running the incident-free Salt Lake City Olympics in 2002. Romney, a former

businessman, has a history of trying to create efficiency through information technology. Also on the pundits' shortlist is former Montana Governor Marc Racicot, who was chairman of Bush's reelection campaign. The new DHS chief will have to find a new cyber security czar to replace Amit Yoran, who left in October.

Regardless of who gets these appointments don't expect much to change, says the ITAA's Miller. The Republicans are still in charge, and you can expect them to push Bush's agenda.

— Ben Worthen

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