

Know the facts - how counterfeit software can affect your small business

The ARA is concerned about the issue of software piracy and the effects it has on small retailers who unsuspectingly purchase counterfeit items. Out of this concern, we asked Microsoft to submit an article that spells out the problems associated with pirated software and what can be done to avoid it. We hope you find it useful.

Consider this: You've decided to invest money in new software for your business so your employees can do everyday tasks more easily – which you hope will save them time and save you money. You get online to search for the best price and you find a bargain on a downloadable install package. The website looks legitimate, and the software appears to be complete and fully functional. Best of all, it can be downloaded to your PC in minutes. What could be simpler?

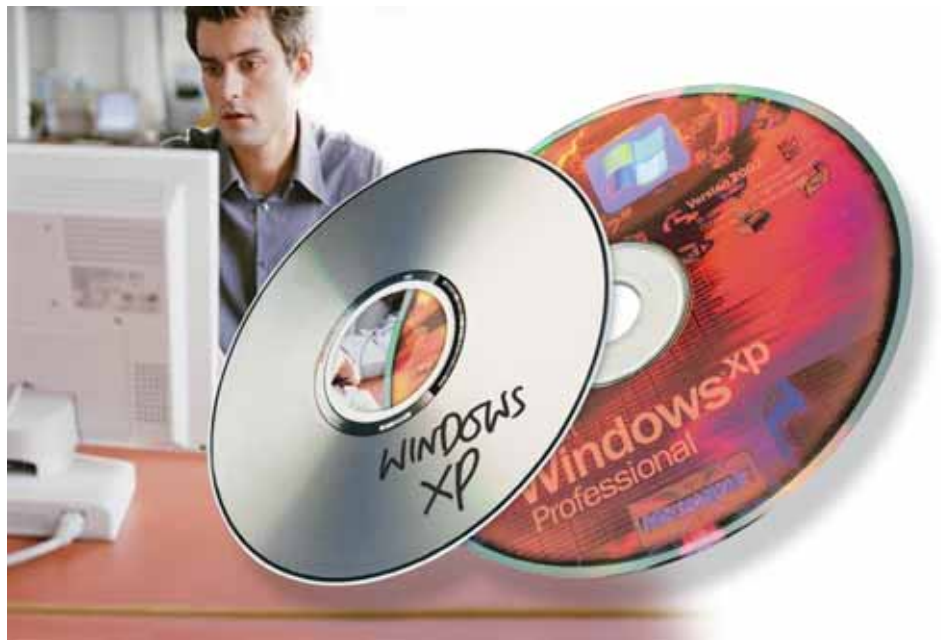
After installation, the error messages begin appearing, your system hangs more frequently, and your virus-scan software starts detecting corrupted files. When the end-of-month sales reports mysteriously vanish, you go online for help, and you're asked to validate your software. You find that the so-called "authentic" software you acquired is counterfeit. Without the genuine product, you can't get the manufacturer's support, much less the product updates and enhancements you thought you paid for. And you can forget about recovering those sales reports.

You've been duped, and you're not alone.

According to Microsoft, 22.3% of the people who validate the authenticity of their software using the Microsoft Windows Genuine Advantage (WGA) program discover that their software is not genuine.

Counterfeit or genuine? It is tough to tell

Sophisticated software counterfeiters go to great lengths to make their knock-offs appear genuine. According



to a study by IDC, 25% of websites offering pirated software, counterfeit product keys, programs to generate validation keys or other tools to help crack verification processes, attempted to install either malicious or potentially unwanted software.[†]

"The costs associated with pirated software are significant. Businesses are paying over \$1,000 to recover from just one incident of malicious software on a single PC, not to mention the cost of lost or compromised data which can run into the tens of thousands of dollars per incident.[†] Add to that the immeasurable costs incurred when sensitive financial and personal information is stolen. These substantial costs more than wipe out any so-called savings that software counterfeiters use to lure in buyers". – IDC[†]

"We found enough malicious or unwanted code in our tests to conclude that obtaining and using pirated software can pose a serious security risk to those who do so." – IDC

So how can you tell if you're using genuine software?

The Microsoft WGA program is an online validation process that allows you to verify that your copy of Microsoft® Windows® software is genuine. One business that has recently experienced the benefits of having genuine software is The Temporary Alternative, an IT solutions business located in Melbourne. During a Beta testing of the 2007 Microsoft Office System, they discovered that having genuine software made the transition a breeze.

Says Cathy Fanning, business Director and Founder of The Temporary Alternative, "As all our software is in compliance with the Microsoft pre-installation requirements, the installation and use of the 2007 Microsoft Office System was done with ease, and created a stress-free working environment for the staff, with minimal interruptions to their work schedule".

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Non-verbal communication

Some researchers suggest that up to 90% of communication is non-verbal, with body language, facial expressions and eye contact playing a major role in the transmission of a message. Research also cites the mere seconds it takes for people to make unconscious snap judgments when meeting new people. This means a person can be judged before they even speak. It's important to be aware of this, particularly in retail, where it's imperative that staff, who are the first point of contact for customers, send out the right message.

Actions speak louder than words

Body language and facial expressions play an important role in the perception of feelings and attitudes. Your posture, for example, can indicate how alert you are. Slouching can appear lazy and unmotivated, while a good posture can make you look more receptive. How your arms fall can also denote your level of openness. Arms crossed may signify a defensive stance or the desire to be left alone. Eye contact is also highly significant. Looking at a person as you speak to them is more likely to make them feel valued and shows them that you're listening to what they say. On the simplest level, a smile never hurts.

The customer's always right

It's also important to monitor your customer's non-verbal cues. These cues can reveal hidden emotions and attitudes. Sometimes customers are reluctant to refuse a product from a sales assistant as they feel rude or don't want to appear difficult and at other times, they'll select an item that isn't quite right or they're not quite sure of. By analysing the customer's body language you can counteract this and ensure they are happy with their products and your service. Look at their facial expressions. Are their lips pursed? Are they frowning or taking too long to decide? Is their head cocked to one side, indicating indecisiveness? Eye movements can be quite telling. Is the customer scanning the room for other items? What's their tone of voice like? Do they seem hesitant or confident in their purchase decision?

Watch out for...

Research indicates that speech accompanied by contradictory non-verbal cues tends to confuse and frustrate people. This might be as simple as looking away when speaking with someone. Also, when it comes to non-verbal communication there are various cultural differences to observe. For example, people from other cultures have different concepts of personal space and what's acceptable, or, in some cultures, hand gestures such as the "thumbs up" might be considered offensive. It's difficult to anticipate how someone from a different culture will react to your non-verbal cues, but make sure you are sensitive to the way they are reacting to avoid any negativity.

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Avoid being duped

Due to the prevalence of piracy, software manufacturers and respected retailers are dedicating significant time and resources to helping customers and businesses protect themselves from the threat. In 2006 Microsoft took legal action against two Internet software vendors who were found distributing high quality counterfeit copies of Microsoft software through eBay and through their online business websites.

So how can you protect your business? Next time you're in the market for new software, be wary of deals that seem too good to be true. It may seem that you save a few dollars initially, but the price you pay in the end may be far more than you bargained for.

As George Loiterton, a former Microsoft employee and now proprietor of the Wedding List Company, a bridal registry business based in Sydney and Perth, states, "I need to spend more time driving sales for my company, not looking after PCs. I can't afford to be messing around with software that does not work – my time is worth more than the saving I could have made with counterfeit software".

Resources for getting genuine

One solution to help business customers get the licenses and support they need is the Microsoft Get Genuine Kit. This solution is aimed at helping customers who have identified counterfeit software on their PCs.

The single best way to acquire genuine Microsoft software is to have it pre-installed on your PC. However, if you've inadvertently purchased or have come across counterfeit Windows software your PC, you now have the opportunity to get genuine.

For more information on the Get Genuine Kit, visit www.microsoft.com.au/smallbusiness/getgenuine

Or to verify if you are already using genuine Microsoft software, visit www.microsoft.com.au/genuine

† IDC White Paper: The Risks of Obtaining and Using Pirated Software, October 2006.

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In addition to monitoring these results, it is also worth fleshing out the operational elements of the business in terms of:

- How effectively the business is managing its stockholdings and is achieving a satisfactory sell through or stock turn. Is the store managing its buying with a proper buying plan and system?
- Last year's advertising and promotional activities. What worked and what didn't work. Are there some fresh ideas that could be introduced?
- Reviewing staff. How did they perform last year? What are the business's future requirements? What could be done to develop staff?
- Improve your own knowledge and skills base.

Implementing all four steps will require a commitment of your time, but you will be rewarded with a blueprint for operating your company more profitably next year. If you have not done this kind of planning before and would like some assistance there is help available.

Source – Garry Terrill (Senior Retail Consultant - ARA)

Gary and his team at ARA Retail Business Solutions provide a strategic management consultancy service to retailers and industry.

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