



Bi-Monthly
Newsletter
for
Positive
Support
Review's
Clients
and
Subscribers

Southern California Is The City Of The Future -- Are You Prepared?

Gone Are The Mega Corporations And In Their Place The Small New Caps

A strange thing has happened to Southern California as the year 2000 approaches. Over 500,000 jobs that paid in excess of \$50,000 per year have been replaced by 400,000 that pay no more than \$22,000 per year. That is "re-engineering" at it best or worst if you were one of the half a million people who were displaced.

The mainstays of the Southern California Basin of defense and aerospace have left and the international distribution and entertainment industries have tried to fill the void. Where the headquarters for the Western Rim's banking giants were, now stand empty shells in the downtown Los Angeles complex,

an area you can drive through at 50 to 65 m.p.h. at 5 P.M. These industries have been replaced by technology companies that have located in Ventura, Santa Barbara and

Orange Counties. Air quality has improved to the point that there have been no first or second stage smog alerts in over 24 months. New York, Chicago, Denver and San Francisco have gotten to the point where traffic is so gridlocked that it takes almost 90 minutes to get to the airport during the evening rush hour, while it now only takes 30 minutes in Los Angeles.

Housing prices have dropped to the point where it is even affordable to live in Southern California. Many who left the area were not able to sell their homes so they put them on the rental market. In parts of the region it is reasonably inexpensive to rent.

Even the NFL has left the city with both the

E-Mail -- Done Well Is A Major Productivity Improvement.

Is Your Inter-company E-mail Obsolete?

The Internet is in the process of causing an explosion in the use of e-mail by individuals and corporations. What many are missing is the way this technology is changing how business and personal communications are taking place.

For years, e-mail has been a vehicle limited to the corporate infrastructure. Now we are entering the age where e-mail is the preferred method of rapid and documented communications. At the same time, it is now a MISSION CRITICAL application.

Think about the the office of 1980 with an executive, a secretary, a telephone message pad and a typewriter on the secretary's desk. Today that same executive can be working at home with a laptop computer, a modem and two mail boxes that he interacts with. The first is voice mail and the second is e-mail.

Voice mail has the inherent limitation that it is not easy to save or file multiple messages, much less forward a message out of

the existing voice mail box to another one in another location. E-mail on the other hand can be stored and filed in many different ways. In addition, with the Internet and the right mail links, the message, Excel spreadsheets, sounds, images and charts can all be compiled and sent around the world with little effort.

The productivity improvements of this are enormous. For example we recently conducted a search for an Executive Vice President for a Technology based company almost completely on the Internet with e-mail being the driving technology. Resumes were passed between multiple office locations, communications were passed to our client while they were traveling via e-mail, summaries and data requests were filled



**I will e-mail the first chapter of our book
"Working in Government Ethically"**

Contents

Forecast for the
National
Information
Technology
Market 1

Southern
California Is The
City Of The
Future -- Are
You Prepared? 1

E-Mail -- Done
Well Is A Major
Productivity
Improvement. 4



100% Recycled Paper

Southern California Is The City Of The Future -- Are You Prepared?

(continued from page 1)

Rams and Raiders leaving a sports void that is impacting the Nielson rating of the NFL to the extent they will get less revenue because 20% of the total television market is not interested.

The organizations that are thriving are small, lean, professional and geared to the information highway. Missing from the Southern California landscape are major corporate headquarters. Also missing are all of the infrastructure jobs that add overhead to corporations.

This market has been totally "re-engineered" and it is only a matter of time until the same thing happens to the rest of the country.

Driving Forces

The primary driving forces are demographics. Just as there will not be enough workers to support the Social Security entitlements there will be a lack of resources to do busy work. As this starts to happen, the realignment that took place in this market will begin in all of the other major markets.

In California the change was traumatic and dramatic. Many traditional roles and ways of doing business have been altered. Technology has played a key role and is now the one true area for growth opportunities. One of the advantages of all the natural disasters and good climate is that the urban and business infrastructure is the newest in this region. Just like Japan after WWII was rebuilt, so was this region after the riots, earthquakes, floods and fires.

New Organizational Model

The new organization that has found its way into profitability in this market is small with no middle management and one that is extremely productive. The revenues per employee often times are in excess of \$300,000. The employees are all highly skilled and customer-focused. They can turn in a heart beat and often are ahead of the rest of the country in adaption of new technologies.

Some examples of this are things such as the first extensive acceptance and use of new technologies such as voice mail in the early 80's, intercompany e-mail in the early 1990's and work at home.

Yes, this is only possible in certain nontraditional service and manufacturing industries. However, because of Southern California's unique position this was possible. The Air Quality Management District and the various international trade agreements have caused the almost total elimination of manufacturing and distribution of anything that could damage the environment in any way.

For example, you cannot run a smoke house to smoke fish

in the basin, you cannot use paints that have "fumes" resulting in the total elimination of several industry SIC codes from the region.

Low cost labor jobs have moved to Mexico and other low labor cost markets. What California has been left with has been the "knowledge worker" based jobs. And those have been or are currently being streamlined to eliminate the need for unskilled workers.

Just like the electronic telephone switches eliminated the need for telephone operators, voice mail, e-mail, and electronic calendaring have eliminated the need for receptionist and secretaries.

Now there are only administrative assistants and para professionals who do real work. California and Southern California in particular have had such a rash of disasters that it is not unusual to have workers who do it all at home. Hoteling of office space is old hat to the corporations that remain and the result is empty office towers.

Competitive Advantage

The cost of doing business is now going down with recent changes in taxes. The climate is now more favorable for those who want to operate in this environment and create jobs. This along with good weather is a competitive advantage of the region.

The Far East is the market of the future and almost 20% of our total population is well versed in doing business there. As China advances so will this area. One statement comes to mind by a well known Harvard professor. I once asked him to come to Los Angeles for a client. His response was that London was closer to Boston than Los Angeles. Well, this will come to roost. Mexico City is closer to Los Angeles than Chicago. China and Japan are still closer to the Ports of LA, Long Beach and San Diego.

As the baby boomers get older they will want to be in a climate that is not as hostile as the Northeast and Midwest. You will start to see more job formation in new "service" based industries that are based on the experiences of that group.

When that begins to happen there will be a new Los Angeles that is not a city, rather a city, county, region that works as a unit. This will be the new city state that will drive us to the new markets that are competitive weapons.

How will the rest of the country compete? Well, first let me predict that cities like New York, Detroit and Cleveland may have football teams but as time goes on who will want to live in high cost areas that are not very pleasant places to be in nine months out of the year? Some, like Chicago, will adapt, others will shrink to their natural sizes and not see the explosive growth that has driven their recent expansions. ◀▶

(continued from page 1)

by candidates via e-mail. Using this approach we were able to cut down the time to complete this project from twelve weeks to seven weeks.

We did the same on an outsourcing project as well. All of our RFP information was sent to vendors via e-mail. Responses and questions were all done electronically. We have found companies and individuals that are concerned with security and those that have only an intra-company focus are OBSOLETE.

Interestingly in the name of security, many organizations have opted for proprietary e-mail systems. They have felt that security was more important than ease of use. This has caused them to have the following types of problems.

↪ **High Costs** - Proprietary e-mail systems can be resource intensive with a high support need. This is the same problem that organizations had when word processing came out. Organizations felt it was necessary to centralize the process and add high infrastructure costs. Have we not spent the last five years trying to reduce costs via "re-engineering"?

↪ **Data Destruction** - Many gateways "strip" data and formatting from e-mail messages, thus eliminating the ability of managers to pass complete projects between enterprises. Have we not spent the last five years trying to implement strategic alliances and sharing with suppliers and customers?

↪ **Incompatibility** - As new standards are set for voice and data, objects that are transferred between individuals, features and function can not be easily implemented within the enterprise. Have we not spent the last five years talking about "Open Systems"?

↪ **Capacity Constrained** - Solutions require constant change and expansion as needs expand in a growing enterprise. Servers need to be expanded while organizations' management is looking to reduce cost. Have we not spent the last five years trying to do more for less?

All of this points to the need for an approach that is open and flexible. Microsoft for example has just trashed hundreds of millions of dollars of development on various proprietary client based systems. No longer will they develop e-mail solution for only Microsoft products because that is not what customers want. Look at the new Office 97 and you will see an e-mail client that can talk to Lotus office, Internet, Microsoft Exchange, and POP and SMTP compliant systems.

Graphic Report Guidelines	
Good	Poor
Words spelled out	Abbreviations
Legends and words on a single line	No legends and/or words that run over a single line
Discussion area for brief explanation	Graphic that has no legend / discussion or a cryptic one
Shading or types of lines that are well defined and contrasting	Unclear coding with minor differences requiring repeated references to the legend
Graphic that is pleasant and attracts the reader	Graphic that is "ugly" or in bad taste and/or too cluttered
If color is used, it is soft (i.e. blue)	Multiple colors not taking into account "good taste", color implications (red for profit), and color sensitivity (color blindness of audience)
Type is clear and does not overpower the graphic	Type is "loud" and overbearing
Upper and lower case type (Times Roman / Helvetica proportional fonts)	Type is upper case and all bold (Courier fix spaced fonts)

Metrics HandiGuide®
for the Internet and Information Technology



- ✓ Over 200 metrics defined
- ✓ Over 350 fact and sample filled pages
- ✓ 79 metric report templates defined
- ✓ Metric process and system defined
32 bit system available
- ✓ Electronic versions
(HTML, Network & Word Processing)
- ✓ Information e-mail --- info@psrinc.com
- ✓ Home page --- www.psrinc.com

HandiGuide is a registered trademark of Positive Support Review, Inc. - Santa Monica, CA



Forecast for the National Information Technology Market

Supply of good people is very limited -- some major opportunities exist for the right people.

by M. Victor Janulaitis

Internet address: victor@psrinc.com

My how times have changed. The market has gone crazy. Year 2000 projects are putting strains on almost everyone. In New York city there are tales of \$90,000 CICS/COBOL programmers with hiring bonuses of up to \$10,000.

Some vendors are putting in escalation clauses of 1 to 2 percent per month in their contracted rates in order to guarantee staffing. One client put out a bid that was "too small" for one of the major players to bid on. The vendor told the company that they are not accepting anymore Year 2000 work unless it is at a premium price and of such a magnitude that they could not refuse. And we have just started.

While all of this is going on, many organizations are starting to face the fact that the desktops in their offices need to be upgraded. That means new operating systems - Windows 3.1 and 3.11 need to be replaced. Anyone of pure DOS will not find any support. UNIX as a desktop is dead. Apple now sets its corporate headquarters in Forest Lawn. Bill Gates has already announced the death of Windows 95 as an operating system. That leaves only one alternative, NT.

The fear that strikes in most organizations can only be imagined. New licenses, new office suites, and new networks and

associated infrastructures. Every CIO is now at the point where they have to go to management and say they will have to spend between \$5,000 to \$8,000 per desktop to stay current. How many of those CIOs will live up to the "Career Is Over" definition. No wonder the stocks of Microsoft, Intel, Cisco, HP and others have soared, while others such as Apple have sunk to new record lows.

The Information Highway is about to be littered with the bodies of those who do not know how to adapt and create new markets. I find it interesting that the administration in Washington talks about all of the great strides they have made, when they do not even know how to use a keyboard. Executives and leaders that do not use this technology will be like the steel "puddlers" of the late 1800's who felt that making iron was an art form and did not see the impact of Carnegie's Homestead Iron Plant. He was so successful that after it was all said and done Carnegie sold his operations to JP Morgan for over \$430MM. That was before we had our existing tax rates.

The same level of opportunities for growth and profit are there for the organizations and institutions that are early adapters of technology. That includes things such as

home banking, when the banks figure out that they will make more money on the velocity of cash flow versus \$10 a month per customer fees. The merging of television and the Internet in the next few years will put us in a position that we will no longer have white collar and blue collar workers. Rather, we will have those who know how to use and make technology work and those "uneducated" masses that will have to be supported by them.

Organizations need to understand that "re-engineering" is no more than rearranging the deck chairs on a sinking ship. What true innovators do is make something out of nothing and reinvent the future. Organizations should not look to build a bridge to the future. The need is to build a machine that will transport them into the future.

As we look at the market, we need to understand which organizations and approaches will get us there. Maybe instead of dealing with the Year 2000 problem we should all be looking at the year 2008 when Bill Clinton who will be 62 years old can run for office again. You tell me if that is good or bad.

Vic

Published by:



M. Victor Janulaitis

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