



22 January, 2001

Affiliates RIP?

Just about every man and his dog with a Net-based business is offering some kind of affiliate scheme these days.

"Send us traffic and we'll send you money"

"Send us customers and we'll send you money"

Surf the Net with our ads on your desktop and we'll send you money"

Those are the oft-heard cries of the affiliate schemes, which many companies are hoping will boost the profitability of their online activities.

But is it a model that provides any kind of return?

At first glance it might seem like a great way to sell or attract traffic -- after all, unlike regular banners, you don't have to pay out any money until the affiliate has done their job of driving viewers or customers to your site. In most cases it's even better than that...

The majority of affiliate schemes won't pay out any money until a minimum amount of money has been earned. In the case of the vast majority of sites, it may take many months -- or even years before the payout threshold is reached. In the meantime the company running the affiliate scheme has full use of that money -- even though it's really the affiliate's.

But -- there's a big downside to affiliate schemes -- and that's the cost of running them.

You've got to keep track of thousands -- even hundreds of thousands of accounts and provide each of those affiliate accounts with accurate reporting and a record of their earnings. This can require a lot of expensive hardware and software -- but then you also have to factor in the cost of supporting those affiliates. The doubtless emails from people too stupid to read your webpages who are wondering why it's been a week since they signed up and they still haven't received a cheque.

The first cracks in the affiliate model appeared a few months back when many big name sites started cutting back the amount that they were paying their affiliates.

Altavista and Google both halved their payments -- and we all know how AllAdvantage has been updating their contract on an almost hourly basis to try and reduce the amount they're having to pay out.

And now the final stage of the affiliate model crash has started -- with Google announcing that they're ditching their affiliate scheme altogether as of February 1.

How long before a raft of others follow suit and decide it's not worth the hassle?



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What The Net Does Best – Hype!

Readers of the daily edition of Aardvark will have read about “Ginger” – an invention that was, according to many reports carried on a myriad of Net news sites, set to change the shape of our world.

While the claims stopped short of having us believe that it would cure all known diseases and bring peace and happiness to all the world, the hype surrounding this undefined invention was astounding.

Perhaps we should have smelt a rat when hypemasters such as Steve Jobs and Jeff Bezos lent their hyperbolic tongues to the hysteria.

As the week unfolded the inventor, a humble fellow seemingly with some integrity, crumbled and confessed that maybe it wasn't going to solve the worlds dependency on oil reserves or bring Mother Mary back from the dead after all.

It looks as if this only goes to confirm that 1999 wasn't just an anomaly – the Internet really is perfectly suited to an environment of hype, smoke and mirrors.

The News In Review

What happened during the past week that you might have missed?

At IHUG

Once again IHUG has had to slap a cap on the activities of the heaviest users of its ULTRA microwave/satellite service. As was the case a year or so ago, it seems that a tiny percentage of users are accounting for a significant amount of the bandwidth being consumed. Tim Wood claims some individuals consume as much as 50-60 GB of data each.

IHUG also announced it will soon start trialing its full microwave ULTRA system that will completely dispense with the need for a phone line for the back-channel.

Another 10 jobs disappeared at IHUG in what Tim Wood described as the final phase of the company's restructuring.

At Iprolink

The Newcall Group is selling its stake in local ISP Iprolink – citing an inability to compete head-on with big players like Telecom and Telstra-Saturn as one of the frustrations the company faced. There's no word as to who the new owner will be, except that it's supposed to be an offshore company expanding into the global marketplace.

Newcall also fired a salvo at the government, blaming a weak regulatory environment as one of the reasons behind its decision to pull out of the New Zealand telecommunications marketplace.

At Saturn

Chello is dead. The service is being shut down and users are being offered the DSL service from Paradise. Unfortunately this means the end of flat rate – something that has created some angry users.



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At Telecom

Flat rate Jetstream ADSL has arrived in the form of the JetStart package from Telecom. In order to make it economically viable, Telecom have capped the data rate to 128 Kbps.

At The Free ISPs

(The free) lunch is over – everyone get back to work!

It looks as if the days of something for nothing in Internet access area are drawing to a close and those who still have working free access ought to enjoy it while they can.

I4Free has, in not so many words, told its freeloaders that they're not going to enjoy free access for much longer. Oh – there will still be a level of free access – but it's not going to be enjoyable because it'll likely be so slow and difficult to get online that you're going to need a pay-for-use account anyway.

Now FreeNet has announced that only the first 10 hours each month are going to be free for users of its service. If you want more – you must pay.

At TerraLink

Another IT project gone off the rails has forced the government to appoint receivers for the Terralink SOE. It just goes to show that good project managers and analysts are worth their weight in gold – if you can find them!

In Australia

The people (ir)responsible for the Terralink and INCIS projects can take heart that the Australian Government is in the same boat after an independent review slammed its I.T. outsourcing project. It seems they've spent more than three times as much as was budgeted for. Looks like the Australian government can't do I.T. either.

As if this wasn't enough of a problem for the Aussie government, they've also come under attack by Microsoft who claim that they're not doing enough to foster new economy industries. MS claims the Aussie R&D tax regime is pitiful and that rates of personal and company tax are too high. Once again I seem to recognise some similarities between Oz and NZ here.

In The Rest Of The World

It seems that not only will your cellphone fry your brain but it will also boil your eyeballs too – according to German researchers. They claim a link between heavy mobile phone use and an increased incidence of eye cancer. Perhaps they ought to just keep an eye on those mad cows instead of telling us stuff like this that we don't want to know?

The continued desperate “restructuring” of Net-based business continues throughout the USA and Europe with increasing layoffs and redundancies. Unfortunately many of these companies are not addressing the real problem – a flawed business model. Their “restructuring” is something akin to handing a bigger cup to the captain of the Titanic and telling him to bail faster.



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The Proposed “Anti-Hacking Bill”

Controversy still surrounds the government’s proposed anti-hacking bill which is designed to close the loop-holes which currently make hacking computer systems a legal gray area without any real targeted legislation.

Unfortunately, as is so often the case, the government feels the need to exempt some of its organs from such anti-hacking laws by giving specific exemptions to Police and other surveillance/enforcement agencies.

Clearly there is some sense to these exemptions – but then again we all know how such exemptions tend to be exploited. Look what happened to the quality and price of electricity supply when certain parts of the chain were excluded from the effects of the Fair Trading Act. The current government is even moving to remove the Crown’s immunity from prosecution (ie: exemption from a raft of civil laws) in some cases.

What ever happened to “one law for all” and leading by example I wonder?

My comments in the January 22 edition of Aardvark Daily (<http://aardvark.co.nz/daily/2001/0122.shtml>) drew a raft of feedback from readers who are, shall we say “less than impressed” with the powers that the proposed new legislation would give law enforcement agencies. If you didn’t read this on the day, then read it now.

The leaking of a preliminary response to the possible new laws also created a bit of a furore within the ranks of ISOCNZ.

The society voiced an opinion that, as drafted, the law would make it illegal to connect any PC to a network or the Internet because it could fall under the somewhat loose definition of an “interception device.”

When IDG published a story to this effect the society slammed the writer, who they say breached the rules by publicising what amounted to an internal publication.

The society has also shown once again that it isn’t really interested in the freedom of speech or expression on the Internet by blocking public access to its archived mailing lists.

What is it with clubs, societies, associations and governments? It seems that just about every time you get a group of otherwise sensible individuals together and they form a formal structure, paranoia and power-lust start to over-ride commonsense.



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Looking Back In Time

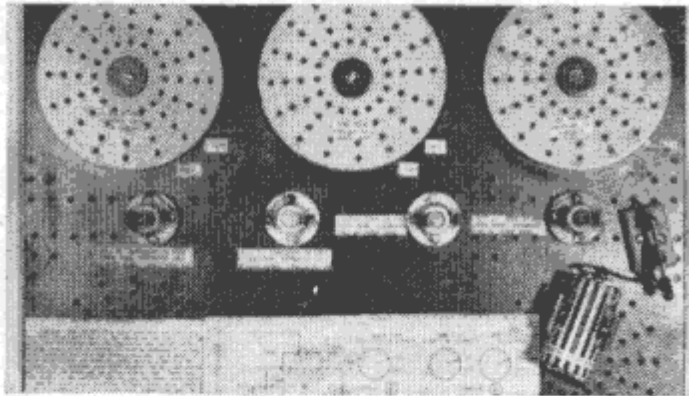
Each week I'll be looking back in time to see what the communications and computing industries looked like when they were in their infancy.

This week, a look at personal computing from 1952.

And you thought the PC was a relatively new invention eh?

ELECTRIC BRAIN KIT

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Control Panel of GENIAC set up to do a problem in check valve research.

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