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## **Create an electronic store front - improve marketing performance and reduce recruiting costs**

**A free form of advertising for image marketing, job openings and people looking for work has saved PSR over 100% of it's network costs!**

Everyone is talking about how the electronic highway and the Internet are the wave of the future. Many are even forecasting that it will take years and thousands of dollars to use this electronic highway. Let me tell you, the future is here right now.

Over the last quarter we have started to advertise on the Internet and provide a view to the world with the Internet.

The results have been astounding to say the least. We have hired several people on our staff who learned about us through our Web site and took the step of responding directly to us. We have also been proactive on the Internet and have created messages and postings for others to get more resumes to use both for ourselves and our clients.

### **Results are how you measure success**

In the course of doing this we have learned some tricks of the trade of how to design Web sites and USENET postings that people respond to. In addition to that we have developed some techniques to do e-mail address captures and

## **Many Information Systems functions do not have adequate metrics implemented**

**A prime reason many CIO's fail is manangement does not understand the value of the function -- poor communication is a major cause!**

Senior and operational management in many organizations are frustrated by the lack of

metrics to quantify the value of the Information Systems function. This is true of both private and public IS functions. At the same time there is a rapid explosion in the need for more IS technology.

Based on some of our recent work and a study that was conducted by the Department of Defense we have some observations on the use and application of metrics in IS organizations.

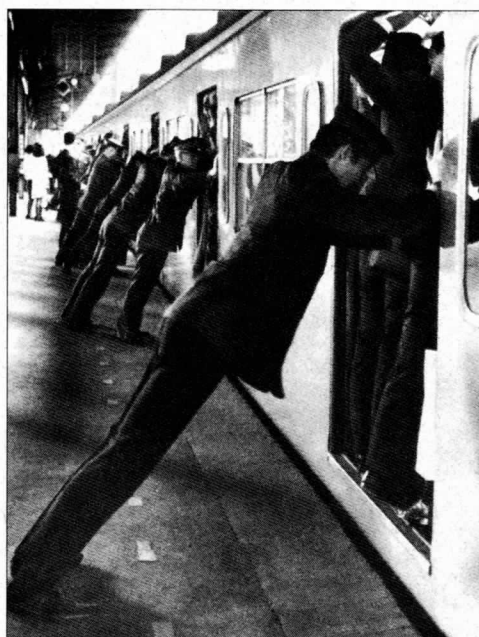
Our comments are based on some proprietary information so they will be general. However the DOD study which was based on over 8,000 businesses and 100

completed extensive questionnaires is public and we can share that.

Questions that many ask:

1. What benefits can be obtained in the enterprise by improving the quality of IS?
2. How can internal and external metrics be implemented, measured and benchmarked to increase the quality of IS.

Metrics are the only way that we have found that can help to quantify answers to those questions.



**Bill Gates is going to  
move us all to Windows 95  
What you do not know is where it goes**

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electronic mail merge for the Internet. We have even sold products in places as far away from Southern California as Korea and South Africa.

Comparing the cost of hiring or selling via the traditional approach, we see this as a definite way to develop a competitive advantage. There are several rules that we follow that we will share with you. In addition there are several others that we will continue to use for our own consulting practice and our clients.

### ***The do's of electronic recruiting and marketing***

**Know your audience** - Most people on the net are NOT your potential customer. There are "kids", electronic mavins that have nothing better to do than "break your system", opportunists who do not know what they are trying to do but "will know when they get there" and the "university types" who take it as personal affront that someone is trying to get commercial value out of the Internet. You need to have a way to filter out those that will not meet your needs.

- ⇒ Be selective of the groups that you use. Many of the groups on the net are intended for purposes other than what you need. Especially useless are the ones at universities. Once you post there you create an opportunity for people who are bright but not busy to cause havoc to your efforts. We had one case where we posted a job opportunity on a university jobs group and were "flamed" for trying to hire people. It must be nice to be a perpetual student who does not have to earn a living.

**Filter your efforts to focus on results** - People who use the Internet tend to have long memories and are more binary than the "normal" population. If you try to get too many things going at one time with the same people they will become confused and your message will be lost.

- ⇒ Much of the data on the Internet changes frequently. With that in mind you have to continue to refresh the information on your products or offerings. Your Web site should change weekly (at least) and your posting should be refreshed at least bi-weekly for both content and format. If you have a Web site or e-mail address do a hot link to your e-mail or web site in your USENET postings and Web pages.

**Make it easy for people to reach you electronically** - There is nothing more frustrating than not getting a response to an electronic message. Once you have connected to someone respond quickly and professionally. Make sure that what you post is "spell checked" and accurate. You can really leverage yourself if you respond electronically -- there is not much cost involved (that is assuming that you have a dedicated line to the Internet).

With those three rules you are ready to start the process. Once you have that mastered you can begin to look at

- ⇒ **Stockholders** - Information on the company, SEC filings and current operating results [<http://www.psrinc.com/who.htm>];
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- ⇒ **Franchises** - Requirements and general terms and conditions - i.e., sites available;
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- ⇒ **Mass Mailing** - With electronic mail there is almost no cost for mass mailing and almost instantaneous communication; and
- ⇒ **Newsletter** - Electronic format is significantly less expensive to create and distribute [<http://www.psrinc.com/newsltr.htm>].

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Those metrics are both internal and external to IS.

## Internal Metrics

We have found that both government and private sectors do not have significantly different views on the use of internal metrics. These are both hardware and software metrics for internal operations. Across both organization types only 54% use hardware metrics as a part of their performance evaluation. A smaller percentage - 49% - use software metrics in order to increase their efficiency and effectiveness. More interesting is the fact that only 26% of all organizations use a physical device to measure hardware metrics and only 24% use function point analysis.

One conclusion can be drawn from the results of the study. Both government and private sector feel that hardware metrics are important however software measures are not viewed as important for improvement of IS.

The other is that while function point analysis is highly touted as a means for measuring productivity, quality, and a tool for project estimation -- IT IS NOT USED.

One sure way to make your boss unhappy is to not communicate. Maybe this is one of the reasons that so many CIO's are constantly looking for greener pastures.

## External Metrics

On the other hand external metrics is the one area where the public and private sector IS organizations have very different views and applications for the use of metrics. The primary difference is in the area of justification of systems. The private sector feels it needs to economically justify its IS expenditures --

the public sector does not. In addition, on an on-going basis, private sector IS organizations are more accountable for achievement of results than the government sector. It seems that with many public sector organizations it is more important to foster the growth of the agency than the value and efficiency of the service.

Based on our data we have found that over 80% of all IS development in the private sector is based on economic justification. In the DOD study (see chart below) they found only 37%.

We did have some discussion with the individuals that conducted the DOD study and we think more federal organizations were included than state and local governments.

It will be interesting to see how this difference will play out as the new budget cutting takes place.

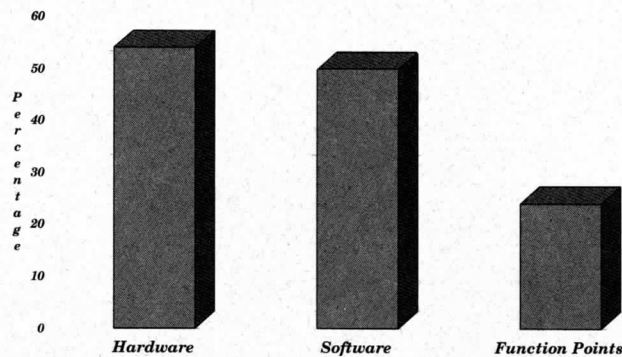
The other view is that of who the customer is. In the case of the public sector the customer is viewed as internal to the function. There is no profit incentive, rather it is more important to please the right administrative bureaucrat or elected politician than the general public. No wonder the idea of customer service is something foreign to many IS organizations. One light of hope is the fact that the closer a public agency is to the voters the more they understand who their customers are.

The one good sign was that all organization types viewed customer satisfaction as important to the mission of the IS

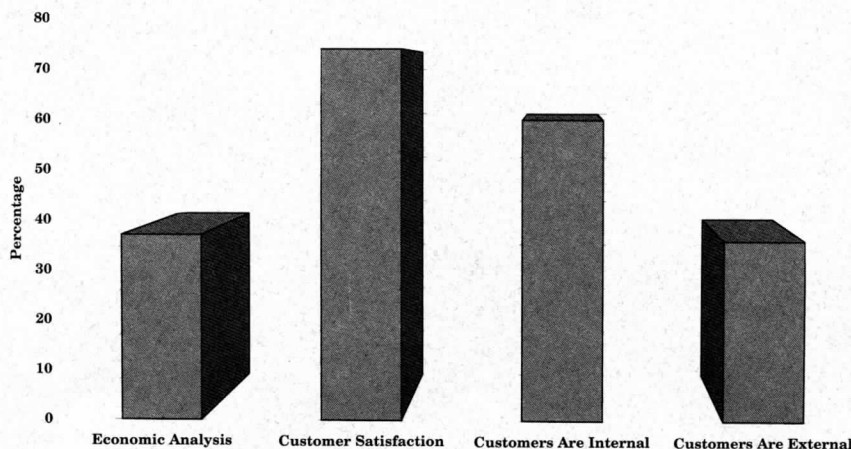
organization as well as the enterprise. Now all we have to do is to get a better understanding of who the customer is.

In the course of the next several months we will be doing some extensive data gathering on metrics for an update of our Metrics HandiGuide® this winter. If you would like to participate in the Metrics project send an e-mail to [victor@psrinc.com](mailto:victor@psrinc.com).

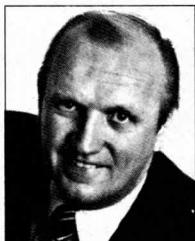
Percentage of Public and Private Organizations Using Internal Metrics



Percentage of Public and Private Organizations Using External Metrics







## Forecast for the National Information Systems Market

**Base closings have some interesting side benefits. Capacity is increased and productivity has a chance to improve in both Texas and California.**

by M. Victor Janulaitis  
Internet address victor@psrinc.com

As the impact of the base closings is felt many see some great opportunities to utilize the capacity of the areas impacted. In the case of Los Angeles, with Long Beach converting to non-military operations, port capacity is significantly enhanced and job opportunities will abound. A recent study shows that the LA Basin's population will grow by over 2,000,000 million in less than five years.

The same is true, to a lesser extent for both Texas and Northern California. In California, one of the prime drivers will be the fact that housing costs have been significantly reduced and government expenditures will continue to plummet like they have in both Orange and Los Angeles counties. California will be the first state that will be restructured with the downsizing of government. The other will be the weather. As the population continues to age the lure of the Southern California life-style will draw more of the affluent population. Where else do you not have to worry about rain most of the year, can golf at night, and be only a few minutes away from the airport by freeway.

There are some very subtle changes that have started to take place in the data processing market. These changes can be seen most clearly in Utah and Florida.

As users become more aware of what it takes to get something done they are starting to question the high salaries that "professionals" are demanding. In the markets that have an excess of new qualified entrants into the job market, such as Florida and Utah, there is a strong motivation to avoid paying higher salaries.

The advent of user based programming and system tools along with the need to eliminate overhead costs are causing a major shift in salary levels and initial job opportunities for both entry and middle level professionals in the Information Systems job market.

For example, in Florida if you have a BS or MS in computer science few entry level jobs are available. Those that are, typically will be in the \$9 to \$12 per hour range. In Utah, an individual who had been making \$45,000 per year as a network administrator was shocked to learn that the same skill set in Salt Lake would only fetch \$32,000 to \$35,000.


Using Salt Lake as an example, an over the road truck driver is paid more than a system administrator or help desk manager. Information systems based jobs are viewed as better ways to earn a living and the complexity of getting things done in that environment is slowly being reduced.

There always is a "hot" new area that

everyone wants to get something done in. Recently it has been in the area of SAP and all of the visual programming languages. My forecast is that those two areas will continue to be in high demand in the near term.

However there is a new emerging area that most have missed. The TV in the home and the PC will be one in the same. A number of the "new" entertainment groups are looking at how this new technology can generate revenues. Skills that are required are a combination of information processing, creative arts (multimedia) and short (low cost and low risk) product development life cycles.

How long will it take to get "good" and "fun" games to work with most home computers? This is the area where opportunities will continue to grow. With all of the accounting systems that have been developed there is no way that one can think of doing something new that someone else has not already done. The same is not true for the new entertainment products.

Getting back to the base closings, think about this example. One defense contractor who lost his job on the Stealth program came up with a great new device that you can buy via direct mail. The device masks your car so that neither radar nor laser can tag you as a speeder. The question is, how many developments like that are we in store for as these bright people enter our market? 

*Vic*

Published by:



M. Victor Janulaitis

Location	Prospects Short Term	Prospects Long Term
Northeast	Good	Fair/Poor
Mid-Atlantic	Good	Good/Excellent
Southeast	Good	Good
South	Poor	Good/Poor
Midwest	Good	Excellent/Good
Southwest	Fair	Good/Fair
West	Poor	Good/Fair
Pacific Northwest	Good	Good/Fair
Best Location	Midwest	Midwest